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Twenty-six years ago, on January 5th, 1949, I took my seat in the House of Representatives and heard for the first time a President of the United States deliver the Annual Message to the Congress on the State of the Union.

President Harry Truman's opening words to the 81st Congress were memorable. Bluntly, as was his style, he said, "I am happy to report to this 81st Congress that the State of the Union is good. Our Nation is better able than ever before to meet the needs of the American people"

But my State of the Union message today -- to the 94th Congress -- is different. The State of the Union is not good enough.

And yet it is also true, to paraphrase President

Truman, that our Nation is potentially better able than ever before to meet the needs of the American people.

Today I ask for your cooperation -- and offer mine -- to move the state of our Union in a new direction in 1975.

The state of our Union requires action now. If we act, then next year I should be able to provide better news. But this year the news is such that I do not expect much applause here today.

-- Too many people have lost their jobs and cannot find work;

-- Inflation is eroding our purchasing power;

-- Our economy is vulnerable to actions of foreign nations which control a major share of the world's oil;

-- Government spending has reached unacceptable proportions;

-- Too many people have lost confidence in the future.

No one should be misled. There are no instant solutions to our basic economic problems. The difficulties we are facing now are the consequence of our acts for the past decade and more. What took years to develop cannot be corrected overnight. There is no magic wand, in or out of government, that will put everyone back to work in the housing and auto industries now, that will bring prices down now, that will provide abundant cheap fuel now.

What we can do immediately is to begin to change our ways. It will take months -- not days or weeks -- to see real progress, and years to see real solutions, but progress and solutions can be achieved. And they will be.

My message today is not intended to address all the complex needs of America. I will make specific recommendations for domestic legislation such as the extension of the Voting Rights Act. *General Revenue Change*
~~Other aspects of the state of the Union will be addressed later.~~

~~As I said to the American people of the country Monday night,~~
The moment has come to move in a new direction. We can do this by fashioning a new partnership between the Congress, the White House and the people we both represent.

Let us mobilize the most powerful and creative industrial nation that ever existed on this earth, to put all our people to work. The emphasis of our economic efforts must now shift from inflation to jobs.

To bolster business and industry and to create new jobs I propose a one-year tax reduction of \$16 billion. Three-quarters would go to individuals and one-quarter to promote business investment. This is approximately the ratio that individual income taxes bear to corporate income taxes.

This cash rebate to individuals amounts to 12 percent of 1974 tax payments -- a total of \$12 billion dollars. Taxpayers could receive up to \$1,000.

I call today on the Congress to act by April 1. If the Congress does so, the Government can send the first check for half the rebate in May and the second by September.

The other one-fourth of the cut, about \$4 billion, will go to businesses, including farms, to promote expansion and create more jobs.

The one-year reduction for businesses would be in the form of a liberalized investment tax credit increasing the rate from 4 percent to 12 percent for utilities and from 7 percent to 12 percent for other corporations.

This tax cut does not embody the more fundamental reforms needed in our tax system. But it points us in the right direction -- allowing taxpayers rather than the Government to spend their pay.

* * *

Cutting taxes now, is essential if we are to turn the economy around. A tax cut offers the best hope of creating more jobs. At the same time, it will increase the size of the budget deficit. Therefore, it is more important than ever that we take steps to control the growth of Federal expenditures.

Part of our trouble is that we have been self-indulgent. For decades we have been voting ever-increasing levels of government benefits, and now the bill has come due.

We have been adding so many new programs that the size and growth of the Federal budget has taken on a life of its own.

One characteristic of these programs is that their cost increases automatically every year because the number of people eligible for most of these benefits increases every year. When these programs are enacted, there is no dollar amount set. No one knows what they will cost. All we know is that whatever they cost last year, they will cost more next year.

It is a question of simple arithmetic. Unless we check the excessive growth of Federal expenditures or impose on ourselves matching increases in taxes, we will continue to run huge inflationary deficits in the Federal budget.

If we project the current built-in momentum of Federal spending through the next 15 years, Federal, State, and local Government expenditures could easily comprise nearly half of our gross national product. This compares with less than a third in 1975.

I am now in the process of preparing my budget for fiscal year 1976.

