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THE PRESIDENT HAS SEEN *def.*

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**GOOD EVENING.**

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

**WE MUST TURN AMERICA IN A NEW DIRECTION.**

**WE MUST REVERSE THE CURRENT RECESSION, REDUCE  
UNEMPLOYMENT AND CREATE MORE JOBS.**

**WE MUST RESTORE THE CONFIDENCE OF CONSUMERS  
AND INVESTORS ALIKE.**

WE MUST CONTINUE AN EFFECTIVE PLAN TO CURB INFLATION.

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

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

RIGHT NOW THE GOING IS ROUGH AND IT MAY GET ROUGHER.  
BUT IF WE DO WHAT MUST BE DONE, WE WILL BE WELL ON OUR WAY  
TO BETTER DAYS. WE HAVE AN HISTORIC OPPORTUNITY.

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

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

TONIGHT, I WANT TO TALK TO YOU ABOUT WHAT MUST BE  
DONE. AFTER ALL, YOU ARE THE PEOPLE MOST AFFECTED.

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

WE HAVE MADE SOME PROGRESS IN SLOWING THE UPWARD SPIRAL OF INFLATION AND GETTING INTEREST RATES STARTED DOWN. BUT, WE HAVE SUFFERED SUDDEN AND SERIOUS SETBACKS IN SALES AND UNEMPLOYMENT.

THEREFORE, WE MUST SHIFT OUR EMPHASIS FROM INFLATION TO RECESSION.

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

WE MUST WAGE A SIMULTANEOUS THREE-FRONT CAMPAIGN AGAINST  
RECESSION, INFLATION AND ENERGY DEPENDENCE.

WE HAVE NO CHOICE.'

WE NEED, WITHIN NINETY DAYS, THE STRONGEST AND MOST  
FAR-REACHING ENERGY CONSERVATION PROGRAM WE HAVE EVER HAD.



YES, GASOLINE AND OIL WILL COST EVEN MORE THAN THEY DO NOW.

BUT THIS PROGRAM WILL ACHIEVE TWO IMPORTANT OBJECTIVES:

IT WILL DISCOURAGE THE UNNECESSARY USE OF PETROLEUM PRODUCTS,

AND IT WILL ENCOURAGE THE DEVELOPMENT AND SUBSTITUTION OF

OTHER FUELS AND NEWER SOURCES OF ENERGY.

TO GET STARTED IMMEDIATELY ON AN URGENT NATIONAL ENERGY PLAN, I WILL USE THE PRESIDENTIAL EMERGENCY POWERS TO REDUCE OUR DEPENDENCE ON FOREIGN OIL BY RAISING IMPORT FEES ON EACH BARREL OF FOREIGN CRUDE OIL BY ONE DOLLAR TO THREE DOLLARS OVER THE NEXT THREE MONTHS. A MORE COMPREHENSIVE PROGRAM OF ENERGY CONSERVATION TAXES ON OIL AND NATURAL GAS TO REDUCE CONSUMPTION SUBSTANTIALLY MUST BE ENACTED BY THE CONGRESS.

THE REVENUES DERIVED FROM SUCH TAXES WILL BE RETURNED TO THE ECONOMY. IN ADDITION, MY ENERGY CONSERVATION PROGRAM CONTAINS OIL ALLOCATION AUTHORITY TO AVOID UNDUE HARDSHIPS IN ANY ONE GEOGRAPHICAL AREA, SUCH AS NEW ENGLAND -- OR IN ANY SPECIFIC INDUSTRIES OR AREAS OF HUMAN NEED, WHERE OIL IS ESSENTIAL.

THE PLAN PREVENTS WINDFALL PROFITS BY PRODUCERS. THERE MUST ALSO BE VOLUNTEER EFFORTS TO CUT GASOLINE AND OTHER ENERGY USE. MY NATIONAL ENERGY CONSERVATION PLAN WILL URGE CONGRESS TO GRANT A FIVE-YEAR DELAY ON HIGHER AUTOMOBILE POLLUTION STANDARDS IN ORDER TO ACHIEVE A FORTY PERCENT IMPROVEMENT IN MILES PER GALLON. STRONGER MEASURES TO SPEED THE DEVELOPMENT OF OTHER DOMESTIC ENERGY RESOURCES, SUCH AS COAL, GEOTHERMAL, SOLAR AND NUCLEAR POWER ARE ALSO ESSENTIAL.

