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THE PRESIDENT MAS SEEN

MR. SPEAKER, MR. VICE PRESIDENT, MEMBERS OF THE

95th CONGRESS AND DISTINGUISHED GUESTS:

IN ACCORDANCE WITH THE CONSTITUTION, I COME BEFORE

YOU ONCE AGAIN TO REPORT ON THE STATE OF THE UNION

THIS REPORT WILL BE MY LAST.

BUT FOR THE UNION ...

BUT FOR THE UNION, IT IS ONLY THE FIRST OF SUCH

REPORTS IN OUR THIRD CENTURY OF INDEPENDENCE. THE CLOSE

OF WHICH NONE OF US WILL SEE. WE CAN BE CONFIDENT,

HOWEVER, THAT 100 YEARS FROM NOW A FREELY ELECTED

PRESIDENT WILL COME BEFORE A FREELY CHOSEN CONGRESS TO RENEW

OUR GREAT REPUBLIC'S PLEDGE TO GOVERNMENT OF THE PEOPLE,

BY THE PEOPLE, FOR THE PEOPLE.

FOR MY PART, I PRAY THE THIRD CENTURY WE ARE

BEGINNING WILL BRING TO ALL AMERICANS, OUR CHILDREN

AND THEIR CHILDREN'S CHILDREN, A GREATER MEASURE

OF INDIVIDUAL EQUALITY, OPPORTUNITY AND JUSTICE,

A GREATER ABUNDANCE OF SPIRITUAL AND MATERIAL BLESSINGS,

AND A HIGHER QUALITY OF LIFE, LIBERTY AND THE PURSUIT

OF HAPPINESS.

THE STATE OF THE UNION IS A MEASUREMENT OF THE MANY

ELEMENTS OF WHICH IT IS COMPOSED A POLITICAL UNION

OF DIVERSE STATES, AN ECONOMIC UNION OF VARYING INTERESTS,

AN INTELLECTUAL UNION OF COMMON CONVICTIONS AND A MORAL

UNION OF IMMUTABLE IDEALS.

TAKEN IN SUM, I CAN REPORT THAT THE STATE OF THE UNION

IS GOOD. THERE IS ROOM FOR IMPROVEMENT AS ALWAYS,

BUT TODAY WE HAVE A MORE PERFECT UNION THAN WHEN MY

STEWARDSHIP BEGAN.

AS A PEOPLE, WE DISCOVERED THAT OUR BICENTENNIAL

WAS MUCH MORE THAN A CELEBRATION OF THE PAST; IT BECAME

A JOYOUS REAFFIRMATION OF ALL THAT IT MEANS TO BE AMERICANS,

A CONFIRMATION BEFORE ALL THE WORLD OF THE VITALITY AND

DURABILITY OF OUR FREE INSTITUTIONS.

THE AFFAIRS OF OUR FEDERAL GOVERNMENT <u>DURING</u> THESE EVENTFUL

YEARS WHEN WE PROVED, AS I SAID IN MY <u>FIRST</u> WORDS UPON

ASSUMING OFFICE, THAT "OUR CONSTITUTION <u>WORKS</u>; OUR

GREAT REPUBLIC IS A GOVERNMENT OF LAWS AND NOT OF MEN;

HERE, THE PEOPLE RULE."

THE PEOPLE HAVE SPOKEN; THEY HAVE CHOSEN A NEW

PRESIDENT AND A NEW CONGRESS TO WORK THEIR WILL;

I CONGRATULATE YOU -- PARTICULARLY THE NEW MEMBERS -
AS SINCERELY AS I DID PRESIDENT-ELECT CARTER.

IN A FEW DAYS, IT WILL BE HIS DUTY TO OUTLINE FOR YOU

HIS PRIORITIES AND LEGISLATIVE RECOMMENDATIONS.

TONIGHT I WILL NOT INFRINGE ON THAT RESPONSIBILITY,

BUT RATHER WISH HIM THE VERY BEST IN ALL THAT IS GOOD

FOR OUR COUNTRY.

DURING THE PERIOD OF MY OWN SERVICE IN THIS CAPITOL AND IN THE WHITE HOUSE I CAN RECALL MANY ORDERLY TRANSITIONS OF GOVERNMENTAL RESPONSIBILITY -- OF PROBLEMS AS WELL AS OF POSITION, OF BURDENS AS WELL AS OF POWER.

THE GENIUS OF THE AMERICAN SYSTEM IS THAT WE DO THIS THERE ARE NO SOLDIERS MARCHING SO NATURALLY AND NORMALLY: IN THE STREETS EXCEPT IN THE INAUGURAL PARADE; NO PUBLIC DEMONSTRATIONS EXCEPT FOR SOME OF THE DANCERS AT THE THE OPPOSITION PARTY DOESN'T GO UNDERGROUND BUT GOES ON FUNCTIONING VIGOROUSLY IN THE CONGRESS AND THE COUNTRY; NAND OUR VIGILANT PRESS GOES RIGHT ON PROBING AND PUBLISHING OUR FAULTS AND FOLLIES,

CONFIRMING THE WISDOM OF THE FRAMERS OF THE FIRST AMENDMENT.

BECAUSE THE TRANSFER OF AUTHORITY IN OUR FORM OF GOVERNMENT AFFECTS THE STATE OF THE UNION, AND OF THE WORLD, I AM HAPPY TO REPORT TO YOU THAT THE CURRENT TRANSITION IS PROCEEDING VERY WELL. I WAS DETERMINED THAT IT SHOULD I WANTED THE NEW PRESIDENT TO GET OFF TO AN EASIER START



THAN I HAD.

WHEN I BECAME PRESIDENT ON AUGUST 9, 1974, OUR

NATION WAS DEEPLY DIVIDED AND TORMENTED. IN RAPID

SUCCESSION, THE VICE PRESIDENT AND THE PRESIDENT HAD

RESIGNED IN DISGRACE. WE WERE STILL STRUGGLING WITH

THE AFTER-EFFECTS OF A LONG, UNPOPULAR AND BLOODY WAR

IN SOUTHEAST ASIA.

THE ECONOMY WAS UNSTABLE AND RACING TOWARD THE WORST

RECESSION IN 40 YEARS → PEOPLE WERE LOSING JOBS →

THE COST OF LIVING WAS SOARING. THE CONGRESS AND THE

CHIEF EXECUTIVE WERE AT LOGGERHEADS. THE INTEGRITY OF OUR

CONSTITUTIONAL PROCESS AND OF OTHER INSTITUTIONS WAS BEING

QUESTIONED.