In that budget I will propose legislation to restrain the growth of a number of existing programs. I have also concluded that no new spending programs can be initiated this year, except those for energy. Further, I will not hesitate to veto any new spending programs adopted by the Congress.

omit [Once we have made significant progress toward solving our present problems, we can take on other challenges, such as the need at the appropriate time for a national health insurance program.

In addition, toward putting the Federal Government house in order, *in memorandum* I must go on record today for a 5 percent limit on Federal pay increases, ~~even though comparability with nongovernmental wages might justify more.~~

In all Government programs tied to the consumer price index -- including social security, civil service and military retirement pay, and food stamps -- I am asking for a 5 percent ceiling on increases for the next year

None of these recommended ceiling limitations, over which the Congress has final authority, will be easy to make, since in most cases they involve anticipated payments to deserving ~~persons~~ ^{people}. Nonetheless, it must be done. I recommend the action with great regret. I must emphasize that I am not asking that we eliminate or reduce these programs. I am recommending that we slow down to 5 percent the rate at which these programs will expand.

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These proposed legislative, pay and price adjustment limitations would realize an estimated ~~\$16~~ ^{\$16} billion savings in Federal outlays for the year. Washington would be practicing what it preaches in budgetary restraint.

With Congressional support of these policies for governmental expenditure restraint it will be possible to make the tax reduction I am proposing today without adding to inflation.

Only a reduction in the growth in spending can keep federal borrowing down and reduce the damage to the private sector from high interest rates. Only a reduction in spending can make it possible for the Federal Reserve Board to avoid an inflationary growth in the money supply and thus restore balance to our economy. A major reduction in the growth of Federal spending can help to dispel the uncertainty that so many feel about our economy, and

ills.

put us on the way to curing the economic ~~disease called~~
~~"stagnation."~~

Bitter medicine is never pleasant, ~~but if we are sensible~~
~~we swallow it because~~ ^{*but*} it is better than being sick. ~~Let us not~~
~~turn away from this~~

medicine because it is bitter, but let us ~~instead~~
~~consider what the consequences will be if we do~~
~~not take our medicine.~~

If we do not act to slow down the rate of increase
in Federal spending, the United States Treasury will be
legally obligated to spend more than 360 billion dollars in
Fiscal Year 1976 -- even if no new programs are enacted.

~~Once again we would find ourselves with rapid inflation,~~
~~and worsening recession.~~

These are not
again
matters of conjecture or prediction, but/of simple arithmetic. The
size of these numbers and their implications for our everyday
life and the health of our economic system are truly sobering.

* * *

The economic disruption we and others are experiencing, stems in part from the fact that the world price of petroleum has quadrupled in the last year. But we cannot put all of the blame on the oil-exporting nations. We in the United States are not entirely blameless. Our growing dependence upon foreign sources has been adding to our vulnerability for years and we did nothing to prepare ourselves for an event such as the embargo of 1973.

the late 1960s
Until ~~1970~~, this country had a surplus capacity of crude oil, which we were able to make available to our trading partners whenever there was a disruption of supply of Middle East crude oil. This surplus crude oil capacity enabled us to influence both supplies and prices of crude oil throughout the world. Our excess capacity effectively neutralized any effort at establishing an effective cartel, and thus the rest of the world was assured of adequate supplies of oil at reasonable prices.

About five years ago, unfortunately, our surplus capacity vanished and, as a consequence, the latent power of the oil cartel could emerge in full force. Europe and Japan, both heavily dependent on imported oil, now struggle to keep their economies in balance, and

even the United States, which is far more self-sufficient than most other industrial countries, has been put under serious pressure.

I am proposing a program which will begin to restore our country's surplus capacity in total energy. In this way, we will be able to assure to ourselves and to the major energy-importing nations of the world adequate and reliable sources of energy at reasonable prices.

But this nation and, in fact, the world must face the prospect of energy difficulties between now and 1985. The program I am presenting will impose burdens on all of us with the aim of reducing our consumption of energy and increasing production. Great attention has been paid to considerations of fairness and I can assure you that the burden will not fall more harshly on those less able to bear the burden.

