

1/23/79 [3]

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THE WHITE HOUSE
WASHINGTON
January 11, 1979

Jerry
J

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON *Jerry*
SUBJECT: State of the Union address

Here is the latest draft of the State of the Union address to be delivered at 9:00 p.m. on January 23.

It is the thematic speech which we have discussed. We have included the priority issues and legislation that the Vice President and others wanted included. However, they are not included as a legislative list but as goals. We have deliberately avoided long descriptions of programs. If you want to change that approach and expand on each or any of them, let us know.

The one thing we have left out is the opener in which you say that the last time you spoke here was after the Camp David Summit. I think it would be unwise and might invite negative comparisons. If you want to include it, it would be a better ad-lib than a part of the text.

I don't

cc: Vice President
Stu Eizenstat
Zbigniew Brzezinski

*Stu & Tony can
expand help -
Expand to include
other issues -
Work in ~~add~~ applause
lines -
Go over word by word
with Tony & Zbig before
I see next draft -*

J

STATE OF THE UNION

I will not deliver a traditional State of the Union address tonight. I will submit the details of my legislative agenda for the coming year in a written message to the Congress.

Instead, I want to use this occasion -- this moment of national convocation -- to examine the state of our American Union in a much broader sense. ~~In particular~~, I want to talk about our efforts, begun during the past two years, to build a new foundation for our common future. ← ?

~~It has been said that the 20th century is the American~~ century. But our children born in 1979 will come of age in the first year of the 21st century. Will the 21st century belong to them? What kind of society ... what kind of world are we building for them now? Will we be at peace? Will we be prosperous? Will we still be strong and free?

I raise these questions because I know that many Americans are uncertain about our future today -- ironically at a time when our outward strengths have never been surpassed. We are at peace, tonight, everywhere in the world. Our defenses are second to none. Our economy is ^{strong and} growing. Our freedoms, our cultural vitality, our opportunities are the envy of the world.

Yet there are reasons why people are concerned, and there are lessons we must learn and steps we must take to assure America's continued prosperity, security and confidence.

The foundations our parents built during the depression and after World War II have served us well, but we face a new generation of problems today. Like our world, our problems have grown more complex and more inter-related. At home few can be solved by government, alone. Abroad few

can be solved by the United States alone. None can be solved overnight.

Our challenge is to build a new foundation -- a new foundation for our economy, for our government, and for a stable peace ... so the America our children inherit will be as strong and as special as our own.

It is a myth that in our economy we must choose endlessly between inflation and recession. ~~We are building the foundation for an economy that offers opportunity to every American because it is growing, stable, and strong.~~

It is a myth that in our government we must choose between competence and compassion. ~~We are building the foundation for a government that manages well the good intentions of a generous people.~~

And it is a myth that in our relations with our adversaries we must choose between confrontation and capitulation.

Through strength and determination we are building the foundation for a world of both diversity and security. With our free allies, we will maintain the peace and win the struggle for human rights.

To continue building a new foundation for our economic future, ^{the} inflation which has been wracking our country for nearly 12 years must be stopped. It erodes not just our savings, but our hope, our confidence, and our trust. No social program would help the poor, the sick, and the elderly more than to bring inflation under control.

Inflation is the ^{challenge} test of our time. To meet it, we must change not only our policies, but ourselves. The days are gone when we can afford to live beyond our means; to create well-intentioned programs we can neither manage nor finance; to squander our natural resources; or to tolerate mismanagement and fraud. The days are, also, gone when we

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can afford to act -- not like a united people -- but a collection of warring groups.

Some claim that a self-inflicted recession is the way to cure inflation now. That is yesterday's answer. And even yesterday, it was wrong.

Others would hobble our economy with a complicated system of ^{government} controls. *For our free enterprise system, I see no* In a free economy, ~~controls are no reason for mandatory wage and price controls~~ solution. ~~They are an admission of defeat.~~

Three months ago, I proposed a balanced anti-inflation program based on responsible restraint by government, labor, and business. Each of us, in our working lives, is part of some so-called special interest. But together, we are something larger. We are all citizens; we are all Americans. As citizens, as Americans, we have an overriding common ~~interest -- and that interest is to control inflation.~~ But government must lead the way.

I have sent this Congress a very tight budget. It preserves gains we have made in the last two years in education -- in ^{employment and} job training -- legal services for the poor -- rebuilding our cities ... and the enforcement of civil rights.

But it cuts the deficit, as I promised, to below \$30 billion.

Perhaps, with developing economic experience and knowledge during 1979, we can reduce the deficit even further.
~~Together the people of the United States and the world~~

~~are asking if this government is serious about inflation.~~

Budget restraint is ^{an} the essential, indispensable way to ^{about inflation.}
prove we are serious, ~~This year, in this Congress we must~~
~~hold the line on excess federal spending.~~

There is more that we must do.

We must take firm action now to protect all Americans against the devastating inflation in health care costs.

The cost of medical care in America is rising \$1 million an hour, 24 hours a day, *-- doubling every five years.* First we must take control of the fastest rising part of that inflation -- the huge rises in

hospital costs. We can no longer afford to postpone this crucial step.

~~Second, we must enact a national program to protect every American from the financial catastrophe of serious illness or accident. I read recently the testimony of a retired auto worker, whose lifetime's savings were wiped out when his wife suffered a stroke, and needed \$19,000 in medical care.~~ No American family should live in fear of a lifetime of ruin, or poverty or debt because one of its members falls ill. The time has come to protect the health and security of all Americans with a program of catastrophic health insurance.

We must continue to eliminate unneeded federal regulation. Where we can restore competition and bring down costs -- as we did in the airline industry -- we must do so. We will do so.

Specify what Congress can do - Check - Califano & McIntyre.

In my legislative message, I will call on Congress to

enact other anti-inflation measures to expand our exports; strengthen antitrust laws; and to reduce the costs of government. American workers who sacrifice in this fight deserve the protection of real wage insurance. We must give them this protection.

abstract

The inflation we face has been building for more than a decade. There is no quick or easy way to end it. But there is strong reason for hope. Germany, and Japan have confronted inflation worse than ours, and they have overcome it. And we will do the same. This is a time for all of us, public official and private citizen, to think today of the needs of the next generation -- not the next election, the next profit statement, or the next paycheck.

By controlling inflation now, we will build the foundation for an economy so abundant, creative, and strong that every American will be able to work with dignity and pride,

and contribute to building our nation. We will free new resources to see our long-time dreams fulfilled. A free economy can realize that dream. Together, we will reach it.

We must continue to build a new foundation for democratic self government in America. For the trust of our people in their leaders and their government -- so damaged by a decade of national trauma -- can and must be restored.

punctuate
With the support of the American people, government in recent decades has helped dismantle centuries-old racial barriers; provide economic security for the jobless and retired; food for the hungry; protection for the safety, health, and bargaining rights of workers; and preserve our natural heritage.

But we have not done enough. We have created programs, but we have not followed through to make them effective.

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We have strained the generosity of the American people by asking them to pay for programs that waste their tax dollars and do not work.

Now, as in the past, some offer simplistic solutions to the challenge that we face. When private businesses faced collapse during the Great Depression, some posed a simple answer: do away with business and private capital. Today, with government in disrepute, some offer an equally simple solution: ~~get rid of government, get rid of taxes.~~

To impose massive govt controls or to do away with government and taxes

But Americans did not fall for such illusions before; they have not fallen for them today. The American people are questioning -- not government's purposes -- but government's capacity to perform.

To restore public confidence in public institutions, we must prove that a dollar paid in taxes is a dollar wisely spent. We must match the generosity of public commitments

with the excellence of government performance. And government must treat every citizen with respect.

Sunset

With the support of the Congress, we are building a new civil service system -- that rewards excellence and censures poor performance. We are waging an all-out war on waste and fraud. The test of every regulation, agency, and rule will be not whether they already exist or serve some private interest -- but whether the public's interest and the Nation's goals are met.

Together, we will restore the trust of a free people in their government. Together we will meet our national commitments. And there is no more urgent task.

For none of us can be satisfied with the state of our union when this Nation goes to the polls and 2 out of 3 Americans stay home. In every election, the influence of private groups and money increases and the influence of

individual citizens goes down. We must stop the rivers of money flooding our democracy and ~~regain~~ regain the public's faith ~~by~~ by enacting public financing for congressional election campaigns.

~~In our relations with other nations~~ we must continue to build a new foundation for a world in which all people can reach their full potential in security and peace.

