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THE PRESIDENT HAS SEEN. *df*

STATE OF THE UNION ADDRESS

TO THE

94TH CONGRESS

WEDNESDAY, JANUARY 15, 1975

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

94

NINETY-FOURTH CONGRESS AND DISTINGUISHED GUESTS:

26

TWENTY-SIX YEARS AGO, A FRESHMAN CONGRESSMAN,

A YOUNG FELLOW, WITH LOTS OF IDEALISM WHO WAS OUT TO CHANGE

THE WORLD, STOOD BEFORE SPEAKER SAM RAYBURN IN THE WELL OF

THIS HOUSE AND SOLEMNLY SWORE TO THE SAME OATH YOU TOOK

YESTERDAY. ~~THAT IS~~ AN UNFORGETTABLE EXPERIENCE, AND I

CONGRATULATE YOU ALL.

TWO DAYS LATER, THAT SAME FRESHMAN SAT IN THE BACK  
ROW, OVER THERE SOMEWHERE, AS PRESIDENT TRUMAN, ALL CHARGED UP  
BY HIS SINGLE-HANDED ELECTION VICTORY, REPORTED, AS THE  
CONSTITUTION REQUIRES, ON THE STATE OF THE UNION.

WHEN THE BIPARTISAN APPLAUSE STOPPED, PRESIDENT TRUMAN

SAID:

"I AM HAPPY TO REPORT TO THIS EIGHTY-FIRST 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 AND

TO GIVE THEM THEIR FAIR CHANCE IN THE PURSUIT OF HAPPINESS.

IT IS FOREMOST AMONG THE NATIONS OF THE WORLD IN THE SEARCH FOR

PEACE."

TODAY, THAT FRESHMAN MEMBER FROM MICHIGAN STANDS  
WHERE MR. TRUMAN STOOD AND I MUST SAY TO YOU THAT THE STATE  
OF THE UNION IS NOT GOOD.

MILLIONS OF AMERICANS ARE OUT OF WORK.

RECESSION AND INFLATION ARE ERODING THE MONEY OF  
MILLIONS MORE.

PRICES ARE TOO HIGH AND SALES ARE TOO SLOW.

30

THIS YEAR'S FEDERAL DEFICIT WILL BE ABOUT THIRTY BILLION

45

DOLLARS; NEXT YEAR'S PROBABLY FORTY-FIVE BILLION DOLLARS.

500

THE NATIONAL DEBT WILL RISE TO OVER FIVE HUNDRED BILLION DOLLARS.

OUR PLANT CAPACITY AND PRODUCTIVITY ARE NOT INCREASING

FAST ENOUGH.

WE DEPEND ON OTHERS FOR ESSENTIAL ENERGY.

SOME PEOPLE QUESTION THEIR GOVERNMENT'S ABILITY TO MAKE  
THE HARD DECISIONS AND STICK WITH THEM.      THEY EXPECT  
WASHINGTON POLITICS AS USUAL.

YET, WHAT PRESIDENT TRUMAN SAID ON JANUARY 5, 1949,  
IS EVEN MORE TRUE IN 1975.

WE ARE BETTER ABLE TO MEET THE PEOPLES' NEEDS.

ALL AMERICANS DO HAVE A FAIRER CHANCE TO PURSUE  
HAPPINESS.

NOT ONLY ARE WE STILL THE FOREMOST NATION IN PURSUIT  
OF PEACE, BUT TODAY'S PROSPECTS OF ATTAINING IT ARE INFINITELY  
BRIGHTER.

THERE WERE FIFTY-NINE MILLION AMERICANS EMPLOYED AT  
THE START OF 1949. NOW THERE ARE MORE THAN EIGHTY-FIVE MILLION  
AMERICANS WHO HAVE JOBS.

IN COMPARABLE DOLLARS, THE AVERAGE INCOME OF THE  
AMERICAN FAMILY HAS DOUBLED DURING THE PAST TWENTY-SIX YEARS.

NOW, I WANT TO SPEAK VERY BLUNTLY.

I'VE GOT BAD

NEWS AND I DO NOT EXPECT ANY APPLAUSE.

THE AMERICAN PEOPLE WANT ACTION AND IT WILL TAKE BOTH

THE CONGRESS AND THE PRESIDENT TO GIVE THEM WHAT THEY WANT.

PROGRESS AND SOLUTIONS CAN BE ACHIEVED. AND THEY

WILL BE ACHIEVED.