I am today presenting the Congress with a plan to make
us invulnerable to cut-offs of undependable foreign oil. It
will require sacrifices. But, it will work. As a first step,
I am establishing the following national energy goals to
assure that our future is as secure and productive as our
past:

- First, we must reduce oil imports by 1 million barrels per day by the end of this year and by 2 million barrels per day by the end of 1977..
- Second, we must end vulnerability to economic disruption by foreign suppliers by 1985.
- Third, we must develop our energy technology and resources so that the United States has the ability to supply a significant share of the energy needs of the Free World by the end of this century.

To attain these objectives, we need immediate action to cut imports. Unfortunately, in the short-term there are only a limited number of actions which can increase domestic supply. I intend to pursue all of them.

I urge quick action on legislation to allow commercial production at the Elk Hills, California, Naval Petroleum Reserve.

In order that we make greater use of domestic coal resources. I am submitting amendments to the Energy Supply and Environmental Coordination Act which will greatly increase the number of power plants that can be converted to coal now.

Voluntary conservation continues to be essential, but tougher programs are also needed, and needed now.

Therefore, I am using Presidential powers to raise the

fee on all imported crude oil, natural gas liquids and petroleum

Crude oil

products. ~~The~~ fee levels will be raised from one dollar per

barrel on April 1 to two dollars per barrel on March 1 and

three dollars per barrel on April 1. I will take action to

reduce adverse regional impacts.

Additionally, I am requesting the Congress to act within

90 days on a more comprehensive energy tax program, which

includes:

-- Excise taxes and import fees totaling two dollars
per barrel on all crude oil, and product imports.

-- Deregulation of natural gas and a natural gas
excise tax.

-- I will use Presidential powers to decontrol the

price of domestic on April 1. I

urge Congress enact a windfall products tax by

that date to ensure that oil producers not profit

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unduly.

The administrative actions I announced are only interim measures. The sooner Congress acts, the more effective the oil conservation program will be and the quicker the Federal revenues can be returned to our people.

I am prepared to use Presidential authority to limit imports, as necessary, to guarantee the success of this program.

I want you to know that before clearing this conservation program, I considered rationing and higher gasoline taxes as alternatives. Neither would achieve the desired results and both would produce unacceptable inequities. A massive program must be initiated to increase energy supply, cut demand and provide new standby emergency programs to the independence we want by 1985.

The largest part of increased oil production will have to come from new frontier areas on the Outer Continental Shelf and from the Naval Petroleum Reserve #4 in Alaska.

Therefore, I now reaffirm that it is the intent of this Administration to move ahead with exploration, leasing and production on those frontier areas of the Outer Continental Shelf where the environmental risks are judged to be acceptable.

Use of our most abundant domestic resource -- coal -- is severely limited. We must strike a new compromise on environmental concerns with coal. I am submitting Clean Air Act amendments which will allow greater coal use without sacrificing our clean air goals.

I vetoed the strip mining legislation passed by the last Congress. With some changes, I am prepared to sign a revised version into law.

I am preparing a number of actions to rejuvenate our nuclear power program. I will submit legislation to expediate nuclear licensing and the rapid selection of sites all energy facilities.

In recent months, utilities have cancelled or postponed over 60 percent of planned nuclear expansion and 30 percent of planned additions to non-nuclear capacity. Financing problems for that industry are worsening.

I am therefore proposing:

-- The investment tax credit increase affection all industries, which I mentioned earlier, be extended an additional 2 years for construction of coal and nuclear power plants.

-- Selective reform of state utility commission regulations.

To provide the critical stability for our domestic energy production in the face of significant world price uncertainty, I will request legislation to authorize and require tariffs, import quotas or price floors to protect our energy prices at levels which will achieve energy independence.

Increasing energy supplies is not enough -- we must also cut demand. I therefore propose:

- Legislation to make thermal efficiency standards mandatory for all new buildings in the United States.
- A new tax credit of up to \$150 for those home owners who add insulation, storm doors and windows.
- The establishment of an energy conservation program funded at \$55 million in Fiscal Year 1976 for low income families to purchase insulation supplies.

-- Legislation to delay automotive pollution standards
for 5 years, which will enable us to improve
automobile gas mileage by 40 percent.

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I believe in America's capacities. Accordingly, I will seek the

following ~~priorities~~ ^{targets} for completion within the next ten years:

- 200 major nuclear power plants,
- 250 major new coal mines,
- 180 major coal-fired power plants,
- 30 major new oil refineries,
- 20 major new synthetic fuel plants,
- the drilling of many thousands of new oil wells,
- the insulation of 18 million homes,
- and construction of millions of new automobiles, trucks,
and busses that use much less fuel.