We have ~~begun those~~ ^{Our} efforts, ^{will be successful} ~~from~~ ^{only} a position of national

strength. In the last two years, with our NATO allies, we have increased our readiness, modernized our equipment, and strengthened our forces in Europe. This year, I will ask the Congress to join me in further strengthening our commitment to NATO. We will never let our desire for peace delude us into weakness.

not
just
NATO

For national security requires more than a strong defense today. In less than a lifetime, world population has doubled; colonial empires have vanished; 100 new nations

have been born. Mass communications and literacy and a world-wide migration to the cities have awakened new yearnings for freedom and economic justice in peoples all over the world. And the terrible power of nuclear weapons has created new urgency for all peoples of the world to live in peace.

This is repetitive

~~In such a world,~~ the United States does not seek to stifle change or to control other peoples or nations. Instead, we seek to use our great power to help guide the course of change in ways that enhance our values, our national interests, and the cause of peace.

and we now bear

anywhere

Seward

~~Around the world,~~ America has regained its special place of pride as a defender of human rights, ~~The~~ phrases of the American revolution ~~are~~ spoken ~~by~~ people seeking their freedom, ~~today~~. And as long as I am your President, America will continue to lead the struggle for human rights.

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In the past two years, we have strengthened our bonds with western Europe and Japan; won new respect from developing nations with the Panama Canal Treaties; gained new trust by defending majority rule in Africa; and opened up a new, and hopeful, era with one quarter of the world's people living in China today. In the Middle East, because of our efforts, Israel and Egypt have never been further from war or closer to a genuine peace. I am determined that the hopes we share with the people of Israel and Egypt will be realized in a lasting peace agreement.

*Strengthen - my
personal
commitment*

But in the nuclear age there can be no world peace without peace between the superpowers. Never before in history have two nations possessed the power to destroy not only each other, but civilization itself.

The paradox of nuclear weapons is that the security of both nations can decrease even as their strategic stockpiles grow. For an uncontrolled arms race pits superpower

against superpower in pursuit of a decisive superiority neither side will permit the other to achieve. It breeds the fear, uncertainty, and a sense of danger on both sides that could turn a miscalculation or a technical mistake into a nuclear holocaust.

To build a lasting foundation for peace, we must step back from the nuclear brink and hold back the nuclear arms race.

That is why 10 years ago, the United States and the Soviet Union made the historic decision to open the Strategic Arms Limitation Talks, or SALT. The purpose of SALT, then as now, is to protect the security of both nations through a stable balance of forces and begin to reverse the costly and dangerous momentum of the arms race. The first agreement, SALT I, was completed in 1972. Since then, in six years of negotiation -- begun by President Nixon and advanced by President Ford -- nearly all issues of the SALT II agreement

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have been resolved. If the Soviet Union continues to negotiate in good faith, a responsible agreement can be reached. If agreement is reached, I will report all its provisions to the Nation at that time. Tonight, I pledge to you that the only kind of agreement I will sign -- the only kind I will ask the Senate to ratify -- is an agreement that enhances the security of the United States.

Let me make three brief points about the SALT process.

First, SALT is not based on sentiment or trust. It is based on self-interest -- ours and the Soviet Union's. Both nations share a powerful common interest in preventing a nuclear war.

Secondly, the American nuclear deterrent will remain as overwhelming after SALT II as it is now. For example, a single Poseidon submarine -- representing less than one percent of our overall nuclear forces -- carries enough independently targetable warheads to destroy every large and medium-sized city in the Soviet Union.

Third, any SALT II agreement I will sign will be

all this is too verbose

sh

di

verifiable. We have enormously sophisticated, proven means to determine for ourselves whether the Soviet Union is complying.

SALT II can't substitute for wise diplomacy or a strong defense. Nor will it end the danger of nuclear war. But it will reduce the danger. It will strengthen our efforts to stop the spread of nuclear weapons to other nations on earth. And it will open the way for new agreements banning nuclear tests and further limiting strategic arms.

Ever since the invention of the first atomic bomb, the United States, under seven Presidents, has walked the path of nuclear peace, backed by a strong defense. We must not allow our children to grow up in a world of unrestrained nuclear proliferation and ^{un-}relieved human terror -- a world in which not only nations large and small but also terrorists and fanatics could gain access to deadly nuclear weapons.

*Use
or MKK speak
or
Chancellor
interview*

Down the path of peace -- the path our Nation has walked for 30 years -- lies a world of law and diversity, in which all peoples can live in peace. In this year, 1979, nothing is more important than that the Senate and the people of the United States resolve to continue on that path.

The new foundations I have discussed tonight are important not for themselves, but for what they will enable us to build upon them. We do not value material bounty or efficient government or international agreements as ends in themselves. Rather, they are keys to unlock the energies of a good and generous people for good and generous tasks. They are the means for realizing our true aspirations -- a world where all people can fulfill the potential God gave them.

We seek a world where every child can learn and explore and look to the future with hope. We seek a world where the resources now wasted on war can be turned towards human needs and all people have enough to eat, have decent shelter, and

have protection from disease. We seek a world where all people are free to seek the truth and to add to human understanding. And all people are free to live their lives in peace. Tonight, I ask you to join me in building a new foundation for that world.

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THE WHITE HOUSE
WASHINGTON

First Lady's comments
re draft #7, dtd 1/19/79

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①

There are several things that disturb me about the speech -

① The mood of the country is toward less government, cutting taxes, balancing the budget. There is no evidence of recognition of this. This speech assumed that "we" & government - our government - have all the answers. Even when mentioning budget deficit - it says cutting to \$29 billion. This is an

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unbelievable figure to ⁽²⁾
the public. They don't
know how high it was.
or that even with
inflation "we're" cutting
deficit in half.

I think speech needs
to be more demagogic
and a "call to action"
to people in our country
to assume responsibility.

③ The other concern —

I don't believe
people want "new
foundations" I think
they believe our country
was founded on sound

basis, and want a
return to old values. ②

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HAM

THE WHITE HOUSE
WASHINGTON

Q
/

January 22, 1979

TO: PRESIDENT CARTER

FROM: HAMILTON JORDAN *HJ*

I think that you have basically a good speech.
I believe your approach to SALT II is good.

I would much prefer to see you spend the balance
of your time working on the delivery of
the speech than on last minute efforts to
perfect it further. The commentators
tomorrow night are going to be looking very
closely at the intangibles - does
Carter seem relaxed and confident halfway into
his first term? Did he deliver it forcefully
and effectively, etc.

(note: no comments/changes noted
within text)

HJ

More personal
✓ "New" foundation?
✓ Budget - cut in half
Less govt - more private
Some history
A waste, fraud, inefficiency
Praise Congress
✓ End - inspirational
Foreign affairs - competence
Hiring freeze

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b) After those consultations on the Hill and with interested groups you will then make a decision. This can be done within a space of a few weeks.

We must make your ultimate decision be one that has come from a consultative process both with outside groups and with the Hill. We have not had the time to do these consultations nor can we by the time of the State of the Union. The impact of calling for catastrophic insurance in the S.O.U. speech (particularly when HEW has not even worked out such a first-phase plan) are greatly outweighed by the disadvantages I have mentioned above.

Therefore, I would recommend that the paragraphs in question on pages 9 and 10 be stated something like this:

"... Too many Americans are subject to financial devastation in case of serious illness. Too many of our elderly are inadequately helped by Medicare. Too many children come into the world under the handicap of inadequate pre- and post-natal care. For too long this country has lacked a National Health Plan to assure our citizens of access to adequate health care. This is the year for the Administration and Congress, working together, to begin to meet these needs in an efficient manner, consistent with budgetary and economic realities."

THE WHITE HOUSE

WASHINGTON

January 17, 1979

MEMORANDUM FOR: JERRY RAFSHOON

FROM: ZBIGNIEW BRZEZINSKI 

SUBJECT: Comments on State of the Union Address,
Draft of 1/17/79, 12:30 p.m.

