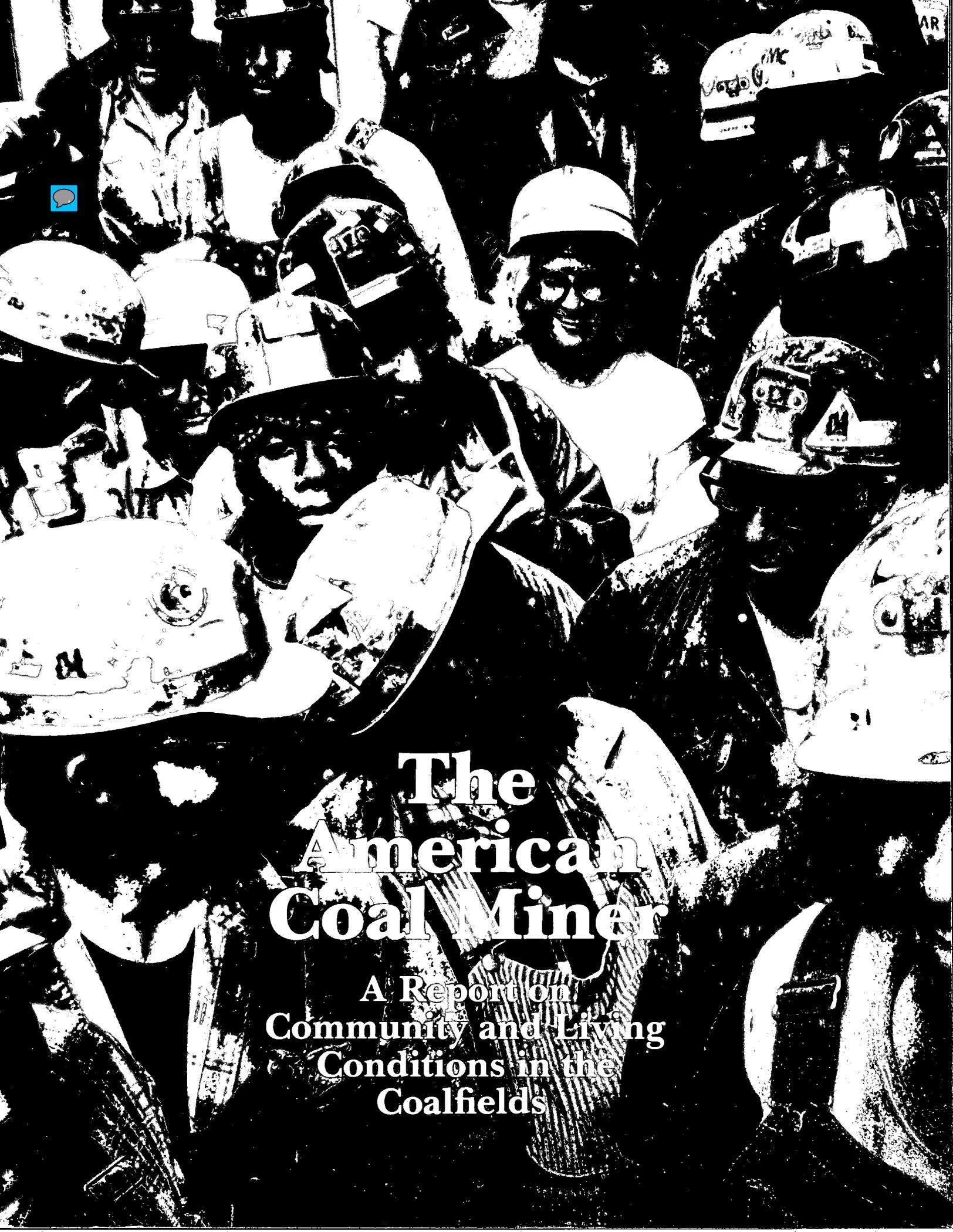


3/14/80 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 3/14/80 [2]; Container 154

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf



The American Coal Miner

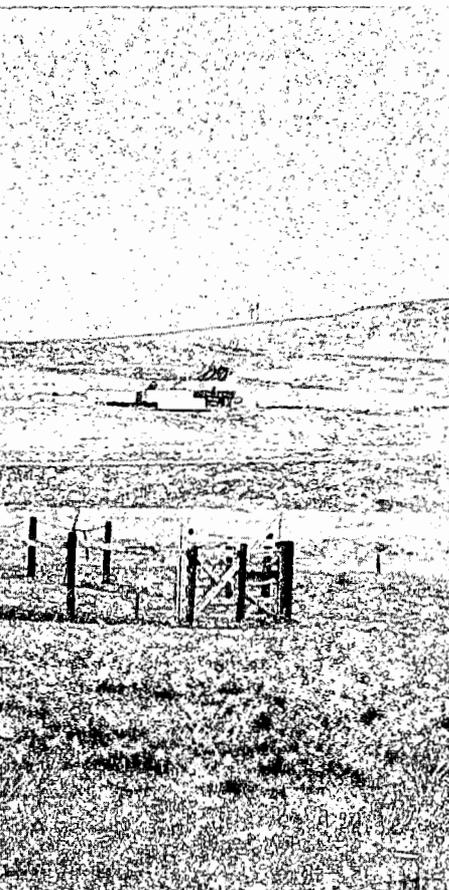
A Report on
Community and Living
Conditions in the
Coalfields

Table of Contents

Foreword

Introduction

Chapter 1	Coal Mining in America	1
Chapter 2	Housing	23
Chapter 3	Health and Safety	69
Chapter 4	Transportation	131
Chapter 5	Lifestyles	153
Chapter 6	Women in the Coal Mines	189
Chapter 7	Navajo Coal Miners	201
Appendix	The Living Conditions Survey	221
	References	227
	Staff	229



Coal and countryside blend in West Virginia (top), where cooling towers at a coal-fired electric generating plant resemble those at nuclear power plants. (Wathen) Bottom: A coal tippie looms over a ranch near Gillette, Wyo. (Murray)

NEWS CONFERENCE/OPENING STATEMENT FRIDAY, MARCH 14, 1980

LAST NIGHT > 10 DAYS CONG DEMO LDRS = PLEDGED SUPPORT
MAJOR ELEMENTS
SPEC CUTS = for Gov

1. { JUST A FEW HOURS AGO I ANNOUNCED A SERIES OF ACTIONS
2. { TO INTENSIFY AMERICA'S BATTLE AGAINST INFLATION.
3. THESE ACTIONS WILL BE PAINFUL.
4. THEY WILL NOT WORK OVERNIGHT.
5. BUT THEY ARE NECESSARY TO PRESERVE THE POWER OF THE
GREATEST ECONOMIC SYSTEM ON EARTH.

6. THERE ARE MANY REASONS FOR OUR HIGH INFLATION RATE:

← THIS YEAR - Int'l Rate
US < GB, Jap.
making other
still much too high

7. { AS INDIVIDUALS & AS A SOCIETY,
8. { WE HAVE TRIED TO BEAT INFLATION WITH BORROWED MONEY.
9. { IT IS AS IF WE HAVE ACTUALLY COME TO BELIEVE THAT
10. { A PENNY BORROWED IS A PENNY EARNED.

(=OVER=) (OUR WHOLE SOCIETY.....)

1. { OUR WHOLE SOCIETY -- BEGINNING WITH THE FEDERAL GOVERNMENT --
2. { MUST LIVE WITHIN ITS MEANS.
3. WE MUST ACT DECISIVELY, AND WE MUST ACT NOW.
4. FIRST, WE MUST EXERCISE BUDGET DISCIPLINE.
5. { I WILL SOON SET FORTH A REVISED BUDGET FOR FISCAL YEAR 1981,
6. { AND IT WILL BE A BALANCED BUDGET.
7. { TO REACH THE GOAL OF A BALANCED BUDGET,
8. { I WILL DEFER, REDUCE OR CANCEL MOST OF THE
9. { PROPOSED, NEW, OR EXPANDED PROGRAMS.
10. I WILL CUT EXPENDITURES THROUGHOUT THE GOVERNMENT.
11. { I WILL FREEZE FEDERAL EMPLOYMENT IMMEDIATELY,
12. { AND MAINTAIN RIGID CEILINGS SO THAT BY OCTOBER WE WILL HAVE
20,000 FEWER FEDERAL EMPLOYEES.

(=NEW CARD=) (THESE BUDGET CUTS ARE.....)