We can do it. In another crisis -- the one in 1942 -- ^{President} / Franklin D.

Roosevelt said this country would build 50,000 aircraft. We actually
built 75,000,

These proposals and actions, taken together, can reduce our dependence on foreign energy supplies to 3-5 million barrels per day by 1985. I will propose standby emergency legislation and a new strategic storage program of 1 billion barrels of oil for domestic needs and 300 million barrels for defense purposes, to make the U. S. invulnerable to any disruption.

For the future, we must be able to help other nations through development of new energy technology. I will propose whatever funds are needed for research and development activities to ensure that America can maintain its energy independence. I have also established a goal of 1 million barrels of synthetic fuels and shale oil production by 1985 and will implement an incentives program to assure we achieve it.

current → If the Congress and the American people will not consider these goals ~~and the programs proposed~~, I believe they are attainable. It will require dedication and sacrifice, but we can afford no less.

with our work, to attain

they will be achieved

From adversity let us seize opportunity. Revenues from higher energy taxes designed to encourage conservation, can be used to make basic changes in our tax system. These new tax revenues must be refunded to the American people to compensate for higher fuel costs and to remove the distortions in our tax system wrought by inflation.

People have been pushed into higher tax brackets by inflation with a consequent reduction in their actual spending power. Business taxes are similarly distorted because inflation exaggerates reported profits -- meaning excessive taxes. We will use the \$30 billion of energy revenues to correct the inequities inflation has caused.

Accordingly, I propose that individual income taxes be reduced by \$16.5 billion. This would be done by raising the low income allowance and reducing the tax rates. This permanent tax cut will primarily benefit lower and middle income taxpayers.

For example, a typical family of four with a gross income of \$5,600 now pays \$185 in Federal income taxes. Under this tax cut plan, they would pay nothing due to an increase in the low income allowance. A family of four with a gross income of \$12,500 now pays \$1,260 in Federal taxes. My plan cuts that by \$300. Families grossing \$20,000 would receive a reduction of \$210.

Those with the very lowest incomes, who can least afford higher fuel costs, must also be compensated. I propose a payment of \$80 to every person 18 years of age and older in that category. Such payments will total \$1.8 billion.

There will be a special credit to homeowners who install storm windows and doors or add insulation to their homes, to conserve energy.

State and local governments will receive \$2 billion in additional revenue sharing to offset their increased energy costs.

To offset inflation distortions and to generate more economic activity, the corporate tax rate will be reduced from 48 percent to 42 percent. This will amount to \$6.5 billion.

The remaining \$3 billion represents the Federal Government's own costs for higher fuel prices.

Let me turn for a moment to the international dimension of the present crisis .

At no time in our peacetime history has the state of the nation depended more heavily on the state of the world. And seldom if ever has the state of the world depended more heavily on the state of our nation.

-- The economic crisis is global. We will not solve it at home unless we ^{help to} remedy the profound economic dislocation now afflicting the world. World trade and monetary structure provides markets, energy, food and vital raw materials -- for all nations. This international system is now in jeopardy.

-- This nation can be proud of significant achievements in recent years in solving problems and crises. The Berlin Agreement, the SALT agreements, our new

relationship with China, the unprecedented efforts

in the Middle East -- are of lasting significance. But

the world is not free from crises. ^{In a} A world of 150

^{where the potential of} ^{arms are spreading}
nations, ~~proliferating~~ nuclear technology, and

^{continue}
continuing regional conflicts is a world in which

international security cannot be taken for granted.

So let there be no mistake about it: ~~interdependence~~ ^{international cooperation} is a

vital fact of our lives today. This is not a moment for the

American people to turn inward. More than ~~at any time in~~ ^{ever before}

~~a generation - possibly in our history~~ -- our own well-being

depends on America's determination and leadership in the

world arena.

-- Our economy, more than any other ^{nations}, determines the

economic health of the rest of the world. But a strong

U.S. economy cannot flourish in an economically sick world.

omit

spontaneity
-- We are a great nation -- economically, militarily,
and diplomatically. America's commitment to international
security has sustained the safety of allies and friends
in many areas -- in the Middle East, in Europe, in Asia.
Our turning away would unleash new instabilities and
dangers around the globe which would in turn threaten
our own security.

