

The original documents are located in Box 27, folder “State of the Union - 1976: Democratic (Muskie) Reply” of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

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MUSKIE SPEECH

ESM-DICTATION/JANUARY 21

The first point I would like to make
in this

TALK THIS EVENING IS THAT GOVERNMENT--
AND POLITICS--IN THIS COUNTRY IS US--YOU AND ME--AND ALL
OF THE 215 MILLION AMERICANS WHO SHARE OUR PAST, PRESENT
AND FUTURE TOGETHER.

THE STATE OF THE UNION IS NOT WHAT THE PRESIDENT SAYS
IT IS, NOR IS IT WHAT THE CONGRESS SAYS IT IS. IT IS
THE CONDITION IN WHICH WE--ALL OF US TOGETHER--FIND OUR-
SELVES, OUR PROSPECTS FOR THE FUTURE AND WHAT WE CAN DO
TOGETHER TO IMPROVE THOSE PROSPECTS.

I EMPHASIZE THIS POINT AT THE OUTSET FOR A REASON.

I HAVE JUST RETURNED FROM TWO INTENSIVE WEEKS OF TRAVEL,
LISTENING AND TALKING AMONG MY PEOPLE BACK HOME IN MAINE.
WE TALKED ABOUT ALOT OF VERY SERIOUS PROBLEMS WHICH ARE
SHARED BY MILLIONS OF AMERICANS FROM COAST TO COAST. ~~THEY~~

~~ARE ALL PROBLEMS WHICH MUST HAVE OUR CONCENTRATED ATTENTION.~~

THE PROBLEM WHICH CONCERNS ME MORE THAN ALL THE REST--

BECAUSE UNLESS WE SOLVE IT, WE CANNOT SOLVE THE REST--IS

THE EXTENT TO WHICH YOU HAVE LOST CONFIDENCE IN

YOUR POLITICAL SYSTEM AND YOUR ABILITY TO GOVERN YOURSELVES.

TOO MANY OF YOU DO NOT BELIEVE THE GOVERNMENT CARES ABOUT

YOU AND YOUR PROBLEMS.

TOO MANY OF YOU BELIEVE THAT GOVERNMENT CAN'T DO ANYTHING

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TOO MANY OF YOU BELIEVE THAT GOVERNMENT EXISTS ONLY FOR THE BENEFIT OF THE FEW WHO ARE RICH AND POWERFUL.

TOO MANY OF YOU BELIEVE THAT YOU CAN DO NOTHING TO IMPROVE THE PERFORMANCE OF YOUR GOVERNMENT.

TOO FEW OF YOU ARE WILLING TO TRY.

POLITICAL POWER IN OUR SYSTEM IS STILL YOURS TO USE-- IF YOU WILL.

IF YOU DOUBT WHAT I SAY, RECALL IF YOU WILL THE WATERGATE AND THE REASON WHY IT WAS FINALLY RESOLVED BY AN ORDERLY TRANSFER OF POWER INVOLVING THE FIRST RESIGNATION FROM OFFICE OF A PRESIDENT IN OUR ENTIRE HISTORY. IT WAS YOU WHO PRODUCED THAT RESULT--NOT THE CONGRESS--NOT EVEN THE COURTS. YOUR POLITICAL INSTITUTIONS MOVED WHEN YOU INSISTED THAT THEY DO.

affair

YOU AND YOUR ELECTED REPRESENTATIVES ARE IN THIS BUSINESS OF GOVERNING TOGETHER. WHEN COMMUNICATION BETWEEN US BREAKS DOWN, WHEN WE LOSE CONFIDENCE IN EACH OTHER, WE LOSE THE VERY ESSENCE OF SELF GOVERNMENT.

~~YOUR REPRESENTATIVES IN THE CONGRESS HAVE RETURNED TO WASHINGTON FOLLOWING A MONTH LONG RECESS. WE HAVE SPENT MUCH OF THAT TIME WITH YOU, GETTING OURSELVES UP TO DATE ON YOUR PROBLEMS, SOLICITING YOUR VIEWS AS TO WHAT WE SHOULD DO. IT IS ONLY RIGHT THAT YOU SHOULD KNOW WHAT WE THINK WE HAVE LEARNED ABOUT YOUR PROBLEMS AND SOMETHING ABOUT OUR PRIORITIES FOR ACTION.~~

→ p. 5 (2/21)

4.5
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But there was one great concern -- one burden -- that lies heavily on you -- that draws together virtually all these problems --

-- That was your loss of confidence in government.

For nowhere did I find confidence that government could help solve the deep and frustrating problems that each of you confront.

With it,
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~~7/18~~ (4)
restore economic health to our nation -- put people back to work - get our factories open again -- and stop ^{the} this inflation that robs our elderly and poor -- and ^{deprive} stop every one of us of our hard-earned dollars.

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-- That government ~~could~~ ^{can} make schools again into houses where children can learn and prepare themselves for the future.

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And nowhere, finally, did I find that you are confident ~~at all~~ ^{where} that government ~~can~~ ^{will} curb its own abuses.

The abuse of Presidential power goes on -- the abuse of our rights by the FBI ^{AND} the CIA have been exposed -- ~~but they still go on~~ -- the war in Vietnam went on for years -- the secret war in Angola goes on.

Everywhere I turn in this nation, ^{these are the problems} ~~this is what I hear~~
I hear from your lips

This is the State of the Union.

And it is also a Congressional agenda for action.

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The goodness and strength of the American people are

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not diminished by the corruption of a few of our leaders.

Our system of reward for hard work is not discredited by a few years of hard times.

Our government -- the model for free people everywhere in the world -- has not been destroyed by the wrong-headed policies of a few Presidents or the failure of Congress to block them in time.