1. { THESE BUDGET CUTS ARE DIFFICULT -- NOT ONLY POLITICALLY, BUT BECAUSE,
2. { THERE WILL BE INCONVENIENCES & DISAPPOINTMENTS FOR MANY PEOPLE.
3. { BUT SOME SACRIFICE NOW WILL SPARE ALL AMERICANS
4. { -- AND PARTICULARLY THE MOST NEEDY --
5. { MUCH MORE SERIOUS SUFFERING FROM THE RAVAGES OF CONTINUING HIGH INFLATION.
6. WE WILL HAVE A BALANCED BUDGET STARTING IN OCTOBER.
7. TO ENSURE THIS GOAL:
8. --I WILL VETO ANY LEGISLATION THAT EXCEEDS ^{OUR} ~~THE NECESSARY~~ SPENDING LIMITS;
9. --I WILL USE MY POWERS TO HOLD DOWN BUDGET-BUSTING APPROPRIATIONS;
10. --AND IF NECESSARY I WILL ASK THE CONGRESS FOR A TEMPORARY GRANT,
11. OF EXTRAORDINARY POWERS TO ENSURE THAT SPENDING IS CONTAINED.

(=OVER=) (A BALANCED BUDGET.....)

1. A BALANCED BUDGET IS NOT A CURE-ALL.
2. BUT IT IS A NECESSARY PART OF AN OVERALL COMMITMENT.
3. { THE FEDERAL GOVERNMENT MUST ACCEPT DISCIPLINE }
4. { ON ITS OWN SPENDING & BORROWING. }
5. { SECOND, JUST AS OUR GOVERNMENTS HAVE BEEN BORROWING TO MAKE ENDS MEET,
6. { SO HAVE INDIVIDUAL AMERICANS.
7. { TARGETED CREDIT CONTROLS WILL BE IMPLEMENTED
8. { TO MODERATE THE EXPANSION OF CREDIT --
9. { WITH SPECIAL EMPHASIS TO MEET THE NEEDS OF
10. { SMALL BUSINESSES, FARMERS, AND HOMEBUYERS.

(=NEW CARD=) (THIRD, WE WILL IMPROVE.....)

1. THIRD, WE WILL IMPROVE COMPLIANCE WITH VOLUNTARY WAGE & PRICE STANDARDS.
2. MANDATORY WAGE & PRICE CONTROLS WILL NOT BE USED.
3. THEY HAVE NEVER WORKED IN PEACETIME.
4. { PRICES HAVE ALWAYS CONTINUED TO RISE, *EVEN IN AN ENORMOUS FED BUREAUCRACY*
5. { AND THE GREATEST HARM IS TO THE AVERAGE AMERICAN FAMILY --
6. { LIVING ON A FIXED INCOME WITH FROZEN WAGES
7. { WHILE THE COST OF VITAL NECESSITIES SUCH AS FOOD & FUEL
CLIMB HIGHER & HIGHER.
8. FOURTH, THE PRICE OF IMPORTED OIL HAS MORE THAN DOUBLED
IN THE LAST 12 MONTHS.
9. { LAST YEAR'S INCREASE ALONE
10. { WAS GREATER THAN ALL OTHER INCREASES SINCE OIL WAS FIRST DISCOVERED.
11. WE MUST CUT THESE IMPORTS. (=OVER=) (WE ARE AT LAST.....)

1. { WE ARE AT LAST ON THE VERGE OF ENACTING
2. { THE NATIONAL ENERGY PLAN I HAVE BEEN FIGHTING TO ACHIEVE FOR 3 YEARS.
3. { BUT WE CAN NEVER ESCAPE OUR ENERGY DEPENDENCE
4. { UNLESS WE MEET THE PROBLEM OF EXCESSIVE GASOLINE USE.
5. { THEREFORE, TO MAKE NEW REDUCTIONS IN OIL IMPORTS,
6. { I AM IMPOSING A GASOLINE CONSERVATION FEE EQUAL TO ABOUT 10¢ A GALLON.
7. THE FEE WILL NOT ADD TO THE COST OF ANY OTHER OIL PRODUCT.
8. IT WILL NOT ADD TO THE PROFITS OF THE OIL COMPANIES.
9. { IT SHOULD REDUCE IMPORTS BY 100,000 BARRELS A DAY BY THE END OF A YEAR,
10. { AND LATER BY AS MUCH AS 250,000 BARRELS A DAY.

(=NEW CARD=) (FIFTH, I WILL UNDERTAKE.....)

1. { FIFTH, I WILL UNDERTAKE LONG-TERM EFFORTS
2. { TO REVITALIZE OUR ECONOMY & INCREASE PRODUCTIVITY.
3. { WHEN WE ENSURE A BALANCED BUDGET,
4. { WE CAN EXPECT TAX REDUCTIONS TO STIMULATE SAVINGS & PRODUCTIVITY.
5. { THERE ARE NO QUICK ANSWERS TO INFLATION
6. { AND ABOVE ALL NO PAINLESS ANSWERS.
7. { IF THERE WERE ANY SUCH EASY SOLUTIONS,
8. { THEY WOULD HAVE BEEN CARRIED OUT LONG AGO.
9. THE AMERICAN PEOPLE ARE NOT ABOUT TO BE DECEIVED ON THIS ISSUE.

(=OVER=) (THE ACTIONS I HAVE OUTLINED.....)

1. THE ACTIONS I HAVE OUTLINED INVOLVE COSTS.
2. THEY INVOLVE PAIN.
3. BUT THE COST OF ACTING IS FAR LESS THAN THE COST OF NOT ACTING.
4. THESE TOUGH STEPS AGAINST INFLATION WILL NOT RESULT IN A QUICK VICTORY.
5. { I MUST TELL YOU VERY FRANKLY THAT THE RESULTS
6. { WILL NOT SHOW UP OVERNIGHT IN TERMS OF STABLE PRICES.
7. { THE HARD TRUTH IS THAT THE NEWS FOR THE NEXT FEW MONTHS
8. { WILL CONTINUE TO BE BAD -- UNTIL THIS PROGRAM HAS HAD A CHANCE TO WORK.
9. { BUT BY TAKING CONTROL OF THIS PROBLEM
10. { -- WHICH INVOLVES TAKING CONTROL OF OURSELVES --
11. { WE CAN COUNTERACT THE FEAR ABOUT THE FUTURE
12. { THAT IS FELT BY SO MANY OF OUR PEOPLE & INSTITUTIONS.

(=NEW CARD=) (LIKE A SUPERB ATHLETE.....)

1. { LIKE A SUPERB ATHLETE WHO HAS GOTTEN OUT OF SHAPE,
2. { THE AMERICAN ECONOMY HAS GREAT UNDERLYING STRENGTH & RESILIENCY.
3. { WITH DISCIPLINE & RESTRAINT
4. { -- AND WITH A WILLINGNESS TO ACCEPT ACHING MUSCLES --
5. { OUR ECONOMY CAN AGAIN PERFORM LIKE A CHAMPION.
6. { IN THE FIGHT AGAINST INFLATION,
7. { WHAT IS AT STAKE IS MORE THAN MATERIAL WEALTH OR MATERIAL COMFORT.
8. { WHAT IS AT STAKE IS WHETHER OR NOT WE AMERICANS
9. { -- AS A NATION, AS A PEOPLE --
10. { WILL CONTROL OUR OWN DESTINY.
11. I KNOW THIS NATION IS MORE THAN EQUAL TO THE CHALLENGE.

#

3/14/80
6 p.m.
A-1

Steve Egan

Opening statement

Just a few hours ago I announced a series of actions to intensify America's battle against inflation.

These actions will be painful. They will not work overnight. But they are necessary to preserve the power of the greatest economic system on earth.

There are many reasons for our high inflation rate:

As individuals and as a society, we have tried to beat inflation with borrowed money. It is as if we have actually come to believe that a penny borrowed is a penny earned. ~~Because of that cruel deception, our money has come to be worth less and less.~~

-- beginning with the federal government --
Our whole society ~~[-- the entire American family --]~~ must live within its means. [As individuals and as a Nation,

we must spend money according to what we can afford in the long run -- not according to what we can borrow in the short run.]

We must act decisively, and we must act now.

First, we must exercise budget discipline.

I will soon set forth a revised budget for fiscal year 1981 -- ^{and} ~~which begins on October 1 of this year.~~] It will be a balanced budget. ~~[I will propose cuts of some \$13 billion in the 1981 budget, and significant cuts in current spending as well.]~~

To reach the goal of a balanced budget, I will defer, reduce or cancel most of the ^{proposed} new or expanded programs, that ~~I had originally proposed in my 1981 budget.~~

I will cut expenditures ~~[for personnel, operations and maintenance]~~ throughout the government.

I will freeze Federal ~~(civilian)~~ employment immediately, and maintain rigid ceilings so that by ^{October} ~~the end of~~ 1980 we will have 20,000 fewer Federal employees.