THIS PLAN REQUIRES PERSONAL SACRIFICE. BUT IF WE  
ALL PITCH IN, WE WILL MEET OUR GOAL OF REDUCING FOREIGN OIL  
IMPORTS BY ONE MILLION BARRELS A DAY BY THE END OF THIS YEAR  
AND BY TWO MILLION BARRELS BEFORE THE END OF 1977.

THE ENERGY CONSERVATION MEASURES I HAVE OUTLINED  
TONIGHT WILL BE SUPPLEMENTED BY THE USE OF PRESIDENTIAL POWER  
TO LIMIT OIL IMPORTS AS NECESSARY TO FULLY ACHIEVE THESE GOALS.

BY 1985 -- TEN YEARS FROM NOW -- THE UNITED STATES WILL  
BE INVULNERABLE TO FOREIGN ENERGY DISRUPTIONS OR OIL EMBARGOES  
SUCH AS WE EXPERIENCED LAST YEAR. OF COURSE, OUR DOMESTIC  
NEEDS COME FIRST. BUT OUR GAINS IN ENERGY INDEPENDENCE WILL  
BE FULLY COORDINATED WITH OUR FRIENDS ABROAD. OUR EFFORTS  
SHOULD PROMPT SIMILAR ACTION BY OUR ALLIES.

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

GASOLINE PRICES WILL GO UP, THOUGH NOT AS MUCH AS  
WITH A TWENTY-CENT-A-GALLON GAS TAX. FURTHERMORE, THE  
BURDEN OF THE CONSERVATION TAXES ON OIL WILL BE SHARED BY ALL  
PETROLEUM USERS, NOT JUST MOTORISTS.

NOW, LET ME TALK ABOUT THE PROBLEM OF UNEMPLOYMENT.

THIS COUNTRY NEEDS AN IMMEDIATE FEDERAL INCOME TAX CUT OF SIXTEEN BILLION DOLLARS. TWELVE BILLION DOLLARS OR THREE-FOURTHS OF THE TOTAL OF THIS CUT SHOULD GO TO INDIVIDUAL TAXPAYERS IN THE FORM OF A CASH REBATE AMOUNTING TO TWELVE PERCENT OF THEIR 1974 TAX PAYMENT -- UP TO A ONE THOUSAND DOLLAR REBATE. IF CONGRESS ACTS BY APRIL FIRST, YOU WILL GET YOUR FIRST CHECK FOR HALF THE REBATE IN MAY, AND THE REST BY SEPTEMBER.



THE OTHER ONE-FOURTH OF THE CUT -- ABOUT FOUR BILLION DOLLARS -- WILL GO TO BUSINESS TAXPAYERS, INCLUDING FARMERS, TO PROMOTE PLANT EXPANSION AND CREATE MORE JOBS. THIS WILL BE IN THE FORM OF AN INCREASE IN THE INVESTMENT TAX CREDIT TO TWELVE PERCENT FOR ONE YEAR. THERE WILL BE SPECIAL PROVISIONS TO ASSIST ESSENTIAL PUBLIC UTILITIES TO STEP UP THEIR ENERGY CAPACITY.

THIS WILL ENCOURAGE CAPITAL SPENDING AND PRODUCTIVITY, THE KEY TO RECOVERY AND GROWTH.

AS SOON AS THE NEW REVENUES FROM ENERGY CONSERVATION TAXES ARE RECEIVED, WE WILL BE ABLE TO RETURN THIRTY BILLION DOLLARS TO THE ECONOMY IN THE FORM OF ADDITIONAL PAYMENTS AND CREDITS TO INDIVIDUALS, BUSINESS AND STATE AND LOCAL GOVERNMENTS.