MY MESSAGE TODAY IS NOT INTENDED TO ADDRESS ALL THE  
COMPLEX NEEDS OF AMERICA. I WILL SEND SEPARATE MESSAGES  
MAKING SPECIFIC RECOMMENDATIONS FOR DOMESTIC LEGISLATION,  
SUCH AS THE EXTENSION OF GENERAL REVENUE SHARING AND THE  
VOTING RIGHTS ACT.

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 SIXTEEN BILLION DOLLARS. ●  
THREE-QUARTERS WOULD GO TO INDIVIDUALS AND ONE-QUARTER TO  
PROMOTE BUSINESS INVESTMENT.

THIS CASH REBATE TO INDIVIDUALS AMOUNTS TO TWELVE PERCENT  
OF 1974 TAX PAYMENTS -- A TOTAL CUT OF TWELVE BILLION DOLLARS,  
WITH A MAXIMUM OF ONE THOUSAND DOLLARS PER RETURN.

I CALL TODAY ON THE CONGRESS TO ACT BY APRIL FIRST.

IF YOU DO, THE TREASURY CAN SEND THE FIRST CHECK FOR HALF THE  
REBATE IN MAY AND THE SECOND BY SEPTEMBER.

THE OTHER ONE-FOURTH OF THE CUT, ABOUT FOUR BILLION  
DOLLARS, 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  
TO TWELVE PERCENT FOR ALL BUSINESSES.

THIS TAX CUT DOES NOT INCLUDE 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. UNFORTUNATELY, 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 FIFTEEN YEARS, FEDERAL, STATE, AND LOCAL GOVERNMENT EXPENDITURES COULD EASILY COMPRISE HALF OF OUR GROSS NATIONAL PRODUCT. THIS COMPARES WITH LESS THAN A THIRD IN 1975.

I HAVE JUST ABOUT CONCLUDED THE PROCESS OF PREPARING THE BUDGET SUBMISSIONS FOR FISCAL YEAR 1976. — *the figures are shocking.*

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.

AS AN ADDITIONAL STEP TOWARD PUTTING THE FEDERAL  
GOVERNMENT'S HOUSE IN ORDER, I RECOMMEND A FIVE PERCENT LIMIT  
ON FEDERAL PAY INCREASES IN 1975.

IN ALL GOVERNMENT PROGRAMS TIED TO THE CONSUMER PRICE  
INDEX -- INCLUDING SOCIAL SECURITY, CIVIL SERVICE AND MILITARY  
RETIREMENT PAY, AND FOOD STAMPS -- I ALSO PROPOSE A ONE-YEAR  
MAXIMUM INCREASE OF FIVE PERCENT.

NONE OF THESE RECOMMENDED CEILING LIMITATIONS, OVER WHICH THE CONGRESS HAS FINAL AUTHORITY, ARE EASY TO PROPOSE, BECAUSE IN MOST CASES THEY INVOLVE ANTICIPATED PAYMENTS TO MANY DESERVING PEOPLE. NONETHELESS, IT MUST BE DONE.

I MUST EMPHASIZE THAT I AM NOT ASKING YOU TO ELIMINATE, REDUCE OR FREEZE THESE PAYMENTS. I AM MERELY RECOMMENDING THAT WE SLOW DOWN THE RATE AT WHICH THESE PAYMENTS INCREASE AND THESE PROGRAMS GROW.

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 SYSTEM 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 PUT US ON THE WAY TO  
CURING OUR ECONOMIC ILLS.

IF WE DO NOT ACT TO SLOW DOWN THE RATE OF INCREASE IN  
FEDERAL SPENDING, THE UNITED STATES TREASURY WILL BE LEGALLY  
*360*  
OBLIGATED TO SPEND MORE THAN THREE HUNDRED AND SIXTY BILLION  
DOLLARS IN FISCAL YEAR 1976 -- EVEN IF NO NEW PROGRAMS ARE  
ENACTED.

THESE ARE NOT MATTERS OF CONJECTURE OR PREDICTION,  
BUT AGAIN OF SIMPLE ARITHMETIC.    THE SIZE OF THESE NUMBERS  
AND THEIR IMPLICATIONS FOR OUR EVERYDAY LIFE AND THE HEALTH OF  
OUR ECONOMIC SYSTEM ARE SHOCKING.

