

The original documents are located in Box 27, folder “State of the Union - 1976: Speech Drafts (2)” of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Ron Nessen donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

1/17/76

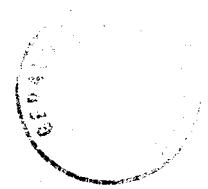
Draft State of the Union Address

Mr. Speaker, Mr. Vice President, Members of the 94th
Congress and distinguished guests;

As we begin our Bicentennial, America is still a
young Nation. Long before our forefathers came to these shores, men
and women had been struggling on this planet to forge a better
life for themselves and their families.

In the long and demanding struggle of man -- in the nearly
2000 years of the Christian calendar, in the nearly 6000 years of
Jewish reckoning -- there have been many deep, terrifying valleys,
but also many bright and towering peaks.

One peak stands high in the ranges of history. One example
shines forth of a people seeking to produce abundance and to
share the good life fairly and justly. One union holds out the



promise of freedom and opportunity for every citizen.

That union is the United States of America.

We have not remade paradise on earth. We know perfection will not be found here. But in 1976, as we begin a new journey -- a journey into our third century as a Nation -- let us be proud of how far we have come. And let us resolve that 100 years from now, our great grandchildren can look back and say that they, too, are proud of America and proud to be Americans.

All of us are trustees of the future. If we are to be faithful to the trust, I think it is clear tonight that we cannot be complacent. Great work lies ahead of us, and we must get on with the job.

One year ago, I came before this Congress and was compelled to report that the State of the Union was "not good".

Tonight I can report that the State of the Union is better --

in many ways, much better -- but still not good enough.

As you recall, the year 1975 opened with rancor and bitterness still burning deeply in the nation's soul. Political misdeeds of the past had neither been forgotten nor forgiven.

The longest, most divisive war in our history was winding toward an unhappy conclusion. Many feared that the end of that foreign war could mean the beginning of a domestic war of recrimination and reprisal.

Friends and adversaries abroad were asking whether America had lost its nerve.

Finally, our economy was ravaged by inflation -- inflation that was plunging us into the worst recession in 40 years.

Ours was a troubled land.

And so 1975 was a year of hard decisions and difficult

compromises. It brought back a needed measure of common sense, steadfastness and self-discipline. Americans did not panic or demand instant but useless cures. In all sectors -- in labor, in business, and in government -- people met their difficult problems with restraint and responsibility worthy of their great heritage. The American people deserve great credit for the way they bore up under adversity.

Our progress in 1975 was encouraging:

-- The rate of inflation was cut nearly in half;

-- The deterioration in the economy was reversed, and two-thirds of the jobs lost in the recession have now been restored.

-- America has reassured both friend and foe that we remain the strongest force for peace anywhere on earth.

-- And we have begun to restore public confidence and trust in our highest public offices.

Yet let us be honest: many Americans have not yet felt these changes in their daily lives. They still see prices going up too fast, and they still know the fear of unemployment. Our will is being tested both here and abroad. And millions of men and women still feel frustrated -- frustrated that they cannot seem to get ahead, frustrated that they do not seem to be masters of their own destiny.

Before prescribing what medicine we must take to cure our troubles, I think it is essential that we all have a clear understanding of what's gone wrong.

-- Why is it that the richest and most powerful nation on earth now finds itself still caught in a vicious squeeze of high inflation and high unemployment?

-- How can a nation conceived in a struggle for liberty now find that the liberty of its citizens now seems threatened?

How? Why? I'm not sure any of us truly knows, but we



must search for the answers.

I believe that sometime -- perhaps 15 years ago, perhaps longer -- we began to lose our way as a people. We had the best of intentions. But we forgot the sound principles that had guided us through most of our history. We wanted to accomplish great things and solve age-old problems. And we became overconfident of our own abilities to change the human condition -- to act as a policeman abroad and as a paternalistic father here at home. We fell into the trap of believing that in a new age of abundance and advanced technology, we could transform the country through massive government programs:

-- But often the programs did not work; too often, they only made things worse.

-- In our rush to accomplish great deeds quickly, we trampled on sound principles of restraint, we weakened existing institutions and voluntary organizations, and we endangered the rights of individuals and stifled their initiative.



-- We unbalanced our economic system by the huge and unprecedented growth of Federal expenditure and Federal borrowing.

And we aggravated that evil by not being totally truthful with ourselves about how much these programs would cost and how we would pay for them.

-- Finally, we lost sight of the essential task of providing for the national defense. Our armed forces dwindled to the smallest size since the outbreak of the Korean War, while the Soviets continued a massive buildup of arms.

I believe the time has now come for a fundamentally different approach -- for a new realism that is true to the great principles upon which this nation was founded.

I believe we must introduce a new balance to our economy -- a balance that favors not only sound, active government but also a much more vigorous, healthier private section that can create new jobs and



hold down prices.

I believe we must introduce a new balance in the relationship between the individual and the Government -- a balance that favors greater individual freedom and self reliance.

I believe we must strike a new balance in our system of Federalism -- a balance that favors greater responsibility and freedom for the leaders of our State and local governments.

I believe we must introduce a new balance between spending on domestic programs and spending on defense -- a balance that ensures we fully meet our obligations to the needy while also protecting our security in a world that is still hostile to freedom.