These budget cuts are difficult ~~for me and for many~~ members of Congress -- not only politically, but because ~~many~~ ^{there will be inconveniences and} ~~of them will have to involve programs in which~~ ^{of} ~~[we] deeply~~ ^{disappointments for many Americans. But tempo} ~~believe.]~~ ^{But} ~~all of us must look beyond some of our~~ ^{Some sacrifice now will spare all Americans -- and} ~~most worthwhile immediate aims to the overriding permanent~~ ^{particularly the most needy -- much more serious} ~~needs of the Nation of which all of us are a part.~~ ^{suffering from the ravages of continuing high} ~~inflation.~~ ^{We will have.}

~~These actions will produce a balanced budget starting~~
in October. To ensure this goal:

¶ I will veto any legislation that exceeds the ^{necessary} ~~spending limits; consistent with a balanced budget.~~

¶ I will use my powers to hold down budget-busting appropriations.

necessary, I will

And if ~~during the course of the year I judge that~~
~~these actions and powers are not sufficient, I will~~
ask the Congress for a temporary grant of extraordinary
powers to ensure that spending is contained.

A balanced budget is not a cureall. But it is a
part of an overall commitment.
necessary ^{step.} ^{accept} The Federal Government must ~~prove that it can~~
discipline ^{on} its own spending and borrowing.

Second, just as our governments have been borrowing
to make ends meet, so have individual Americans.

using my Presidential authority to Targeted
I am ~~empowering~~ the Federal Reserve to impose targeted
will be implemented on credit cards and other unsecured loans
credit controls. ~~The Federal Reserve will act in other~~

ways under its own authorities to moderate the expansion of
credit - *to meet the* with special emphasis ~~on the~~ *particular needs of small businesses,*
farmers, and homebuyers.

improve compliance with
Third, we will ~~[step-up-our-actions-on]~~ voluntary wage
wage and
and price standards. ~~Mandatory wage and price controls~~
will not be used.

They
~~have never worked in peacetime. [They create economic distortions
and hurt productivity.]~~

*Prices have always continued to rise, and
Controls also create inequities -- and the greatest
The greatest harm is to American
inequity is their effect on the average family. -- As even
living on a fixed income with frozen wages while
the most ardent advocates of mandatory controls concede,
the climb
the cost of vital necessities such as food and fuel would
higher and higher.
be passed on to those living on frozen wages and fixed incomes.*

~~Voluntary wage and price standards offer the flexibility
we need to deal with our complex economy... I am sharply
expanding the price and wage monitoring capacity of the
Council on Wage and Price Stability.~~

Fourth, The price of imported oil has more than
doubled in the last 12 months. Last year's increase alone
was greater than all other increases since oil was first
discovered. *We must cut these imports.
We will spend over \$80 billion on foreign oil this year. We
must reduce our dependence.*

We are at last on the verge of enacting the national energy plan I have been fighting to achieve for three years.

But we can never ^{escape} solve our energy dependence unless we meet the problem of ^{excessive} gasoline use.

Therefore, to make new reductions in oil imports, I am [~~exercising my Presidential authority to impose~~ ^{imposing}] a gasoline conservation fee equal to about 10 cents a gallon. The fee will not add to the cost of any other oil product. It will not add to the profits of the oil companies. It should reduce imports by 100,000 barrels a day by the end of a year, and later by as much as 250,000 barrels. ^{a day.} ~~We must make ourselves~~ ^{less dependent on}

Fifth, I will undertake long term efforts to revitalize our economy and ^{increase} productivity. ^{insure a balanced budget} When we achieve the ~~spending limitations~~ ^{we can expect} I have requested, we will then ^{have earned} tax reductions to stimulate ^{sums and productivity.}

There are no quick answers to inflation and above all no painless answers. If there were any such ^{easy} solutions, they would have been carried out long ago. The American

people are not about to be deceived on this issue.

The actions I have outlined involve costs. They involve pain. But the cost of acting is far less than the cost of not acting. ~~The pain of sacrifice and discipline is far less -- for all of us together -- than the still worse pain of rising inflation.~~

These tough steps against inflation will not result in a quick victory. I must tell you very frankly that the results will not show up overnight in terms of stable ~~or~~ lower prices. The hard truth is that the news for the next few months will continue to be bad -- until this program has had a chance to work. ~~But there is one result that will be~~ immediate.


by taking control of this problem -- which involves taking control of ourselves -- we can immediately counteract the fear about the future that ~~afflicts so~~ many of our people and institutions.

Like a superb athlete who has gotten out of shape, the American economy has great underlying strength and resiliency. With ~~[the right regimen of]~~ discipline and restraint -- and with a willingness to accept aching muscles -- our economy can again perform like a champion.

In the fight against inflation, what is at stake is more than material wealth or material comfort. What is at stake is whether or not we Americans -- as a Nation, as a people -- will control our own destiny. I know this Nation is more than equal to the challenge.

#

**Electrostatic Copy Made
for Preservation Purposes**

1. PERSISTENT HIGH INFLATION THREATENS THE ECONOMIC-SECURITY-OF-OUR-COUNTRY. /
2. { SINCE MY ECONOMIC & BUDGET REPORTS IN JANUARY,
3. { RAPID CHANGES IN WORLD EVENTS & ECONOMIC PROSPECTS
4. { HAVE MADE IT NECESSARY TO INTENSIFY-OUR-ANTI-INFLATION-FIGHT. //
5. { IN THE LAST 8 WEEKS INTEREST RATES HAVE SURGED TO UNPRECEDENTD HEIGHTS
6. { AND INFLATION HAS SHARPLY INTENSIFIED. /
7. THIS IS A WORLDWIDE PROBLEM.
8. { DURING THE LAST 2 REPORTING MONTHS THE INCREASES IN THE WHOLESALE PRICE INDEX
9. { IN JAPAN, GREAT BRITAIN AND ITALY HAVE ALL EXCEEDED AN ANNUAL RATE OF 25%.
10. EVEN IN WEST GERMANY THE INFLATION RATE IN WHOLESALE PRICES WAS 13%. //
11. THE INFLATION WE FACE TODAY IS DEEPLY-ROOTED.
12. ITS MANY CAUSES HAVE BUILT UP OVER MORE THAN A DECADE.
13. THE MOST IMPORTANT OF THESE CAUSES ARE SOARING-WORLD-OIL-PRICES,
DECLINING-PRODUCTIVITY-GROWTH,
{ AND OUR FAILURE IN GOVERNMENT,
{ ++AS INDIVIDUALS, & AS A SOCIETY,++
{ TO-LIVE-WITHIN-OUR-MEANS. //

**Electrostatic Copy Made
for Preservation Purposes**

1. INFLATION IS A SYMPTOM OF ECONOMIC DISTRESS.
2. { THE TRUTH IS THAT WE HAVE INFLATION
3. { BECAUSE OUR ECONOMY IS NOT PRODUCTIVE ENOUGH
4. { TO DO ALL THE THINGS WE DEMAND OF IT. /
5. { WE WANT IT TO GIVE US HIGHER INCOMES, BIGGER PROFITS,
6. { AND BIGGER GOVERNMENT PROGRAMS IN OUR FAVORITE AREA. /
7. { THE FEDERAL GOVERNMENT MUST STOP SPENDING MONEY WE DO NOT HAVE
8. { AND BORROWING TO MAKE UP THE DIFFERENCE. //
9. { OUR WHOLE SOCIETY -- THE ENTIRE AMERICAN FAMILY --
10. { MUST TRY EVEN HARDER TO LIVE WITHIN ITS MEANS.
11. { AS INDIVIDUALS & AS A NATION, WE MUST BEGIN TO SPEND MONEY
12. { ACCORDING TO WHAT WE CAN AFFORD IN THE LONG RUN --
13. { NOT ACCORDING TO WHAT WE CAN BORROW IN THE SHORT RUN. /
14. { THERE ARE NO-QUICK-ANSWERS-TO-INFLATION
15. { AND ABOVE ALL NO PAINLESS ANSWERS.
16. { IF THERE WERE ANY SUCH SOLUTIONS,
17. { THEY WOULD HAVE BEEN IMPLEMENTED LONG AGO. //

1. WE CANNOT ABOLISH INFLATION OVERNIGHT BY JUST PASSING A LAW AGAINST IT.
2. ONLY A LONG-TERM EFFORT,
3. { WITH THE PARTNERSHIP OF BUSINESS & LABOR,
INDIVIDUAL CITIZENS,
& ALL BRANCHES & LEVELS OF GOVERNMENT,
4. { CAN SUCCEED IN BRINGING THIS PROBLEM UNDER CONTROL. /
5. THIS DANGEROUS SITUATION CALLS FOR URGENT MEASURES.
6. WE MUST ACT FIRMLY & DECISIVELY.
7. WE MUST ACT NOW.
8. { WE MUST REMOVE ANY DOUBT ABOUT THIS NATION'S WILL ✓
9. { TO TAKE THE PAINFUL STEPS NEEDED TO CONTROL INFLATION. ✓
10. WE CANNOT ACCEPT HIGH RATES OF INFLATION AS A PERMANENT FACT OF LIFE. //
11. { THE INTENSIVE ANTI-INFLATION PROGRAM I AM ANNOUNCING TODAY
12. { INVOLVES 5 MAJOR COMPONENTS:
13. FIRST, DISCIPLINE BY REDUCTION IN THE FEDERAL BUDGET.
14. SECOND, DISCIPLINE BY RESTRAINTS ON CREDIT.
15. THIRD, DISCIPLINE BY WAGE & PRICE ACTIONS.
16. FOURTH, DISCIPLINE BY GREATER CONSERVATION OF ENERGY.
17. FIFTH, STRUCTURAL CHANGES TO ENCOURAGE PRODUCTIVITY,
SAVINGS,
& RESEARCH & DEVELOPMENT. //