1. Overall, very good. The foreign policy section now has a coherent theme: laying a framework for global cooperation. This is distinctive about Carter's foreign policy and moves us beyond Atlanticism, Trilateralism, or Nixon's condominium. It gives coherence to the other things the President is doing.
2. On page 16, I would recommend that the second line read: "foundation for a framework of global cooperation ... etc." *Done*
3. Page 17: Does the President really want to use the State of the Union to announce his willingness to hold a second Camp David?
4. The emphasis on SALT is good, but I feel the discussion of SALT is slightly too lengthy in relationship to the foreign affairs section. It seems to reduce our foreign policy agenda to that one issue. However, if the President feels otherwise, I would suggest that he insert a sentence (perhaps on page 15) about his determination to strengthen our defense capabilities in order to maintain both a strategic and a conventional balance. He might add in this connection that this may be necessary because of the danger that regional turbulence might intersect with the projection of power by our adversaries, thereby making international cooperation more difficult to achieve. Inserting that point on page 15 would cover the absence of any reference to such crises as Iran.

UNCLAS

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 20, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze

SUBJECT: State of the Union -- Language on Setting
Regulatory Priorities

On Friday when you met with the Vice President, Bill Nordhaus, and me, you asked me to recommend an approach to assess the overall impact of regulation on the economy and to begin establishing rational regulatory priorities. You also asked for language for the State of the Union incorporating steps to deal with these issues.

Attached is suggested draft language for the State of the Union. It has been reviewed and approved by Jim McIntyre and Fred Kahn.

Stu agrees with the first paragraph, noting the need to scrutinize the overall cost of regulation, and with the third paragraph, announcing that you have directed the Regulatory Council to work with your economic advisors and with the Congress to explore ways to assess overall regulatory costs and to set regulatory priorities. However, Stu recommends striking the second paragraph, which underscores the absence of any regulatory budgeting mechanism like our mechanisms for budgeting tax dollars. Stu believes that the "regulatory budget" concept is politically controversial and substantively undeveloped, and that it would be premature for you to identify yourself too closely to this idea at this time.

Doug Costle approves the recommended approach to dealing with the overall cost and priorities issues, announced in the third paragraph. However, like Stu, he has reservations about the second paragraph analogizing regulation to the Federal budget.

If you approve, I will join with Jim and Fred to work with Doug and the Regulatory Council on these issues, and we will see that pertinent Congressional leaders are informed of and involved in our efforts.

UNCLAS

UNCLAS

But we have not done enough. Although regulation pursues critical social goals, its costs are large, and growing. We must begin to scrutinize the overall effect of regulation on our economy.

The government now has a process by which the President can work with Congress to ensure our tax dollars are well spent. But there is no such process for regulations -- even though regulations involve billions of dollars annually. There is no way to set priorities. No one adds up the total to see what we are spending.

I have already required the development and publication of a Regulatory Calendar which, for the first time, will begin to give a picture of all the new major regulations. I have asked my newly formed Regulatory Council and my economic advisors to work together and with the Congress to explore ways to set priorities for our regulatory efforts. It will be very difficult. But we must begin.

UNCLAS

THE WHITE HOUSE

WASHINGTON

January 19, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON

SUBJECT: State of the Union - Draft 7

* This draft is a refinement of the one you received yesterday. It still includes most - if not all - of the suggestions of Vance, Blumenthal, Eizenstat, Brzezinski, Powell, Schultz and the Vice President.

It has no language on National Health Insurance which should be added - after negotiation - on Monday.

There are two first pages. Jody and I feel that the first - referring to Camp David - invites negative reaction. The second is the alternative that we prefer.

I'll be at home over the weekend and the speechwriters are available if you want more changes.

*Bus/Labor - response - govt do its share
Let free enterprise system work
Peace - prosperity
Agreement here*

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PRESIDENT JIMMY CARTER
STATE OF THE UNION
WASHINGTON, D.C.
TUESDAY, JANUARY 23, 1979, 9:00 P.M.

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MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THE 96TH
CONGRESS, MY FELLOW CITIZENS:

TONIGHT I WANT TO EXAMINE IN A BROAD SENSE THE STATE
OF OUR AMERICAN UNION -- HOW WE ARE BUILDING A NEW FOUNDATION
FOR A PEACEFUL AND PROSPEROUS WORLD.

OUR CHILDREN BORN THIS YEAR WILL COME OF AGE IN THE
21ST CENTURY.

WHAT KIND OF SOCIETY, WHAT KIND OF WORLD ARE WE
BUILDING FOR THEM?

WILL WE OURSELVES BE AT PEACE? WILL OUR OWN CHILDREN
ENJOY A BETTER QUALITY OF LIFE? WILL A STRONG AND UNITED
AMERICA STILL BE A FORCE FOR FREEDOM AND PROSPERITY AROUND
THE WORLD?

TONIGHT, THERE IS EVERY SIGN THAT THE STATE OF OUR
UNION IS SOUND.

-- OUR ECONOMY OFFERS

OUR ECONOMY OFFERS GREATER PROSPERITY TO MORE OF OUR PEOPLE THAN EVER BEFORE.

REAL PER CAPITA INCOME AND REAL BUSINESS PROFITS HAVE RISEN SUBSTANTIALLY.

FARM EXPORTS ARE SETTING ALL-TIME RECORDS, AND NET FARM INCOME LAST YEAR WAS UP MORE THAN 25 PERCENT.

OUR LIBERTIES ARE SECURE. OUR MILITARY DEFENSES ARE STRONG AND GROWING STRONGER.

AND MORE IMPORTANTLY TONIGHT, AMERICA IS AT PEACE.

OUR EARLIEST NATIONAL COMMITMENTS MODIFIED AND RESHAPED BY SUCCEEDING GENERATIONS HAVE SERVED US WELL.

BUT THE PROBLEMS WE FACE TODAY ARE DIFFERENT ~~IN~~ ~~NATURE~~ FROM THOSE THAT CONFRONTED EARLIER GENERATIONS OF AMERICANS. THEY ARE MORE SUBTLE, MORE COMPLEX, MORE INTERRELATED.

AT HOME, FEW OF THESE PROBLEMS CAN BE SOLVED BY GOVERNMENT ALONE. ABROAD, FEW OF THEM CAN BE SOLVED BY THE UNITED STATES ALONE.

BUT AMERICANS AS A UNITED PEOPLE -- WORKING WITH OUR ALLIES AND FRIENDS -- HAVE NEVER BEEN AFRAID TO FACE AND TO SOLVE PROBLEMS EITHER HERE OR ABROAD.

THE CHALLENGE TO US IS TO BUILD A NEW AND FIRMER
FOUNDATION FOR THE FUTURE -- FOR A SOUND ECONOMY, FOR A
MORE EFFECTIVE GOVERNMENT, FOR POLITICAL TRUST, AND FOR
A STABLE PEACE -- SO THAT THE AMERICA OUR CHILDREN INHERIT
WILL BE EVEN STRONGER AND BETTER THAN OUR OWN.

WE CANNOT RESORT TO SIMPLISTIC OR EXTREME SOLUTIONS
WHICH SUBSTITUTE MYTHS FOR COMMON SENSE.

IN OUR ECONOMY IT IS A MYTH THAT WE MUST CHOOSE
ENDLESSLY BETWEEN INFLATION AND RECESSION.

TOGETHER, WE BUILD THE FOUNDATION FOR A STRONG
ECONOMY WITH LOWER INFLATION WITHOUT CONTRIVING EITHER A
RECESSION WITH ITS HIGH UNEMPLOYMENT, OR UNWORKABLE
MANDATORY GOVERNMENT CONTROLS.

IN OUR GOVERNMENT IT IS A MYTH THAT WE MUST CHOOSE
BETWEEN COMPASSION AND COMPETENCE.

TOGETHER, WE BUILD THE FOUNDATION FOR A GOVERNMENT
THAT WORKS -- AND THAT WORKS FOR PEOPLE.

IN OUR RELATIONS WITH OUR POTENTIAL ADVERSARIES
IT IS A MYTH THAT WE MUST CHOOSE BETWEEN CONFRONTATION
AND CAPITULATION.

TOGETHER, WE BUILD THE FOUNDATION FOR A STABLE WORLD
OF BOTH DIVERSITY AND PEACE.

--TOGETHER, WE HAVE ALREADY.....

TOGETHER, WE HAVE ALREADY BEGUN TO BUILD THE FOUNDATION FOR CONFIDENCE IN OUR ECONOMIC SYSTEM.

DURING THE LAST TWO YEARS, IN BRINGING OUR ECONOMY OUT OF THE DEEPEST RECESSION SINCE THE 1930's, WE HAVE CREATED OVER SEVEN MILLION NEW JOBS.

THE UNEMPLOYMENT RATE HAS GONE DOWN 25 PERCENT.