And in all that we do, I believe that we must be more honest with the American people: promising them no more than we can deliver, and delivering all that we promise.

These are the principles of my Administration. They



have guided me in office over the past 17 months, and they will guide me in the future.

In 1975, we saw that this fundamentally different approach will work -- that it is a path to solid, sustainable progress. Now in 1976 and in the years to come, we must push ahead. There is much to be done.

The single most important task before the Nation is to restore the vitality of our economy. We must cure the causes of inflation so that prices will be steady. And we must create an environment in which more new jobs will be created -- enough jobs so that every American who wants to work can go to work. These are my goals, and I am determined to meet them.

The key battlefront in the war on inflation is the same in 1976 as in 1975: the Federal budget. The only way to hold down the cost of living is to hold down the cost of government. No

government can spend more than it makes, year-in, year-out, without reaching a point of financial collapse. The tragic experience of New York City this past year must not become a preview of our future as a Nation.

Therefore, I am proposing a federal budget for the next fiscal year that cuts the projected growth in government spending by over 50%. Unless this is done, the programs already on the books would cost at least \$423 billion in this 12 month period. I will insist that we hold federal spending in this time frame to \$394.2 billion -- a savings of almost \$30 billion for the American taxpayers.

By holding down the growth in federal spending, we can afford additional tax cuts and return to the people who pay taxes more decision making power over their own lives.

Last month I signed legislation to extend the 1975

tax reductions for the first six months of this year. I now propose that effective July 1, 1976, we give our taxpayers a permanent annual tax cut of \$28 billion -- approximately \$10 billion more than what Congress agreed to in December.

My broader tax reduction would mean that for a family of four making \$14,000 a year there will be \$225 more in takehome pay -- extra cash that can be vitally important to hard-working Americans caught in the middle.

The spending cuts and tax cuts I am proposing will put us on the road to balancing the Federal budget within three years. And if we stay on that road, it should be possible to enact another major tax cut within three years.

All Americans must contribute to controlling inflation.

The Government must do its part:

-- by holding down spending;



-- by holding down the size of Federal deficits;

-- by encouraging greater competition in industry;

-- and by lowering the barriers to international trade.

I am committed to doing all of those things. I ask tonight that labor and management continue to join with me in this effort. There are many critical labor contracts to be renegotiated in 1976; in recent years, admirable restraint has been shown in such negotiations. I urge the same sense of responsibility of and recognition of the Nation's interest during the coming year.

If we are to fulfill our promise as a Nation, it is equally vital that there be enough jobs. My tax and spending plan -- a plan that leaves far more money in private hands where it can do the most good -- is the centerpiece of my effort to create new jobs. But we can and must do more. We must offer the American people greater incentives to invest in the future -- to expand our supply of housing, to build new plants and equipment, to modernize industry.

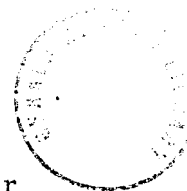


to expand our energy resources, and of greatest importance, to accommodate a growing labor force. Where the Government can help, it must help.

-- I therefore propose that Congress enact changes in federal tax laws that will speed up plant expansion and the purchase of new equipment. My recommendation will concentrate this job-creation tax incentive in urban areas where the unemployment rate now runs over 7%. Legislation to get this started must be approved at the earliest possible date.

-- I propose estate tax changes so that family businesses and small farms can be kept in the family without having to be sold to pay taxes when someone dies. The family farm and family-owned small business significantly strengthen our economy and give stability to our society.

-- When people buy homes of their own, they also invest in America's future. Within the strict budget total I will recommend for



the coming year, I will ask for an additional \$_____ billion in Federal help for new housing for lower and middle income families. We didn't meet our housing goals in 1975. But with lower interest rates, and available mortgage money, we should have a minimum of 1-1/2 million new housing starts in 1976.

-- When American workers are also American investors, they profit both ways. Production rises and prices go down. I propose tax changes to encourage lower and middle income people to invest in America's future through a plan that permits them to deduct up to \$1,000 a year if they invest it in common stock in American companies.

Fundamental to a growing economy and control of inflation is control over the most basic of all resources -- energy.

Twelve months ago the foreign oil embargo was fresh in our mind and the energy outlook was bleak. Domestic production

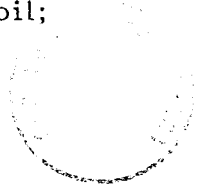


of oil and gas was declining. Our dependence on foreign oil at high fixed prices was increasing, draining dollars and jobs away from our own economy at the rate of \$100 per year for every American.

Last month I signed a compromise national energy bill which enacts a part of my Comprehensive Energy Independence Program. This legislation, late in coming, was not the best or the most complete answer to reduce our vulnerability on foreign oil. But it is an important start in the right direction. It provides a foundation upon which we must now build.

I strongly urge the Congress to move ahead immediately on the remainder of my energy proposals to make American invulnerable to the foreign oil cartel. We must proceed promptly to:

- Reduce domestic natural gas shortages;
- Permit use of federally owned petroleum reserve oil;




- Stimulate effective conservation;
- Develop synthetic fuels from our vast coal resources;
- Expedite clean and safe nuclear power production;
- And create a new national Energy Independence Authority

to push experimental sources of energy from the sun and earth
for this and future generations.