At the end of World War II, we turned a similar challenge into
an historic achievement. An old order was in disarray; political and
economic institutions were shattered. In that period this nation
and its partners built new institutions, new mechanisms of mutual
support and cooperation. Today, as then, we face an historic
opportunity. If we act, imaginatively and boldly, as we acted then,
this period will in retrospect be seen as one of the great creative
moments of our history.

The whole world is watching to see how we respond today.

~~So~~ the measures we have on our agenda ~~today~~ are vital.

A resurgent American economy would do more to restore the confidence of the world in its own future than anything else we can do. The program that this Congress will pass can demonstrate to the world that we have ^{started to} put our own house in order. It can show that this nation is able and willing to help other nations meet the common challenge. It can demonstrate that this nation ^{will fulfill} ~~has taken up~~ its responsibility as a leader among nations.

-- At stake is the future of the industrialized democracies, who have perceived their destiny in common and sustained it in common for 30 years. Let one nation now act decisively -- not simply to pool technology, but even more to recover our confidence that our future

is in our own hands, not at the mercy of external forces.

-- The developing nations are also at a turning point.

The poorest nations see their hopes of feeding their

hungry and developing their societies shattered by ~~the~~

Turbulence
economic ~~crisis~~. For the producers of raw materials,

their long-term economic future, too, depends on a

cooperative solution to the current crisis.

-- Our relations with the Communist countries are a

basic *factor in* ~~determinant~~ *Because* of the world environment. ~~If~~ we seek

peace, we must seek to build a long-term basis for our

coexistence. We will stand by our principles and our

interests; we will act firmly when challenged. But the

kind of world we seek to build depends on a broad

policy of creating mutual incentives for restraint and

for cooperation.

DEFENSE

As we move forward ~~[in the months ahead]~~ to meet our ^{global} challenges and opportunities, ~~[whether in the Middle East, Europe, Asia, Latin America, or Africa]~~ we must have the tools to do the job.

Our military forces are strong and ready. This military strength deters aggression against our allies, stabilizes our relations with former adversaries and protects our homeland. Fully adequate conventional and strategic forces cost many billions, but these dollars are sound insurance for our safety and a more peaceful world.

Military deterrence alone is not sufficient. Effective diplomacy is also essential in preventing conflict and building world understanding. The Vladivostok negotiations with the Soviet Union represent a major step in moderating strategic

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arms competition. My recent discussion with leaders of the Atlantic Community and Japan have contributed ~~greatly~~ to our meeting jointly the common challenge.

But we have serious challenges before us that require cooperation between the President and the Congress. By the Constitution and tradition, the execution of foreign policy ^{is} ~~was~~ basically the responsibility of the President.

In recent years, under the stress of the Vietnam War, legislative restrictions on the President's capability to execute foreign and military decisions have proliferated. As a member of the Congress I opposed some and approved others. As President I welcome the advice and cooperation of the House and Senate. In return you will have full reciprocity. But, if our foreign policy is to be successful we cannot rigidly restrict in legislation the ability of the President to act. The conduct of negotiation is ill-suited to such

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limitations. For my part, I pledge this Administration will act in the closest consultation with the Congress as we face the delicate and troubled times throughout the globe.

Let me say a word about Indochina.

The United States paid dearly in blood and treasure to defend a brave ally against external attack. We succeeded, and then we came home. Fifty thousand Americans died

there; only a few years ago we were spending \$30 billion *annually on the war* ~~a year~~. Today all ~~that~~ the Vietnamese ask of us is sufficient

dollars and weapons to maintain their own defense. The

question we face is whether this country and this Congress -- after all the sacrifices ^{which} ~~that~~ have been made -- will now deprive our

brave allies of the means for their own defense. [As they

for independence we must
struggle ~~alone~~ we must not short-change them.]

~~I will shortly ask the Congress, therefore, for additional funds for economic and military aid to South Vietnam and Cambodia.~~

The world will judge from our action whether the United States is a nation that stands by its allies and its principles.