NOW WE MUST REDOUBLE OUR FIGHT AGAINST THE PERSISTENT INFLATION THAT HAS WRACKED OUR COUNTRY FOR MORE THAN A DECADE.

INFLATION IS A BURDEN FOR ALL AMERICANS, BUT IT IS A DISASTER FOR THE POOR, THE SICK, AND THE OLD.

NO AMERICAN FAMILY SHOULD BE FORCED TO CHOOSE AMONG FOOD, WARMTH, HEALTH CARE, OR DECENT HOUSING BECAUSE THE COST OF ANY OF THESE BASIC NECESSITIES HAS CLIMBED OUT OF REACH.

THREE MONTHS AGO, I OUTLINED A BALANCED ANTI-INFLATION PROGRAM THAT COUPLES RESPONSIBLE GOVERNMENT RESTRAINT WITH RESPONSIBLE WAGE AND PRICE RESTRAINT.

IT IS BASED UPON MY KNOWLEDGE THAT THERE IS A MORE POWERFUL FORCE THAN GOVERNMENT COMPULSION -- THE FORCE CREATED BY THE COOPERATIVE EFFORTS OF MILLIONS OF AMERICANS WORKING TOWARD A COMMON GOAL.

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WE WILL CONTINUE TO MOBILIZE OUR NATION'S RESOURCES TO REDUCE OUR TRADE DEFICIT AND TO MAINTAIN THE STRENGTH OF THE AMERICAN DOLLAR.

WE HAVE DEMONSTRATED IN THIS RESTRAINED BUDGET THAT WE CAN BUILD ON THE GAINS OF THE PAST TWO YEARS TO PROVIDE ADDITIONAL SUPPORT TO EDUCATE DISADVANTAGED CHILDREN, ... TO CARE FOR THE ELDERLY, ... TO PROVIDE NUTRITION AND LEGAL SERVICES FOR THE POOR, ... AND TO STRENGTHEN THE ECONOMIC BASE OF OUR URBAN COMMUNITIES AND RURAL AREAS.

THIS YEAR WE WILL TAKE OUR FIRST STEPS TO DEVELOP A NATIONAL HEALTH PLAN.

WE MUST NEVER ACCEPT A PERMANENT GROUP OF UNEMPLOYED AMERICANS, WITH NO HOPE AND NO STAKE IN BUILDING OUR SOCIETY.

FOR THOSE LEFT OUT OF OUR ECONOMY BECAUSE OF DISCRIMINATION, LACK OF SKILLS, OR POVERTY, WE MUST MAINTAIN HIGH LEVELS OF TRAINING AND WE MUST ^{CONTINUE TO} PROVIDE JOBS.

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A RESPONSIBLE BUDGET IS NOT OUR ONLY WEAPON TO CONTROL INFLATION.

WE MUST ACT NOW TO PROTECT ALL AMERICANS FROM HEALTH CARE COSTS THAT ARE RISING \$1 MILLION AN HOUR, 24 HOURS A DAY -- DOUBLING EVERY FIVE YEARS.

WE MUST TAKE CONTROL OF THE LARGEST CONTRIBUTOR TO THAT INFLATION -- SKYROCKETING HOSPITAL COSTS.

THERE WILL BE NO CLEARER TEST OF THE COMMITMENT OF THIS CONGRESS TO THE ANTI-INFLATION FIGHT THAN THE LEGISLATION I WILL SUBMIT AGAIN THIS YEAR TO HOLD DOWN INFLATION IN HOSPITAL CARE.

OVER THE NEXT FIVE YEARS MY PROPOSAL WILL SAVE AMERICANS A TOTAL OF \$60 BILLION, OF WHICH \$25 BILLION WILL BE SAVINGS ^{TO THE AMERICAN TAXPAYER} IN THE FEDERAL BUDGET.

THE AMERICAN PEOPLE HAVE WAITED LONG ENOUGH.

THIS YEAR WE MUST ACT ON HOSPITAL COST CONTAINMENT.

WE MUST ALSO FIGHT INFLATION BY IMPROVEMENTS AND BETTER ENFORCEMENT OF ANTITRUST LAWS, AND BY REDUCING GOVERNMENT OBSTACLES TO COMPETITION IN THE PRIVATE SECTOR.

WE MUST BEGIN TO SCRUTINIZE THE OVERALL EFFECT OF REGULATION ON OUR ECONOMY.

-- THROUGH DEREGULATION OF

THROUGH DEREGULATION OF THE AIRLINE INDUSTRY WE HAVE INCREASED PROFITS, CUT PRICES FOR ALL AMERICANS, AND BEGUN FOR ONE OF THE FEW TIMES IN HISTORY ACTUALLY TO DISMANTLE A MAJOR FEDERAL BUREAUCRACY.

THIS YEAR WE MUST BEGIN THE EFFORT TO REFORM OUR REGULATORY PROCESS FOR THE RAILROAD, BUS, AND TRUCKING INDUSTRIES.

AMERICA HAS THE GREATEST ECONOMIC SYSTEM IN THE WORLD. LET'S REDUCE GOVERNMENT INTERFERENCE AND GIVE IT A CHANCE TO WORK!

~~AND~~ I CALL ON CONGRESS TO TAKE OTHER ANTI-INFLATION ACTION -- TO EXPAND OUR EXPORTS AND PROTECT AMERICAN JOBS THREATENED BY UNFAIR TRADE;...TO CONSERVE ENERGY;...INCREASE PRODUCTION AND SPEED DEVELOPMENT OF SOLAR POWER;...AND TO REASSERT OUR NATION'S TECHNOLOGICAL LEADERSHIP.

AMERICAN WORKERS WHO ENLIST WITH US IN THE FIGHT AGAINST INFLATION DESERVE NOT JUST OUR GRATITUDE, BUT THE PROTECTION OF THE REAL WAGE INSURANCE PROPOSAL I HAVE MADE, TO THE CONGRESS.

TO BE SUCCESSFUL, WE MUST CHANGE OUR ATTITUDES AS WELL AS OUR POLICIES.

WE CANNOT AFFORD TO LIVE BEYOND OUR MEANS, TO CREATE PROGRAMS WE CAN NEITHER MANAGE NOR FINANCE, OR TO WASTE OUR NATURAL RESOURCES;...AND WE CANNOT TOLERATE MISMANAGEMENT AND FRAUD!

ABOVE ALL, WE MUST MEET THE CHALLENGE OF INFLATION
AS A UNITED PEOPLE.

WITH THE SUPPORT OF THE AMERICAN PEOPLE, GOVERNMENT
IN RECENT DECADES HAS HELPED TO DISMANTLE RACIAL BARRIERS;...
HAS PROVIDED ASSISTANCE FOR THE JOBLESS AND RETIRED;...
HAS FED THE HUNGRY;...HAS PROTECTED THE SAFETY, HEALTH, AND
BARGAINING RIGHTS OF WORKERS;...AND HAS HELPED TO PRESERVE
OUR NATURAL HERITAGE.

BUT IT IS NOT ENOUGH TO HAVE CREATED A LOT OF
GOVERNMENT PROGRAMS.

NOW WE MUST MAKE THE GOOD PROGRAMS MORE EFFECTIVE,
AND IMPROVE OR WEED OUT THOSE WHICH ARE WASTEFUL OR
UNNECESSARY.

WITH THE SUPPORT OF THE CONGRESS, WE HAVE BEGUN
TO REORGANIZE AND GET CONTROL OF THE BUREAUCRACY.

WE ARE REFORMING THE CIVIL SERVICE SYSTEM,
SO THAT WE CAN RECOGNIZE AND REWARD THOSE WHO DO A
GOOD JOB,...AND CORRECT OR REMOVE THOSE WHO DO NOT.

-- THIS YEAR WE MUST EXTEND

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THIS YEAR WE MUST EXTEND MAJOR REORGANIZATION EFFORTS TO EDUCATION, ECONOMIC DEVELOPMENT, AND THE MANAGEMENT OF OUR NATURAL RESOURCES.

WE NEED TO ENACT A SUNSET LAW SO THAT WHEN GOVERNMENT PROGRAMS HAVE OUTLIVED THEIR VALUE THEY WILL AUTOMATICALLY BE TERMINATED.

THERE IS NO SUCH THING AS EFFECTIVE AND NON-CONTROVERSIAL REORGANIZATION AND REFORM, ...BUT WE KNOW THAT HONEST AND EFFECTIVE GOVERNMENT IS ESSENTIAL TO RESTORE PUBLIC FAITH IN OUR PUBLIC ACTION.