Yet let us recognize this fundamental truth: just as
important as what we do in Washington is what we refuse to do .

As the elections draw near, there will be increasing
pressures for the Government to open the flood gates on spending
and then, in order to prevent a burst of inflation, impose new
controls on wages and prices. We must reject these starry-eyed
schemes. For too many ears, politicians have been trying to deceive
the American people into believing that we could spend our way
to prosperity. There is no use trying to fool ourselves any longer.



The damage inflicted upon our economic system over the past 10-15 years is sufficiently serious that it will take several years to repair. There is no quick-fix for us now, and anyone who pretends otherwise is trying to mislead the American people. What we must do is face the future with a new sense of realism. If we do, and if we hold to a balanced, steady course, we will slowly but surely rebuild our economy. That must be our foremost goal tonight.

We must also reform our Government in ways that will strengthen State and local government and expand the freedoms of individual Americans:



Draft State of the Union Address

Mr. Speaker, Mr. Vice President, Members of the 94th
Congress and distinguished guests;

As we begin our Bicentennial, America is still a
young Nation. Long before our forefathers came to these shores, men
and women had been struggling on this planet to forge a better
life for themselves and their families.

In the long and demanding struggle of man -- in the nearly
2000 years of the Christian calendar, in the nearly 6000 years of
Jewish reckoning -- there have been many deep, terrifying valleys,
but also many bright and towering peaks.

One peak stands high in the ranges of history. One example
shines forth of a people seeking to produce abundance and to
share the good life fairly and justly. One union holds out the

promise of freedom and opportunity for every citizen.

That union is the United States of America.

We have not remade paradise on earth. We know perfection will not be found here. But in 1976, as we begin a new journey -- a journey into our third century as a Nation -- let us be proud of how far we have come. And let us resolve that 100 years from now, our great grandchildren can look back and say that they, too, are proud of America and proud to be Americans.

All of us are trustees of the future. If we are to be faithful to the trust, I think it is clear tonight that we cannot be complacent. Great work lies ahead of us, and we must get on with the job.

One year ago, I came before this Congress and was compelled to report that the State of the Union was "not good".

Tonight I can report that the State of the Union is better --

in many ways, much better -- but still not good enough.

As you recall, the year 1975 opened with rancor and bitterness still burning deeply in the nation's soul. Political misdeeds of the past had neither been forgotten nor forgiven.

The longest, most divisive war in our history was winding toward an unhappy conclusion. Many feared that the end of that foreign war could mean the beginning of a domestic war of recrimination and reprisal.

Friends and adversaries abroad were asking whether America had lost its nerve.

Finally, our economy was ravaged by inflation -- inflation that was plunging us into the worst recession in 40 years.

Ours was a troubled land.

And so 1975 was a year of hard decisions and difficult

compromises. It brought back a needed measure of common sense, steadfastness and self-discipline. Americans did not panic or demand instant but useless cures. In all sectors -- in labor, in business, and in government -- people met their difficult problems with restraint and responsibility worthy of their great heritage. The American people deserve great credit for the way they bore up under adversity.

Our progress in 1975 was encouraging:

-- The rate of inflation was cut nearly in half;

-- The deterioration in the economy was reversed, and two-thirds of the jobs lost in the recession have now been restored.

-- America has reassured both friend and foe that we remain the strongest force for peace anywhere on earth.

-- And we have begun to restore public confidence and trust in our highest public offices.



Yet let us be honest: many Americans have not yet felt these changes in their daily lives. They still see prices going up too fast, and they still know the fear of unemployment. Our will is being tested both here and abroad. And millions of men and women still feel frustrated -- frustrated that they cannot seem to get ahead, frustrated that they do not seem to be masters of their own destiny.

Before prescribing what medicine we must take to cure our troubles, I think it is essential that we all have a clear understanding of what's gone wrong.

-- Why is it that the richest and most powerful nation on earth now finds itself still caught in a vicious squeeze of high inflation and high unemployment?

-- How can a nation conceived in a struggle for liberty now find that the liberty of its citizens now seems threatened?[?]

How? Why? I'm not sure any of us truly knows, but we

must search for the answers.

~~I believe that sometime -- perhaps 15 years ago, perhaps longer -- we began to lose our way as a people.~~ We had the best of

intentions. But we forgot the sound principles that had guided us through most of our history. We wanted to accomplish great things and solve age-old problems. And we became overconfident of our own abilities to change the human condition -- to act as a policeman abroad and as a paternalistic father here at home. We fell into the trap of believing that in a new age of abundance and advanced technology, we could transform the country through massive government programs:

-- But often the programs did not work; too often, they only made things worse.

-- In our rush to accomplish great deeds quickly, we trampled on sound principles of restraint, we weakened existing institutions and voluntary organizations, and we endangered the rights of individuals and stifled their initiative.

-- We unbalanced our economic system by the huge and unprecedented growth of Federal expenditure and Federal borrowing.

And we aggravated that evil by not being totally truthful with ourselves about how much these programs would cost and how we would pay for them.