1. LET ME DISCUSS THEM ONE BY ONE.
2. FIRST, THE BUDGET.
3. { I WILL SOON SET FORTH A REVISED BUDGET FOR FISCAL YEAR 1981 --
4. { WHICH BEGINS ON OCTOBER 1 OF THIS YEAR.
5. IT WILL BE A BALANCED BUDGET, & ^{THE CONGRESS & I ARE DETERMINED} ~~I INTEND~~ TO KEEP IT IN BALANCE. //
6. { SINCE THE LAST BALANCED BUDGET 12 YEARS AGO
7. { WE HAVE ADDED ALMOST ONE-HALF-TRILLION-DOLLARS TO OUR NATIONAL DEBT.
8. { IN 1981 WE WILL THUS ACHIEVE AN OBJECTIVE ↗
9. { THAT HAS ALMOST ALWAYS ELUDED OUR COUNTRY
10. -- IN GOOD TIMES & BAD --
11. A BALANCED BUDGET. //
12. { BY THE END OF THIS MONTH I WILL SEND TO THE CONGRESS
13. { A MAJOR REVISION IN BOTH MY 1980 AND MY 1981 BUDGETS.
14. I WILL PROPOSE SIGNIFICANT REDUCTIONS OF BUDGET AUTHORITY
FROM THE CURRENT BUDGET,
15. IN ORDER TO CUT SPENDING THIS FISCAL YEAR & NEXT. /
16. I WILL CUT SPENDING IN THE 1981 BUDGET BY MORE THAN \$13 BILLION.
17. TO REACH THAT GOAL, I WILL:
18. --DEFER, REDUCE OR CANCEL MOST OF THE NEW OR EXPANDED PROGRAMS ↗
THAT WERE ORIGINALLY PROPOSED IN THE 1981 BUDGET. /

1. --CUT EXPENDITURES FOR PERSONNEL, OPERATIONS & MAINTENANCE
THROUGHOUT THE GOVERNMENT. /
2. --FREEZE FEDERAL CIVILIAN EMPLOYMENT IMMEDIATELY,
3. { AND MAINTAIN RIGID CEILINGS SO THAT BY THE END OF OCTOBER OF THIS YEAR,
4. { WE WILL HAVE 20,000 FEWER FEDERAL EMPLOYEES, *ON THE PAYROLL.* /
5. ^{I will} --REDUCE ONGOING-SPENDING-PROGRAMS THROUGHOUT THE FEDERAL GOVERNMENT. //
6. { I URGENTLY REQUEST FROM THE CONGRESS
7. { THE SAVINGS & REVENUE MEASURES IN THE BUDGET I SUBMITTED IN JANUARY.
8. { I WANT TO STRESS PARTICULARLY THE LEGISLATION NEEDED
9. { TO HOLD DOWN HOSPITAL COSTS, TO REFORM FEDERAL PAY,
10. { AND TO SPEED UP COLLECTIONS OF REVENUE. /
11. { WHEN BUDGET CUTS DEMAND SACRIFICES FROM MANY AMERICANS,
12. { IT IS INTOLERABLE FOR SOME TO EVADE-PROMPT-PAYMENT-OF-TAXES.
13. { I WILL SEND TO THE CONGRESS LEGISLATION TO MAKE SURE
14. { THAT TAXES THAT ARE OWED ON INTEREST & DIVIDENDS ARE ACTUALLY PAID,
15. { AND PAID IN A TIMELY MANNER. /

1. { I WILL MAINTAIN MY COMMITMENT TO A STRONG DEFENSE
2. { AND TO THE LEVEL OF REAL-GROWTH- IN-DEFENSE-SPENDING
3. { WHICH WE PLEDGED TO OUR "NATO" ALLIES. /
4. BUT THE DEFENSE DEPARTMENT WILL NOT BE IMMUNE FROM BUDGET AUSTERITY.
5. { IN PARTICULAR, I WILL REQUIRE THAT THE DEPARTMENT MAKE SAVINGS
6. { THAT DO NOT AFFECT OUR MILITARY READINESS.
7. I CONSIDER THE PROPOSED DEFENSE BUDGET ADEQUATE TO MEET OUR NATION'S NEEDS.
8. { WE MUST MAINTAIN BUDGET RESTRAINT & FISCAL RESPONSIBILITY
9. { IN ALL GOVERNMENT AGENCIES. /
10. { BASED ON OUR ESTIMATES OF ECONOMIC & BUDGETARY DEVELOPMENTS,
11. { THE ACTIONS I HAVE DESCRIBED WILL PRODUCE A BALANCED BUDGET IN 1981. //
12. IN OUR SYSTEM, CONGRESS CONTROLS THE POWER OF THE PURSE.
13. { THE RECENT INTENSE EFFORTS OF THE CONGRESSIONAL LEADERS ↗
14. { AND MY CLOSE CONSULTATION WITH THEM ↗
15. { HAVE CONVINCED ME THAT THE CONGRESS WILL INDEED ENACT AND MAINTAIN
A BALANCED BUDGET --
AS I AM RECOMMENDING. /
16. BUT TO ENSURE THAT OUTCOME I WILL USE EVERY POWER AT MY COMMAND:

1. --AS I DID LAST WEEK ON A POPULAR BILL,
2. { I WILL VETO ANY LEGISLATION THAT EXCEEDS THE SPENDING LIMITS
3. { CONSISTENT WITH A BALANCED BUDGET. /
4. { --I WILL USE MY FULL POWERS UNDER THE 1974 BUDGET REFORM ACT
5. { TO HOLD DOWN FEDERAL SPENDING,
6. { INCLUDING SOME EXPENDITURES WHICH HAVE PREVIOUSLY BEEN AUTHORIZED. /
7. { --IF DURING THE COURSE OF THE YEAR
8. { I JUDGE THAT THESE ACTIONS & POWERS ARE NOT SUFFICIENT,
9. { I WILL ASK THE CONGRESS FOR A TEMPORARY GRANT OF EXTRAORDINARY POWERS
10. { TO ENSURE THAT SPENDING IS CONTAINED. //
11. { CUTTING BACK FEDERAL SPENDING TO MATCH REVENUE IS NOT A CURE-ALL --
12. { BUT IT IS AN ESSENTIAL FIRST-STEP.
13. THE SOURCES OF INFLATION ARE FAR TOO COMPLEX TO BE TREATED
BY A SINGLE REMEDY.
14. { BUT NOTHING WILL WORK UNTIL THE FEDERAL GOVERNMENT
15. { HAS DEMONSTRATED THAT IT CAN DISCIPLINE ITS OWN SPENDING & BORROWING -- /
16. NOT JUST AS A ONE-YEAR EXERCISE,
17. BUT AS A LONG-TERM POLICY. /
18. TOGETHER WE WILL DO JUST THAT.
19. WE WILL DISPEL THE NOTION THAT DEFICITS WILL ALWAYS BE WITH US. //

1. I WANT TO BE ABSOLUTELY HONEST ABOUT THESE BUDGET CUTS.
2. WE HAVE BEEN CUTTING OUT WASTE & FRAUD, & TRIMMING THE BUREAUCRATIC FAT.
3. { BUT THIS TIME THERE WILL ALSO HAVE TO BE CUTS IN GOOD, WORTHWHILE PROGRAMS --
4. { PROGRAMS WHICH I SUPPORT VERY STRONGLY. /
5. { IN THIS CRITICAL SITUATION WE MUST ALL LOOK BEYOND SOME OF OUR ↘
6. { MOST WORTHWHILE IMMEDIATE AIMS TO THE OVERRIDING PERMANENT NEEDS ↘
7. { OF THE WHOLE NATION. /
8. OUR SECOND AREA OF ACTION IS RESTRAINING THE GROWTH OF CREDIT.
9. { JUST AS OUR GOVERNMENTS HAVE BEEN BORROWING TO MAKE ENDS MEET,
10. { SO HAVE INDIVIDUAL AMERICANS.
11. { ~~BUT~~ WHEN WE TRY TO BEAT INFLATION WITH BORROWED MONEY,
12. { WE JUST MAKE THE PROBLEM WORSE. /
13. INFLATION IS FED BY CREDIT-FINANCED SPENDING.
14. CONSUMERS HAVE GONE INTO DEBT TOO HEAVILY.
15. THE SAVINGS RATE IN OUR NATION IS NOW THE LOWEST IN MORE THAN 25 YEARS. < 3%
16. { AS INFLATIONARY EXPECTATIONS HAVE WORSENERD,
17. { BUSINESSES & OTHER BORROWERS ARE TEMPTED TO USE CREDIT ↘
18. { TO FINANCE SPECULATIVE VENTURES AS WELL AS PRODUCTIVE ACTIVITIES. /