We must remember that foreign assistance is an integral part of our own security. Our contribution to the strength and well-being of friends and allies is made in our own clear national interest. Likewise, foreign assistance for humane purposes to those less well off, through programs of technical and economic aid, PL480 and the Peace Corps, has always been a substantial thrust of America's generosity. I intend that it will continue to be so in the future.

America needs a new direction which I have sought to chart here today -- a change of course which will

-- put the unemployment back to work;

-- increase our incomes;

-- and achieve energy independence.

If any people have the strength, the resolution, the experience, and the ability to maintain their freedom. we are that people. I am confident that we will limit ourselves and govern ourselves wisely, as we have done for almost 200 years. We may make blunders, we may lose our way, but we have sound fundamental principles, we have a wise and tested Constitution, and we have the principles of the Declaration of Independence to guide us. We rarely measure up to

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those stern standards, but we always know how to measure ourselves and by how much we have fallen short, and what we must do to correct our errors.

Those who love liberty everywhere in the world rely on us and on our national strength. They grieve when we stray from the paths of liberty and justice. Our errors and weaknesses wound them, too. As our 200th anniversary approaches, we owe it to ourselves, and to all others who long for liberty, to rebuild our political and economic strength. Let us make America, once again, and for centuries more to come, what it has so long been -- a stronghold and beacon-light of liberty for the world.

1/9/75

STATE OF THE UNION

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At no time in our history has the state of the nation depended more heavily on the state of the world. And seldom if ever has the state of the world depended more heavily on the state of our nation.

-- The economic crisis is global. We will not solve it at home unless we remedy the profound economic dislocation now afflicting the world. The world trade and monetary system provides our markets abroad and our imports of vital raw materials; it provides man's basic needs for food, for energy, and for progress. All this is dependent on a global system of orderly economic ties and orderly growth. This international system is now in jeopardy.

-- And it still is a world of political turmoil. This nation can be proud of significant achievements in recent years in solving problems and crises. The Berlin Agreement, the SALT agreements, our new relationship with China, the unprecedented efforts in the Middle East -- are of lasting significance. But the world is not free from crises. A world of 150 nations, proliferating nuclear technology, and continuing regional conflicts is a world in which international security cannot be taken for granted.

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So let there be no mistake about it: interdependence is a vital fact of our lives today. Interdependence is in the highest interests of the United States. This is not a moment for the American people to turn inward. More than at any time in a generation -- possibly in our history -- our own well-being depends on America's determination and leadership in the world arena.

-- Our economy produces one-third of the world's goods. Our economy, more than any other, determines the economic health of the rest of the world. But the converse is even more true -- that a strong US economy cannot exist in an economically sick world.

-- We are the world's strongest power. America's commitment to international security has sustained the safety of allies and friends in many areas -- in the Middle East, in Europe, in Asia. Our turning away would unleash new instabilities and dangers around the globe which would in turn destroy our own security and tranquility.

At the end of World War II, we turned a similar challenge into an historic achievement. An old order was in disarray; political and economic institutions were shattered. In that period this nation and its partners built new institutions, new mechanisms of mutual support

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and cooperation. We acted creatively, imaginatively, boldly. We overcame fear by seizing the initiative and shaping our own destiny.

We did not seek such responsibilities. But we have borne them -- successfully -- and thereby safeguarded our own interests and our own well-being. The whole world is watching to see how we respond today.

So the measures we have on our agenda today are vital. A resurgent American economy would do more to restore the confidence of the world in its own future than anything else we can do. The program that this Congress will pass will demonstrate to the world that we have put our own house in order. It will demonstrate that this nation is able and willing to help other nations meet the common needs of man for energy, food, and progress. It will demonstrate that this nation has taken up its responsibility to lead us out of the current crisis.

The Foreign Policy agenda is equally serious.

-- At stake is the future of the industrialized democracies, who have perceived their destiny in common and sustained it in common for 30 years. Our decisive action now is essential -- not simply to pool technology, but even more to recover our sense that our future is in our own hands, not at the mercy of external forces. The health of freedom in many countries will be affected by our success.

-- The developing nations are also at a turning point. For the poorest nations, their ability to feed the hungry and their hopes for economic development are literally at stake. For the producers of raw materials, their long-term economic future, too, depends on a cooperative solution to the current crisis.