FOR MORE THAN 15 YEARS, DOMESTIC SPENDING HAD

SOARED AS FEDERAL PROGRAMS MULTIPLIED AND THE EXPENSE

ESCALATED ANNUALLY.

DURING THE SAME PERIOD, OUR

NATIONAL SECURITY NEEDS WERE STEADILY SHORTCHANGED.

IN THE GRAVE SITUATION WHICH PREVAILED IN AUGUST 1974,

OUR WILL TO MAINTAIN OUR INTERNATIONAL LEADERSHIP WAS

IN DOUBT.

7

I ASKED FOR YOUR PRAYERS, AND WENT TO WORK.

IN JANUARY 1975, I REPORTED TO THE CONGRESS THAT THE

STATE OF THE UNION WAS NOT GOOD.

I PROPOSED URGENT

ACTION TO IMPROVE THE ECONOMY AND TO ACHIEVE ENERGY

INDEPENDENCE IN TEN YEARS.

I REASSURED AMERICA'S ALLIES AND SOUGHT TO REDUCE THE DANGER
OF CONFRONTATION WITH POTENTIAL ADVERSARIES. / I PLEDGED
/
A NEW DIRECTION FOR AMERICA.
1975
NINETEEN SEVENTY-FIVE WAS A YEAR OF DIFFICULT DECISIONS,
BUT AMERICANS RESPONDED WITH REALISM, COMMON SENSE
AND SELE-DISCIPLINE

BY JANUARY 1976, WE WERE HEADED IN A NEW DIRECTION,

WHICH I HOLD TO BE THE RIGHT DIRECTION FOR A FREE SOCIETY.

I WAS GUIDED BY THE BELIEF THAT SUCCESSFUL PROBLEM-SOLVING

REQUIRES MORE THAN FEDERAL ACTION ALONE; THAT IT INVOLVES

A FULL PARTNERSHIP AMONG ALL BRANCHES AND LEVELS

OF GOVERNMENT, AND PUBLIC POLICIES WHICH NURTURE AND

PROMOTE THE CREATIVE ENERGIES OF PRIVATE ENTERPRISES,

INSTITUTIONS AND INDIVIDUAL CITIZENS.

A YEAR AGO, I REPORTED THAT THE STATE OF THE UNION

WAS BETTER IN MANY WAYS A LOT BETTER - BUT STILL

NOT GOOD ENOUGH.

COMMON SENSE TOLD ME TO STICK TO THE STEADY COURSE

WE WERE ON, TO CONTINUE TO RESTRAIN THE INFLATIONARY

GROWTH OF GOVERNMENT, TO REDUCE TAXES AS WELL AS SPENDING,

TO RETURN LOCAL DECISIONS TO LOCAL PEOPLE, TO PROVIDE

FOR LONG-RANGE SUFFICIENCY IN ENERGY AND NATIONAL SECURITY

NEEDS.

I RESISTED THE IMMENSE PRESSURES OF AN ELECTION YEAR

TO OPEN THE FLOODGATES OF FEDERAL MONEY AND THE TEMPTATION

TO PROMISE MORE THAN I COULD DELIVER.

I TOLD IT AS IT WAS

TO THE AMERICAN PEOPLE AND DEMONSTRATED TO THE WORLD THAT,

IN OUR SPIRITED POLITICAL COMPETITION, AS IN THIS CHAMBER,

AMERICANS CAN DISAGREE WITHOUT BEING DISAGREEABLE.

NOW, AFTER 30 MONTHS AS YOUR PRESIDENT I CAN SAY

THAT WHILE WE STILL HAVE A WAY TO GO, I AM PROUD OF THE

LONG WAY WE HAVE COME TOGETHER.

CONFIDENCE IN THE PRESIDENCY, CONFIDENCE IN OUR FREE SYSTEM

AND CONFIDENCE IN OUR FUTURE. ONCE AGAIN, AMERICANS

BELIEVE IN THEMSELVES, IN THEIR LEADERS, AND IN THE PROMISE

THAT TOMORROW HOLDS FOR THEIR CHILDREN.

I AM PROUD THAT TODAY AMERICA IS AT PEACE. NONE

OF OUR SONS ARE FIGHTING AND DYING IN BATTLE ANYWHERE

IN THE WORLD.

AND THE CHANCE FOR PEACE AMONG

ALL NATIONS IS IMPROVED BY OUR DETERMINATION TO HONOR

OUR VITAL COMMITMENTS IN THE DEFENSE OF PEACE AND FREEDOM.

I AM PROUD THAT THE UNITED STATES HAS STRONG DEFENSES,
STRONG ALLIANCES AND A SOUND AND COURAGEOUS FOREIGN
POLICY• —

-- OUR ALLIANCES WITH OUR MAJOR PARTNERS, THE GREAT

INDUSTRIAL DEMOCRACIES OF WESTERN EUROPE, JAPAN, AND

CANADA, HAVE NEVER BEEN MORE SOLID.

CONSULTATIONS

ON MUTUAL SECURITY, DEFENSE AND EAST-WEST RELATIONS

HAVE GROWN CLOSER COLLABORATION HAS BRANCHED OUT

INTO NEW FIELDS, SUCH AS ENERGY, ECONOMIC POLICY

AND RELATIONS WITH THE THIRD WORLD. -

WE HAVE USED MANY AVENUES FOR COOPERATION, INCLUDING

SUMMIT MEETINGS HELD AMONG MAJOR ALLIED COUNTRIES. THE

FRIENDSHIP OF THE DEMOCRACIES IS DEEPER, WARMER AND MORE

EFFECTIVE THAN AT ANY TIME IN 30 YEARS.

-- WE ARE MAINTAINING STABILITY IN THE STRATEGIC

NUCLEAR BALANCE, AND PUSHING BACK THE SPECTRE OF NUCLEAR

WAR.

A DECISIVE STEP FORWARD WAS TAKEN IN THE VLADIVOSTOK

ACCORD WHICH I NEGOTIATED WITH GENERAL SECRETARY BREZHNEV

 $/\!\!/$

JOINT RECOGNITION THAT AN EQUAL CEILING SHOULD BE PLACED

ON THE NUMBER OF STRATEGIC WEAPONS ON EACH SIDE.