1. { THE TRADITIONAL TOOLS USED BY THE FEDERAL RESERVE
2. { TO CONTROL MONEY & CREDIT EXPANSION ↗
3. { ARE A BASIC PART OF THE FIGHT ON INFLATION.
4. { BUT IN PRESENT CIRCUMSTANCES THOSE TOOLS NEED TO BE REINFORCED
5. { SO THAT EFFECTIVE RESTRAINT CAN BE ACHIEVED
6. { IN WAYS THAT SPREAD THE BURDEN REASONABLY & FAIRLY. /

7. { I AM THEREFORE USING MY POWER
8. { UNDER THE CREDIT-CONTROL- ACT- OF- 1969
9. { TO AUTHORIZE THE FEDERAL RESERVE ↗
10. { TO IMPOSE NEW RESTRAINTS ON THE GROWTH OF CREDIT ↗
11. { ON A LIMITED & CAREFULLY TARGETED BASIS. /
12. UNDER THIS AUTHORITY THE FEDERAL RESERVE WILL:
13. ^{1st} - ESTABLISH CONTROLS FOR CREDIT CARDS & OTHER UNSECURED LOANS,
14. BUT NOT FOR SECURED LOANS ON HOMES, AUTOMOBILES, & OTHER DURABLE GOODS. /
15. ^{2nd} - RESTRAIN CREDIT EXTENSIONS BY COMMERCIAL BANKS
16. THAT ARE NOT MEMBERS OF THE FEDERAL RESERVE SYSTEM
17. AND BY CERTAIN OTHER MONEY-MARKET LENDERS. /

1. { THE CHAIRMAN OF THE FEDERAL RESERVE
2. { WILL ANNOUNCE A VOLUNTARY PROGRAM, EFFECTIVE IMMEDIATELY,
3. { TO RESTRAIN EXCESSIVE GROWTH IN LOANS BY LARGER BANKS & OTHER LENDERS.
4. { AT THE SAME TIME,
5. { THE PROGRAM WILL ENCOURAGE THE FLOW OF AVAILABLE CREDIT SUPPLIES
6. { FOR INVESTMENT & OTHER PRODUCTIVE USES.
7. { SPECIAL ATTENTION WILL BE GIVEN TO THE PARTICULAR NEEDS
8. { OF SMALL BUSINESSES, FARMERS, & HOMEBUYERS.
9. I SUPPORT THESE INITIATIVES BY THE FEDERAL RESERVE. //
10. THESE CAREFULLY-TARGETED-ACTIONS WILL NOT DAMAGE
THE PRODUCTIVE CAPACITY OF OUR NATION.
11. { BY HELPING TO CURTAIL EXCESSIVE USES OF CREDIT & BY DAMPENING INFLATION,
12. { THEY SHOULD -- ALONG WITH THE BUDGETARY MEASURES I ANNOUNCED --
13. { SPEED PROSPECTS FOR REDUCING THE STRAINS IN FINANCIAL MARKETS. /
14. IN ADDITION, I AM TAKING STEPS TO REDUCE THE EXTENSION OF CREDIT
BY THE FEDERAL GOVERNMENT.
15. FEDERAL LOANS & LOAN GUARANTEES WILL BE CUT BY NEARLY \$4 BILLION
IN FISCAL 1981.

1. { AS A LONGER-RUN MEASURE,
2. { I URGE CONGRESS TO INSTITUTE THE CREDIT BUDGET I PROPOSED IN JANUARY.
3. { IT WILL HELP US CONTROL MORE EFFECTIVELY
4. { THE LOANS & LOAN GUARANTEES PROVIDED BY THE FEDERAL GOVERNMENT. /

5. OUR THIRD AREA OF ACTION IS THE VOLUNTARY WAGE & PRICE STANDARDS.
6. I DO NOT HAVE AUTHORITY TO IMPOSE ^{MANDATORY} CONTROLS.
7. I WILL OPPOSE SUCH AUTHORITY, *BEING APPROVED BY THE CONGRESS.*
8. WE WILL NOT IMPOSE MANDATORY WAGE & PRICE CONTROLS. //
9. GOVERNMENT WAGE & PRICE CONTROLS HAVE NEVER WORKED IN PEACETIME.
10. THEY CREATE UNFAIR ECONOMIC DISTORTIONS & HURT PRODUCTIVITY.
11. { THESE RESULTS ALWAYS FORCE PRICE CONTROLS FIRST TO BE EASED ✓
12. { AND THEN DISMANTLED -- WHILE INFLATION ROARS AHEAD.

13. CONTROLS CREATE INEQUITIES --
14. AND THE GREATEST INEQUITY IS THEIR EFFECT ON THE AVERAGE FAMILY. /
15. { AS EVEN THE MOST ARDENT ADVOCATES OF MANDATORY CONTROLS CONCEDE,
16. { THE COST OF VITAL NECESSITIES SUCH AS FOOD & FUEL WOULD BE PASSED ON
17. { TO THOSE LIVING ON FROZEN WAGES & FIXED INCOMES. /

18. WE ^{SIMPLY} CANNOT OUTLAW INFLATION WITH A MASSIVE-FEDERAL-BUREAUCRACY,
19. OR WISH IT AWAY WITH MAGIC FORMULAS. //

1. { ON THE OTHER HAND, VOLUNTARY WAGE & PRICE STANDARDS
2. { OFFER THE FLEXIBILITY WE NEED TO DEAL WITH OUR COMPLEX ECONOMY.
3. { THE COUNCIL ON WAGE & PRICE STABILITY HAS JUST ISSUED REVISED PAY STANDARDS
4. { AND CONFIRMED AN EXTENSION OF THE PRICE STANDARDS. /
5. { THE NEW PAY STANDARDS WERE DEVELOPED FROM THE RECOMMENDATION
6. { OF A TRI-PARTITE ADVISORY COMMITTEE,
7. { WITH MEMBERS FROM BUSINESS, LABOR & THE PUBLIC.
8. { THE COMMITTEE UNANIMOUSLY RECOMMENDED STANDARDS FOR PAY INCREASES
9. { IN THE RANGE OF 7½ PERCENT TO 9½ PERCENT,
10. { AND STATED THAT UNDER NORMAL CIRCUMSTANCES INCREASES SHOULD AVERAGE 8½ PERCENT.
11. { I AM DETERMINED TO MEET THAT GOAL. //
12. IN THE FACE OF LAST YEAR'S 13 PERCENT INCREASE IN THE CONSUMER PRICE INDEX,
13. AND THE EVEN HIGHER RATE OF RECENT MONTHS,
14. THIS UNANIMOUS RECOMMENDATION OF THE PAY ADVISORY COMMITTEE --
15. DESIGNED TO PRODUCE AN AVERAGE WAGE & SALARY INCREASE OF 8½ PERCENT --
16. { REFLECTS A COMMENDABLE SPIRIT OF RESTRAINT & COOPERATION.
17. { WITH BUSINESS, LABOR & PUBLIC SUPPORT,
18. WE CAN MEET THIS GOAL OF RESTRAINT. //

1. I AM SHARPLY EXPANDING THE PRICE & WAGE MONITORING ACTIVITIES
2. OF THE COUNCIL ON WAGE & PRICE STABILITY.
3. ITS CURRENT STAFF OF 80 PEOPLE WILL BE MORE THAN TRIPLED.
4. THE COUNCIL WILL ESTABLISH TEAMS OF EXPERTS
5. TO TRACK WAGE & PRICE DEVELOPMENTS IN EACH MAJOR INDUSTRY.
6. THE COUNCIL WILL MEET WITH LEADERS FROM SPECIFIC INDUSTRIES
TO SECURE THEIR COOPERATION.
7. WHERE NECESSARY, WE WILL ASK LARGE FIRMS
8. FOR PRE-NOTIFICATION OF SIGNIFICANT PRICE INCREASES.
9. WE WILL INVESTIGATE WAGE & PRICE INCREASES
10. THAT SEEM OUT OF LINE WITH THE STANDARDS.
11. I MEAN TO APPLY THOSE STANDARDS WITH VIGOR & TOUGHNESS
12. TO BOTH BUSINESS & LABOR. ✕
13. OUR FOURTH AREA OF ACTION IS ENERGY.
14. THE PLAIN TRUTH IS THAT WE WILL NEVER BE
15. COMPLETELY STRONG AT HOME
16. OR SECURE ABROAD
17. UNTIL WE HAVE AT LAST SOLVED OUR NATION'S EXCESSIVE DEPENDENCE ON FOREIGN OIL. /
\$90 BIL
18. THE PRICE OF IMPORTED OIL
19. HAS MORE THAN DOUBLED IN THE LAST 12 MONTHS.
20. LAST YEAR'S INCREASE ALONE WAS GREATER THAN ALL OTHER INCREASES COMBINED
21. SINCE THE OIL EMBARGO OF 1973.