-- Our relations with the Communist countries are a basic determinant of the world environment. If we seek peace, we must seek to stabilize these relationships and build a long-term basis for our coexistence. We will stand by our principles and our interests; we will act firmly when challenged. But the kind of world we seek to build depends on a broad policy of creating mutual incentives for restraint and for cooperation.

Let me say a word about Indochina.

The United States paid dearly in blood and treasure to defend a brave ally against external attack. We succeeded, and then we came home. 50,000 Americans died there; only a few years ago we were spending \$30 billion a year. Today all that the Vietnamese ask of us is sufficient assistance to maintain their own defense. The question we face is whether this country and this Congress -- after all the

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sacrifices that have been made -- will now deprive our brave allies of the means for their own defense.

I will shortly ask the Congress, therefore, for additional funds for economic and military aid to South Vietnam and Cambodia. The world will judge from our action whether the United States is a nation that stands by its allies and its principles.

* * *

The American people look to their elected leaders to set our course. I as President, and you as the Congress, have our separate responsibilities. We are both accountable for the success or failure of our effort.

~~When I first came before you in August, I said. "As President, within the limits of basic principles, my motto towards the Congress is communication, conciliation, compromise, and cooperation." This is my enduring commitment.~~ No foreign policy can be sustained without the understanding and support of the people and the Congress. The Congress, by its oversight and appropriations and its specific legislative responsibilities, helps define the broad outline of national policy.

But I would not be fulfilling my responsibility as President for the conduct of our diplomacy if I did not fight -- and fight hard --

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against restrictions which I believe do damage to our interests and our policies. The conduct of negotiation is ill-suited to the rigidity of restrictive legislation; an attempt to enshrine an attitude in a statute can produce consequences exactly contrary to the purposes it is meant to serve.

My Administration will act wherever possible in the closest consultation with the Congress. But these troubled times cry out more than ever for coherent policy and determined action. I consider this my duty as President.

Let me shift from our domestic economic and energy circumstances to the global picture.

At no time in our peacetime history has the state of the nation depended more heavily on the state of the world. And seldom if ever has the state of the world depended more heavily on the state of our nation.

-- The economic crisis is global. We will not solve it at home unless we remedy the profound economic dislocation now afflicting the world. World trade and international monetary systems provide our markets abroad and our imports of vital raw materials. All this is dependent on a global system of orderly economic ties and growth. This international system is now in jeopardy.

-- And it still is a world of political turmoil. This nation can be proud of significant achievements in recent years in solving problems and crises. The Berlin Agreement,

the SALT agreements, our new relationship with China, the unprecedented efforts in the Middle East -- are of lasting significance. But the world is not free from crises. A world of 150 nations, proliferating nuclear technology, and continuing regional conflicts is a world in which international security cannot be taken for granted.

So what is our role, our mission?

Let there be no mistake about it: interdependence is a vital fact of our lives today. Interdependence is in the highest interests of the United States. This is not a moment for the American people to turn inward. More than at any time in a generation -- possibly in our history -- our own well-being depends on America's determination and leadership in the world arena.

-- Our economy produces one-third of the world's goods.

Our economy, more than any other, determines the economic health of the rest of the world. But the converse is even more true -- that a strong US economy cannot exist in an economically sick world.

-- We are a great nation -- economically, militarily, and diplomatically. America's commitment to international security has sustained the safety of allies and friends in many areas -- in the Middle East, in Europe, in Asia. Our turning away would unleash new instabilities and dangers around the globe which would in turn destroy our own security and tranquility.

At the end of World War II, we turned a similar challenge into an historic achievement. An old order was in disarray; political and economic institutions were shattered. In that period this nation and its partners built new institutions, new mechanisms of mutual support and cooperation. We acted creatively, imaginatively, boldly. We overcame fear by seizing the initiative and shaping our own destiny.

We did not seek such responsibilities. But we have borne them -- successfully -- and thereby safeguarded our own interests and our own well-being. The whole world is watching to see how we respond today.

So the measures we have on our agenda today are vital. A resurgent American economy would do more to restore the confidence of the world in its own future than anything else we can do. The program that this Congress will pass will demonstrate to the world that we have put our own house in order. It will demonstrate that this nation is able and willing to help other nations meet the common needs of man for energy, food, and progress. It will demonstrate that this nation has assumed its full responsibility to lead us out of the current crisis.