I SUBMITTED TO THE LAST CONGRESS A LIST OF BUDGET  
DEFERRALS AND RECISIONS. THERE WILL BE MORE CUTS RECOMMENDED  
IN THE BUDGET I WILL SUBMIT. EVEN SO, THE LEVEL OF OUTLAYS  
FOR FISCAL YEAR 1976 IS STILL MUCH TOO HIGH. NOT ONLY IS IT  
TOO HIGH FOR THIS YEAR BUT THE DECISIONS WE MAKE NOW WILL  
INEVITABLY HAVE A MAJOR AND GROWING IMPACT ON EXPENDITURE  
LEVELS IN FUTURE YEARS.

THIS IS A FUNDAMENTAL ISSUE WE MUST JOINTLY SOLVE.

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 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.

DURING THE 1960'S, 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.  
THIS SURPLUS CAPACITY ENABLED US TO INFLUENCE BOTH SUPPLIES  
AND PRICES OF CRUDE OIL THROUGHOUT THE WORLD. OUR EXCESS  
CAPACITY 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.

BY 1970, 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. 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 OURSELVES RELIABLE AND ADEQUATE ENERGY  
AND HELP FOSTER A NEW WORLD ENERGY STABILITY FOR OTHER MAJOR  
CONSUMING NATIONS.

BUT THIS NATION AND, IN FACT, THE WORLD MUST FACE THE  
PROSPECT OF ENERGY DIFFICULTIES BETWEEN NOW AND 1985. THIS  
PROGRAM 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 BURDENS WILL NOT FALL MORE HARSHLY ON THOSE  
LESS ABLE TO BEAR THEM.

I AM RECOMMENDING A PLAN TO MAKE US INVULNERABLE  
TO CUT-OFFS OF FOREIGN OIL. IT WILL REQUIRE SACRIFICES.  
BUT IT WILL WORK.

I HAVE SET 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 ONE MILLION  
BARRELS PER DAY BY THE END OF THIS YEAR AND BY  
TWO 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 WILL PRESS FOR 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 PROMPTLY CONVERTED TO COAL.

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 AND PETROLEUM PRODUCTS,  
CRUDE OIL FEE LEVELS WILL BE INCREASED ONE DOLLAR PER BARREL  
ON FEBRUARY FIRST, BY TWO DOLLARS PER BARREL ON MARCH FIRST  
AND BY THREE DOLLARS PER BARREL ON APRIL FIRST. I WILL TAKE  
ACTION TO REDUCE UNDUE HARDSHIPS ON ANY GEOGRAPHICAL REGION.  
THE FOREGOING ARE INTERIM ADMINISTRATIVE ACTIONS. THEY WILL  
BE RESCINDED WHEN THE BROADER BUT NECESSARY LEGISLATION IS ENACTED.

TO THAT END, I AM REQUESTING THE CONGRESS TO ACT WITHIN  
NINETY DAYS ON A MORE COMPREHENSIVE ENERGY TAX PROGRAM.

IT INCLUDES:

-- EXCISE TAXES AND IMPORT FEES TOTALING TWO DOLLARS

PER BARREL ON PRODUCT IMPORTS AND ON ALL CRUDE

OIL.

-- DEREGULATION OF NEW NATURAL GAS AND ENACTMENT  
OF A NATURAL GAS EXCISE TAX.

-- I PLAN TO TAKE PRESIDENTIAL INITIATIVE TO DECONTROL  
THE PRICE OF DOMESTIC CRUDE OIL ON APRIL FIRST.

I URGE THE CONGRESS TO ENACT A WINDFALL PROFITS TAX  
BY THAT DATE TO ENSURE THAT OIL PRODUCERS DO NOT  
PROFIT UNDULY.

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 SUCCESS.

I WANT YOU TO KNOW THAT BEFORE DECIDING ON MY ENERGY  
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 ACHIEVE THE INDEPENDENCE WE WANT BY 1985. THE LARGEST PART  
OF INCREASED OIL PRODUCTION MUST COME FROM NEW FRONTIER AREAS  
ON THE OUTER CONTINENTAL SHELF AND FROM THE NAVAL PETROLEUM  
RESERVE NUMBER FOUR IN ALASKA. 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 ACCEPTABLE.

USE OF OUR MOST ABUNDANT DOMESTIC RESOURCE -- COAL --

IS SEVERLY LIMITED. WE MUST STRIKE A REASONABLE 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 APPROPRIATE CHANGES, I WILL SIGN A  
REVISED VERSION INTO LAW.