OIL IS DISCOVERED

1. WE MUST FORGE AHEAD TOWARD THE GOAL I SET LAST JULY -->
2. CUTTING IN HALF THE AMOUNT OF OIL WE IMPORT BY 1990. /
3. TO DO THIS WILL REQUIRE INCREASED PRODUCTION >
4. OF DOMESTIC OIL, NATURAL GAS & COAL --
5. UNRELENTING EFFORTS FOR CONSERVATION --
6. AND THE RAPID DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES. /
7. { FOR 3 YEARS I HAVE FOUGHT FOR A NATIONAL-ENERGY-POLICY
8. { TO ACHIEVE EACH OF THESE GOALS.
9. TODAY, AT LONG LAST, WE ARE CLOSE TO ENACTING SUCH A POLICY INTO LAW.
10. WE MUST NOT FALTER NOW. /
11. { I AM ASKING THE CONGRESS TO FINISH WITHOUT DELAY
12. { THE 3 ESSENTIAL PIECES OF THE ENERGY PROGRAM --
13. THE WINDFALL PROFITS TAX, THE ENERGY SECURITY CORPORATION,
AND THE ENERGY MOBILIZATION BOARD. /
14. { THESE BILLS ARE CORNERSTONES FOR OUR ENERGY SECURITY,
15. { OUR NATIONAL SECURITY, AND OUR FIGHT AGAINST INFLATION. //
16. I HAVE RECENTLY SUBMITTED A PROPOSAL TO CONGRESS TO CONSERVE ENERGY
IN ELECTRIC POWER PLANTS,
17. AND TO CONVERT THEM FROM OIL TO COAL.
18. THIS LEGISLATION MUST BE PASSED PROMPTLY. /

1. { BUT WE CAN NEVER SOLVE OUR ENERGY DEPENDENCE ↗
2. { UNLESS WE MEET THE PROBLEM OF EXTRAVAGANT GASOLINE USE.
3. GASOLINE IS THE MOST IMPORTANT & MOST WASTED PETROLEUM PRODUCT
IN THE UNITED STATES.
4. IT ACCOUNTS FOR SOME 40 PERCENT OF ALL THE PETROLEUM WE USE.
5. { IN ALMOST EVERY OTHER-INDUSTRIAL-COUNTRY,
6. { THE AVERAGE AMOUNT OF GASOLINE USED BY EACH CITIZEN
7. { IS MUCH LOWER THAN OURS,
8. { AND THE AVERAGE PRICE IS MUCH HIGHER. /
9. AMERICANS HAVE DONE WELL IN THE PAST YEAR IN GASOLINE CONSERVATION.
10. { BUT IF WE ARE GOING TO REDUCE FURTHER OUR DEPENDENCE ON FOREIGN OIL,
11. { WE MUST DO MORE. /
12. { THEREFORE, I AM EXERCISING MY PRESIDENTIAL AUTHORITY
13. { TO IMPOSE A GASOLINE CONSERVATION FEE ON IMPORTED OIL.
14. { THIS WILL BE APPLIED SOLEY TO GASOLINE
15. { IN AN AMOUNT EQUAL TO ABOUT 10 CENTS A GALLON. /
16. THE FEE WILL NOT ADD TO THE COST OF ANY OTHER OIL PRODUCT.
17. IT WILL NOT ADD TO OIL COMPANY PROFITS.
18. { IT SHOULD REDUCE IMPORTS BY 100,000 BARRELS A DAY BY THE END OF A YEAR,
19. { AND LATER BY AS MUCH AS 250,000 BARRELS PER DAY. //

1. { I WILL SUBMIT TO CONGRESS A REQUEST FOR A SPECIFIC GASOLINE TAX
2. { WHICH WILL REPLACE THE CONSERVATION FEE. /
3. { THE FUNDS FROM THE GASOLINE CONSERVATION CHARGE WILL BE HELD IN RESERVE
4. { OR USED TO REDUCE THE NATIONAL DEBT.
5. I DO NOT INTEND TO USE THESE REVENUES TO BALANCE THE BUDGET
6. OR AS A SUBSTITUTE FOR NECESSARY SPENDING CUTS.
7. BUT THESE REVENUES, WHICH WILL BEGIN ACCRUING IMMEDIATELY,
8. WILL GIVE THE BUDGET A MARGIN OF SAFETY --
9. ENSURING THAT IT REMAINS IN BALANCE
10. EVEN IF CONDITIONS OR ESTIMATES CHANGE. /
11. { WE CAN NOW SET NEW STATE TARGETS FOR GASOLINE CONSUMPTION
12. { WHICH WILL ^{TOTAL} REDUCE CONSUMPTION BY 400,000 BARRELS PER DAY. /
 { ^{WITHIN A YEAR}
13. { THIS ACTION ALSO UNDERSCORES A COMMITMENT TO GREATER CONSERVATION ✓
14. { THAT OUR FRIENDS ABROAD -- BOTH PRODUCING & CONSUMING NATIONS --
15. { CAN JOIN & SUPPORT. //
16. { FINALLY, THE SECRETARY OF ENERGY IS PURSUING
17. { AN INTENSIFIED NATIONAL ENERGY CONSERVATION PLAN.
18. OUR AIM IS TO INVOLVE EVERY LEVEL OF GOVERNMENT, BUSINESS, LABOR --
19. IN FACT, EVERY SINGLE CITIZEN --
20. IN CONSERVING AMERICAN ENERGY. //

1. OUR 5TH AREA OF ACTION INVOLVES LONG-TERM STRUCTURAL CHANGES
2. TO ENCOURAGE PRODUCTIVITY, SAVINGS, & RESEARCH & DEVELOPMENT.
3. { WE MUST FACE THE FACT THAT OVER THE LAST 10 YEARS
4. { THE PACE OF PRODUCTIVITY GROWTH IN OUR COUNTRY SLOWED SHARPLY.
5. LAST YEAR IT ACTUALLY DECLINED.
6. THIS TREND IS AN IMPORTANT LONG-TERM FACTOR IN INFLATION.
7. IT MUST BE REVERSED. /
8. { I AM ASKING MY PRESIDENTIAL COMMISSION ON AN AGENDA FOR THE 1980s
9. { AS PART OF THEIR WORK
10. { TO DEVELOP SPECIFIC RECOMMENDATIONS FOR REVITALIZING OUR ECONOMY. /
11. OUR PRIORITY NOW IS TO BALANCE THE BUDGET.
12. BUT ONCE THESE SPENDING LIMITATIONS HAVE ACTUALLY BEEN ACHIEVED,
13. WE CAN THEN PROVIDE TAX RELIEF TO ENCOURAGE INVESTMENT.
14. { THROUGH FISCAL DISCIPLINE TODAY,
15. { WE CAN FREE UP RESOURCES TOMORROW *THRU TAX REDUCTIONS*
16. { FOR THE PRODUCTIVITY IMPROVING ~~TAX REDUCTIONS~~ OUR NATION NEEDS. //

1. THIS DISCIPLINE WILL NOT BE EASY.
2. OUR NEW BUDGETS WILL BE VERY TIGHT. /
3. THERE ARE SOME THINGS WE CANNOT AFFORD -- AT LEAST NOT NOW.
4. { BUT THE MOST IMPORTANT THING WE CANNOT AFFORD
5. { IS THE NATIONAL DELUSION WE HAVE BEEN HARBORING ABOUT INFLATION.
6. { WE CANNOT AFFORD THE FAIRY TALE
7. { THAT INFLATION CAN BE PASSED ON TO THE NEXT PERSON --
8. { OR TO THE NEXT GENERATION. /

9. THE ACTIONS I HAVE OUTLINED INVOLVE COSTS.
10. THEY INVOLVE PAIN.
11. { BUT THE COST OF ACTING IS FAR LESS
12. { THAN THE COST OF NOT ACTING. /
13. THE TEMPORARY PAIN OF SACRIFICE & DISCIPLINE IS FAR LESS --
14. FOR ALL OF US TOGETHER --
15. THAN THE STILL WORSE PERMANENT PAIN OF RISING INFLATION.
16. { FOR ALL OF US, BUT ESPECIALLY FOR THE MOST NEEDY,
17. { INFLATION IS INDEED THE MOST CRUEL TAX OF ALL. //