The Foreign Policy agenda is equally serious.

-- At stake is the future of the industrialized democracies, who have perceived their destiny in common and sustained it in common for 30 years. Our decisive action now is essential -- not simply to pool technology, but even more to recover our sense that our future is in our own hands, not at the mercy of external forces. The health of freedom in many countries will be affected by our success.

-- The developing nations are also at a turning point.

For the poorest nations, their ability to feed the hungry and their hopes for economic development are literally at stake. For the producers of raw materials, their long-term economic future, too, depends on a cooperative solution to the current crisis.

-- Our relations with the Communist countries are a basic determinant of the world environment. If we seek peace, we must seek to stabilize these relationships and build a long-term basis for our coexistence. We will stand by our principles and our interests; we will act firmly when challenged. But the kind of world we seek to build depends on a broad policy of creating mutual incentives for restraint and for cooperation.

As we move forward in the months ahead to broaden and strengthen world peace, whether it be in the Middle East, Europe, Asia, Latin America, or Africa we must have the tools to do the job.

Our military forces are strong and ready. Our all-volunteer military manpower program is successful. This military strength deters aggression against our allies, stabilizes our relations with former adversaries and protects our homeland. Fully adequate conventional and strategic forces cost billions, but these dollars are sound insurance for our safety and a more peaceful world.

Military deterrence is not the only method of preventing conflict and building world understanding. Effective diplomacy is a key to progress. The Vladivostok negotiations with the Soviet Union were successful. Our relations with our allies, the French, are good because of recent discussions in Martinique. The visits to Japan and South Korea brought better understanding and a strengthening of our relationships.

But we have serious challenges before us that require cooperation between the President and the Congress. By the Constitution and tradition foreign policy was basically executed by the President. In recent years under the stress of the Vietnam War legislative restrictions on the President's capability to execute foreign and military decisions proliferated. As a member of the Congress I opposed some and approved others. As President I welcome the advice and cooperation of the House and Senate. In return you will have full reciprocity. But, if our foreign policy is to be successful we cannot rigidly restrict in legislation the power of the President to act. The conduct of negotiation is ill-suited to such limitations. I pledge this Administration will act in the closest consultations with the Congress as we meet the delicate and trouble times throughout the globe.

Let me say a word about Indochina.

The United States paid dearly in blood and treasure to defend a brave ally against external attack. We succeeded, and then we came home.

Fifty thousand Americans died there; only a few years ago we were spending \$30 billion a year. Today all that the Vietnamese ask of us is sufficient dollars and weapons to maintain their own defense. The question we face is whether this country and this Congress--after all the sacrifices that have been made--will now deprive our brave allies of the means for their own defense. As they struggle alone we must not short-change them.

I will shortly ask the Congress, therefore, for additional funds for economic and military aid to South Vietnam and Cambodia. The world will judge from our action whether the United States is a nation that stands by its allies and its principles.

Foreign assistance is an integral part of our own security. Foreign assistance for humane purposes to those less well off has always been a substantial thrust of America's generosity. It will be in the future with P. L. 480, technical and economic aid and the Peace Corps.

Let me shift from our domestic economic and energy circumstances to the global picture.

At no time in our peacetime history has the state of the nation depended more heavily on the state of the world. And seldom if ever has the state of the world depended more heavily on the state of our nation.

-- The economic crisis is global. We will not solve it at home unless we remedy the profound economic dislocation now afflicting the world. World trade and international monetary systems provide our markets abroad and our imports of vital raw materials. All this is dependent on a global system of orderly economic ties and growth. This international system is now in jeopardy.

-- And it still is a world of political turmoil. This nation can be proud of significant achievements in recent years in solving problems and crises. The Berlin Agreement,

the SALT agreements, our new relationship with China, the unprecedented efforts in the Middle East -- are of lasting significance. But the world is not free from crises. A world of 150 nations, proliferating nuclear technology, and continuing regional conflicts is a world in which international security cannot be taken for granted.

So what is our role, our mission?

Let there be no mistake about it: interdependence is a vital fact of our lives today. Interdependence is in the highest interests of the United States. This is not a moment for the American people to turn inward. More than at any time in a generation -- possibly in our history -- our own well-being depends on America's determination and leadership in the world arena.

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