WITH RESOLVE AND WISDOM ON THE PART OF BOTH NATIONS,

A GOOD AGREEMENT IS WELL WITHIN REACH THIS YEAR.

- -- THE FRAMEWORK FOR PEACE IN THE MIDDLE EAST HAS BEEN
- BUILT. HOPES FOR FUTURE PROGRESS IN THE MIDDLE EAST WERE

STIRRED BY THE HISTORIC AGREEMENTS WE REACHED AND THE TRUST

AND CONFIDENCE WE FORMED.

-- THANKS TO AMERICAN LEADERSHIP, THE PROSPECTS

FOR PEACE IN THE MIDDLE EAST ARE BRIGHTER THAN THEY HAVE

BEEN IN THREE DECADES. THE ARAB STATES AND ISRAEL CONTINUE

TO LOOK TO US TO LEAD THEM FROM CONFRONTATION AND WAR

TO A NEW ERA OF ACCOMMODATION AND PEACE. WE HAVE NO

ALTERNATIVE BUT TO PERSEVERE.

THE OPPORTUNITIES FOR A FINAL SETTLEMENT ARE GREAT, AND THE PRICE OF FAILURE IS A RETURN TO THE BLOODSHED AND HATRED

THAT FOR TOO LONG HAVE BROUGHT TRAGEDY TO ALL THE PEOPLES

OF THIS AREA, AND REPEATEDLY EDGED THE WORLD TO THE BRINK

OF WAR.

OF CHINA IS PROVING ITS IMPORTANCE AND ITS DURABILITY.

WE ARE FINDING MORE AND MORE COMMON GROUND BETWEEN

OUR TWO COUNTRIES ON BASIC QUESTIONS OF INTERNATIONAL

AFFAIRS.

THE FREE NATIONS OF SOUTHEAST ASIA.

REAFFIRMED AMERICA'S CONTINUING VITAL INTEREST IN THE PEACE

AND SECURITY OF ASIA AND THE PACIFIC BASIN, ESTABLISHED

A NEW PARTNERSHIP WITH JAPAN, CONFIRMED OUR DEDICATION

TO THE SECURITY OF KOREA, AND REINFORCED OUR TIES WITH

-- AN HISTORIC DIALOGUE HAS BEGUN BETWEEN INDUSTRIAL

NATIONS AND THE DEVELOPING NATIONS.

MOST PROPOSALS

ON THE TABLE ARE INITIATIVES OF THE UNITED STATES, INCLUDING

THOSE ON FOOD, ENERGY, TECHNOLOGY, TRADE, INVESTMENT

AND COMMODITIES.

WE ARE WELL LAUNCHED ON THIS PROCESS

OF SHAPING POSITIVE AND RELIABLE ECONOMIC RELATIONS

BETWEEN RICH NATIONS AND POOR NATIONS OVER THE LONG-TERM.

WE HAVE MADE PROGRESS IN TRADE NEGOTIATIONS
AND AVOIDED PROTECTIONISM DURING RECESSION.
WE STRENGTHENED THE INTERNATIONAL MONETARY SYSTEM.
DURING THE PAST TWO YEARS THE FREE WORLD'S MOST IMPORTANT
ECONOMIC POWERS HAVE ALREADY BROUGHT ABOUT IMPORTANT
CHANGES THAT SERVE BOTH DEVELOPED AND DEVELOPING ECONOMIES
THE MOMENTUM ALREADY ACHIEVED MUST BE NURTURED AND
STRENGTHENED, FOR THE PROSPERITY OF RICH AND POOR DEPENDS
HDON IT

-- IN LATIN AMERICA, OUR RELATIONS HAVE TAKEN ON

A NEW MATURITY AND A SENSE OF COMMON ENTERPRISE

-- IN AFRICA, THE QUEST FOR PEACE, RACIAL JUSTICE

AND ECONOMIC PROGRESS IS AT A CRUCIAL POINT

THE UNITED STATES, IN CLOSE COOPERATION WITH THE UNITED

KINGDOM, IS ACTIVELY ENGAGED IN THAT HISTORIC PROCESS.

INTERVENTION?

OR WILL IT COME ABOUT BY NEGOTIATED AND FAIR

SOLUTIONS, ENSURING MAJORITY RULE, MINORITY RIGHTS

AND ECONOMIC ADVANCE?

AMERICA IS COMMITTED TO THE SIDE

OF PEACE AND JUSTICE, AND TO THE PRINCIPLE THAT AFRICA SHOULD

SHAPE ITS OWN FUTURE FREE OF OUTSIDE INTERVENTION.

-- AMERICAN LEADERSHIP HAS HELPED TO STIMULATE NEW

INTERNATIONAL EFFORTS TO STEM THE PROLIFERATION OF NUCLEAR

WEAPONS AND TO SHAPE A COMPREHENSIVE TREATY GOVERNING

THE USE OF THE OCEANS.

CONSTITUTE A RECORD OF BROAD SUCCESS FOR AMERICA, AND

FOR THE PEACE AND PROSPERITY OF ALL MANKIND

ADMINISTRATION LEAVES TO ITS SUCCESSOR A WORLD IN BETTER

CONDITION THAN WE FOUND

WE LEAVE, AS WELL, A SOLID

FOUNDATION FOR PROGRESS ON A RANGE OF ISSUES THAT ARE VITAL

TO THE WELL BEING OF AMERICA

WHAT HAS BEEN ACHIEVED IN THE FIELD OF FOREIGN AFFAIRS,

AND WHAT CAN BE ACCOMPLISHED BY THE NEW ADMINISTRATION,

DEMONSTRATE THE GENIUS OF AMERICANS WORKING TOGETHER

FOR THE COMMON GOOD.

IT IS THIS, OUR REMARKABLE ABILITY

TO WORK TOGETHER, THAT HAS MADE US A UNIQUE NATION.

IT IS

CONGRESS, THE PRESIDENT, AND THE PEOPLE STRIVING FOR

A BETTER WORLD.

I KNOW ALL PATRIOTIC AMERICANS WANT THIS NATION'S

FOREIGN POLICY TO SUCCEED.

I URGE MEMBERS OF MY PARTY IN THE CONGRESS TO GIVE

THE NEW PRESIDENT LOYAL SUPPORT IN THIS AREA.