NONE OF US CAN BE SATISFIED WHEN TWO-THIRDS OF AMERICAN CITIZENS CHOSE NOT TO VOTE LAST YEAR IN THE NATIONAL ELECTION.

TOO MANY AMERICANS FEEL POWERLESS AGAINST THE INFLUENCE OF PRIVATE LOBBYING GROUPS AND THE FLOOD OF PRIVATE CAMPAIGN MONEY WHICH THREATENS OUR ELECTORAL PROCESS.

THIS YEAR, WE MUST REGAIN THE PUBLIC'S FAITH BY REQUIRING LIMITED PUBLIC FINANCING FOR CONGRESSIONAL ELECTION CAMPAIGNS.

* * *

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A STRONG ECONOMY AND AN EFFECTIVE GOVERNMENT WILL RESTORE CONFIDENCE HERE IN AMERICA.

BUT THE PATH TO THE FUTURE MUST BE CHARTED IN PEACE. WE MUST CONTINUE TO BUILD A NEW AND FIRM FOUNDATION FOR A STABLE WORLD COMMUNITY.

WE ARE BUILDING THAT NEW FOUNDATION FROM A POSITION OF NATIONAL STRENGTH -- THE STRENGTH OF OUR OWN DEFENSES, OF OUR FRIENDSHIP WITH OTHER NATIONS, AND OF OUR OLDEST *American* IDEALS.

AMERICA'S MILITARY POWER IS A MAJOR FORCE FOR SECURITY AND STABILITY IN THE WORLD.

WE MUST MAINTAIN OUR STRATEGIC CAPABILITY AND CONTINUE THE PROGRESS OF THE LAST TWO YEARS WITH OUR N.A.T.O. ALLIES, WITH WHOM WE HAVE INCREASED OUR READINESS, MODERNIZED OUR EQUIPMENT, AND STRENGTHENED OUR DEFENSE FORCES IN EUROPE.

I URGE YOU TO SUPPORT THE STRONG DEFENSE BUDGET I HAVE PROPOSED.

BUT NATIONAL SECURITY IN OUR AGE REQUIRES MORE THAN MILITARY MIGHT.

IN LESS THAN A LIFETIME, WORLD POPULATION HAS DOUBLED; COLONIAL EMPIRES HAVE DISAPPEARED; AND A HUNDRED NEW NATIONS HAVE BEEN BORN.

-- MASS COMMUNICATIONS,.....

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MASS COMMUNICATIONS, LITERACY, AND MIGRATION TO THE WORLD'S CITIES HAVE ALL AWAKENED NEW YEARNINGS FOR ECONOMIC JUSTICE AND HUMAN RIGHTS AMONG PEOPLE EVERYWHERE.

THIS IS THE WAVE OF THE FUTURE.

IN SUCH A WORLD, THE CHOICE IS NOT WHICH SUPERPOWER WILL DOMINATE THE WORLD.

NONE CAN AND NONE WILL.

THE CHOICE INSTEAD IS BETWEEN A WORLD OF ANARCHY AND DESTRUCTION, OR A WORLD OF COOPERATION AND PEACE.

IN SUCH A WORLD, WE SEEK NOT TO STIFLE INEVITABLE CHANGE, BUT TO INFLUENCE ITS COURSE IN HELPFUL AND CONSTRUCTIVE WAYS THAT ENHANCE OUR VALUES, OUR NATIONAL INTERESTS, AND THE CAUSE OF PEACE.

TOWERING OVER ALL THIS VOLATILE CHANGING WORLD, LIKE A THUNDERCLOUD IN A SUMMER SKY, LOOMS THE AWESOME POWER OF NUCLEAR WEAPONS.

WE WILL CONTINUE TO HELP SHAPE THE FORCES OF CHANGE; TO ANTICIPATE EMERGING PROBLEMS OF NUCLEAR PROLIFERATION AND OF CONVENTIONAL ARMS SALES; AND TO USE OUR GREAT STRENGTH AND INFLUENCE TO SETTLE INTERNATIONAL CONFLICTS IN OTHER PARTS OF THE WORLD BEFORE THEY ERUPT AND SPREAD.

WE HAVE NO DESIRE TO BE THE WORLD'S POLICEMAN.
AMERICA DOES WANT TO BE THE WORLD'S PEACEMAKER.

WE ARE BUILDING THE FOUNDATION FOR TRULY GLOBAL COOPERATION -- NOT ONLY WITH WESTERN AND INDUSTRIAL NATIONS, BUT WITH THE DEVELOPING COUNTRIES AS WELL.

OUR TIES WITH JAPAN AND OUR EUROPEAN ALLIES ARE STRONGER THAN EVER -- AND SO ARE OUR FRIENDLY RELATIONS WITH THE PEOPLE OF LATIN AMERICA, AFRICA, AND THE WESTERN PACIFIC AND ASIA.

WE HAVE WON NEW RESPECT IN THIS HEMISPHERE WITH THE PANAMA CANAL TREATIES.

WE HAVE GAINED NEW TRUST WITHIN THE DEVELOPING WORLD THROUGH OUR OPPOSITION TO RACISM, OUR COMMITMENT TO HUMAN RIGHTS, AND OUR SUPPORT FOR MAJORITY RULE IN AFRICA.

THE MULTILATERAL TRADE NEGOTIATIONS ARE NOW REACHING A SUCCESSFUL CONCLUSION, AND CONGRESSIONAL APPROVAL IS ESSENTIAL TO THE ECONOMIC WELL-BEING OF OUR COUNTRY AND OF THE WORLD.

THIS WILL BE ONE OF OUR TOP PRIORITIES IN 1979.

-- WE ARE ENTERING A

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WE ARE ENTERING A HOPEFUL ERA IN OUR RELATIONS WITH ONE-FOURTH OF THE WORLD'S PEOPLE WHO LIVE IN CHINA.

THE VISIT OF VICE PREMIER DENG XIAOPING NEXT WEEK WILL HELP TO INAUGURATE THAT NEW ERA.

AND WITH PROMPT CONGRESSIONAL ACTION ON AUTHORIZING LEGISLATION, WE WILL CONTINUE OUR COMMITMENT TO A PROSPEROUS, PEACEFUL, AND SECURE LIFE FOR THE PEOPLE OF TAIWAN.

I AM GRATEFUL THAT IN THE PAST YEAR -- AS IN THE YEAR BEFORE -- NO AMERICAN HAS DIED IN COMBAT ANYWHERE IN THE WORLD.

AND IN IRAN, NICARAGUA, CYPRUS, NAMIBIA, AND RHODESIA, OUR COUNTRY IS WORKING FOR PEACEFUL SOLUTIONS TO DANGEROUS CONFLICTS.

IN THE MIDDLE EAST -- UNDER MOST DIFFICULT CIRCUMSTANCES -- WE HAVE SOUGHT TO HELP ANCIENT ENEMIES LAY ASIDE DEEP-SEATED DIFFERENCES THAT HAVE PRODUCED FOUR BITTER WARS IN THIS CENTURY.

OUR FIRM COMMITMENT TO ISRAEL'S SURVIVAL AND SECURITY IS ROOTED IN OUR DEEPEST CONVICTIONS AND IN OUR KNOWLEDGE OF THE STRATEGIC IMPORTANCE TO OUR OWN NATION OF A STABLE MIDDLE EAST.

TO PROMOTE PEACE AND RECONCILIATION IN THE REGION,
WE MUST RETAIN THE TRUST AND CONFIDENCE BOTH OF ISRAEL
AND OF THE ARAB NATIONS THAT ARE SINCERELY SEARCHING FOR
PEACE.

I AM DETERMINED TO USE THE FULL BENEFICIAL INFLUENCE
OF OUR NATION SO THAT THE PRECIOUS OPPORTUNITY FOR LASTING
PEACE BETWEEN ISRAEL AND EGYPT WILL NOT BE LOST.

THE NEW FOUNDATION OF INTERNATIONAL COOPERATION WE
SEEK EXCLUDES NO NATION.

COOPERATION WITH THE SOVIET UNION SERVES THE CAUSE
OF PEACE, FOR IN THE NUCLEAR AGE, WORLD PEACE MUST INCLUDE
PEACE BETWEEN THE SUPERPOWERS -- AND IT MUST MEAN THE
CONTROL OF NUCLEAR ARMS.