We have had some very bad times in our country in these last few years.

But our people are still strong.

The Republic still stands.


Our freely elected government can still work.

Who among us would trade America for ^{ANY} another country in the ~~long~~ long history of the world?

We don't need a new system.

What we need is the will to make our system work.

We must reject those of timid vision and weak heart who counsel us to go back --



To go back to simpler times now gone forever.

To go back on the promises we have made to each other.

To go back on our guarantees to every American for a decent job and secure retirement.

To go back on our commitment to quality education and affordable health care.

To go back on consumer protection and worker safety.

To go back on our commitment to a clean environment.

To go back and give up.

We cannot go back.

We cannot give up.

And we will not.

If we've learned anything as a nation -- from Valley Forge to Yorktown, from the Great Depression to the landing on the moon - it is this: Give Americans the tools and they'll do the job.

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We are entering a period when the country's capacity to produce and create can be greater than at any time in recent history. There are houses to [design and] build. There are roads [to build] and repair. There are rivers to clean. There are railroads to mend. There are day-care centers [to build and] operate so that more young women can participate in revitalizing America. There are books to be written and printed. There are farms to be [expanded and] worked. There are cities to rebuild. There are new sources of energy to be developed [and produced]. Oh, we have work to do.

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Clearly, something is wrong in a system in which there is so much work to be done at the same time there are so many people without work.

That problem is not only the business of business. It is also the business of government.

We all have a big stake in that effort. We all pay for unemployment.

For every one percent increase in unemployment -- for every one million more Americans out of work -- we all pay three billion dollars more in unemployment compensation and welfare checks and lose 14 billion dollars in taxes. That means that today's unemployment costs us taxpayers more than

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65 billion dollars a year.

President Ford's budgets for these two years of recession have included more than 40 billion dollars for unemployment compensation and jobless payments alone. And another fourteen billion dollars in interest on the extra national debt ~~from the tax losses~~ that unemployment has cost.

But the President's budget offers no new jobs. In fact, it proposes cutbacks in the existing, limited emergency ~~emergency~~ jobs program Congress has enacted.

The President's plans for our economy are penny-wise and pound-foolish. Under them, America's factories are producing only three fourths as many goods as they actually could.

That means fewer jobs and higher prices.

If we had just enough jobs this year to match the unemployment rate of 1968, we would collect enough federal taxes to wipe out the entire deficit, this year and next.

But the President's budget is designed to keep unemployment ~~over seven percent~~ for another year and more ~~at a level of seven percent~~ at a level of seven percent. To keep seven million Americans unemployed at this time a year from now. And most economists believe that if

the Administration's policies are followed, unemployment will not fall ~~next year~~ below seven percent in this decade.

We American taxpayers pay a staggering price for these jobless policies.

But the Americans who want work and can't find it pay so much more.

What price does a father or mother pay who can't support their children? What price does a master carpenter pay when he is reduced to welfare? How can we calculate the cost to America's jobless in lost seniority, job training, and pension rights? What price will we all pay when two out of every five inner city youths grow up without ever having had a full-time job? Not only will the unemployed lose confidence in government, they will lose confidence in themselves.

Experts in both government and private enterprise tell us that we can, if we choose, significantly reduce the present unemployment during the next fiscal year. Direct employment programs -- using federal dollars to pay for public service jobs like classroom teaching aides and hospital attendants -- would produce the most jobs at the

lowest total cost.

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Federal assistance to local communities for short-term public works projects and to avoid layoffs in local government services -- like police protection and trash collection -- also have high ^{Job} yields ~~in job creation~~ for the tax dollars invested.

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Yet President Ford says he intends to veto even the limited program pending in the Congress for short-term public works and financial assistance to local communities which have high jobless rates. This anti-recession bill -- which the President seeks to block -- would create ~~up to~~ **3**00,000 jobs this year.

The President says we cannot afford to help Americans find work.

I say we cannot, as taxpayers, afford not to.

And those jobs should be in addition to the jobs Congress could create in private industry by additional tax cuts without increasing present federal spending levels. And Congress could avoid discouraging private sector employment by rejecting the President's proposals to increase payroll taxes.

As I listen to my people in Maine, it is clear that one of the most frightening economic results of recent years is inflation -- and its ~~companion~~ ^{agony}, the quadrupling of oil prices. ~~They have drastically reduced standards of living.~~ They have put the very necessities of life beyond the reach of more and more of our citizens.

The Administration has tried hard to make the case that budget deficits are a direct cause of inflation. I wish the American economy were that simple. Curing inflation then would be a simple matter of cutting the budget. Unfortunately, the facts do not bear out the Administration claim.

In 1974, the federal government deficit was the smallest in the past several years. In 1974, both inflation and interest rates reached their highest points in 21 years.

Prices were high that year because of the sudden increase in oil prices, steep increases in food prices, and a deliberate policy by the Federal Reserve Board to keep interest rates high. The size of the deficit was incidental.

The Administration did not raise oil prices. It was not responsible for poor crops around the world during the

late 1960's and late 1970's. But it compounded the problems, partly by inept, often panicky management of the economy, starting with the first Nixon Administration. The Administration raced the economy's engine in election years and then created recessions to curb the resulting inflation. It moved too quickly from one set of wage-price controls to another without ever giving any of them a chance to work. It tried to impose domestic oil price increases on top of the foreign increases that would have doubled the impact.

It compounded the poor crop years by selling too much of this nation's grain reserves to Russia.

What the nation needs at this time is leadership that will not jump from one economic panic button to another. We need a consistent, responsible, non-partisan plan for protecting the economy from further shocks.

We need an energy policy that will keep the prices of oil and natural gas at reasonable levels until the economy can absorb increases.