-- Finally, we lost sight of the essential task of providing for the national defense. Our armed forces dwindled to the smallest size since the outbreak of the Korean War, while the Soviets continued a massive buildup of arms.

I believe the time has now come for a fundamentally different approach -- for a new realism that is true to the great principles upon which this nation was founded.

I believe we must introduce a new balance to our economy -- a balance that favors not only sound, active government but also a much more vigorous, healthier private section that can create new jobs and



hold down prices.

I believe we must introduce a new balance in the relationship between the individual and the Government -- a balance that favors greater individual freedom and self reliance.

I believe we must strike a new balance in our system of Federalism -- a balance that favors greater responsibility and freedom for the leaders of our State and local governments.

I believe we must introduce a new balance between spending on domestic programs and spending on defense -- a balance that ensures we fully meet our obligations to the needy while also protecting our security in a world that is still hostile to freedom.

And in all that we do, I believe that we must be more honest with the American people: promising them no more than we can deliver, and delivering all that we promise.)

Common sense
These are the principles ~~of my Administration.~~ They
Can guide me,



have guided me in office over the past 17 months, and they will guide me in the future.

In 1975, we saw that this fundamentally different approach will work -- that it is a path to solid, sustainable progress. Now in 1976 and in the years to come, we must push ahead. There is much to be done.

The single most important task before the Nation is to restore the vitality of our economy. We must cure the causes of inflation so that prices will be steady. And we must create an environment in which more new jobs will be created -- enough jobs so that every American who wants to work can go to work. These are my goals, and I am determined to meet them.

The key battlefield in the war on inflation is the same in 1976 as in 1975: the Federal budget. The only way to hold down the cost of living is to hold down the cost of government. No

government can spend more than it makes, year-in, year-out, without reaching a point of financial collapse. The tragic experience of New York City this past year must not become a preview of our future as a Nation.

Therefore, I am proposing a federal budget for the next fiscal year that cuts the projected growth in government spending by over 50%. Unless this is done, the programs already on the books would cost at least \$423 billion in this 12 month period. I will insist that we hold federal spending in this time frame to \$394.2 billion -- a savings of almost \$30 billion for the American taxpayers.

By holding down the growth in federal spending, we can afford additional tax cuts and return to the people who pay taxes more decision making power over their own lives.

Last month I signed legislation to extend the 1975



tax reductions for the first six months of this year. I now propose that effective July 1, 1976, we give our taxpayers a permanent annual tax cut of \$28 billion -- approximately \$10 billion more than what Congress agreed to in December.

My broader tax reduction would mean that for a family of four making \$14,000 a year there will be \$225 more in takehome pay -- extra cash that can be vitally important to hard-working Americans caught in the middle.

The spending cuts and tax cuts I am proposing will put us on the road to balancing the Federal budget within three years. And if we stay on that road, it should be possible to enact another major tax cut within three years.

All Americans must contribute to controlling inflation.

The Government must do its part:

-- by holding down spending;



- by holding down the size of Federal deficits;
- by encouraging greater competition in industry;
- and by lowering the barriers to international trade.

I am committed to doing all of those things. I ask tonight that labor and management continue to join with me in this effort. There are many critical labor contracts to be renegotiated in 1976; in recent years, admirable restraint has been shown in such negotiations. I urge the same sense of responsibility of and recognition of the Nation's interest during the coming year.

If we are to fulfill our promise as a Nation, it is equally vital that there be enough jobs. My tax and spending plan -- a plan that leaves far more money in private hands where it can do the most good -- is the centerpiece of my effort to create new jobs. But we can and must do more. We must offer the American people greater incentives to invest in the future -- to expand our supply of housing, to build new plants and equipment, to modernize industry.

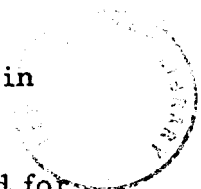


to expand our energy resources, and of greatest importance, to accommodate a growing labor force. Where the Government can help, it must help.

-- I therefore propose that Congress enact changes in federal tax laws that will speed up plant expansion and the purchase of new equipment. My recommendation will concentrate this job-creation tax incentive in urban areas where the unemployment rate now runs over 7%. Legislation to get this started must be approved at the earliest possible date.

-- I propose estate tax changes so that family businesses and small farms can be kept in the family without having to be sold to pay taxes when someone dies. The family farm and family-owned small business significantly strengthen our economy and give stability to our society.

-- When people buy homes of their own, they also invest in America's future. Within the strict budget total I will recommend for



the coming year, I will ask for an additional \$_____ billion in

Federal help for new housing for lower and middle income

families. We didn't meet our housing goals in 1975. But with

lower interest rates, and available mortgage money, we should

have a minimum of 1-1/2 million new housing starts in 1976.

-- When American workers are also American investors,

they profit both ways. Production rises and prices go down.

I propose tax changes to encourage lower and middle income

people to invest in America's future through a plan that permits

them to deduct up to \$1,000 a year if they invest it in common stock

in American companies.

Fundamental to a growing economy and control of inflation

is control over the most basic of all resources -- energy.