TEN YEARS AGO, THE UNITED STATES AND THE SOVIET UNION
MADE THE HISTORIC DECISION TO OPEN THE STRATEGIC ARMS
LIMITATION TALKS, OR S.A.L.T.

-- THE PURPOSE OF S.A.L.T.,.....

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THE PURPOSE OF S.A.L.T., THEN AS NOW, IS NOT TO GAIN A UNILATERAL ADVANTAGE FOR EITHER NATION, ... BUT TO PROTECT THE SECURITY OF BOTH NATIONS -- TO REVERSE THE COSTLY AND DANGEROUS MOMENTUM OF THE ARMS RACE -- TO PRESERVE A STABLE BALANCE OF NUCLEAR FORCES -- AND TO DEMONSTRATE TO A CONCERNED WORLD THAT WE ARE DETERMINED TO HELP PRESERVE THE PEACE.

THE FIRST S.A.L.T. AGREEMENT WAS CONCLUDED IN 1972. SINCE THEN, DURING SIX YEARS OF NEGOTIATION -- BY BOTH REPUBLICAN AND DEMOCRATIC LEADERS -- NEARLY ALL ISSUES OF S.A.L.T. II HAVE BEEN RESOLVED.

IF THE SOVIET UNION CONTINUES TO NEGOTIATE IN GOOD FAITH, A RESPONSIBLE AGREEMENT WILL BE REACHED.

IT IS IMPORTANT THAT THE AMERICAN PEOPLE UNDERSTAND THE NATURE OF THE S.A.L.T. PROCESS.

S.A.L.T. II IS NOT BASED ON SENTIMENT.

IT IS BASED ON SELF-INTEREST -- OF THE UNITED STATES AND THE SOVIET UNION.

BOTH NATIONS SHARE A POWERFUL COMMON INTEREST IN REDUCING THE THREAT OF A NUCLEAR WAR.

I WILL SIGN NO AGREEMENT WHICH DOES NOT ENHANCE
OUR NATIONAL SECURITY.

S.A.L.T. II WILL NOT RELY ON TRUST. IT WILL BE
VERIFIABLE.

WE HAVE VERY SOPHISTICATED, PROVEN MEANS --
INCLUDING OUR SATELLITES -- TO DETERMINE FOR OURSELVES
WHETHER THE SOVIET UNION IS MEETING ITS TREATY OBLIGATIONS.

I WILL SIGN NO AGREEMENT WHICH CANNOT BE VERIFIED.

THE AMERICAN NUCLEAR DETERRENT WILL REMAIN STRONG
AFTER S.A.L.T. II.

FOR EXAMPLE, JUST ONE OF OUR RELATIVELY INVULNERABLE
POSEIDON SUBMARINES -- LESS THAN TWO PERCENT OF OUR TOTAL
NUCLEAR FORCE OF SUBMARINES, AIRCRAFT, AND LAND-BASED
MISSILES -- CARRIES ENOUGH WARHEADS TO DESTROY EVERY LARGE
AND MEDIUM-SIZED CITY IN THE SOVIET UNION.

OUR DETERRENT IS OVERWHELMING -- AND I WILL SIGN
NO AGREEMENT UNLESS OUR DETERRENT FORCE WILL REMAIN
OVERWHELMING.

-- A S.A.L.T. AGREEMENT

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A S.A.L.T. AGREEMENT CANNOT SUBSTITUTE FOR WISE
DIPLOMACY OR A STRONG DEFENSE, NOR WILL IT END THE DANGER
OF NUCLEAR WAR.

BUT IT WILL CERTAINLY REDUCE THAT DANGER.

IT WILL STRENGTHEN OUR EFFORTS TO BAN NUCLEAR TESTS
AND TO STOP THE SPREAD OF ATOMIC WEAPONS TO OTHER NATIONS.

AND IT CAN BEGIN THE PROCESS OF NEGOTIATING NEW
AGREEMENTS WHICH WILL FURTHER LIMIT NUCLEAR ARMS.

THE PATH OF ARMS CONTROL BACKED BY A STRONG DEFENSE --
THE PATH OUR NATION AND EVERY PRESIDENT HAS WALKED FOR
30 YEARS -- CAN LEAD TO A WORLD OF LAW AND OF INTERNATIONAL
NEGOTIATION AND CONSULTATION, IN WHICH ALL PEOPLES MIGHT
LIVE IN PEACE.

IN THIS YEAR, 1979, NOTHING IS MORE IMPORTANT THAN
THAT THE CONGRESS AND THE PEOPLE OF THE UNITED STATES RESOLVE
TO CONTINUE WITH ME ON THAT PATH OF NUCLEAR ARMS CONTROL
AND PEACE.

* * *

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I HAVE OUTLINED SOME OF THE CHANGES THAT HAVE TRANSFORMED THE WORLD AND WHICH ARE CONTINUING AS WE MEET HERE TONIGHT.

BUT WE NEED NOT FEAR CHANGE.

THE VALUES ON WHICH OUR NATION WAS FOUNDED -- INDIVIDUAL LIBERTY, SELF-DETERMINATION, THE POTENTIAL FOR HUMAN FULFILLMENT IN FREEDOM -- ALL OF THESE ENDURE.

WE FIND THESE DEMOCRATIC PRINCIPLES PRaised EVEN IN BOOKS SMUGGLED OUT OF TOTALITARIAN NATIONS, AND ON WALL POSTERS IN LANDS WE THOUGHT WERE CLOSED TO OUR INFLUENCE.

OUR COUNTRY HAS REGAINED ITS SPECIAL PLACE OF LEADERSHIP IN THE WORLDWIDE STRUGGLE FOR HUMAN RIGHTS.

AND THAT IS A COMMITMENT WE MUST KEEP AT HOME, AS WELL AS ABROAD.

THE CIVIL RIGHTS REVOLUTION FREED ALL AMERICANS, BLACK AND WHITE, BUT ITS FULL PROMISE REMAINS UNREALIZED.

I WILL CONTINUE TO WORK WITH ALL MY STRENGTH FOR EQUAL OPPORTUNITY FOR ALL AMERICANS -- AND FOR AFFIRMATIVE ACTION FOR THOSE WHO CARRY THE EXTRA BURDEN OF PAST DENIAL OF EQUAL OPPORTUNITY.

-- WE REMAIN COMMITTED TO

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WE REMAIN COMMITTED TO IMPROVING OUR LABOR LAWS
TO BETTER PROTECT THE RIGHTS OF ALL AMERICAN WORKERS.

AND OUR NATION MUST MAKE IT CLEAR THAT THE LEGAL
RIGHTS OF WOMEN AS CITIZENS ARE GUARANTEED UNDER THE LAWS
OF OUR LAND BY RATIFYING THE EQUAL RIGHTS AMENDMENT.

AS LONG AS I AM PRESIDENT, AT HOME AND AROUND THE
WORLD AMERICA'S EXAMPLE AND AMERICA'S INFLUENCE WILL BE
MARSHALLED TO ADVANCE THE CAUSE OF HUMAN RIGHTS.

TO ESTABLISH THOSE VALUES, TWO CENTURIES AGO A
BOLD GENERATION OF AMERICANS RISKED THEIR PROPERTY,
POSITION, AND LIFE ITSELF.

WE ARE THEIR HEIRS. AND THEY ARE SENDING US A
MESSAGE ACROSS THE CENTURIES.

THE WORDS THEY MADE SO VIVID ARE NOW GROWING FAINTLY
INDISTINCT, BECAUSE THEY ARE NOT HEARD OFTEN ENOUGH.

THEY ARE WORDS LIKE JUSTICE, EQUALITY, UNITY,
SACRIFICE, LIBERTY, FAITH, AND LOVE.

*Susan on speeches
Just keep those
with my major
handwritten
notes
J*

Last Visit Here -- Goal is Peace

Greatest Commitment of our Nation is to Peace

Peace Must Come from Strength

Strength from Military, Economy, National Will/Spirit

People need Knowledge of National Purpose

Foreign and Domestic Issues are Interrelated

There are Limitations on Government Power

Foreign: Cannot control events within Iran,
Nicaragua, etc.
People to People Understanding = U.S. Good Offices
Strengthened Alliances
Need to be Steady and Persistent

Domestic: Cannot Cure Economic Ills or Meet All Needs
Need Broad Government and Private Involvement
Need to be Steady and Persistent

To Underestimate our Strengths does America a Disservice

SALT II is Necessary, Fair and advantageous to U.S.