We need a food policy that gives farmers a guarantee of reasonable incomes and consumers a guarantee of reasonable prices. A crop failure in Russia should not be permitted to disturb that balance.

We need a wage-price council which will make life

miserable for any big corporation that raises prices without very good reason - ~~and the full public explanation~~ and will do so in the name of the President of the United States.

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We need an anti-trust policy that will move immediately to prevent powerful firms from gaining too much control over both markets and capital, not spend years in court arguing cases after it is too late.

Federal deficits are not the cause of the inflation we have experienced in the last two years, but they can be, and we must be concerned about the possibility, as the economy recovers its health.

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Beyond that, wasteful government spending, inefficient and ineffective programs, are burdens taxpayers ought not to be asked to carry. More than that, they rob us of the resources we need to solve high priority national needs.

Moreover, their very existence undermines that public confidence in government which is essential and so sadly lacking.

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Congress has enacted a new budget process to remedy this now-chronic national financial crisis.

Our job is to decide on a ceiling on spending and a floor under taxes for each year.

In doing so we also set an economic policy for the country and ration the dollars in the budget according to our actual national needs.

Our goal is to balance the budget as soon as the economy permits.

We have imposed a tough spending ceiling on the federal government this year.

We will impose a similar spending ceiling next year and every year.

We have held the federal deficit to the lowest possible level consistent with reducing unemployment.

In fact, we have held the federal deficit 25 billion dollars below the Secretary of the Treasury's estimate of last spring.

~~We are also using the budget reform process to determine~~

~~where the federal dollar can be most usefully spent.~~

And we are using the process to determine the economic impact of tax and regulatory policies.

Finally, we'll use all of this information to put spending priorities more in line with real needs, and to ~~weed out programs which cost too much or produce too little.~~

Last year we reduced the President's requests for defense and foreign military aid to levels we thought were closer to our real defense needs and purposes.

We have used part of the money we saved to increase jobs, health care and social security.

We rejected at least \$10 to \$15 billion in other requests to hold down the deficit. ~~the deficit~~

But the new budget reform process is just one step in a broader effort we must undertake.

We need a second spending reform to make sure the federal money we spend is effectively used.

~~All related federal programs should come up for review and renewal every four years.~~

We should question the most basic assumptions about every program.

Any programs not doing the job or duplicating better-run programs should be eliminated.

By the end of every four years, all programs should be

reviewed in this process.

The only program excepted from this review should be the Social Security program *which is, after all, an insurance system.*

X
X
We have learned that we can't solve our problems by simply throwing federal dollars at them. In the past seven years, the federal government has provided more than ~~seven~~ *four* billion dollars to improve local law enforcement. President Ford is now proposing we spend seven billion more. During the same seven years crime has increased 55 percent.

X
Yet we also know that we can't solve priority problems like pollution or provide a national defense without a substantial commitment of tax dollars. so we must pursue the hard, detailed job of evaluating federal spending in each and every area of the budget. We must buy only what we need. And at the lowest sound cost.

I was disappointed that the President made no proposals in his state of the Union message to improve government efficiency -- to bring new businesslike methods into the bureaucracy.

Under our system of government, the President is the Chief Executive.

Efficiency in the general government is his respon-

sibility.

But what steps has he taken to improve efficiency and reduce costs in the Executive Branch?

Why does it cost the government twice as much as a private insurance company to process medical claims?

Why does the government take months to get the first check out to a widow entitled to a federal pension?

Why does the Social Security Administration take a year or more to process a citizen's claim for disability compensation?

Why can't defense contractors be made to deliver their goods at the agreed-upon price without cost overruns? Have you ever heard of a Defense Department employee being fired for permitting a cost overrun paid for with our tax dollars?

Through the new Congressional budget reform process, Congress has laid the groundwork for a more efficient government at tax savings to our citizens.

I hope President Ford will join us in that effort.

I do not believe most Americans want their government dismantled.

We can't very well fire the mailmen, discharge our armed forces, or lay off the people who run the computers that print our Social Security checks.

But we can expect maximum efficiency and performance in office by everyone who draws a federal salary.

We have talked about the economy -- about jobs and inflation, and some of the steps an effective government might take to move us out of this recession.

This will be the issue between Congress and the White House in the months ahead. I believe Congress is prepared to do more and move faster toward economic recovery than the President appears to be ... and with your support, I think Congress can prevail.

We have talked about efficiency in government -- making your tax dollars count. Your message about stopping the waste of tax dollars has gotten through to the Congress.

the foreign policy we pursue.

Much of the world today is watching with amazement as a Congress of the United States examines U.S. intelligence operations overseas. I know many of you must have asked yourselves, as I have, whether it is necessary to hang out the dirty linen -- to talk about assassination attempts, to admit what the whole world knows about both us and themselves, that nations spy.

Yes, it is necessary. How else is the American public to get hold of its foreign policy again? How ^{else} can we guarantee interventions in other countries are an appropriate expression of deliberate U.S. policy, and not the making of some faceless bureaucrat? Sure, it is inconvenient to conduct foreign policy in the open, and, certainly there will always be need for intelligence work and for secrecy with ⁱⁿ the bounds of established policy.

But a Republic gets its strength from the consent of the government ^{and} and from a consensus on shared objectives. It gets only weakness and disappointment from secrecy and surprise.

So let us seek a foreign policy we can talk about in public and agree to in advance.

that the American people had long since recognized was wrong
a hopeless.

Vietnam was a bitter disappointment.

But it also offered us some positive lessons: U.S.
interests are not served by military intervention everywhere
in the world where we see instability. And the U.S. can
conduct a responsible policy toward its potential adver-
saries and toward its allies ... and can pursue its interests
after Vietnam -- better, if anything, than before.