Twelve months ago the foreign oil embargo was fresh in

our mind and the energy outlook was bleak. Domestic production



of oil and gas was declining. Our dependence on foreign oil at high fixed prices was increasing, draining dollars and jobs away from our own economy at the rate of \$100 per year for every American.

Last month I signed a compromise national energy bill which enacts a part of my Comprehensive Energy Independence Program. This legislation, late in coming, was not the best or the most complete answer to reduce our vulnerability on foreign oil. But it is an important start in the right direction. It provides a foundation upon which we must now build.

I strongly urge the Congress to move ahead immediately on the remainder of my energy proposals to make American invulnerable to the foreign oil cartel. We must proceed promptly to:

- Reduce domestic natural gas shortages;
- Permit use of federally owned petroleum reserve oil;



- Stimulate effective conservation;
- Develop synthetic fuels from our vast coal resources;
- Expedite clean and safe nuclear power production;
- And create a new national Energy Independence Authority

to push experimental sources of energy from the sun and earth
for this and future generations.

Yet let us recognize this fundamental truth: just as
important as what we do in Washington is what we refuse to do .

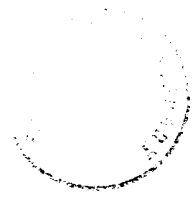
As the elections draw near, there will be increasing
pressures for the Government to open the flood gates on spending
and then, in order to prevent a burst of inflation, impose new
controls on wages and prices. We must reject these starry-eyed
schemes. For too many ears, politicians have been trying to deceive
the American people into believing that we could spend our way
to prosperity. There is no use trying to fool ourselves any longer.



The damage inflicted upon our economic system over the past 10-15 years is sufficiently serious that it will take several years to repair. There is no quick-fix for us now, and anyone who pretends otherwise is trying to mislead the American people. What we must do is face the future with a new sense of realism. If we do, and if we hold to a balanced, steady course, we will slowly but surely rebuild our economy. That must be our foremost goal tonight.

We must also reform our Government in ways that will strengthen State and local government and expand the freedoms of individual Americans:


Last year I strongly recommended a five-year extension of the existing revenue sharing legislation which thus far has provided \$ _____ to help State and local units of government solve problems at home. This program has been effective



in taking power away from Washington and giving it back to States and communities where it belongs. I again urge prompt re-enactment of revenue sharing.

Tonight I also propose to eliminate some 60 separate Federal grant programs and substitute consolidated grants with federal dollars to assist States, cities and local agencies in the important areas of education, child nutrition, health care and social services.

In education alone, we have scores of separate programs, each burdened by its own red tape. We have had to spend more time asking whether the needs of the Federal Government have been met than whether the needs of our children are being met. If the Congress enacts my proposal to consolidate 27 programs into one block program, State and local educators can concentrate their attentions not on filling out Federal forms but in teaching children. And that would be true in my other proposals, too.



I also ask the Congress once again to free individual Americans and businesses, especially small businesses, from the tyranny of massive Governmental regulation. We are wasting literally millions of work hours and billions of consumer dollars because of excessive red tape. The American farmer has already shown how much more can be produced by lifting the shackles of Government control. Now we need reforms in other key areas of our economy -- banking, the airlines, trucking and railroad. I have proposed concrete plans in each of these areas, and I urge swift Congressional approval of these programs.

This Administration will also strictly enforce the Federal anti-trust laws in order to preserve true competition in the private market.

We must not only deregulate much of the Government but

we must also de-mystify it. I have therefore asked the Treasury Department to report to me within the next twelve months on steps that can be taken to simplify the United States tax laws. There is no excuse for the Government sending out tax forms that defy the understanding of most Americans.

While we must reform and restrain the Government in coming years, I am not suggesting that we should recklessly dismantle it. America cannot return to a 19th century way of life. The national government must and will respond to clear-cut national needs.

As a generous and compassionate people, for example, we must provide ample assistance to the poor, the elderly, the disabled and others who need and deserve our help. Indeed, even in this period of budget austerity, I believe we must

[1/17/76]

9/17/76 (7th Draft)

STATE OF THE UNION MESSAGE
OF

PRESIDENT GERALD FORD
TO A JOINT SESSION OF THE CONGRESS

Mr. Speaker, Mr. Vice President, Members of the 94th

Congress and distinguished guests;

As we begin our Bicentennial, America is still one of

the youngest Nations in recorded history.] [Long before our fore-

fathers came to these shores, men and women had been struggling

on this planet to forge a better life for themselves and their

families.]

[In man's long upward march from savagery and slavery --
throughout the nearly 2000 years of the Christian calendar, the
nearly 6000 years of Jewish reckoning -- there have been many deep,
terrifying valleys, but also many bright and towering peaks.

One peak stands highest in the ranges of human history.]

But in the long millennia of history,

One example shines forth, of a people seeking to produce abundance
and to share the good life fairly and justly. One Union holds out
the promise of freedom and opportunity for every citizen.

That union is the United States of America.

We have not remade paradise on earth. We know perfection will not be found here. We cannot see beyond a generation forward or back. But think for a minute how far we have come from the perspective of ⁱⁿ 200 years ago.

We came from many roots and have many branches. Yet all Americans across the eight generations that separate us from the stirring deeds of 1776, those who know no other homeland and those who just found refuge on our shores, say in unison:

I am proud of America and proud to be an American. Life will be better here for my children than for me.