I EXPRESS THE HOPE THAT THIS NEW CONGRESS WILL

RE-EXAMINE ITS CONSTITUTIONAL ROLE IN INTERNATIONAL AFFAIRS.

THE EXCLUSIVE RIGHT TO DECLARE WAR, THE DUTY TO ADVIS

AND CONSENT ON THE PART OF THE SENATE, AND THE POWER OF

THE PURSE ON THE PART OF THE HOUSE, ARE AMPLE AUTHORITY

FOR THE LEGISLATIVE BRANCH AND SHOULD BE JEALOUSLY GUARDED.

BUT/BECAUSE WE MAY HAVE BEEN TOO CARELESS OF THESE

POWERS IN THE PAST DOES NOT JUSTIFY CONGRESSIONAL INTRUSION

INTO, OR OBSTRUCTION OF, THE PROPER EXERCISE OF

PRESIDENTIAL RESPONSIBILITIES NOW OR IN THE FUTURE.

THERE CAN BE ONLY ONE COMMANDER-IN-CHIEF. IN THESE TIMES

CRISES CANNOT BE MANAGED AND WARS CANNOT BE WAGED BY

NOR CAN PEACE BE PURSUED SOLELY BY PARLIAMENTARY DEBATE.

TO THE EARS OF THE WORLD, THE PRESIDENT SPEAKS FOR THE

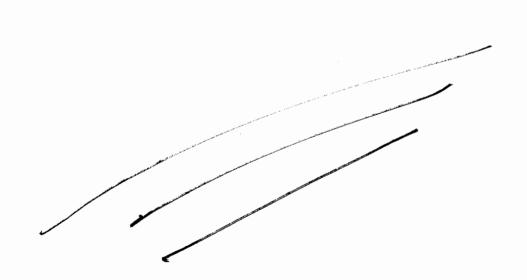
NATION • WHILE HE IS, OF COURSE, ULTIMATELY ACCOUNTABLE

TO THE CONGRESS, THE COURTS AND THE PEOPLE, HE AND HIS

EMISSARIES MUST NOT BE HANDICAPPED IN ADVANCE IN THEIR

RELATIONS WITH FOREIGN GOVERNMENTS AS HAS SOMETIMES HAPPENED

IN THE PAST.



AT HOME, I AM ENCOURAGED BY THE NATION'S RECOVERY

FROM THE RECESSION AND OUR STEADY RETURN TO SOUND ECONOMIC

GROWTH. IT IS NOW CONTINUING AFTER THE RECENT PERIOD

OF UNCERTAINTY, WHICH IS PART OF THE PRICE WE PAY FOR

FREE ELECTIONS.

OUR MOST PRESSING NEED TODAY AND IN THE FUTURE

IS MORE JOBS -- PRODUCTIVE AND PERMANENT JOBS

CREATED BY A THRIVING ECONOMY. -

WE MUST REVISE OUR TAX SYSTEM BOTH TO EASE THE BURDEN

OF HEAVY TAXATION AND TO ENCOURAGE THE INVESTMENT NECESSARY

FOR THE CREATION OF PRODUCTIVE JOBS FOR ALL AMERICANS WHO

WANT TO WORK

EARLIER THIS MONTH I PROPOSED A PERMANENT

INCOME TAX REDUCTION OF TEN BILLION DOLLARS BELOW CURRENT

LEVELS INCLUDING RAISING THE PERSONAL EXEMPTION FROM

750 DOLLARS TO 1,000 DOLLARS

I ALSO RECOMMENDED A SERIES OF MEASURES TO STIMULATE
INVESTMENT, SUCH AS ACCELERATED DEPRECIATION FOR NEW PLANT
AND EQUIPMENT IN AREAS OF HIGH UNEMPLOYMENT, A REDUCTION
IN THE CORPORATE TAX RATE FROM 48 TO 46 PERCENT,
AND ELIMINATING THE PRESENT DOUBLE TAXATION OF DIVIDENDS.
I STRONGLY URGE THE CONGRESS TO PASS THESE MEASURES TO
HELP CREATE THE PRODUCTIVE, PERMANENT JOBS IN THE PRIVATE
ECONOMY THAT ARE ESSENTIAL TO OUR FUTURE.

ALL OF THE BASIC TRENDS ARE GOOD; WE ARE NOT ON THE BRINK
OF ANOTHER RECESSION OR ECONOMIC DISASTER. IF WE FOLLOW
PRUDENT POLICIES THAT ENCOURAGE PRODUCTIVE INVESTMENT
AND DISCOURAGE DESTRUCTIVE INFLATION, WE WILL COME OUT
ON TOD

WE HAVE SUCCESSFULLY CUT INFLATION BY MORE THAN HALF:

WHEN I TOOK OFFICE, THE CONSUMER PRICE INDEX WAS RISING

AT 12.2 PERCENT A YEAR. DURING 1976, THE RATE OF

INFLATION WAS FIVE PERCENT.

WE HAVE CREATED MORE JOBS. OVER FOUR MILLION

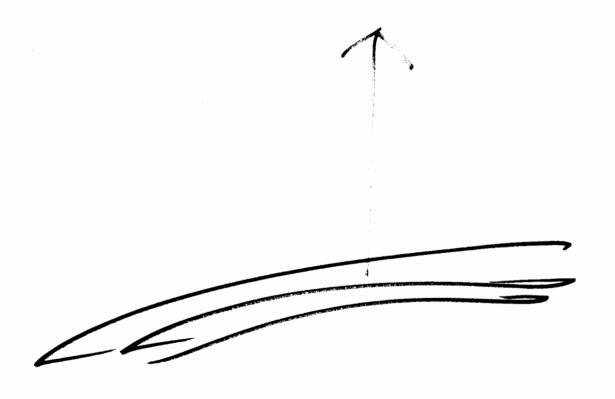
MORE PEOPLE HAVE JOBS TODAY THAN IN THE SPRING OF 1975.

THROUGHOUT THIS NATION TODAY WE HAVE OVER 88 MILLION PEOPLE

IN USEFUL, PRODUCTIVE WORK + MORE THAN AT ANY OTHER TIME

IN OUR HISTORY. BUT, THERE ARE STILL TOO MANY AMERICANS

UNEMPLOYED. THIS IS MY GREATEST REGRET AS I LEAVE OFFICE.