1. ^{WHEN} { ~~IF~~ WE TAKE THESE NECESSARY STEPS AGAINST INFLATION,
2. { IT WILL NOT RESULT IN A QUICK VICTORY.
3. OVER THE NEXT SEVERAL MONTHS, INFLATION IS LIKELY TO CONTINUE AT A HIGH LEVEL.
4. WE MUST BE PATIENT & PERSISTENT. /
5. ^{BUT} { I AM CONFIDENT THAT WITH THE STEPS I AM PROPOSING TODAY,
6. { THE INFLATION RATE WILL BE DECLINING LATER THIS YEAR.
7. { AS THAT HAPPENS, WE MAY LOOK FORWARD
8. { TO CALMER FINANCIAL MARKETS & LOWER INTEREST RATES. /
9. BY TAKING CONTROL OF THIS PROBLEM --
10. WHICH INVOLVES TAKING CONTROL OF OURSELVES --
11. WE CAN PUT AN END TO THE FEAR ABOUT THE FUTURE
12. THAT AFFLICTS SO MANY OF OUR PEOPLE & INSTITUTIONS. /
13. IN THE FIGHT AGAINST INFLATION,
14. WHAT IS AT STAKE IS MORE THAN MATERIAL WEALTH OR MATERIAL COMFORT.
15. WHAT IS AT STAKE IS WHETHER OR NOT WE AMERICANS --
16. AS A NATION, AS A PEOPLE --
17. WILL CONTROL OUR OWN DESTINY.

Inflation Announcement

Persistent high inflation threatens the economic security of our country.

Since my economic and budget reports in January, rapid changes in world events and economic prospects have made it necessary to intensify our anti-inflation fight.



This is a worldwide problem. During the last two reporting months, the increases in the wholesale price index in Japan, Great Britain and Italy have all exceeded ^{an annual rate of} 25 percent. Even in West Germany the ~~wholesale~~ ^{in wholesale prices} inflation rate was 13 percent.

The inflation we face today is deeply rooted. Its many causes have built up over more than a decade. The most important of these causes are soaring world oil prices, declining productivity growth, and our failure in government, ^{as} as individuals, and as a society ^{to} to live within our means.

PI
↑
[In the last eight weeks, interest rates have surged to unprecedented heights and inflation has sharply intensified.

Inflation is a symptom of economic distress. The truth is that we have inflation because our economy is not productive enough to do all the things we demand of it. We want it to give us higher incomes, bigger profits and bigger government programs in our favorite area.

The federal government must stop spending money we do not have and borrowing to make up the difference.

Our whole society -- the entire American family -- must try even harder to live within its means. As individuals and as a nation, we must begin to spend money according to what we can afford in the long run -- not according to what we can borrow in the short run.

There are no quick answers to inflation and above all no painless answers. If there were any such solutions, they would have been implemented long ago. We cannot abolish inflation over[^]night by just passing a law against it. Only a long-term effort -- with the partnership of business and labor, individual citizens, and all branches and levels of government -- can succeed in bringing this problem under control.

This dangerous situation calls for urgent measures.

We must act firmly and decisively. We must act now. We must remove any doubt about this nation's will to take the painful steps needed to control inflation. We cannot accept high rates of inflation as a permanent fact of life.

The intensive anti-inflation program I am announcing today involves five major components:

- First, discipline by reduction in the federal budget.
- Second, discipline by restraints on credit.
- Third, discipline by wage and price actions.

-- Fourth, discipline by greater conservation of energy.

-- Fifth, structural changes to encourage productivity, savings, and research and development.

Let me discuss them one by one.

First, the budget.

I will soon set forth a revised budget for fiscal year 1981 -- which begins on October 1 of this year. It will be a balanced budget, and I intend to keep it in balance.

Since the last balanced budget 12 years ago we have *added almost one-half trillion dollars* added ~~\$ billion~~ to our national debt.

In 1981 we will thus achieve an objective that has almost always eluded our country -- in good times and bad -- a balanced budget.

By the end of this month, I will send to the Congress a major revision in both my 1980 and my 1981 budgets.

I will propose (some ~~\$___ billion in~~) ^{significant} (substantial)

reductions of budget authority from the current budget, in order to cut spending this fiscal year and next.

I will cut spending in ~~the~~ the 1981 budget by more.

I will propose cuts of some (\$25) billion in budget authority in the 1981 budget.

Together, these proposals will produce more than \$___ billion in spending reductions in fiscal 1981 and further reductions in subsequent years. To reach that goal, I will:

than \$13 billion.

-- Defer, reduce or cancel most of the new or expanded programs that were originally proposed in the 1981 budget.

-- Cut expenditures for personnel, operations and maintenance throughout the government.

-- Freeze federal civilian employment immediately, and maintain rigid ceilings so that by the end of October of this year we will have 20,000 fewer federal employees.

-- Reduce ongoing spending programs throughout the federal government.

I urgently request from the Congress the savings and revenue measures in the budget I submitted in January.

I want to stress particularly the legislation needed to hold down hospital costs, to reform federal pay, and to speed up collections of revenue.

When budget cuts demand sacrifices from many Americans, it is intolerable for some to evade prompt payment of taxes.

I will send to the Congress legislation to make sure that taxes that are owed on interest and dividends are actually paid, and paid *in a timely manner.* ~~on-time.~~

I will maintain my commitment to a strong defense and to the level of real growth in defense spending which we pledged to our NATO allies. But the Defense Department will not

be immune from budget austerity. In particular, I will require that the Department make savings that do not affect our military readiness. I consider the proposed defense budget adequate to meet our nation's needs. We must maintain budget restraint and fiscal responsibility *in all Government agencies.* ~~under all circumstances.~~

Based on our ~~latest~~ estimates of economic and budgetary developments, the actions I have described will produce a balanced budget in 1981.

In our system, Congress controls the power of the purse. The recent intense efforts of the Congressional leaders and my close consultation with them have convinced me that the Congress will indeed enact and maintain a balanced budget, as I am recommending. But to ensure that outcome I will use every power at my command:

-- As I did last week on a popular bill, I will veto any legislation that exceeds the spending limits consistent with a balanced budget.

-- I will use my full powers under the 1974 Budget Reform Act to hold down federal spending, including some expenditures which have previously been authorized.

-- If during the course of the year I judge that these actions and powers are not sufficient, I will ask the Congress for a temporary grant of extraordinary powers to ensure that spending is contained.

Cutting back federal spending to match revenue is not a cure-all -- but it is an essential first step. The sources of inflation are far too complex to be treated by a single remedy. But nothing will work until the federal government has demonstrated that it can discipline its own spending and

borrowing -- not just as a one-year exercise, but as a long-term policy. Together, we will do just that. We will dispel the notion that deficits will always be with us.

I want to be absolutely honest about these budget cuts. We have been cutting out waste and fraud and trimming the bureaucratic fat. But this time, there will also have to be cuts in good, worthwhile programs -- programs which I support very strongly.

In this critical situation we must all look beyond some of our most worthwhile, ^{immediate} aims to the overriding, ^{permanent} needs of the whole nation.

Our second area of action is restraining the growth of credit.

Just as our governments have been borrowing to make ends meet, so have individual Americans. But when we try to beat inflation with borrowed money, we just make the problem worse.

Inflation is fed by credit-financed spending. Consumers have gone into debt too heavily. The savings rate in our nation is ^{now} the lowest in more than 25 years. As inflationary expectations have worsened, businesses and other borrowers are tempted to use credit to finance speculative ventures as well as productive activities.

The traditional tools used by the Federal Reserve to control money and credit expansion are a basic part of the fight on inflation. But in present circumstances, those tools need to be reinforced so that effective restraint can be achieved in ways that spread the burden reasonably and fairly.

I am therefore using my power/under the Credit Control Act of 1969 to authorize the Federal Reserve/to impose new restraints on the growth of credit/on a limited and carefully targeted basis./ Under this authority The Federal Reserve will: /

Establish

-- ~~Controls will be authorized~~ for credit cards and other unsecured loans/ but not for secured loans on homes, / automobiles, and other durable goods.

-- ~~Controls will be authorized to~~ ^Rrestrain credit extensions by commercial banks/ that are not members of the Federal Reserve System/ and by certain other money-market lenders. / ⁹ ₅ ¹⁰

The Chairman of the Federal Reserve, will announce a voluntary program, / effective immediately, / to restrain excessive growth in loans by larger banks and other lenders. / At the same time, / the program will encourage the flow of available credit supplies / for investment and other productive uses. /

Special attention will be given to the particular needs of small businesses, farmers, and homebuyers. I support these initiatives by the Federal Reserve.