I believe this not because I am told to believe it, but because life has been better for me than it was for my father and my mother.

I know it will be better for my children because my hands, my brains, my voice and my vote, can make it happen.

And it has happened here in America.

It happened to you and to me.



My main purpose as a citizen, long before I became President, was to make sure it goes on happening.

(OUR Government exists to create and preserve conditions in which *the American* people can

translate their ideals into practical reality. In the best

of times, *We don't always succeed completely* ~~much is lost in translation.~~ But we try.

Sometimes we have tried and failed.

In recent decades

We had the best of intentions. But we forgot the sound principles that had guided us through most of our history.

We wanted to accomplish great things and solve age-old problems.

And we became overconfident of our own abilities to change the

human condition -- to act as a policeman abroad and as a

solicitous parent here at home. We believed we could transform

the country through massive national programs;

-- But often the programs did not work; too often, they only made things worse.

-- In our rush to accomplish great deeds quickly, we trampled on sound principles of restraint, we weakened existing institutions and voluntary organizations, and we endangered the rights of individuals and stifled their initiative.

-- We unbalanced our economic system by the huge and unprecedented growth of Federal expenditures and Federal borrowing. And we aggravated that evil by not being totally truthful with ourselves about how much these programs would cost and how we would pay for them.

* -- Finally, we lost sight of the essential task of providing for the national defense. Our armed forces dwindled to the smallest size since the outbreak of the Korean War, while the Soviets continued a massive buildup of arms.

I believe the time has now come for a fundamentally different approach -- for a new realism that is true to the great principles upon which this nation was founded.

I believe we must introduce a new balance to our economy -- a balance that favors not only sound, active government but also a much more vigorous, healthier private ~~system~~ ^{sector(?)} that can create new jobs and hold down prices.

I believe we must introduce a new balance in the relationship between the individual and the Government -- a

balance that favors greater individual freedom and self reliance.

I believe we must strike a new balance in our system of Federalism -- a balance that favors greater responsibility and freedom for the leaders of our State and local governments.

I believe we must introduce a new balance between spending on domestic programs and spending on defense -- a balance that ensures we fully meet our obligations to the needy while also protecting our security in a world that is still hostile to freedom.

And in all that we do, I believe that we must be more honest with the American people; promising them no more than we can deliver, and delivering all that we promise.

The genius of America has been its incredible ability to improve the lives of its citizens through a unique combination of governmental and free citizen activity.

My main purpose as President is to make sure this continues to happen.

History and experience tell us that moral progress comes not in comfortable and complacent times, but out of trial and confusion. Tom Paine aroused the troubled Americans of 1776 to stand up to the times that try men's souls, because the harder the conflict the more glorious the triumph.

Just a year ago I reported that the State of the Union was not good.

Tonight I report that the State of our Union is better -- in many ways a lot better -- but still not good enough.

To paraphrase Tom Paine, 1975 was not a year for summer soldiers and sunshine patriots. It was a year of fears and alarms, of dire forecasts -- most of which never happened and are not going to happen.

As you recall, the year 1975 opened with rancor and bitterness still lodged deeply in the nation's soul. Political misdeeds of the past had neither been forgotten nor forgiven.

The longest, most divisive war in our history was

winding toward an unhappy conclusion. Many feared that the end of that foreign war of men and machines meant the beginning of a domestic war of recrimination and reprisal.

Friends and adversaries abroad were asking whether America had lost its nerve.

Finally, our economy was ravaged by inflation -- inflation that was plunging us into the worst recession in 40 years.

At the same time, Americans became increasingly alienated from all big institutions. They were steadily losing confidence ~~not just~~ in big government, ^{AND UNRESPONSIVE} ~~but~~ in big ^{ness} business, ⁱⁿ ~~big~~ labor ⁱⁿ ~~and big~~ education, ⁱⁿ all our institutions which had grown too big to meet or care about the needs of the people. Ours was a troubled land.

And so 1975 was a year of hard decisions, ^{and} difficult compromises, ^{and} ~~and~~ ^{OUT OF THAT GREW} a new realism that taught us something important about America.

It brought back a needed measure of common sense, steadfastness and self-discipline. Americans did not panic or demand instant but useless cures. In all sectors, people

met their difficult problems with restraint and responsibility worthy of their great heritage.

Add up the separate pieces of progress in 1975, subtract the setbacks, and the sum total shows that we are not only headed in the new direction I proposed 12 months ago, but that it turned out to be the right direction.

Yet, let us be honest: many Americans have not yet felt these changes in their daily lives. They still see prices going up too fast, and they still know the fear of unemployment.

Trans: haw
But we are moving in

~~It is~~ the right direction, because it follows the truly revolutionary American concept of 1776, which holds that in a free society, the making of public policy and ^{the} successful ~~problem~~ of our problems solving involves much more than government. It involves a full partnership between all branches and levels of government, private institutions and individual citizens.

~~Common sense tells me to stick to that steady course.~~

Take the state of our economy.



Last January most things were rapidly getting worse.

This January most things are slowly but surely getting better.