CASH PAYMENTS FROM THIS TOTAL ALSO WILL BE AVAILABLE TO THOSE WHO PAY NO INCOME TAXES BECAUSE OF LOW EARNINGS. THEY ARE THE HARDEST HIT BY INFLATION AND HIGHER ENERGY COSTS.

THIS COMBINED PROGRAM ADDS UP TO FORTY-SIX BILLION DOLLARS -- THIRTY BILLION DOLLARS IN RETURNED ENERGY TAX REVENUES TO COMPENSATE FOR HIGHER FUEL COSTS -- AND SIXTEEN BILLION DOLLARS IN TAX CUTS TO HELP PROVIDE MORE JOBS.

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

THIS ECONOMIC PROGRAM IS DIFFERENT IN EMPHASIS FROM  
THE PROPOSALS I PUT FORWARD LAST OCTOBER. THE REASON IS THAT  
THE SITUATION HAS CHANGED. • YOU KNOW IT AND I KNOW IT.  
WHAT WE NEED MOST URGENTLY TODAY IS MORE SPENDING MONEY IN YOUR  
POCKETS RATHER THAN IN THE TREASURY IN WASHINGTON.

LET'S FACE IT -- A TAX CUT TO BOLSTER THE ECONOMY WILL  
MEAN A BIGGER FEDERAL DEFICIT TEMPORARILY, AND I HAVE FOUGHT  
AGAINST DEFICITS ALL MY PUBLIC LIFE. BUT UNLESS OUR ECONOMY  
REVIVES RAPIDLY, FEDERAL TAX REVENUES WILL SHRINK SO MUCH THAT  
FUTURE DEFICITS WILL BE EVEN LARGER.

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

WHILE WRESTLING WITH THE BUDGETS FOR THIS YEAR AND NEXT,  
I FOUND THAT AT LEAST THREE-FOURTHS OF ALL FEDERAL EXPENDITURES  
ARE REQUIRED BY LAWS ALREADY ON THE BOOKS. THE PRESIDENT  
CANNOT BY LAW CUT SPENDING IN AN EVER-GROWING LIST OF PROGRAMS  
WHICH PROVIDE MANDATORY FORMULAS FOR PAYMENTS TO STATE AND  
LOCAL GOVERNMENTS AND TO FAMILIES AND INDIVIDUALS.

UNLESS THESE LAWS ARE CHANGED, I CAN TELL YOU THERE ARE ONLY TWO WAYS TO GO -- STILL HIGHER FEDERAL TAXES OR THE MORE RUINOUS HIDDEN TAX OF INFLATION. UNCHECKED, FEDERAL PROGRAMS -- MANDATED BY LAW -- WILL BE ■■■ PRIME CONTRIBUTORS TO FEDERAL DEFICITS OF THIRTY TO FIFTY BILLION DOLLARS THIS YEAR AND NEXT.

DEFICITS OF THIS MAGNITUDE ARE WRONG -- EXCEPT ON A TEMPORARY  
BASIS IN THE MOST EXTENUATING CIRCUMSTANCES. REFORM OF THESE  
COSTLY MANDATED FEDERAL SPENDING PROGRAMS WILL TAKE TIME.  
MEANWHILE, IN ORDER TO KEEP THE BUDGET DEFICIT AS LOW AS POSSIBLE,  
I HAVE DECIDED TO TAKE INTERIM STEPS.



IN MY STATE OF THE UNION AND SUBSEQUENT MESSAGES,  
I WILL NOT PROPOSE ANY NEW FEDERAL SPENDING PROGRAMS, EXCEPT  
FOR ENERGY. AND THE CONGRESS -- YOUR REPRESENTATIVES IN  
WASHINGTON -- SHARE AN EQUAL RESPONSIBILITY TO SEE THAT NO NEW  
SPENDING PROGRAMS ARE ENACTED. I WILL NOT HESITATE TO VETO  
ANY NEW SPENDING PROGRAMS THAT CONGRESS SENDS TO ME.