WE BROUGHT ABOUT WITH THE CONGRESS, AFTER MUCH DELAY.

THE RENEWAL OF GENERAL REVENUE SHARING. WE EXPANDED

COMMUNITY DEVELOPMENT AND FEDERAL MANPOWER PROGRAMS.

WE BEGAN A SIGNIFICANT URBAN MASS TRANSIT PROGRAM.

FEDERAL PROGRAMS TODAY PROVIDE MORE FUNDS FOR OUR STATES

AND LOCAL GOVERNMENTS THAN EVER BEFORE -- 70 BILLION DOLLARS

FOR THE CURRENT FISCAL YEAR.

THROUGH THESE PROGRAMS AND OTHERS THAT PROVIDE

AID DIRECTLY TO INDIVIDUALS WE HAVE KEPT FAITH WITH OUR

TRADITION OF COMPASSIONATE HELP FOR THOSE WHO NEED IT.

AS WE BEGIN OUR THIRD CENTURY WE CAN BE PROUD OF THE

PROGRESS WE HAVE MADE IN MEETING HUMAN NEEDS FOR ALL

OF OUR CITIZENS.



WE HAVE CUT THE GROWTH OF CRIME BY NEARLY 90 PERCENT.

TWO YEARS AGO, CRIME WAS INCREASING AT A RATE OF 18 PERCENT

ANNUALLY.

IN THE FIRST THREE QUARTERS OF 1976, THAT

GROWTH RATE HAD BEEN REDUCED TO TWO PERCENT.

BUT CRIME,

AND THE FEAR OF CRIME, REMAINS ONE OF THE MOST SERIOUS

PROBLEMS FACING OUR CITIZENS.

WE HAVE HAD SOME SUCCESSES. AND THERE HAVE BEEN

SOME DISAPPOINTMENTS.

BLUNTLY, I MUST REMIND YOU THAT WE HAVE NOT MADE

SATISFACTORY PROGRESS TOWARD ACHIEVING ENERGY

INDEPENDENCE •

ENERGY IS ABSOLUTELY VITAL TO THE DEFENSE OF OUR

COUNTRY, TO THE STRENGTH OF OUR ECONOMY, AND TO THE QUALITY
OF OUR LIVES.

TWO YEARS AGO I PROPOSED TO THE CONGRESS

THE FIRST COMPREHENSIVE NATIONAL ENERGY PROGRAM:

OUR VULNERABILITY TO EMBARGO, BLOCKADE, OR ARBITRARY

PRICE INCREASES, AND WOULD MOBILIZE U.S. TECHNOLOGY

AND RESOURCES TO SUPPLY A SIGNIFICANT SHARE OF THE FREE

WORLD'S ENERGY NEEDS AFTER 1985.

OF THE MAJOR ENERGY PROPOSALS I SUBMITTED TWO YEARS

AGO, ONLY HALF BELATEDLY BECAME LAW

IN 1973, WE WERE

DEPENDENT UPON FOREIGN OIL IMPORTS FOR 36 PERCENT OF OUR

NEEDS

TODAY WE ARE 40 PERCENT DEPENDENT, AND WE'LL PAY

OUT 34 BILLION U.S. DOLLARS FOR FOREIGN OIL THIS YEAR

ALONE

SUCH VULNERABILITY AT PRESENT OR IN THE FUTURE

THE ANSWER TO WHERE WE STAND ON OUR NATIONAL ENERGY

EFFORT TODAY REMINDS ME OF THE OLD ARGUMENT OVER WHETHER THE

TANK IS HALF FULL OR HALF EMPTY.

THE PESSIMIST WILL SAY

WE HAVE HALF FAILED TO ACHIEVE OUR TEN-YEAR ENERGY GOALS,

THE OPTIMIST WILL SAY THAT WE HAVE HALF SUCCEEDED.

I AM ALWAYS AN OPTIMIST, BUT WE MUST MAKE UP FOR LOST TIME.

WE HAVE LAID A SOLID FOUNDATION FOR COMPLETING THE

ENORMOUS TASK WHICH CONFRONTS US.

I HAVE SIGNED INTO

LAW FIVE MAJOR ENERGY BILLS WHICH CONTAIN SIGNIFICANT

MEASURES FOR CONSERVATION, RESOURCE DEVELOPMENT,

STOCKPILING AND STANDBY AUTHORITIES.

WE HAVE MOVED FORWARD TO DEVELOP THE NAVAL PETROLEUM
RESERVES; TO BUILD A FIVE HUNDRED MILLION BARREL STRATEGIC
PETROLEUM STOCKPILE; TO PHASE-OUT UNNECESSARY GOVERNMENT
ALLOCATION AND PRICE CONTROLS; TO DEVELOP A LASTING
RELATIONSHIP WITH OTHER OIL CONSUMING NATIONS;
TO IMPROVE THE EFFICIENCY OF ENERGY USE THROUGH CONSERVATION
IN AUTOMOBILES, BUILDINGS AND INDUSTRY; AND TO EXPAND
RESEARCH ON NEW TECHNOLOGY AND RENEWABLE RESOURCES,
SUCH AS WIND POWER, GEOTHERMAL AND SOLAR ENERGY.

ALL THESE ACTIONS, SIGNIFICANT AS THEY ARE FOR THE

LONG TERM, ARE ONLY THE BEGINNING. I RECENTLY SUBMITTED

TO THE CONGRESS MY PROPOSALS TO REORGANIZE THE FEDERAL

ENERGY STRUCTURE, AND THE HARD CHOICES WHICH REMAIN

IF WE ARE SERIOUS ABOUT REDUCING OUR DEPENDENCE UPON

FOREIGN ENERGY.

THESE INCLUDE PROGRAMS TO REVERSE OUR DECLINING

PRODUCTION OF NATURAL GAS AND INCREASE INCENTIVES FOR

DOMESTIC CRUDE OIL PRODUCTION.

I PROPOSE TO MINIMIZE

ENVIRONMENTAL UNCERTAINTIES AFFECTING COAL DEVELOPMENT,

EXPAND NUCLEAR POWER GENERATION AND CREATE AN ENERGY

INDEPENDENCE AUTHORITY TO PROVIDE GOVERNMENT FINANCIAL

ASSISTANCE FOR VITAL ENERGY PROGRAMS WHERE PRIVATE CAPITAL

IS NOT AVAILABLE. -

WE MUST EXPLORE EVERY REASONABLE PROSPECT FOR MEETING
OUR ENERGY NEEDS WHEN OUR CURRENT DOMESTIC RESERVES OF OIL
AND NATURAL GAS BEGIN TO DWINDLE IN THE NEXT DECADE.