The worst recession since World War II turned around in April. ~~The best cost of living news of the past year is that~~ double digit inflation of 12% or higher was cut almost in half. The worst -- unemployment remains way too high.

Today nearly 2 million more Americans are working than at the bottom of the recession. At year's end people were again being hired much faster than they were being laid off.


But we are a growing Nation. We need more and more jobs every year. Today's total employment of 85 1/2 million Americans is an all time record, but we need a lot more jobs especially for the young.

~~My economic objectives are specific and make sense.~~

My first objective is to have sound economic growth without inflation.

We all know from recent experience what runaway inflation

does to ruin every other worthy purpose. We are slowing it;

do better. 
we must ~~stop it cold.~~

In a growing economy -- an economy where prices are stable and jobs are plentiful -- there is hope and individual opportunity. In a stagnant economy or a rapidly inflating economy there is always hardship and despair. We can and we must regain our economic strength.

For many Americans the way to a healthy non-inflationary economy has become increasingly apparent; the government must stop spending so much and borrowing so much of our money; more money must remain in private hands where it will do the most good. To hold down the cost of living, we must hold down the cost of government.

Charles
In the past decade, the Federal budget has been growing at an average rate of _____ percent every year. The budget I am submitting Wednesday cuts this ^{growth rate} in half. I have kept my promise to submit a budget for the next fiscal year of \$395 billion; in fact, it is \$394.2 billion.

By holding down the growth in Federal spending, we can afford additional tax cuts and return to the people who pay taxes more ^{control} ~~decision making power~~ over their own lives.

Last month, I signed legislation to extend the 1975 tax reductions for the first six months of this year. I now propose that effective July 1, 1976, we give our taxpayers a tax cut of approximately \$10 billion more than Congress agreed to in December.

My broader tax reduction would mean that for a family of four making \$14,000 a year there will be \$ _____ more in take-home pay. Hard-working Americans caught in the middle can really use that kind of extra cash.

My recommendations for a firm restraint on the growth of Federal spending and for greater tax reduction are realistic.

The formula is simple and straightforward. For every dollar

^{From} ~~cutting~~ the growth in the Federal budget we can ~~have~~ an add

^{to} a dollar ^{of} Federal tax reduction.

My goal of a balanced budget by 1979 is realistic if we continue to reduce the growth of Federal spending ~~by applying a~~

~~little courage and a lot of common sense to our decisions in 1976.~~

One test of a healthy economy is a job for every American who wants to work.

Government -- our kind of government -- ^{alone} cannot create that many jobs. But the Federal Government can create conditions and incentives for private business and industry to make more and more jobs, and that is what we must do emphatically and urgently.

Five out of six jobs in this country are in private business and industry. ~~Common sense tells us this is the place to look for more jobs and to find them faster.~~

Those are
~~I mean~~ real, rewarding, permanent jobs.

To achieve this we must offer the American people greater incentives to invest in the future.

-- I therefore propose that Congress enact changes in Federal tax laws that will speed up plant expansion and the purchase of new equipment. My recommendation will concentrate this job-creation tax incentive in ^{out}~~urban~~ areas where the unemployment rate now runs over 7 percent. Legislation to get this started must be approved at the earliest possible date.

Within the strict budget total I will recommend for the coming year, I will ask for Federal assistance for the construction of 500,000 additional homes. This program will expand housing opportunities, ^{and} spur construction ~~and help house middle income and the poor.~~

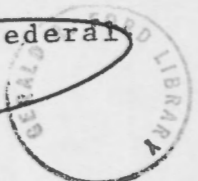
housing
We did not meet our goals in 1975. But with lower interest rates and available mortgage money, we can have a healthy recovery in

add small business

A necessary condition of a healthy economy is freedom from the petty tyranny of massive government regulation. We are wasting literally millions of working hours costing billions of consumers' dollars because of bureaucratic red tape. The American farmer who not only feeds 215 million Americans and millions worldwide, has shown how much more he can produce without the shackles of government control.

Now we need reforms in other key areas in our economy, -- the airlines, trucking, railroads, the small business man and banking. I have concrete plans in each of these areas ~~not to help this or that industry~~ but to foster competition and to bring prices down for the consumer.

This Administration will strictly enforce the Federal anti-trust laws for the same purpose.



Taking a longer look at America's future there can be neither sustained growth nor more jobs unless we continue to have an assured supply of energy to run our economy. Domestic

production of oil and gas is still declining. Our dependence on foreign oil at high, ^{artificially} fixed prices is still increasing, draining dollars and jobs away from our own economy at the rate of \$100 per year for every American.

Last month I signed a compromise national energy bill which enacts a part of my comprehensive energy independence program. This legislation was late in coming, not the complete answer to energy independence but still a start in the right direction.

I again urge the Congress to move ahead immediately on the remainder of my energy proposals to make America invulnerable to the foreign oil cartel. My proposals would:

Reduce domestic natural gas shortages;

Permit use of federally owned petroleum reserve oil;

Stimulate effective conservation, including revitalization of our railroad and urban transportation systems;

Develop synthetic fuels from our vast coal resources;

Expedite clean and safe nuclear power production;

Create a new national Energy Independence Authority
to stimulate vital energy investment;

And accelerate development of technology to capture
energy from the the sun and the earth for this and future
generations.