Great Opportunity in Opening to China -- Not a Challenge

To Soviet Union -- Our Desire is Peace/Friendship with
Both Nations

SALT II → III, CTB, Trade, MBFR

U.S.-NATO-EC-Japan-ANZUS-ASEAN-SA-Africa-Mid East-E. Mediterrean

We and Allies Must Maintain Political-Ideological Initiative

Pursuing Peace in Mid East is Difficult -- Politically
(Here & Overseas)

Broad Agenda -- Nonprofit and Conventional Arms Limits and
Human Rights and Third World Development

We Do Not Desire to Dominate Any Other Nation

MTN, Trade Crucial = Peaceful Influence and Economic
Benefits to U.S.

EYES ONLY

THE WHITE HOUSE

WASHINGTON

December 30, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON

SUBJECT: State of the Union Speech

Here is a first draft of the State of the Union speech. I think it is an excellent start. It represents the combined work of Bernie Aronson, Rick Hertzberg, Achsah and others.

I think it satisfies the goals which we set out in the outline and refined in our conversation Thursday. We have used inflation and peace as the major themes and have still included the major issues and challenges to Congress and the country without presenting a laundry list.

It is not the typical State of the Union speech nor a typical speech that you would make before Congress. It is aimed at the television audience and is meant to challenge and assure the American people. Traditionalists will disagree, but this is the right approach.

State of the Union Address

I come before you to talk about the true state of our American Union. I will be brief and I will be frank.

I wish I could report to you tonight that the state of our Union is excellent in all respects. It is not. I am pleased to report, however, that we are not in a state of crisis, and I do not believe we will be. Our nation is at peace. Our economy is strong.

The challenges that confront our generation of Americans are as difficult as any in our history, but the opportunities are great. The work ahead will be demanding. But we will be rewarded in the end if we see our times for what they are.

Our times demand a re-birth of our public spirit. The doubt and discouragement born of a decade of national

trauma does not fade easily or quickly. But we have begun a period of healing and hope.

Our times demand a new maturity. The days are gone when we can afford to live beyond our means ... to create well-intentioned programs we can neither manage nor finance ... to waste our natural resources ... or to tolerate mismanagement or fraud.

Our times demand a re-birth of national will. The days are gone when we can act -- not like one people -- but a collection of warring groups. And the days are also gone when we can allow the voices of doubt and fear among us, to stifle our dreams for a better and safer world.

Tonight, we face two overriding challenges -- to control inflation and to keep peace in the nuclear age. Tonight, we face two historic opportunities: a stable economy at home and a stable peace in the world.

We must look beyond a single year or legislative

session. For the choices we make will shape the world our children will inherit and our own lives for many years to come.

We must control inflation because the cost of heating even a modest home has tripled since 1972; and the cost of a pound of hamburger has risen ___ percent in the past ___ months. We must control inflation because the hospital room which cost \$12 a day in 1950 costs more than \$120 today. And it is doubling every five years.

We must control inflation because our children must eat and have shoes and decent clothes; because older Americans must have health care, housing, heat, and food -- not be forced to choose among them. We must control inflation because young couples should be able to buy a home but today can barely afford to rent. We must control inflation because men and women who own small businesses need credit to finance their dreams, and all businesses, and all Americans, must be able to plan. We must control inflation because our cities

and our counties and our states must be able to pay for roads and sewers, police and fire protection, hospitals and schools.

The time has come in America to bring inflation under control. Inflation can -- as it has before in world history -- bring down governments, drain the vitality from past civilizations, undermine all that is generous and good. Now inflation is an American problem.

We do not face calamity. Our economy is strong and vital and it is growing today. More Americans are working and we are producing more than ever before in our history. The influx of women and young people into our workforce has helped our economy grow stronger. Real income; housing starts; auto sales; industrial production; and our Gross National Product have all grown the past two years.

Inflation threatens continued growth and it threatens all our dreams.

We can solve this problem. Other nations have done so

over the past few years. Germany and Japan have brought inflation down to low levels today.

It won't be easy. It won't be simple. And it won't happen by government action alone. Inflation has many causes: the rise in oil prices several years ago; the shortages of food; and budget deficits for too long. But today it has gained a momentum of its own. Today, inflation is a state of mind as well as a state of our economy. But this problem need not be a permanent part of our lives. For inflation is not like the tides in the sea drawn by forces beyond our reach. Inflation is powered by our decisions. Our decisions will bring it under control.

We will beat inflation the way we built this country: through hard work and sacrifice; courage and imagination; and caring for each other and this land we love.

I wish I could tell you this struggle will be over in a matter of months. I cannot offer that prediction. Our current inflation has been building for more than 12 years; we will not end it in one. I offer instead plain talk and leadership.

Tonight, I offer-- not just a series of answers but a series of choices; not a promise this Administration will solve inflation alone, but a challenge to this Congress, and all Americans, to join me in this fight.

To control inflation we must reduce the Federal deficit. We have cut the deficit in half in the past two years. In the next two years we must cut it more. This Congress, this year, must hold the line on excess Federal spending.

Sacrifices must be made; but we will make them fairly. In the past two years, we have provided new support to educate disadvantaged children and train jobless minority youths; to provide health care for the sick and dignity for the old; to help rebuild blighted neighborhoods; and protect every American's equal rights. We will continue to meet our special obligations to those who need our help.

But I will not evade my responsibility to check any legislative excess. Simply put, I will veto inflationary

spending bills. I will veto tax bills that increase our deficit. And I will veto regulatory legislation that adds unnecessarily to costs. Simply put, this is not a time for politics or partisanship between President and Congress. We must work even more closely together than ever before.

To control inflation -- and protect the health of all Americans -- we must hold down the costs of medical care. Last year I called for legislation to reduce inflation in hospital care. This year, the Congress must act. No American should face bankruptcy, or a lifetime of debt, because a loved one is stricken with a serious illness or is injured in an accident. I call on this Congress to join with me to pass a program of national health insurance to protect every American against the costs of catastrophic injury or disease.

To control inflation, save tax dollars, and protect those most in need, we must root out every instance of waste, corruption, fraud, and abuse in the Federal government. My Administration has declared war on waste and fraud. No corner

of government is safe today for those who steal tax dollars.

To control inflation and increase productivity, we must cut the costs of government regulation, while meeting our social needs. In worker safety, we have cut thousands of senseless regulations. And we made the strongest attack in our history on occupational diseases and injuries on the job. In the years to come, we will continue to preserve our land and the Alaskan wilderness; to clean up our lakes and rivers and purify our air; and to protect all Americans against fraud and deceit in the marketplace: bad food or untested drugs. And we will continue to strip away excess government regulation, red tape, and needless forms. We will continue to unlock the potential of our most important weapon in the battle against inflation -- the energies of a free people in a free economy.

To lower prices and increase services we must open up our economy further to the competition which keeps it strong. Last year, we lowered air fares for every American, increased

profits for industry, and dismantled an entire Federal bureaucracy by allowing the airline industry to make its own decisions -- not government. This year; in this Congress, let us reduce the price of every product and piece of produce hauled by rail and truck by stripping government regulation from the surface transportation industries.

To control inflation we must control our own energy and control the prices which we pay. We are a strong nation, and a proud people. And we will not permit any other nation or oil cartel to control our economic destiny. Twenty-one months ago, I called on the Congress to pass a national energy plan. I call on the Congress this year to help me build on the progress we have made: to reduce our oil imports; to produce new domestic supplies; and to speed the day when we will hold down fuel prices by tapping the limitless energy of the sun.

And we will meet that challenge, too. From the steamboat to the moonshot; from the telegraph to the transistor,

Americans have been the leaders of invention; releasing the secrets of science to improve the lot of man. Surely we can heat our homes.

To reduce inflation and further strengthen our dollar, we must increase our exports overseas. I call on the Congress to join with me to expand our trade; to open up new markets to our goods and our farm products; to protect the jobs of Americans against unfair trade; and to strike a blow against inflation here at home and around the world by ratifying the new trade agreements we have reached.

Each of these steps will help reduce inflation. I call on the Congress to act. But no President and no Congress can halt inflation alone. Inflation will be beaten by a million selfless decisions made in every boardroom, union hall, local government, shop, and home over the coming months and years. All Americans must win the battle against inflation, or all Americans will lose it.