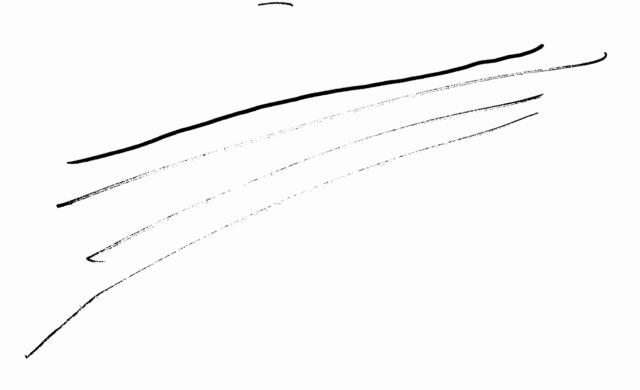
I URGENTLY ASK CONGRESS AND THE NEW ADMINISTRATION

TO MOVE QUICKLY ON THESE ISSUES.

THIS NATION HAS THE

RESOURCES AND CAPABILITY TO ACHIEVE OUR ENERGY GOALS IF ITS

GOVERNMENT HAS THE WILL TO PROCEED.



OF THE MEANINGFUL ORGANIZATIONAL REFORMS WHICH

I CONTEMPLATED FOR THE FEDERAL GOVERNMENT,

'ALTHOUGH A START

HAS BEEN MADE.

FOR EXAMPLE, THE FEDERAL JUDICIAL SYSTEM HAS LONG
SERVED AS A MODEL FOR OTHER COURTS. BUT TODAY IT IS
THREATENED BY A SHORTAGE OF QUALIFIED FEDERAL JUDGES
AND AN EXPLOSION OF LITIGATION CLAIMING FEDERAL
JURISDICTION.

I COMMEND TO THE NEW ADMINISTRATION AND THE CONGRESS

JUSTICE, UNDERTAKEN AT MY REQUEST, ON "THE NEEDS OF THE

THE RECENT REPORT AND RECOMMENDATIONS OF THE DEPARTMENT OF

FEDERAL COURTS. I ESPECIALLY ENDORSE ITS PROPOSALS

FOR A NEW COMMISSION ON THE JUDICIAL APPOINTMENT PROCESS.

WHILE THE JUDICIAL BRANCH OF OUR GOVERNMENT MAY

REQUIRE REINFORCEMENT, THE BUDGETS AND PAYROLLS OF THE

OTHER BRANCHES REMAIN STAGGERING. ---

AND THE EXECUTIVE OFFICE OF THE PRESIDENT HAVE BEEN REDUCED

AND THE TOTAL NUMBER OF CIVILIANS IN THE EXECUTIVE BRANCH

CONTAINED DURING THE 1970s, THE LEGISLATIVE BRANCH HAS

INCREASED SUBSTANTIALLY, ALTHOUGH THE MEMBERSHIP OF THE

CONGRESS REMAINS AT 535.

A YEAR PER MEMBER: THE WHOLE LEGISLATIVE BUDGET HAS PASSED

THE BILLION DOLLAR MARK.

I SET OUT TO REDUCE THE GROWTH IN THE SIZE AND

SPENDING OF THE FEDERAL GOVERNMENT, BUT NO PRESIDENT CAN

ACCOMPLISH THIS ALONE.

THE CONGRESS SIDETRACKED MOST OF MY REQUESTS FOR AUTHORITY

TO CONSOLIDATE OVERLAPPING PROGRAMS AND AGENCIES,

TO RETURN MORE DECISION-MAKING AND RESPONSIBILITY TO STATE

AND LOCAL GOVERNMENTS THROUGH BLOCK GRANTS INSTEAD OF

RIGID CATEGORICAL PROGRAMS AND TO ELIMINATE UNNECESSARY

RED TAPE AND OUTRAGEOUSLY COMPLEX REGULATIONS.

WE HAVE MADE SOME PROGRESS IN CUTTING BACK THE

EXPANSION OF GOVERNMENT AND ITS INTRUSION INTO INDIVIDUAL

LIVES -- BUT THERE IS MUCH MORE TO BE DONE.

IT CAN ONLY BE DONE BY TOUGH AND TEMPORARILY PAINFUL

SURGERY BY A CONGRESS AS PREPARED AS THE PRESIDENT TO

FACE UP TO THIS VERY REAL POLITICAL PROBLEM.

AGAIN, I WISH MY SUCCESSOR, WORKING WITH

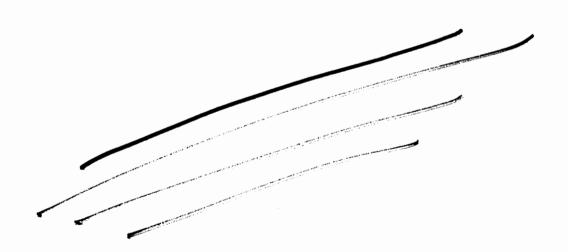
A SUBSTANTIAL MAJORITY OF HIS OWN PARTY, THE BEST OF SUCCESS

IN REFORMING THE COSTLY AND CUMBERSOME MACHINERY OF THE

FEDERAL GOVERNMENT.

THE TASK OF SELF-GOVERNMENT IS NEVER FINISHED.

THE PROBLEMS ARE GREAT; THE OPPORTUNITIES ARE GREATER.



AMERICA'S FIRST GOAL IS AND ALWAYS WILL BE PEACE

WITH HONOR • AMERICA MUST REMAIN FIRST IN KEEPING PEACE

IN THE WORLD • WE CAN REMAIN FIRST IN PEACE ONLY IF

WE ARE NEVER SECOND IN DEFENSE •

IN PRESENTING THE STATE OF THE UNION TO THE CONGRESS

AND TO THE AMERICAN PEOPLE, I HAVE A SPECIAL OBLIGATION AS

COMMANDER-IN-CHIEF TO REPORT ON OUR NATIONAL DEFENSE.