I AM PROPOSING A NUMBER OF ACTIONS TO ENERGIZE OUR  
NUCLEAR POWER PROGRAM. I WILL SUBMIT LEGISLATION TO  
EXPEDITE NUCLEAR LICENSING AND THE RAPID SELECTION OF SITES.

IN RECENT MONTHS, UTILITIES HAVE CANCELLED OR POSTPONED  
OVER SIXTY PERCENT OF PLANNED NUCLEAR EXPANSION AND THIRTY PERCENT  
OF PLANNED ADDITIONS TO NON-NUCLEAR CAPACITY. FINANCING  
PROBLEMS FOR THAT INDUSTRY ARE WORSENING.

I AM THEREFORE RECOMMENDING THAT THE ONE-YEAR INVESTMENT  
TAX CREDIT OF TWELVE PERCENT BE EXTENDED AN ADDITIONAL TWO YEARS  
TO SPECIFICALLY SPEED THE CONSTRUCTION OF POWER PLANTS THAT DO NOT  
USE NATURAL GAS OR OIL.

I AM ALSO SUBMITTING PROPOSALS FOR SELECTIVE REFORM  
OF STATE UTILITY COMMISSION REGULATIONS.

TO PROVIDE THE CRITICAL STABILITY FOR OUR DOMESTIC ENERGY  
PRODUCTION IN THE FACE OF 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 TAKE ADDITIONAL STEPS TO CUT LONG-TERM CONSUMPTION.

I THEREFORE PROPOSE:

-- LEGISLATION TO MAKE THERMAL EFFICIENCY STANDARDS

MANDATORY FOR ALL NEW BUILDINGS IN THE UNITED STATES.

150

-- A NEW TAX CREDIT OF UP TO ONE HUNDRED FIFTY DOLLARS

FOR THOSE HOME OWNERS WHO INSTALL INSULATION EQUIPMENT.

-- THE ESTABLISHMENT OF AN ENERGY CONSERVATION PROGRAM

TO HELP LOW INCOME FAMILIES PURCHASE INSULATION SUPPLIES.

-- LEGISLATION TO MODIFY AND DEFER AUTOMOTIVE POLLUTION

STANDARDS FOR FIVE YEARS, WHICH WILL ENABLE US TO IMPROVE NEW

AUTOMOBILE GAS MILEAGE BY FORTY PERCENT BY 1980.

THESE PROPOSALS AND ACTIONS, CUMULATIVELY, CAN REDUCE  
OUR DEPENDENCE ON FOREIGN ENERGY SUPPLIES TO THREE TO FIVE MILLION  
BARRELS PER DAY BY 1985. TO MAKE THE UNITED STATES INVULNERABLE  
TO FOREIGN DISRUPTION, I PROPOSE STANDBY EMERGENCY LEGISLATION  
AND A STRATEGIC STORAGE PROGRAM OF ONE BILLION BARRELS OF OIL  
FOR DOMESTIC NEEDS AND THREE HUNDRED MILLION BARRELS FOR DEFENSE  
PURPOSES.

I WILL ASK FOR THE FUNDS NEEDED FOR ENERGY RESEARCH AND  
DEVELOPMENT ACTIVITIES. I HAVE ESTABLISHED A GOAL OF ONE MILLION  
BARRELS OF SYNTHETIC FUELS AND SHAPE OIL PRODUCTION PER DAY BY  
*1985*  
NINETEEN EIGHTY-FIVE TOGETHER WITH AN INCENTIVE PROGRAM TO ACHIEVE IT.

I BELIEVE IN AMERICA'S CAPABILITIES.      WITHIN THE NEXT

TEN YEARS, MY PROGRAM ENVISIONS:

- TWO HUNDRED MAJOR NUCLEAR POWER PLANTS,
- TWO HUNDRED FIFTY MAJOR NEW COAL MINES,
- ONE HUNDRED FIFTY MAJOR COAL-FIRED POWER PLANTS,
- THIRTY MAJOR NEW OIL REFINERIES,
- TWENTY MAJOR NEW SYNTHETIC FUEL PLANTS,

-- THE DRILLING OF MANY THOUSANDS OF NEW OIL WELLS,

-- THE INSULATION OF EIGHTEEN MILLION HOMES,

-- AND MANUFACTURING AND SALE OF MILLIONS OF NEW

AUTOMOBILES, TRUCKS AND BUSES 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

*60,000 military*  
SIXTY THOUSAND AIRCRAFT. BY 1943, PRODUCTION HAD REACHED

*125,000*  
ONE HUNDRED TWENTY-FIVE THOUSAND AIRPLANES ANNUALLY.