MANY PROPOSED FEDERAL SPENDING PROGRAMS ARE DESIRABLE  
AND HAVE HAD MY SUPPORT IN THE PAST. BUT THEY COST MONEY --  
YOUR TAX DOLLARS! PLAINLY IT IS TIME TO DECLARE A ONE-YEAR  
MORATORIUM ON NEW FEDERAL SPENDING PROGRAMS. I NEED YOUR  
SUPPORT IN THIS. IT IS VITAL THAT YOUR REPRESENTATIVES IN  
CONGRESS KNOW THAT YOU SHARE THIS CONCERN ABOUT INFLATION.

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

THEREFORE I WILL INSIST ON A FIVE PERCENT LIMIT ON ANY FEDERAL PAY INCREASES IN 1975 AND I WILL ASK CONGRESS TO PUT THE SAME TEMPORARY FIVE PERCENT CEILING ON AUTOMATIC COST-OF-LIVING INCREASES IN GOVERNMENT AND MILITARY RETIREMENT PAY, AND SOCIAL SECURITY.

GOVERNMENT ALONE CANNOT BRING THE COST OF LIVING DOWN.

BUT UNTIL IT DOES START DOWN, GOVERNMENT CAN REFRAIN FROM  
PUSHING IT UP. FOR ONLY WHEN THE COST OF LIVING COMES DOWN,  
CAN EVERYBODY GET FULL VALUE FROM A PENSION OR PAYCHECK.  
I WANT TO HASTEN THAT DAY.

TONIGHT I HAVE SUMMARIZED THE HIGHLIGHTS OF MY ENERGY  
AND MY ECONOMIC PROGRAMS. THEY MUST GO HAND IN HAND --  
AS I SEE IT.

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

WE ARE IN TROUBLE, BUT WE ARE NOT ON THE BRINK OF ANOTHER GREAT DEPRESSION. OUR POLITICAL AND ECONOMIC SYSTEM TODAY IS MANY TIMES STRONGER THAN IT WAS IN THE 1930'S. WE HAVE INCOME SAFEGUARDS AND UNEMPLOYMENT CUSHIONS BUILT INTO OUR ECONOMY. I HAVE TAKEN AND WILL CONTINUE TO TAKE WHATEVER STEPS ARE NEEDED TO PREVENT MASSIVE DISLOCATIONS AND PERSONAL HARDSHIPS -- AND IN PARTICULAR, THE TRAGEDY OF RISING UNEMPLOYMENT.

BUT SOUND SOLUTIONS TO OUR ECONOMIC DIFFICULTIES  
DEPEND PRIMARILY ON THE STRONG SUPPORT OF EACH ONE OF YOU.  
SELF-RESTRAINT MUST BE EXERCISED BY BIG AND SMALL BUSINESS,  
BY ORGANIZED AND UNORGANIZED LABOR, BY STATE AND LOCAL  
GOVERNMENTS AS WELL AS BY THE FEDERAL GOVERNMENT. NO ONE  
WILL BE ALLOWED TO PROSPER FROM THE TEMPORARY HARDSHIPS  
MOST OF US BEAR WILLINGLY. NOR CAN WE PERMIT ANY SPECIAL  
INTERESTS TO GAIN FROM OUR COMMON DISTRESS.

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

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



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

I ASK YOU AND THOSE WHO REPRESENT YOU IN THE CONGRESS  
TO WORK TO TURN OUR ECONOMY AROUND, DECLARE OUR ENERGY  
INDEPENDENCE, AND RESOLVE TO MAKE OUR FREE SOCIETY AGAIN THE  
WONDER OF THE WORLD.

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

FOR MY PART, I WILL DO WHAT I BELIEVE IS RIGHT FOR ALL  
OUR PEOPLE -- TO DO MY BEST FOR AMERICA AS LONG AS I OCCUPY  
THIS HISTORIC HOUSE.

WE KNOW WHAT MUST BE DONE.

THE TIME TO ACT IS NOW. WE HAVE OUR NATION TO

PRESERVE -- AND OUR FUTURE TO PROTECT. LET US ACT TOGETHER,

AND MAY GOD BLESS OUR ENDEAVORS.

THANK YOU AND GOOD NIGHT.

END OF TEXT