OUR SURVIVAL AS A FREE AND INDEPENDENT PEOPLE REQUIRES,

ABOVE ALL, STRONG MILITARY FORCES THAT ARE WELL-EQUIPPED

AND HIGHLY TRAINED TO PERFORM THEIR ASSIGNED MISSION.

I AM PARTICULARLY GRATIFIED TO REPORT THAT OVER THE

PAST TWO AND A HALF YEARS WE HAVE BEEN ABLE TO REVERSE THE

DANGEROUS DECLINE OF THE PREVIOUS DECADE IN THE REAL RESOURCES

THIS COUNTRY WAS DEVOTING TO NATIONAL DEFENSE. THIS WAS

AN IMMEDIATE PROBLEM I FACED IN 1974. THE EVIDENCE WAS

UNMISTAKABLE THAT THE SOVIET UNION HAD BEEN STEADILY INCREASING

THE RESOURCES IT APPLIED TO BUILDING ITS MILITARY STRENGTH.

DURING THIS SAME PERIOD THE UNITED STATES' REAL

DEFENSE SPENDING DECLINED.

IN MY THREE BUDGETS,

WE NOT ONLY ARRESTED THAT DANGEROUS DECLINE, BUT WE HAVE

ESTABLISHED THE POSITIVE TREND WHICH IS ESSENTIAL TO OUR

ABILITY TO CONTRIBUTE TO PEACE AND STABILITY IN THE WORLD.

THE VIETNAM WAR BOTH MATERIALLY AND PSYCHOLOGICALLY

AFFECTED OUR OVERALL DEFENSE POSTURE THE DANGEROUS

ANTI-MILITARY SENTIMENT DISCOURAGED DEFENSE SPENDING

AND UNFAIRLY DISPARAGED THE MEN AND WOMEN WHO SERVE

IN OUR ARMED FORCES. -

THE CHALLENGE THAT NOW CONFRONTS THIS COUNTRY IS

WHETHER WE HAVE THE NATIONAL WILL AND DETERMINATION

TO CONTINUE THIS ESSENTIAL DEFENSE EFFORT OVER THE LONG TERM,

AS IT MUST BE CONTINUED.

WE CAN NO LONGER AFFORD TO

OSCILLATE FROM YEAR TO YEAR IN SO VITAL A MATTER.

INDEED, WE HAVE A DUTY TO LOOK BEYOND THE IMMEDIATE QUESTION

OF BUDGETS, AND TO EXAMINE THE NATURE OF THE PROBLEM WE WILL

I AM THE FIRST RECENT PRESIDENT ABLE TO ADDRESS

LONG-TERM BASIC ISSUES WITHOUT THE BURDEN OF VIETNAM.

THE WAR IN INDOCHINA CONSUMED ENORMOUS RESOURCES,

AT THE VERY TIME THAT THE OVERWHELMING STRATEGIC SUPERIORITY

WE ONCE ENJOYED WAS DISAPPEARING.

IN PAST YEARS, AS A RESULT OF DECISIONS BY THE UNITED

STATES, OUR STRATEGIC FORCES LEVELLED OFF.

YET, THE SOVIET UNION CONTINUED A STEADY, CONSTANT

BUILD-UP OF ITS OWN FORCES, COMMITTING A HIGH PERCENTAGE

OF ITS NATIONAL ECONOMIC EFFORT TO DEFENSE

THE UNITED STATES CAN NEVER TOLERATE A SHIFT IN THE

STRATEGIC BALANCE AGAINST US. OR EVEN A SITUATION WHERE

THE AMERICAN PEOPLE OR OUR ALLIES BELIEVE THE BALANCE IS

SHIFTING AGAINST US. THE UNITED STATES WOULD RISK THE

MOST SERIOUS POLITICAL CONSEQUENCES IF THE WORLD CAME TO

BELIEVE THAT OUR ADVERSARIES HAVE A DECISIVE MARGIN OF

SUPERIORITY.

TO MAINTAIN A STRATEGIC BALANCE WE MUST LOOK AHEAD TO

THE 1980s AND BEYOND. THE SOPHISTICATION OF MODERN

WEAPONS REQUIRES THAT WE MAKE DECISIONS NOW IF WE ARE TO

ENSURE OUR SECURITY TEN YEARS FROM NOW.

THEREFORE I HAVE CONSISTENTLY ADVOCATED AND STRONGLY

URGED THAT WE PURSUE THREE CRITICAL STRATEGIC PROGRAMS:

THE TRIDENT MISSILE LAUNCHING SUBMARINE;

THE B-1 BOMBER,

WITH ITS SUPERIOR CAPABILITY TO PENETRATE MODERN AIR DEFENSES

AND A MORE ADVANCED INTERCONTINENTAL BALLISTIC MISSILE THAT

WILL BE BETTER ABLE TO SURVIVE NUCLEAR ATTACK AND DELIVER

A DEVASTATING RETALIATORY STRIKE.

IN AN ERA WHERE THE STRATEGIC NUCLEAR FORCES ARE IN

ROUGH EQUILIBRIUM, THE RISKS OF CONFLICT BELOW THE NUCLEAR

THRESHOLD MAY GROW MORE PERILOUS.

A MAJOR LONG-TERM

OBJECTIVE, THEREFORE, IS TO MAINTAIN CAPABILITIES TO DEAL

WITH, AND THEREBY DETER, CONVENTIONAL CHALLENGES AND

CRISES, PARTICULARLY IN EUROPE.

WE CANNOT RELY SOLELY ON STRATEGIC FORCES TO

GUARANTEE OUR SECURITY OR TO DETER ALL TYPES OF AGGRESSION.

WE MUST HAVE SUPERIOR NAVAL AND MARINE FORCES TO MAINTAIN

FREEDOM OF THE SEAS, STRONG MULTI-PURPOSE TACTICAL AIR

FORCES, AND MOBILE, MODERN GROUND FORCES.



TO IMPROVE OUR WORLDWIDE CAPABILITIES TO DEAL WITH REGIONAL

CRISES.

- I HAVE SUBMITTED A FIVE YEAR NAVAL BUILDING

PROGRAM INDISPENSABLE TO THE NATION'S MARITIME STRATEGY.