Yet just last month, we discovered that the President
has involved our nation in a major way in yet another faroff
land: in Angola, where our nation's interests and those of
the free world are far from clear.

The Senate voted against any further expenditures for
Angola.

As in Vietnam, we find ourselves deeply committed
without prior notice or consultation with our people in a
country where U.S. interests could not possibly be served at
any price.

A free people deserve to be informed and to consent to

~~The new budget process proves that. I hope the Administration has gotten the message too, and that we can move forward toward a new standard of service in the federal government now.~~

Let us now ask ourselves about America's place in the world.

your
What is ~~our~~ definition of national security? ... protecting our shores from attack? ... standing by our allies in Western Europe and Asia? ... protecting our vital economic interests? ... playing a leadership role in moving the world away from the arms race? ... I would agree.

We must also ask what is the most dangerous foreign policy problem we face today? I think, once again, it is a gulf of doubt and mistrust between us and our government.

That gulf has widened since the tragic collapse of Vietnam.

It was less than a year ago that we saw films of South Vietnamese soldiers pushing women and children away from evacuation planes in Danang ... saw Americans being airlifted from the roof of the American Embassy in Saigon to Navy ships in the China sea. Until that end, this Administration was pleading for another \$720 million to spend on a cause

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Let us defend our real interests -- leave no doubt of it. But where our interest is not directly or clearly involved, let our adversaries learn, as we did in Vietnam, the expensive lesson of the limits of their power.

Let us be neither patsy nor bully for the other nations of the world.

Let us pursue a lessening of tensions with the Soviet union and China, wherever it is consistent with our own interests.

Let us extend a helping hand to the two-thirds of the people of the world who have so little. And let us do so with the confidence of a truly great people. We do not need to always win all our debates with every nation in the world.

Let our greatness be, not that we always win, but that -- as God gives us the power to see it -- we are always *in power* of the right.

In his State of the Union message -- and in the budget he sent us today -- the President has made some serious proposals for reduction in federal expenditures and changes

in our national priorities.

The President's program includes a number of ideas to simply shift the cost of federal programs from the federal government to the states and the cities. We must frankly be sceptical of such proposals that simply raise state and local taxes. But I believe Congress must evaluate the President's proposals with an open mind.

Where they are simply gimmicks or mistakes, they should be rejected.

Where they need amendment, they should be shaped to meet America's actual needs.

Where they make sense, they should be adopted.

We must not fear change.

Just as we cannot go back to the old days, we must be ready to change old ways to meet new needs and present realities.

I do not believe we face any problem we cannot solve.

Our problems are ~~man~~made, and men and women can find their solutions.

We need the will to try.

The state of the Union is as strong as the bond between us.

So let us make a pledge to one another tonight.

Assert your right to share control of our national destiny. Decide now that you are going to vote in the Presidential and Congressional state and local elections this fall, and keep that commitment.

But put the politicians who seek your vote in those elections to a stringent test.

Are they men of their word?

If they promise more government benefits and services, do they also say how much they will cost?

If they say they are going to reduce the size of government, do they tell you which services you are going to go without and how much that will save?

Do they offer specific proposals or simply slogans?

The Congress which meets in this building is your Congress if you participate in its election and supervision.

Together, we are the Union.

And I find the state of that Union very strong indeed.

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To go back on our commitment to quality education and affordable health care.

To go back on consumer protection and worker safety.

To go back on our commitment to a clean environment.

To go back and give up.

We cannot go back.

We cannot give up.

And we will not.

If we've learned anything as a nation -- from Valley Forge to Yorktown, from the Great Depression to the landing on the moon - it is this: Give Americans the tools and they'll do the job.

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~~80~~

We are entering a period when the country's capacity to produce and create can be greater than at any time in recent history. There are houses to [design and] build. There are roads [to build] and repair. There are rivers to clean. There are railroads to mend. There are day-care centers [to build and] operate so that more young women can participate in revitalizing America. There are books to be written and printed. There are farms to be [expanded and] worked. There are cities to rebuild. There are new sources of energy to be developed [and produced]. Oh, we have work to do.

Clearly, something is wrong in a system in which there is so much work to be done at the same time there are so many people without work.

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That problem is not only the business of business. It is also the business of government.

We all have a big stake in that effort. We all pay for unemployment.

For every one percent increase in ^{the} unemployment ^{rate} -- for every one million more Americans out of work -- we all pay three billion dollars more in unemployment compensation and welfare checks and lose 14 billion dollars in taxes. That means that today's unemployment costs us taxpayers more than

4

65 billion dollars a year.

President Ford's budgets for these two years of recession have included more than 40 billion dollars for unemployment compensation and jobless payments alone. And another fourteen billion dollars in interest on the extra national debt ~~from the cutbacks~~ that unemployment has cost.

But the President's budget offers no new jobs. In fact, it proposes cutbacks in the existing, limited emergency ~~emergency~~ jobs program Congress has enacted.

The President's plans for our economy are penny-wise and pound-foolish. Under them, America's factories are producing only three fourths as many goods as they actually could.

That means fewer jobs and higher prices.

If we had just enough jobs this year to match the unemployment rate of 1968, we would collect enough federal taxes to wipe out the entire deficit, this year and next.

But the President's budget is designed to keep unemployment for another year and more over seven ~~percent~~ percent ~~at a level~~. To keep seven million Americans unemployed at this time a year from now. And most economists believe that if

the Administration's policies are followed, unemployment will not fall ~~next year~~ below seven percent in this decade.

We American taxpayers pay a staggering price for these jobless policies.

But the Americans who want work and can't find it pay so much more.

What price does a father or mother pay who can't support their children? What price does a master carpenter pay when he is reduced to welfare? How can we calculate the cost to America's jobless in lost seniority, job training, and pension rights? What price will we all pay when two out of every five inner city youths grow up without ever having had a full-time job? Not only will the unemployed lose confidence in government, they will lose confidence in themselves.