These carefully targeted actions will not damage the productive capacity of our nation. By helping to curtail excessive uses of credit and ^{by} dampening inflation, they should -- along with the budgetary measures I announced -- speed prospects for reducing the strains in financial markets.

In addition, I am taking steps to reduce the extension of credit by the federal government. Federal loans and loan guarantees will be cut by some ^{nearly \$4 billion} ~~(\$4 billion)~~ in fiscal 1981. 12
5 11

As a longer-run measure, I urge Congress to institute the credit budget I proposed in January. It will help us control more effectively the loans and loan guarantees provided by the federal government.

Our third area of action is the voluntary wage and price standards.

I do not have authority to impose controls. ^{will oppose} I do ~~not~~
~~seek that~~ ^{such} authority. ~~I will oppose any attempt to provide~~
~~it.~~ We will not impose mandatory wage and price controls.

Government wage and price controls have never worked in peacetime.

They create unfair economic distortions and hurt productivity.

These results always force price controls first to be eased

and then dismantled -- while inflation roars ahead.

Controls create inequities -- and the greatest inequity
is their effect on the average family. / As even the most ardent

advocates of mandatory controls concede, the cost of vital necessities such as food and fuel would be passed on to those living on frozen wages and fixed incomes.

11/5/12

~~Imposing controls is like taking a painkiller to treat a serious injury. It temporarily masks the symptoms, lulling us into ignoring the root causes of the condition. We cannot outlaw inflation with a massive federal bureaucracy, or wish it away with magic formulas.~~

On the other hand, voluntary wage and price standards offer the flexibility we need to deal with our complex economy.

The Council on Wage and Price Stability has just issued revised pay standards and confirmed an extension of the price standards.

The new pay standards were developed from the recommendation of a Tri-Partite Advisory Committee, with members from business, labor and the public. The Committee unanimously

recommended standards for pay increases in the range of 7½ to 9½ percent, and stated that under normal circumstances increases should average 8½ percent. I am determined to meet that goal.

In the face of last year's 13 percent increase in the consumer price index, ^{the} and ^{of recent months,} this year's even higher rate, this unanimous recommendation of the Pay Advisory Committee -- designed to produce an average wage and salary increase of 8½ percent -- reflects a commendable spirit of restraint and cooperation. With business, labor and public support, we can meet this goal of restraint.

1178
13

I am sharply expanding the price and wage monitoring activities of the Council on Wage and Price Stability. Its current staff of 80 people will be more than tripled. The Council will establish teams of experts to track wage and price developments in each major industry. The Council will

meet with leaders from specific industries to secure their cooperation. Where necessary, we will ask large firms for pre-notification of significant price increases. We will investigate wage and price increases that seem out of line with the standards. I mean to apply those standards with vigor and ^{ten}oughness to both business and labor.

Our fourth area of action is energy.

The plain truth is that we will never be completely strong at home or secure abroad until we have at last solved our nation's excessive dependence on foreign oil.

The price of imported oil has more than doubled in the last 12 months. Last year's increase alone was greater than all other increases combined since ~~the~~ ^{the} oil embargo of 1973. ~~was first~~

13
14

We must forge ahead toward the goal I set last July -- cutting in half the amount of oil we import by 1990. To do this will require increased production of domestic oil, natural gas and coal -- unrelenting efforts for conservation -- and the rapid development of alternative energy sources.

For three years I have fought for a national energy policy to achieve each of these goals. Today, at long last, we are close to enacting such a policy into law. We must not falter now.

I am asking the Congress to finish without delay the three essential pieces of the energy program -- the Windfall Profits Tax, the Energy Security Corporation, and the Energy Mobilization Board. These bills are cornerstones for our energy security, our national security, -- and our fight against inflation.

I have recently submitted a proposal to Congress
to conserve energy in electric power plants and to convert them
to convert electric power plants from oil to coal, and other
fuels. This legislation too must be passed promptly. 14/5/15

But we can never solve our energy dependence unless we
meet the problem of extravagant gasoline use.

Gasoline is the most important and most wasted petroleum
product in the United States. It accounts for some 40 percent
of all the petroleum we use. In almost every other industrial
country, the average amount of gasoline used by each citizen is
much lower than ours, and the average price is much higher.

Americans have done well in the past year in gasoline conservation.

But if we are going to reduce further our dependence on
foreign oil, we must do ~~(more)~~, ~~(better)~~.

Therefore, I am exercising my Presidential authority
to impose a gasoline conservation fee on imported oil, ~~of~~

~~\$4.62-a-barrel~~ This will be applied solely to gasoline in an

amount equal to about 10 cents a gallon. The fee will not add to the cost of any other oil product. It will not add to oil company profits. It should reduce imports by 100,000 barrels a day by the end of a year, and later by as much as 250,000 barrels per day.

I will submit to Congress a request for a specific gasoline tax which will replace the conservation fee.

The funds from the gasoline conservation charge will be held in reserve or used to reduce the national debt. I do not intend to use these revenues to balance the budget or as a substitute for necessary spending cuts. But these revenues, which will begin accruing immediately, will give the budget a margin of safety -- ensuring that it remains in balance even if conditions ^{or} ~~are~~ estimates change.

We can now set new, ^{state} targets for gasoline consumption nationwide which will reduce consumption by 400,000 barrels per day.

This action also underscores a commitment to greater conservation ^{that} ~~than~~ our friends abroad -- both producing and consuming nations -- can join and support.

Finally, the Secretary of Energy is pursuing an intensified national energy conservation plan. Our aim is to involve every level of government, business, labor -- in fact, every single citizen -- in conserving American energy.

16
17

Our fifth area of action involves long-term structural changes to encourage productivity, savings, and research and development.

THE WHITE HOUSE
WASHINGTON

Patti' said
you left in
very much

803

In the area of reforming government regulations, ^{which} that
interferes with these goals, we have already begun to make
progress. Since taking office, I have worked to root out
unnecessary government regulations and to make cost-effective
those which are necessary. I urge the Congress to pass the
Regulatory Reform Act, which will strengthen our efforts.

As much as possible, we need to let the ^{private} free enterprise
system be free to compete. We have succeeded in deregulating
airlines. I urge the Congress to speed passage of comprehensive
bills to cut regulation of banking, trucking, railroads and
communications.

We must also encourage savings. The single most
important way we can do that is to phase out the ceilings that
limit the return most small savers can earn. A financial
institutions reform bill, ^{which makes this change} has just been approved by a
House-Senate Conference Committee, ~~which accomplishes this~~ goal.
I urge its quick passage.

We must face the fact that over the last 10 years, the pace of productivity growth in our country slowed sharply. Last year it actually declined.

This trend is an important long-term factor in inflation. It must be reversed.

I am asking my Presidential Commission on an Agenda for the 1980s as part of their work to develop specific recommendations for revitalizing our economy.

Our ^{\$} ~~top~~ priority now is to balance the budget. But once *there has been spending limitations here* ~~these spending limitations~~ have actually been achieved, we can then provide tax relief to encourage investment. Through fiscal discipline today, we can free up resources tomorrow for the productivity improving tax reductions our nation needs.

This discipline will not be easy. Our new budgets will be very tight. There are some things we cannot afford -- at least not now. But the most important thing we cannot afford

is the national delusion we have been harboring about inflation. / We cannot afford the fairy tale / that inflation can be passed on to the next person -- / or to the next generation. /

The actions I have outlined involve costs. / They involve pain. / But the cost of acting is far less / than the cost of not acting. / The temporary pain of sacrifice and discipline is far less -- / for all of us together -- / than the still worse permanent pain of rising inflation. / For all of us, but especially for the most needy, / inflation is indeed the most cruel tax of all. 183 19

If we take these necessary steps against inflation, / it will not result in a quick victory. / Over the next several months, inflation is likely to continue at a high level. / We must be patient and persistent. /

I am confident that with the steps I am proposing today, ^{the rate be declining} inflation will ~~come down~~ substantially later this year. As that happens, we ^{may} ~~can~~ look forward to calmer financial markets and lower interest rates.

By taking control of this problem -- which involves taking control of ourselves -- we can put an end to the fear about the future that afflicts so many of our people and institutions.

In the fight against inflation, what is at stake is more than material wealth or material comfort. What is at stake is whether or not we Americans -- as a nation, as a people -- will control our own destiny. 119520

In crises abroad, we have always shown our ability to respond with steadfastness and courage. We must now show the same determination in meeting the challenge of inflation.

With inflation, as with defense and energy, our
responsibility is clear:

- to face the world as it is, and to be honest
about the hard decisions that are necessary;
- to make those decisions and to ^{carry them out} ~~stick to them~~; and
- to build together a strong and secure and hopeful
future for every American.

With proper discipline we will prevail in our
fight against inflation.

#