-- BECAUSE THE SECURITY OF EUROPE AND THE INTEGRITY OF

N.A.T.O. REMAIN THE CORNERSTONE OF AMERICAN DEFENSE POLICY,

I HAVE INITIATED A SPECIAL, LONG-TERM PROGRAM TO ENSURE

THE CAPACITY OF THE ALLIANCE TO DETER OR DEFEAT AGGRESSION

IN EUROPE.

AS I LEAVE OFFICE, I CAN REPORT THAT OUR NATIONAL

DEFENSE IS EFFECTIVELY DETERRING CONFLICT TODAY.

OUR ARMED FORCES ARE CAPABLE OF CARRYING OUT THE VARIETY

OF MISSIONS ASSIGNED TO THEM.

PROGRAMS ARE UNDERWAY

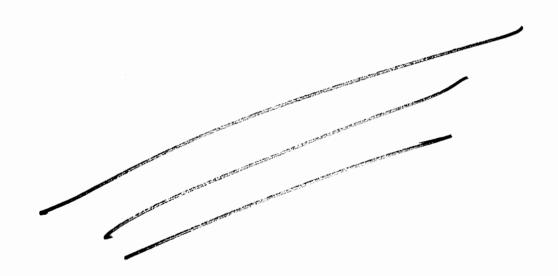
WHICH WILL ASSURE WE CAN DETER WAR IN THE YEARS AHEAD.

BUT I ALSO MUST WARN THAT IT WILL REQUIRE A SUSTAINED

EFFORT OVER A PERIOD OF YEARS TO MAINTAIN THESE CAPABILITIES.

WE MUST HAVE THE WISDOM, THE STAMINA AND THE COURAGE

TO PREPARE TODAY FOR THE PERILS OF TOMORROW.



AS I LOOK TO THE FUTURE AND I ASSURE YOU I INTEND
TO GO ON DOING THAT FOR A GOOD MANY YEARS -- I CAN SAY
WITH CONFIDENCE THAT THE STATE OF THE UNION IS GOOD, BUT WE
MUST GO ON MAKING IT BETTER AND BETTER.

THIS GATHERING SYMBOLIZES THE CONSTITUTIONAL FOUNDATION
WHICH MAKES CONTINUED PROGRESS POSSIBLE, SYNCHRONIZING
THE SKILLS OF THREE INDEPENDENT BRANCHES OF GOVERNMENT,
RESERVING FUNDAMENTAL SOVEREIGNTY TO THE PEOPLE OF THIS
GREAT LAND.

SERVANTS OF THE PEOPLE THAT WE MEET HERE

WE BRING NO

HEREDITARY STATUS OR GIFT OF INFALLIBILITY AND NONE FOLLOWS US

FROM THIS PLACE

LIKE PRESIDENT WASHINGTON, LIKE THE

MORE FORTUNATE OF HIS SUCCESSORS

I LOOK FORWARD TO THE

STATUS OF PRIVATE CITIZEN WITH GLADNESS AND GRATITUDE.

TO ME, BEING A CITIZEN OF THE UNITED STATES OF AMERICA

IS THE GREATEST HONOR AND PRIVILEGE IN THIS WORLD.

FROM THE OPPORTUNITIES WHICH FATE AND MY FELLOW

AS A MEMBER OF THE HOUSE,

AS VICE PRESIDENT AND PRESIDENT OF THE SENATE AND AS

PRESIDENT OF ALL THE PEOPLE, I HAVE COME TO UNDERSTAND AND

TO PLACE THE HIGHEST VALUE ON THE CHECKS AND BALANCES

WHICH OUR FOUNDERS IMPOSED ON GOVERNMENT THROUGH THE

SEPARATION OF POWERS, AMONG CO-EQUAL LEGISLATIVE,

EXECUTIVE AND JUDICIAL BRANCHES.

THIS OFTEN RESULTS IN DIFFICULTY AND DELAY,

AS I WELL KNOW, BUT IT ALSO PLACES SUPREME AUTHORITY

UNDER GOD, BEYOND ANY ONE PERSON, ANY ONE BRANCH,

ANY MAJORITY GREAT OR SMALL, OR ANY ONE PARTY

THE CONSTITUTION IS THE BEDROCK OF ALL OUR FREEDOMS;

GUARD AND CHERISH IT; KEEP HONOR AND ORDER IN YOUR OWN

HOUSE; AND THE REPUBLIC WILL ENDURE.

IT IS NOT EASY TO END THESE REMARKS; IN THIS CHAMBER, ALONG WITH SOME OF YOU, I HAVE EXPERIENCED MANY OF THE HIGHLIGHTS OF MY LIFE. IT WAS HERE THAT I STOOD 28 YEARS AGO WITH MY FRESHMAN COLLEAGUES AS SPEAKER SAM RAYBURN ADMINISTERED THE OATH + I SEE SOME OF YOU NOW, CHARLIE BENNETT, DICK BOLLING, CARL PERKINS, PETE RODINO HARLEY STAGGERS, TOM STEED, SID YATES AND CLEM ZABLOCKI, AND I REMEMBER THOSE WHO HAVE GONE TO THEIR REST.

IT WAS HERE WE WAGED MANY A LIVELY BATTLE, WON SOME,

LOST SOME, BUT ALWAYS REMAINING FRIENDS.

IT WAS HERE

SURROUNDED BY SUCH FRIENDS, THAT THE DISTINGUISHED CHIEF

JUSTICE SWORE ME IN AS VICE PRESIDENT ON DECEMBER 6, 1973.

IT WAS HERE I RETURNED EIGHT MONTHS LATER AS PRESIDENT

TO ASK YOU NOT FOR A HONEYMOON, BUT FOR A GOOD MARRIAGE.

I WILL ALWAYS TREASURE THOSE MEMORIES. I THANK YOU

FOR THEM.

MY FELLOW AMERICANS, I ONCE ASKED FOR YOUR PRAYERS,

AND NOW I GIVE YOU MINE: / M.

MAY GOD GUIDE THIS WONDERFUL

COUNTRY, ITS PEOPLE, AND THOSE THEY HAVE CHOSEN TO LEAD

THEM. / MAY OUR THIRD CENTURY BE ILLUMINATED BY LIBERTY

AND BLESSED WITH BROTHERHOOD, SO THAT WE AND ALL WHO COME

AFTER US MAY BE THE HUMBLE SERVANTS OF THY PEACE. AMEN.

GOOD NIGHT AND GOD BLESS YOU.

END OF TEXT