Experts in both government and private enterprise tell us that we can, if we choose, significantly reduce the present unemployment during the next fiscal year. Direct employment programs -- using federal dollars to pay for public service jobs like classroom teaching aides and hospital attendants -- would produce the most jobs at the

lowest total cost.

37
Federal assistance to local communities for short-term public works projects and to avoid layoffs in local government services -- like police protection and trash collection -- also have high ^{Job} yields ~~in job creation~~ for the tax dollars invested.

41
Yet President Ford says he intends to veto even the limited program pending in the Congress for short-term public works and financial assistance to local communities which have high jobless rates. This anti-recession bill -- which the President seeks to block -- would create ~~300,000~~ ³00,000 jobs this year.

The President says we cannot afford to help Americans find work.

I say we cannot, as taxpayers, afford not to.

And those jobs should be in addition to the jobs Congress could create in private industry by additional tax cuts without increasing present federal spending levels. And Congress could avoid discouraging private sector employment by rejecting the President's proposals to increase payroll taxes.

As I listen to my people in Maine, it is clear that one of the most frightening economic results of recent years is inflation -- and ^{especially} its companion, the quadrupling of oil prices. ~~They have drastically reduced standards of living.~~ They have put the very necessities of life beyond the reach of more and more of our citizens.

The Administration has tried hard to make the case that budget deficits are a direct cause of inflation. I wish the American economy were that simple. Curing inflation then would be a simple matter of cutting the budget. Unfortunately, the facts do not bear out the Administration claim.

In 1974, the federal government deficit was the smallest in the past several years. In 1974, both inflation and interest rates reached their highest points in 21 years.

Prices were high that year because of the sudden increase in oil prices, steep increases in food prices, and a deliberate policy by the Federal Reserve Board to keep interest rates high. The size of the deficit was incidental.

The Administration did not raise oil prices. It was not responsible for poor crops around the world during the

late 1960's and late 1970's. But it compounded the problems, partly by inept, often panicky management of the economy, starting with the first Nixon Administration. The Administration raced the economy's engine in election years and then created recessions to curb the resulting inflation. It moved too quickly from one set of wage-price controls to another without ever giving any of them a chance to work. It tried to impose domestic oil price increases on top of the foreign increases that would have doubled the impact. It compounded the poor crop years by selling too much of this nation's grain reserves to Russia.

What the nation needs at this time is leadership that will not jump from one economic panic button to another. We need a consistent, responsible, non-partisan plan for protecting the economy from further shocks.

We need an energy policy that will keep the prices of oil and natural gas at reasonable levels until the economy can absorb increases.

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miserable for any big corporation that raises prices without very good reason ~~---and a full public explanation---~~ and will do so in the name of the President of the United States.

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We need an anti-trust policy that will move immediately to prevent powerful firms from gaining too much control over both markets and capital, not spend years in court arguing cases after it is too late.

Federal deficits are not the cause of the inflation we have experienced in the last two years, but they can be, and we must be concerned about the possibility, as the economy recovers its health.

Beyond that, wasteful government spending, inefficient and ineffective programs, are burdens taxpayers ought not to be asked to carry. More than that, they rob us of the resources we need to ~~solve~~^{SSOLVE} high priority national needs. Moreover, their very existence undermines that public confidence in government which is essential and so sadly lacking.

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Congress has enacted a new budget process to remedy this now-chronic national financial crisis.

Our job is to decide on a ceiling on spending and a floor under taxes for each year.

In doing so we also set an economic policy for the country and ration the dollars in the budget according to our actual national needs.

Our goal is to balance the budget as soon as the economy permits.

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We will impose a similar spending ceiling next year and every year.

We have held the federal deficit to the lowest possible level consistent with reducing unemployment.

In fact, we have held the federal deficit 25 billion dollars below the Secretary of the Treasury's estimate of last spring.

~~We are also using the budget reform process to determine~~

~~where the Federal dollar can be most usefully spent.~~

And we are using the process to determine the economic impact of tax and regulatory policies.

Finally, we'll use all of this information to put spending priorities more in line with real needs, and to weed out programs which cost too much or produce too little.

Last year we reduced the President's requests for defense and foreign military aid to levels we thought were closer to our real defense needs and purposes.

We have used part of the money we saved to increase jobs, health care and social security.

We rejected at least \$10 to \$15 billion in other requests to hold down the deficit. ~~the deficit.~~

But the new budget reform process is just one step in a broader effort we must undertake.

We need a second spending reform to make sure the federal money we spend is effectively used.

~~All related federal programs should come up for review and renewal every four years.~~

We should question the most basic assumptions about every program.

Any programs not doing the job or duplicating better-run programs should be eliminated.

By the end of every four years, all programs should be

reviewed in this process.

The only program excepted from this review should be the Social Security program *which is, after all, the insurance system.*

We have learned that we can't solve our problems by simply throwing federal dollars at them. In the past seven years, the federal government has provided more than ~~seven~~ *four* billion dollars to improve local law enforcement. President Ford is now proposing we spend seven billion more. During the same seven years crime has increased 55 percent.

Yet we also know that we can't solve priority problems like pollution or provide a national defense without a substantial commitment of tax dollars. so we must pursue the hard, detailed job of evaluating federal spending in each and every area of the budget. We must buy only what we need. And at the lowest sound cost.

I was disappointed that the President made no proposals in his state of the Union message to improve government efficiency -- to bring new businesslike methods into the bureaucracy.

Under our system of government, the President is the Chief Executive.

Efficiency in the general government is his respon-

sibility.

