# The original documents are located in Box 30, folder "State of the Union Address, 1976 -Outline Proposed by Marsh" of the John Marsh Files at the Gerald R. Ford Presidential Library.

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> THE WHITE HOUSE WASHINGTON

Mer March



January 14, 1976

MEMORANDUM FOR:

BOB HARTMANN

FROM:

JACK MARSH

SUBJECT:

State of the Union

Recalling our conversation of this morning, attached is an outline taken from your second draft which I hope will be helpful to you.

Attachment

JOM/dl

### STATE OF THE UNION

#### I. Introductory

- A. Parallel with 1776 as "tough" year
  - 1. Don't begin Bicentennial Year by retreating into past.
  - 2. Tom Paine's Times that try men's common sense.
  - 3. Want to talk common sense about our problems and realistic actions in the coming five years.
- B. Must sort out national problems on the basis of who does what best.
  - 1. Americans are used to doing things for themselves.
  - 2. Is it necessary for the Federal Government to do this?
  - 3. Federal Government is trying to do more than its resources permit.
  - 4. Americans are losing confidence in the Federal Government.
  - 5. State of our Union is unclear government fails and becomes part of the problem.
- C. We want lives and government that make sense.
  - 1. Solutions are not found in political extremes, left or right.
  - 2. The worn out labels liberal and conservative no longer make sense.
  - 3. Refuge is not found in well meaning causes or dreaming of the good old days.



D. My experience is that people are realistic, tough minded, just as are the signers of the Declaration of Independence.

1. I have listened to a lot of common sense from today's Americans.

2. The people don't want to repeal all the gains and greatness of our federal system.

3. They want government to protect them and to work for them better and harder on tough problems.

4. The people want above all government to quit kidding them and to live by the common sense rule that honest is the best policy.

5. In January '75 I spoke of a new direction; in January '76 America wants new realism.

**II.** The Economic Situation

A. Although economy is important, there are other goals dearer to our national heart.

1. Continuing and strengthening our national independence.

2. Strengthening the commitment to Constitutional liberties, (etc.)

3. Intensifying our defense, reducing international tensions, (etc.)

4. Providing opportunity for economic improvements for people.

5. Responding to humane responsibilities.

6. Striving to be a nation of proud and purposeful citizens.



- B. Our first objective is full economic recovery with stable prices and good jobs for all who want to work.
  - 1. The State of the Union has improved in the last year but is not good enough.
  - 2. The recession has turned around.
  - 3. Rate of inflation is cut in half.
- C. My first economic goal is to provide jobs for all who seek work, productive permanent jobs working in private businesses.
  - 1. Our policies will continue to foster the creation of jobs in 1976 (2.2 million in '76, 2 million in '77).
  - 2. Real take home pay will be increased (by 6.1 % in '76)
- D. America must provide sound economic growth without inflation. All Americans can contribute.
  - 1. We must all act with restraint to contain inflation.
  - 2. We must avoid crash programs of deficit financing and creating money.
  - 3. We will refuse to be stampeded into quick fix programs designed for short-term gains.
  - 4. We will create the conditions for expansion of businesses, farms and factories.
    - a. I have already proposed a number of programs to increase funds for investment.
    - b. I have recommended special programs for public utilities.
    - c. I have recommended the elimination of the double taxation of corporate dividends.

- 5. We must restrain government spending and reduce the ever increasing size of the federal deficit.
  - a. I will propose a limitation on federal spending of \$395 billion for '77.
  - b. Effective curbs on spending will allow us additional tax cuts by 1979.
- 6. In spite of budget cuts, I will continue funding job training programs, small business and minority enterprise loans and other proven federal programs.
- 7. I reiterate requests for \$28 billion in annual tax relief.
- E. To further stimulate the creation of new jobs, I am proposing three new programs.
  - 1. The first will provide tax benefits to businesses in high unemployment areas expanding.
  - 2. Special taxes to low and middle income families to invest in America.
  - 3. Changes in Estate Tax laws to encourage expansion and increased investment in family business and firms.
- F. We seek to promote good housing for all Americans. No sector receives as much assistance from the Federal Government as housing.
  - 1. Essential is reasonable interest rates.
  - 2. These can be achieved only if the Federal Government does not preempt savings by its own borrowing.



- G. Fourth objectives of Economic Policy is to curtail government regulatory drag on the economy.
  - 1. I have established programs to review federal intrusions .
  - 2. I have already submitted several legislative proposals in energy, transportation and finance.
  - 3. I have proposed legislation to beef up antitrust.
  - 4. We must review the federal safety health and environmental regulations.
  - 5. My Administration will make administrative changes to reduce bureaucracy.
- H. The fifth economic goal is a sound energy policy. Energy independence continues essential to our economic future and our national survival.
  - 1. I signed the Energy Policy and Conservation Act a partial answer.
  - 2. I urge Congress to move on my proposals.
    - a. To reduce natural gas shortages.
    - b. Authorize Naval production.
    - c. Provide standards and tax incentives for efficiency in buildings.
    - d. Assure adequate nuclear power.
    - e. Create \$100 billion energy independence authority.