IF THE CONGRESS AND THE AMERICAN PEOPLE WILL WORK WITH  
ME TO ATTAIN THESE TARGETS, THEY WILL BE ACHIEVED AND SURPASSED.

FROM ADVERSITY, LET US SEIZE OPPORTUNITY. REVENUES OF  
SOME THIRTY BILLION DOLLARS FROM HIGHER ENERGY TAXES, DESIGNED TO  
ENCOURAGE CONSERVATION, MUST BE REFUNDED TO THE AMERICAN PEOPLE IN  
A MANNER WHICH CORRECTS 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 RESULTING IN EXCESSIVE TAXES.

ACCORDINGLY, I PROPOSE THAT FUTURE INDIVIDUAL INCOME TAXES

<sup>#</sup>16.5

BE REDUCED BY SIXTEEN AND A HALF BILLION DOLLARS. THIS WILL BE

DONE BY RAISING THE LOW INCOME ALLOWANCE AND REDUCING TAX RATES.

THIS CONTINUING TAX CUT WILL PRIMARILY BENEFIT LOWER AND MIDDLE

INCOME TAXPAYERS.

FOR EXAMPLE, A TYPICAL FAMILY OF FOUR WITH A GROSS

*5,600*

INCOME OF FIVE THOUSAND SIX HUNDRED DOLLARS NOW PAYS

*185.00*

ONE HUNDRED EIGHTY-FIVE DOLLARS IN FEDERAL INCOME TAXES. UNDER

THIS TAX CUT PLAN, THEY WOULD PAY NOTHING. A FAMILY OF FOUR

*12,000*

WITH A GROSS INCOME OF TWELVE THOUSAND FIVE HUNDRED DOLLARS

*1,260*

NOW PAYS ONE THOUSAND TWO HUNDRED SIXTY DOLLARS IN FEDERAL TAXES.

300

MY PLAN REDUCES THAT BY THREE HUNDRED DOLLARS. FAMILIES

20,000

GROSSING TWENTY THOUSAND DOLLARS WOULD RECEIVE A REDUCTION

210

OF TWO HUNDRED AND TEN DOLLARS.

THOSE WITH THE VERY LOWEST INCOMES, WHO CAN LEAST AFFORD

HIGHER COSTS, MUST ALSO BE COMPENSATED. I PROPOSE A PAYMENT

\$80

OF EIGHTY DOLLARS TO EVERY PERSON EIGHTEEN YEARS OF AGE AND OLDER

IN THAT LIMITED CATEGORY.

STATE AND LOCAL GOVERNMENTS WILL RECEIVE TWO BILLION  
DOLLARS IN ADDITIONAL REVENUE SHARING TO OFFSET THEIR INCREASED  
ENERGY COSTS.

TO OFFSET INFLATIONARY DISTORTIONS AND TO GENERATE MORE  
ECONOMIC ACTIVITY, THE CORPORATE TAX RATE WILL BE REDUCED FROM  
FORTY-EIGHT PERCENT TO FORTY-TWO PERCENT.

NOW, ~~//~~ LET ME TURN 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 DISTRESS IS GLOBAL. WE WILL NOT SOLVE IT

AT HOME UNLESS WE HELP TO REMEDY THE PROFOUND ECONOMIC DISLOCATION

ABROAD. 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 IMMENSELY

ENCOURAGING. BUT THE WORLD IS NOT FREE FROM CRISIS. IN A

WORLD OF ONE HUNDRED FIFTY NATIONS, WHERE NUCLEAR TECHNOLOGY IS

PROLIFERATING AND REGIONAL CONFLICTS CONTINUE, INTERNATIONAL

SECURITY CANNOT BE TAKEN FOR GRANTED.

SO LET THERE BE NO MISTAKE ABOUT IT: INTERNATIONAL

COOPERATION IS A VITAL FACT OF OUR LIVES TODAY. THIS IS NOT

A MOMENT FOR THE AMERICAN PEOPLE TO TURN INWARD. MORE THAN

EVER BEFORE, OUR OWN WELL-BEING DEPENDS ON AMERICA'S

DETERMINATION AND LEADERSHIP IN THE WORLD.