This is a time for all of us to think about our true strength as a people. We treasure ^{our} diversity. And we will protect and safeguard its free expression always. But we are all Americans, we are all citizens. And whenever we face great challenges -- whether in a depression or a long world war -- we sacrifice; we pull together; and we do our part to help each other, and our country, restore its greatness through difficult times. That spirit is alive throughout this country. And that is the spirit we will draw on to beat the inflation today.

We will not only restore the health of our economy, we will renew the bonds of our democracy. And we will do more. For we seek a victory -- not just in our economy or in our politics -- but a victory for human opportunity.

I know what it is like to have the opportunity to share in the blessings America offers. I was the first member of my family to go to college because I had the opportunity to attend the Naval Academy. My wife and I had the opportunity to rebuild a small family business with the help of a govern-

ment loan, stable prices, and good times. We had the chance to save; to educate our children; and to know the future was secure. And because of those blessings, I had the chance to run for public office and even seek the Presidency of the United States.

I had the chance to seek my destiny in a free society and a growing economy. Every American deserves that chance. Too many are denied it.

There are still hundreds of thousands of young people in our country who never had the opportunity to hold a decent job. They go to a street corner every day, instead of to work. They learn in our streets -- not in our schools. They learn about drugs, alcohol, and sometimes crime -- not mathematics or medicine, or poetry. Some of those kids may not know the word inflation. But inflation is robbing them of the futures they might have today. We must bring inflation under control because those kids and every American must have something to hope for.

I want to help build an economy in America so abundant, so stable, creative, and strong, that everyone of those kids, and every unemployed American, has the chance to gain the pride and personal dignity that comes from honest work; to get a quality education in the best schools we can provide; to live and raise their children in a healthy neighborhood or rural community; where the streets are safe as well as clean; and the air is fresh; and there are parks and playgrounds instead of neighborhood hangouts. I want to lead a nation in which every American can reach for his or her day in the sun. And I want America's young people to live in a world of peace. That is the dream we share. Together we will reach it.

Our defenses are strong and America is at peace everywhere in the world tonight. We are using our great power to work for peace in other nations and to work for freedom for all mankind.

In the Middle East, despite frustrations and delays, the nations of Israel and Egypt have never been farther from

war in the past 30 years or closer to a genuine peace. In Africa, Latin America, in many developing nations, we have won new friends by joining with them in the struggle for social justice and democracy. In the Pacific Basin -- too long at war -- the barriers which separated us from one-quarter of the world's people are coming down. And we are opening up new opportunities for trade, understanding, and peace.

Around the world, the dogmas of totalitarianism are on the defensive today. The power of world opinion ... and of our nation ... is on the side of human rights. We seek peace in the world because we know that only in a world at peace can free men and women live in human dignity and oppressed men and women seek their liberation. We seek war with no nation today, but a cooperative, global effort with all nations to eradicate the common enemies we face: malnutrition and poverty; ignorance and disease. We seek a world in which all people -- including our own -- have enough to eat; decent shelter; the freedom from disease and infirmities

our knowledge and talents can bring. We seek a world where every baby born is wanted and cared for; and every child can learn and explore, and fulfill the potential God gave them. And we seek a world in which all people share the freedom we cherish: where no man or woman fears a knock at the door or a torturer's hand. We seek a world in which all people are free to seek the truth and add to human understanding. We fight for human rights because we believe in human fulfillment. And we know that only by fulfilling human rights at home can we defend them around the world.

That is the world we seek, but that is not yet the world we live in. We know others do not share our ideals. We want peace, but we live in danger. And we will ensure our own security -- and the security of our allies -- at all times. For fate and our own achievements have given us a great world role to play. Many other people, and many other nations, depend on our strength for their freedom. Under my Administration, America's defenses will always be strong.

With our friends in NATO and with Japan, we have strengthened our ties. And we have strengthened our NATO forces. We have increased our troop strength; deployed more modern equipment; and speeded up the readiness of our tanks and planes.

We build weapons we hope we will never use. But America's defenses must never be in doubt. That is why, even in this period of austerity, this Congress has no higher obligation than to support my request to further strengthen our military preparedness. Yet we know that in a world of nuclear weapons, great arsenals alone cannot guarantee our security. For the Soviet Union possesses nuclear weapons as destructive as ours. And we maintain the peace through a balance of terror. They know, as we do, that neither of our nations would survive an all-out nuclear exchange. We need not speak of that often to remember it always. The tens of millions killed in the first stages of that holocaust/^{on both sides}would be envied by those few who lived.

We are a civilized people. And we have not been centuries building our civilization to see it all wiped out in an hour of madness. Since the explosion of the first atomic bomb, every American President has sought to reduce the risk of nuclear war. They have sought to control and hold back the growth of nuclear weapons. President Truman called for international control of nuclear power. President Eisenhower called for "open skies." President Kennedy signed the first Test Ban Treaty. President Johnson proposed the first strategic arms limitation talks. President Nixon negotiated the first SALT Agreement. President Ford signed the Vladivostok Accord. It set the framework for the current negotiations.

For six years, my two predecessors in this office and I have been supervising these negotiations in close collaboration with our military and intelligence analysts. We have reached agreement with the Soviet Union on every issue which affects the balance of nuclear forces between us. If the Soviet Union shows good faith, I am confident we can reach a

final agreement. The agreement we have reached to date will not end the arms race. Nor does it mean we can stop being vigilant. We have today, and we will have under SALT II, all the nuclear strength that we need.

Let me give you just one illustration. Our Poseidon submarines are perhaps the most sophisticated weapons systems in the world. There is no defense against them. Each of our 31 Poseidon submarines carries 16 separate missiles. Each of those missiles has 10 separate warheads. And each of those warheads can rain down on any city or rural target twice as much destructive force as the bomb which obliterated Hiroshima. Each is capable of delivering enough destructive power to flatten every Soviet city with a population of over _____ people. All told, our nation can deliver _____ thousand such warheads from submarines, from our missile silos, and from our massive bomber fleet in constant readiness. The effectiveness of our deterrent is beyond question, and we will continue to do whatever is needed to keep it that way. We will continue to refine and strengthen our defense capabilities.

I said in my Inaugural Address my highest goal is to rid the world of fear of nuclear warfare. SALT II will not reach that goal. But it will continue the peace process. And it will help to keep the peace.

For an uncontrolled arms race between the two super-powers -- breeding suspicion and doubt and fear is the greatest risk to peace in the nuclear age. SALT II, like the previous agreement reached in 1972, will continue to control the arms race. It will set a cap on nuclear weapons for both sides. It will preserve the strategic balance, and permit neither side to gain an advantage. It will permit our military leaders to plan our defenses with certainty and to strengthen our security. For we will know precisely which weapon systems our adversaries have. We have today, highly sophisticated and proven means to verify this agreement including highly advanced and technically accurate satellite surveillance. Under this agreement, as under the last, neither side can interfere with such inspection.

In coming years, we must prevent the spread of nuclear

weapons to other nations, large and small. SALT II will help us pursue that urgent task, along with other nations, with credibility and strength. SALT II holds out hope of turning the world's resources, and our own, back towards the means of enriching human life, not destroying it. Just one percent of the world's annual military budget today could feed and provide a healthy development for 400 million malnourished children in our world. Finally, SALT II will ensure that the peace process will go on. For it sets the guidelines for the next round of negotiations. It holds out hope for continued arms control, continued peace, and a new treaty banning all nuclear tests.

I expect to ask the Senate this year to ratify a new SALT agreement. The Senate will decide, after open debate, whether we will continue on the path of peace. I welcome the coming discussion and a chance to air the gains and security we achieve in this agreement. But that discussion should not be limited to Senate and President alone. For the issue in this debate is the issue of peace and every American has a

stake in the decision we reach. I urge all Americans to study the terms of this agreement carefully. I am confident we will take this step towards a stable peace.

We face great challenges and great opportunities in 1979. But from Valley Forge to the Remagen Bridge; from Social Security to the Voting Rights Act; each generation of Americans has met the challenges and opportunities of its time. And we will meet ours as well. We have the will; we have the maturity; and we have the national resolve.

The state of our Union is sound today in spirit and in strength because we are deeply loyal as a people to the compact we made with Providence and each other, 203 years ago. Together, united we will fulfill the promise of our country. We will build a nation so abundant, so responsible, and so free, it will fulfill the aspirations of all Americans and serve as a beacon of peace and human rights to all mankind.

Thank you.