- 3. I propose to expedite Alaskan natural gas deliveries.
- 4. I propose to set up a comprehensive assistance program for areas adversely affected by energy development.
- I. Finally, international economic policies must account for the worlds economic aspirations.
  - 1. Our food and industries have significant impact on the world.
  - 2. We must abandon the illusions of the past of our invulnerability.
  - 3. In response to confrontation on rich-poor, north-south lines, our answer must beto seek a world of cooperation and mutual benefit.
  - 4. Best interests dictate practical accommodation rather than bloc confrontation.
- J. Six Guidelines constitute a path to restored and revitalized America.
  - 1. They are not new but are common sense principles.
  - 2. 200 years saw us create the greatest economic force in history.
  - 3. Future depends on self discipline and attention to fundamentals.

## III. Protecting the Lives and Personal Safety of Citizens.

- A. Protecting life and property is primarily the job of state and local law enforcement; our goal should be to maintain this distinction.
  - 1. There are limited ways in which the Federal Government can help.
  - 2. My proposals were submitted to Congress last June.

a. Keep criminals from commiting crimes by locking them up.

- b. Protect the victims of crime.
- c. Cut down on crimes with guns by making it harder to obtain them, and concentrate on gun control in high crime areas.
- 3. The biggest single cause is the increase in hard drugs, a plain federal responsibility.
  - a. Federal agencies stepped up the war against big drug trafficers.
  - b. I have talked with leaders of major drug producing countries.
- 4. Justice must be more swift and certain for those arrested.
  - a. I am proposing an increase in U.S. attorneys.
  - b. I will ask for 500 additional federal agents in metropolitan high crime areas.
  - c. I recommended mandatory sentences for persons commiting federal crimes of violence or drugs.

d. I have called for additional federal judges.

- e. Congress should enact this legislation already submitted
- f. I have put money into 4 new federal detention facilities.

- B. Personal health is crucial to enjoyment of rights of life, liberty, and the pursuit of happiness. What can or should the government do to improve health care?
  - 1. The environment must be healthy.
  - 2. There are benefits from national medical and health research, and we should not falter in these efforts.
  - 3. Goal. We should reduce the impact of rising health costs.
    - a. Full national health insurance is not affordable.
    - b. Provide catastrophic health care protection for citizens covered by Medicare.
    - c. A single largest grant in history (\$10 billion) of assistance to the poor (combining 16 existing health programs including Medicaid)
    - d. I will submit legislation limiting the amounts Medicare
      will pay to cover inflationary increases in hospital rates and doctor's fees.
    - e. I will propose cost-sharing adjustments designed to discourage unnecessary use of services under Medicare.
    - f. Complete recommendations improving the VA quality of care ;and
    - g. Legislation requiring private health insurers to reimburse VA for care of non-service connected disabilities.



- C. Our Social Security System is a vital part of our American way of life and its value is no longer debatable. What is debatable now is the long-range integrity of the financial system and the potential crisis in Social Security funding.
  - 1. The problem is complex and I will submit a later message.
  - 2. I have decided that no ceiling will be placed on Social Security cost of living increases this year.
  - 3. I will propose Congress increase Social Security tax rate three-tenths of one-percent, effective January '77. (A maximum of \$47 a year for any employee)
  - 4. The best thing we can do is get inflation under control.
- D. Jobs for new comers are a high priority.
  - 1. My programs will emphasize job training and placement assistance.
  - 2. I will continue summer job programs.
  - 3. I will stress direct aid to needy students instead of to institutions.
  - 4. I will provide \$1 million basic educational opportunity grants to one million students.



- E. Education like law enforcement is properly state and local responsibility, and should stay that way.
  - 1. Propose consolidating 24 federal education grant programs into a single bloc grant (\$100 million).
    - a. This will permit flexibility in local school systems.
    - b. Reduce red-tape and strings and federal interference.
- F. I am firmly dedicated to strengthening this nation's federal system. The federal union was given only limited power 200 years ago; the same spirit of independence and local self government is very much alive today.
  - 1. We reaffirm the common sense that state and local governments have a critical role.
  - 2. Our corner stone of this policy is general revenue sharing (\$30 billion by the end of this year).
  - 3. I asked Congress to extend this program and authorize annual expenditures (\$6.5 billion each year).
  - 4. I asked Congress to legislate basic changes in grant programs to state and local governments, which over time have become tangled in red tape and mired in requirements.
  - 5. I am proposing consolidation of categorical grant programs in the areas of health, education, social services and child nutrition.
    - a. Consolidate 15 programs into single bloc grant for feeding needy children (700,000 who today receive no benefits would under my proposal)
    - b. Consolidate 24 separate educate grants into a single flexible grant to states without matching requirements to help disadvantaged and handicapped children.
    - c. I am also increasing bloc grants for local community development.