WE ARE A GREAT NATION -- SPIRITUALLY, POLITICALLY,  
MILITARILY, DIPLOMATICALLY AND ECONOMICALLY, 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 TWO, 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.

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 PASSES 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 THE UNITED STATES WILL FULFILL ITS  
RESPONSIBILITY AS A LEADER AMONG NATIONS.

AT STAKE IS THE FUTURE OF THE INDUSTRIALIZED DEMOCRACIES,

WHICH HAVE PERCEIVED THEIR DESTINY IN COMMON AND SUSTAINED IT

IN COMMON FOR THIRTY YEARS.

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 ECONOMIC CRISIS.

THE LONG TERM ECONOMIC FUTURE FOR THE PRODUCERS OF RAW MATERIALS

ALSO DEPENDS ON COOPERATIVE SOLUTIONS.

OUR RELATIONS WITH THE COMMUNIST COUNTRIES ARE A

BASIC FACTOR OF THE WORLD ENVIRONMENT. WE MUST SEEK TO BUILD

A LONG-TERM BASIS FOR COEXISTENCE. WE WILL STAND BY OUR

PRINCIPLES AND OUR INTERESTS; WE WILL ACT FIRMLY WHEN CHALLENGED.

THE KIND OF WORLD WE WANT DEPENDS ON A BROAD POLICY OF CREATING

MUTUAL INCENTIVES FOR RESTRAINT AND FOR COOPERATION.

AS WE MOVE FORWARD TO MEET OUR GLOBAL CHALLENGES AND OPPORTUNITIES, 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 STRENGTH 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

ARMS COMPETITION. MY RECENT DISCUSSIONS WITH LEADERS OF

THE ATLANTIC COMMUNITY, JAPAN AND SOUTH KOREA HAVE CONTRIBUTED

TO OUR MEETING THE COMMON CHALLENGE.

BUT WE HAVE SERIOUS PROBLEMS BEFORE US THAT REQUIRE  
COOPERATION BETWEEN THE PRESIDENT AND THE CONGRESS. BY THE  
CONSTITUTION AND TRADITION, THE EXECUTION OF FOREIGN POLICY  
IS THE RESPONSIBILITY OF THE PRESIDENT.

IN RECENT YEARS, UNDER THE STRESS OF THE VIETNAM WAR,  
LEGISLATIVE RESTRICTIONS ON THE PRESIDENT'S ABILITY TO EXECUTE  
FOREIGN POLICY 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.

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 NEGOTIATIONS IS ILL SUITED TO SUCH LIMITATIONS.  
LEGISLATIVE RESTRICTIVES, INTENDED FOR THE BEST MOTIVES AND  
PURPOSES, CAN HAVE THE OPPOSITE RESULT, AS WE HAVE SEEN MOST  
RECENTLY IN OUR TRADE RELATIONS WITH THE SOVIET UNION.

FOR MY PART, I PLEDGE THIS ADMINISTRATION WILL ACT IN THE CLOSEST  
CONSULTATIONS WITH THE CONGRESS AS WE FACE DELICATE SITUATIONS  
AND TROUBLED TIMES THROUGHOUT THE GLOBE.

WHEN I BECAME PRESIDENT ONLY FIVE MONTHS AGO,

I PROMISED THE LAST CONGRESS A POLICY OF COMMUNICATION,

CONCILIATION, COMPROMISE AND COOPERATION. I RENEW THAT PLEDGE

TO THE NEW MEMBERS OF THIS CONGRESS.

TO SUM UP:

AMERICA NEEDS A NEW DIRECTION WHICH I HAVE SOUGHT TO  
CHART HERE TODAY -- A CHANGE OF COURSE WHICH WILL

- PUT THE UNEMPLOYED BACK TO WORK;
- INCREASE REAL INCOME AND PRODUCTION;
- RESTRAIN THE GROWTH OF GOVERNMENT SPENDING;
- ACHIEVE ENERGY INDEPENDENCE; AND
- ADVANCE THE CAUSE OF WORLD UNDERSTANDING.

WE HAVE THE ABILITY.

WE HAVE THE KNOW-HOW.

IN PARTNERSHIP WITH THE AMERICAN PEOPLE, WE WILL ACHIEVE THESE  
OBJECTIVES.

AS OUR TWO HUNDREDTH ANNIVERSARY APPROACHES, WE OWE  
IT TO OURSELVES, AND TO POSTERITY, 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.

END OF TEXT