But what steps has he taken to improve efficiency and reduce costs in the Executive Branch?

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Through the new Congressional budget reform process, Congress has laid the groundwork for a more efficient government at tax savings to our citizens.

I hope President Ford will join us in that effort.

I do not believe most Americans want their government dismantled.

We can't very well fire the mailmen, discharge our armed forces, or lay off the people who run the computers that print our Social Security checks.

But we can expect maximum efficiency and performance in office by everyone who draws a federal salary.

We have talked about the economy -- about jobs and inflation, and some of the steps an effective government might take to move us out of this recession.

This will be the issue between Congress and the White House in the months ahead. I believe Congress is prepared to do more and move faster toward economic recovery than the President appears to be ... and with your support, I think Congress can prevail.

We have talked about efficiency in government -- making your tax dollars count. Your message about stopping the waste of tax dollars has gotten through to the Congress.

the foreign policy we pursue.

Much of the world today is watching with amazement as a Congress of the United States examines U.S. intelligence operations overseas. I know many of you must have asked yourselves, as I have, whether it is necessary to hang out the dirty linen -- to talk about assassination attempts, to admit what the whole world knows about both us and themselves, that nations spy.

Yes, it is necessary. How else is the American public to get hold of its foreign policy again? How ^{else} can we guarantee interventions in other countries are an appropriate expression of deliberate U.S. policy, and not the making of some faceless bureaucrat? Sure, it is inconvenient to conduct foreign policy in the open, and, certainly there will always be need for intelligence work and for secrecy with ⁱⁿ the bounds of established policy.

But a Republic gets its strength from the consent of the government ^{ed} and from a consensus on shared objectives. It gets only weakness and disappointment from secrecy and surprise.

So let us seek a foreign policy we can talk about in public and agree to in advance.

that the American people had long since recognized was wrong
a hopeless.

Vietnam was a bitter disappointment.

But it also offered us some positive lessons: U.S.
interests are not served by military intervention everywhere
in the world where we see instability. And the U.S. can
conduct a responsible policy toward its potential adver-
saries and toward its allies ... and can pursue its interests
after Vietnam -- better, if anything, than before.

Yet just last month, we discovered that the President
has involved our nation in a major way in yet another faroff
land: in Angola, where our nation's interests and those of
the free world are far from clear.

The Senate voted against any further expenditures for
Angola.

As in Vietnam, we find ourselves deeply committed
without prior notice or consultation with our people in a
country where U.S. interests could not possibly be served at
any price.

A free people deserve to be informed and to consent to

~~The new budget process proves that. I hope the Administration has gotten the message too, and that we can move forward toward a new standard of service in the federal government now.~~

Let us now ask ourselves about America's place in the world.

your
What is ~~our~~ definition of national security? ... protecting our shores from attack? ... standing by our allies in Western Europe and Asia? ... protecting our vital economic interests? ... playing a leadership role in moving the world away from the arms race? ... I would agree.

We must also ask what is the most dangerous foreign policy problem we face today? I think, once again, it is a gulf of doubt and mistrust between us and our government.

That gulf has widened since the tragic collapse of Vietnam.

It was less than a year ago that we saw films of South Vietnamese soldiers pushing women and children away from evacuation planes in Danang ... saw Americans being airlifted from the roof of the American Embassy in Saigon to Navy ships in the China sea. Until that end, this Administration was pleading for another \$720 million to spend on a cause

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Let us defend our real interests -- leave no doubt of it. But where our interest is not directly or clearly involved, let our adversaries learn, as we did in Vietnam, the expensive lesson of the limits of their power.

Let us be neither patsy nor bully for the other nations of the world.

Let us pursue a lessening of tensions with the Soviet union and China, wherever it is consistent with our own interests.

Let us extend a helping hand to the two-thirds of the people of the world who have so little. And let us do so with the confidence of a truly great people. We do not need to always win all our debates with every nation in the world.

Let our greatness be, not that we always win, but that -- as God gives us the power to see it -- we are always *in power* of the right.

In his State of the Union message -- and in the budget he sent us today -- the President has made some serious proposals for reduction in federal expenditures and changes

in our national priorities.

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The President's program includes a number of ideas to simply shift the cost of federal programs from the federal government to the states and the cities. We must frankly be sceptical of such proposals that simply raise state and local taxes. But I believe Congress must evaluate the President's proposals with an open mind.

Where they are simply gimmicks or mistakes, they should be rejected.

Where they need amendment, they should be shaped to meet America's actual needs.

Where they make sense, they should be adopted.

We must not fear change.

Just as we cannot go back to the old days, we must be ready to change old ways to meet new needs and present realities.

I do not believe we face any problem we cannot solve.

Our problems are ~~man~~^{man}made, and men and women can find their solutions.

We need the will to try.

The state of the Union is as strong as the bond between us.

So let us make a pledge to one another tonight.

Assert your right to share control of our national destiny. Decide now that you are going to vote in the Presidential and Congressional state and local elections this fall, and keep that commitment.

But put the politicians who seek your vote in those elections to a stringent test.

Are they men of their word?

If they promise more government benefits and services, do they also say how much they will cost?

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If they say they are going to reduce the size of government, do they tell you which services you are going to go without and how much that will save?

Do they offer specific proposals or simply slogans?

The Congress which meets in this building is your Congress if you participate in its election and supervision.

Together, we are the Union.

And I find the state of that Union very strong indeed.

January 22, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF

SUBJECT: Muskie Speech

Attached is a copy of the Muskie speech as delivered.

1/22/76

MLF:nk

bcc: Jack Marsh
Dick Cheney
Ron Nessen



THE STATE OF THE UNION ---
A DEMOCRATIC VIEW

As delivered.