- G. Our future as a nation depends upon the practical application of new scientific and technical knowledge.
  - 1. I want to propose programs that would:
    - a. Harness the energy of the sun.
    - b. Unlock the secrets of the human body.
    - c. Control agricultural tests and diseases.
    - d. Reduce pollution.
    - e. Explore new educational methods.
  - 2. These should be done to insure a higher standard of living and quality of life.
- IV. Public Policy and Problem Solving.
  - A. Americans are increasingly alienated from all big institutions.
    - 1. They are loosing confidence not just in big government, but in big business, big labor, big education and even big churches.
    - 2. Government must reach out to the people for answers in listing, rather than restricting the private sector in national affairs.

- B. I propose a new common sense partnership, not only between federal, state and local governments, but something greater, partnership between government institutions and citizen institutions.
  - 1. Government's function of governing can be emphasized.
  - 2. I have made a systematic effort to meet with national, state and local leaders from all walks of life.
  - 3. I mean to open up the federal government to citizens of all walks, making it more accessible.
  - 4. Unless changed, government will be taking in taxes, half of our earnings by the end of the century.
- C. Unless we do so, we will be translated back from liberty to despotism in a feather bed and who will be our Jefferson or our Lincoln?
- V. The state of the world in which we live.
  - A. Overall the U.S. is far stronger today than it was one year ago.
    - 1. In our foreign relations, we find ourselves in a time of trial and difficulty, of peaceful progress and hope for the future.
      - a. Structure of our foreign policy is sound.
      - b. Military power is second to none.
      - c. Our economy is greatest in history.
      - d. Our principal alliances are sound and solid.



- B. We are taking actions to improve our position in the world.
  - 1. A further agreement to limit the strategic arms race is within reach.
  - 2. We continue to improve relations with the Peoples Republic of China.
  - 3. We pursue peace in the Middle East.
  - 4. The dialogue between the industrial and the developing worlds looks to the future.
  - 5. Our friendships grow in Latin America, Africa, and Asia.
- C. We face confusion abroad and uncertainty at home about our purposes.
  - 1. The people have heard enough exaggeration about past mistakes.
  - 2. We are and continue to be the world's greatest democracy, the symbol of hope to millions.
  - 3. Our enemies are not our own people but those abroad who seek to enslave mankind.
  - 4. I regret the powers of the Presidency have been used inappropriately, but I regret even more the exaggeration of past mistakes to weaken the Presidency for conducting foreign affairs.
  - 5. Our foreign relations can only be conducted effectively with strong central authority. A product of consultation and cooperation with the Congress.



- D. The preservation of an effective intelligence service must transend party politics just as the preservation of the powers of the Presidency is not a partisan issue.
  - 1. I will do everything in my Constitutional power to prevent unilateral dismantling.
  - 2. I ordered an independent investigation of the CIA.
  - 3. I ordered full cooperation with Congressional investigations.
  - 4. Congress' own procedures with respect to leaks of classified information on sensitive intelligence have been violated.
    - a. Friendly governments are concerned.
    - b. Unfriendly governments have been amazed and delighted.
  - 5. Peace requires the ability to measure response to foreign challenges, and covert operations are one such possible response.
  - 6. Reduction of intelligence capacities vastly increases the danger of involvement in war - are we in a position where we can no longer help our friends in limited and carefully monitored ways, short of all out thermonuclear war?
- E. We must preserve our defense capability.
  - 1. I will propose a common sense defense budget increase to equip military forces.
    - a. To modernize both strategic and general purpose forces.
    - b. To improve military readiness and combat effectiveness within current personnel levels.

- 2. I will cut Defense programs that do not directly contribute to effectiveness.
- 3. Reductions in personnel levels benefits and marginal support will be proposed.
- 4. We will maintain national security imperatives to:

a. To reduce the threat of war.

- b. Deter or defeat any attack against the United States, allies or any nation vital to our security.
- c. Protect the freedom of the seas.

THE WHITE HOUSE WASHINGTON Jan 16, 1976

## MEMO TO JACK MARSH

You may find this helpful over the next few days. This is a copy of what you sent to Hartman Wednesday.

ldm

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It would be footigh and romantic to ignor the hard realities of the modum world; but our real effect in the world is our example.

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  - b. Deter or defeat any attack against the United States, allies or any nation vital to our security.
  - c. Protect the freedom of the seas.