Remarks by Sen. Edmund S. Muskie, D-Maine
Washington D.C.
January 21, 1976

I speak tonight for the restoration of American democracy -- for restoration of that now endangered confidence which is essential to the life of freedom and to the meaning of the Republic. It is that confidence which has for two centuries animated the labors of a citizenry with the expectation that the common effort would inevitably lead to increasing opportunity -- would continually drive back those obstacles which limit the citizen's freedom to direct and enhance the quality of human life.

That confidence and the successful conduct of that struggle is not some romantic dream, an old proverb plucked from some ancient book for occasional Fourth of July celebrations. It is the idea which has constituted and defined our existence and progress as a nation. It is the reality which is the foundation and justification of everything else -- wealth and power, public institutions and private enterprise, the building from which I speak and the Constitution on which it was raised.

Two nights ago we heard from the President of the United States. He struck a theme which profoundly misunderstands both the realities and needs of the America he now helps govern.

However, it is not my intention simply to answer the President or argue with his convictions. The Democratic leadership of the Congress in which I serve has asked me, rather, to present another point of view. It is not the opinion of Congress or of its Democratic majority. For I am only qualified to speak as the senior Senator from Maine, a Democrat, and as Chairman of the Senate Committee on the Budget. Still, even though some members of my party in Congress may not share all my views, we do share a common bond: The oath and obligation of office -- to defend the Constitution of the United States, to advance its principles, and to represent fairly and according to our individual conscience and best understanding, the interests of the people we serve -- our own constituencies and in the nation whose well-being is our constitutional obligation. And I can, and I intend, to represent and discharge, that common mandate whose fulfillment is the obligation of every member.

My message tonight is not one of comfort or reassurance. But it is a truth and it is a warning.

I have just returned from two intensive weeks of travel, listening and talking among my people back home in Maine. We talked about a lot of very serious problems which are shared by millions of Americans from coast to coast. The problem which concerns me more than all the rest -- because unless we solve it, we cannot solve the rest -- is the extent to which you have lost confidence in your political system and your ability to govern yourselves.

Too many of you do not believe the government cares about you and your problems.

Too many of you believe that government can't do anything about your problems.

Too many of you believe that government exists only for the benefit of the few who are rich and powerful.

Too many of you believe that you can do nothing to improve the performance of your government.

Too few of you are willing to try.

Political power in our system is still yours to use -- if you will.

If you doubt what I say, recall, if you will, the Watergate affair and the reason why it was finally resolved by an orderly transfer of power involving the first resignation from office of a President in our entire history. It was you who produced that result -- not the Congress -- not even the courts. Your political institutions moved when you insisted that they do.

You and your elected representatives are in this business of governing together. When communication between us breaks down, when we lose confidence in each other, we lose the very essence of self-government.

I find no confidence that government can restore economic health to our nation -- put people back to work - get our factories open again -- and stop the inflation that robs our elderly and poor -- and deprives every one of us of our hard-earned dollars.

I find no confidence that government can do something effective about this siege of crime that makes many of you prisoners in your homes, behind doors that lock out the threat which lurks in the darkness.

-- That government can make schools again into houses where children can learn and prepare themselves for the future.

-- That government can slow down spiralling health costs, that add more misery to your lives each year.

-- That government can bring our powerful oil industry under control, to hold down the price of energy.

-- That government can stop a disastrous retreat from the goal of environmental quality we set so resolutely not so long ago.

And I find no confidence that government would begin to curb the abuses of power that threaten you.

-- The abuse of power by corporations that dominate the marketplace, charging what they want -- who ignore the quality of our air and water -- the safety of workers -- the quality of goods -- who each year push and shove for more tax privileges and more exemptions from law -- corporations, in other words, that each year grow more wealthy and more powerful.

And we can begin to do what we must do to insure that government will curb its own abuses.

I find no confidence that government can curb its abuses -- the abuse of government power goes on -- the abuse of our rights by the FBI and the CIA have been exposed -- the war in Vietnam went on for years -- the no longer secret war in Angola goes on.

Everywhere I turn in this nation, these are the problems I hear from your lips.

This is the State of the Union.

And it is also a Congressional agenda for action.

The goodness and the strength of the American people is not diminished by the corruption of a few of our leaders.

Our system of reward for hard work is not discredited by a few years of hard times.

Our government -- the model for free people everywhere in the world -- has not been destroyed by a few Presidents or the failure of Congress to block them in time.

We have had some very bad times in our country in these last few years.

But our people are still strong.

The Republic still stands.

Our freely elected government can still work.

Who among us would trade America for any other country in the long history of the world?

We don't need a new system.

What we need is the will to make our system work.

We must reject those of timid vision who counsel us to go back --

To go back to simpler times now gone forever.

To go back on the promises we have made to each other.

To go back on our guarantee to every American for a decent job and secure retirement.

To go back on our commitment to quality education and affordable health care.

To go back on consumer protection and worker safety.

To go back on our commitment to a clean environment..

To go back and give up.

We cannot go back.

We cannot give up.

And we will not.

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Clearly, something is wrong in a system in which there is so much work to be done at the same time there are so many people without work.

And that problem is not only the business of business. It is also the business of government.

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We must also ask what is the most dangerous foreign policy problem we face today? I think, once again, it is a gulf of doubt and mistrust between us and our government.

That gulf has widened since the tragic collapse of Vietnam.

It was less than a year ago that we saw films of South Vietnamese soldiers pushing women and children away from

evacuation planes in Danang ... we saw Americans being airlifted from the roof of the American Embassy in Saigon to Navy ships in the China sea. Until that end, this Administration was pleading for another \$720 million to spend on a cause that the American people had long since recognized was wrong and hopeless.

Vietnam was a bitter disappointment.

But it also offered us some positive lessons: U.S. interests are not served by military intervention everywhere in the world where we see instability. And the U.S. can conduct a responsible policy toward its potential adversaries and toward its allies ... and can pursue its interests after Vietnam -- better, if anything, than before.

Yet just last month, we discovered that the President has involved our nation in a major way in yet another faroff land: in Angola, where our nation's interests and those of the free world are far from clear.

The Senate voted against any further expenditures for Angola.

As in Vietnam, we find ourselves deeply committed without prior notice or consultation with our people in a country where U.S. interests could not possibly be served at any price.

A free people deserve to be informed and to consent to the foreign policy we pursue.

Much of the world today is watching with amazement as a Congress of the United States examines U.S. intelligence operations overseas. I know many of you must have asked yourselves, as I have, whether it is necessary to hang out the dirty linen -- to talk about assassination attempts, to admit what the whole world knows about both us and themselves, that nations spy.

Yes, it is necessary. How else is the American public to get hold of its foreign policy again? How else can we guarantee that interventions in other countries are an appropriate expression of deliberate U.S. policy, and not the making of some faceless bureaucrat? Oh, sure, it is inconvenient to conduct foreign policy in the open, and, certainly there will always be a need for intelligence work and for secrecy within the bounds of established policy.

But a Republic gets its strength from the consent of the governed and from a consensus on shared objectives. It gets only weakness and disappointment from secrecy and surprise.

So let us seek a foreign policy we can talk about in public and agree to in advance.

Let us defend our real interests -- and leave no doubt of it. But where our interest is not directly or clearly involved, let our adversaries learn, as we did in Vietnam, the expensive lesson of the limits of their power.

Let us be neither patsy nor bully for the other nations of the world.

Let us pursue a lessening of tensions with the Soviet Union and China, wherever it is consistent with our own interests.

Let us extend a helping hand to the two-thirds of the people of the world who have so little. And let us do so with the confidence of a truly great people. We do not need to always win all our debates with every nation in the world.

Let our greatness be, not that we always win, but that -- as God gives us the power to see it -- we are always in pursuit of the right.

In his State of the Union message -- and in the budget he sent us -- the President has made some serious proposals for reduction in federal expenditures and changes in our national priorities.

The President's program includes a number of ideas to simply shift the cost of federal programs from the federal government to the states and the cities. We must frankly be sceptical of such proposals that simply raise state and local taxes. But I believe Congress must evaluate the President's proposals with an open mind.

Where they are simply gimmicks or mistakes, they should be rejected.

Where they need amendment, they should be shaped to meet America's actual needs.

Where they make sense, they should be adopted.

We must not be afraid of change.

Just as we cannot go back to the old days, we must be ready to change old ways to meet new needs and present realities.

I do not believe we face any problems we cannot solve.

Our problems are man-made, and men and women can find their solutions.

We need the will to try.

The state of the Union is as strong as the bond between us.

So let us make a pledge to one another tonight.

Assert your right to share control of our national destiny. Decide now that you are going to vote in the Presidential and Congressional, state and local elections this fall, and keep that commitment.

But put the politicians who seek your vote in those elections to a stringent test.

Are they men of their word?

If they promise more government benefits and services, do they also say how much they will cost?

If they say they are going to reduce the size of government, do they tell you which services you are going to go without and how much that will save?

Do they offer specific proposals or simply slogans?

The Congress which meets in this building is your Congress if you participate in its election and supervision.

Together, we are the Union.

And I find the state of that Union very strong indeed.

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THE WHITE HOUSE
WASHINGTON

January 23, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF

M.L.F.

SUBJECT: Muskie Speech

John Anderson issued the attached statement criticizing the Muskie speech.

NEWS

HOUSE REPUBLICAN CONFERENCE

1618 LONGWORTH HOUSE OFFICE BUILDING, WASHINGTON, D.C. 20515 202/225-5107

JOHN B. ANDERSON, M.C. (ILL.)
CHAIRMAN

MICHAEL F. MACLEOD
EXECUTIVE DIRECTOR

FOR IMMEDIATE RELEASE:
THURSDAY, JAN. 22, 1976

STATEMENT OF CONGRESSMAN JOHN B. ANDERSON ON MUSKIE COUNTER STATE OF THE UNION

Mr. Speaker, since I have already publicly commented on President Ford's State of the Union message, I think in the interest of fairness I should give equal time to Senator Muskie's counter message of last evening. The Democratic spokesman opened by observing that the State of the Union is not what the President or the Democrats say it is, but rather the condition in which we find ourselves. After criticizing the Administration for not doing enough to stimulate economic recovery and put people back to work, the Senator concluded by proclaiming that the State of the Union is "very strong indeed."

After correctly pinpointing public dissatisfaction with government spending and programs, the Senator proposed that the answer was more government spending and programs to solve all our Nation's problems. While the Democrats have faulted the President's message for being short on specifics and new programs, they have countered with promises of all manner of new programs, but curiously lacking in specifics. Despite the Senator's concession that increased Federal spending for such programs could further fuel inflation, he failed to indicate the costs of the Democratic proposals and whether they just might prove to be inflationary. Instead, the Senator suggested that we have nothing to fear so long as we have a congressional budget process to keep track of the mounting costs and label the sum total a spending ceiling. Moreover, our fears of excessive government spending could be allayed if only we ran the government in a more businesslike manner. Never mind that our experience with government efficiency might suggest that some things could better be done by other sectors. . . .

In conclusion, Mr. Speaker, it struck me that the Democratic spokesman was speaking out of both sides of his mouth while biting his tongue in the hope that nobody would catch the glaring contradictions. Put another way, in attempting to span both the Wallace and McGovern wings of the Democratic Party, the message executed a perfect spread-eagle and fell flat on its beak.