Also for the sake of future generations we must
preserve the family farm and family-owned small businesses.
Both strengthen America and give stability to our economy.

I will propose estate tax changes so that family
businesses and small farms can be handed down from generation
to generation without having to be sold to pay taxes.

I propose tax changes to encourage people to invest
in America's future through a plan that permits lower and

middle income families (with matching funds from their employers) to claim income tax deductions if they invest in common stock in American companies.

When American workers are also American investors, they profit both ways. Production also rises and the cost of living goes down.

While we must reform and restrain the Government in coming years, I will not recklessly dismantle it. Americans cannot return to a 19th century way of life. The national government must and will respond to clear-cut national needs.

Increasing health costs are of deep concern to all ^{of us} and a powerful force pushing up the cost of living. Hospital and medical services in America are among the world's best but in extended and complex illnesses they can soon wipe out a family's lifetime savings.

The burden of a catastrophic illness can be borne by very few in our society. We must eliminate this fear from every family.

Therefore,

I propose to provide catastrophic health insurance for everybody covered by Medicare. ~~To finance this added protection, fees for short-term care will go up somewhat, but~~
nobody after reaching age 60 will have to pay more than \$500 a year for hospital or nursing home care, nor more than \$250 for one year's doctors' bills.

-more-

Under the resources now available, I propose to improve the Medicare and other Federal health programs to help those who really need more protection: older people and the poor. To help States and local governments give better health care to the poor, I propose that we combine 16 existing Federal programs including Medicaid into a single \$10 billion grant.

Funds would be divided among the States under a new formula which provides the most Federal money ~~not to the States with the biggest budgets, but~~ ^{States} to those who have the most low income families. I will continue to improve the quality of medical and hospital care for those who have served in our armed forces.

All these priority health programs will actually result in lower total cost to the taxpayers and focus on helping the people who need it most.

Realistically,
~~Following the principle of putting first things first, we~~
cannot ~~realistically~~ afford ~~(Federally-dictated)~~ national health insurance providing full coverage for all 215 million Americans *at this time.*

The experience of other countries raises questions about the quality as well as the cost of such plans. But I do envision making the day when we may use the private health insurance system to offer more middle income families high quality health services at prices they can afford and shield them also from catastrophic illnesses.

and so we must give more study to this important matter before we face a decision on this important matter

Our Federal social security system for people who have worked hard and contributed to it all their lives is a part of our economic system. Its value is no longer debatable.

But I am concerned about the integrity of our social security trust fund that enables people -- those retired and those still working who will retire -- to count on this source of retirement income. Younger workers watch their deductions rise and wonder if they will be adequately protected in the future.

We must meet this challenge head-on. In my budget for fiscal year 1977 I am recommending that the full cost of living increase ^{to} social security ^{RECIPIENTS} ~~benefits~~ be paid during the coming year.

At the same time, simple arithmetic warns all of us that the social security trust fund is headed for trouble. Unless we act soon to make sure the fund takes in as much as it pays out, there will be no security for old or young.

I must therefore recommend a 3/10 of one percent increase in both employer and employee social security taxes effective January 1, 1977. This will cost each covered employee less than an extra \$1 a week and will ensure the integrity of the trust fund *and retirement benefits in the future,*

As we rebuild our economy, we have a continuing responsibility to provide a temporary cushion to the unemployed. At my request, the Congress enacted two extensions and expansions in unemployment insurance which helped those who were jobless during 1975. These programs will continue in 1976.

In my fiscal 1977 budget, I am also requesting funds to continue proven job training and employment opportunity programs for millions of other Americans.



Compassion and a sense of community -- two of America's greatest strengths throughout our history -- tell us we must take care of our neighbors who cannot take care of themselves. The host of Federal programs in this field reflect our goodness and generosity as a people.

Everyone realizes that government at all levels is not doing the job well. Looking realistically at our welfare programs, many programs are both inequitable and invite abuse. Worse, we are wasting badly needed resources without reaching many of the truly needy. ~~The whole Federal involvement in welfare needs a massive injection of common sense.~~

Complex welfare programs cannot be reformed overnight. Surely we cannot simply dump welfare in the laps of State and local taxpayers or private charities and walk away from it. ~~It's~~

Nor is it the right time for massive and sweeping changes while we are still recovering ^{from recession.} ^{BUT} There are still plenty of improvements we can make.

I will ask Congress for Presidential authority to tighten up rules for eligibility and benefits.

Last year I twice sought long-overdue reform of the scandal-riddled food stamp program. This year I say again: Let's give food stamps to those most in need. Let's not give any to those who don't need them.

~~Everybody's cost of living is increased by helping those who can help themselves, but everybody's spirits are raised by sharing with those who need a helping hand.~~

To summarize, my goals and plans for

~~The common sense purpose of all my proposals is to put~~

The economy ave!

~~first things first in our national government and to cut back~~

the cost of living, reduce the runaway growth of Federal spending

programs, ~~and~~ ease the control they exercise over people's lives,

Create ~~jobs~~ jobs for those who want them, provide help for those who need it.

Protecting the life and property of the citizen at home

is the responsibility of all public officials, but is primarily

the job of local and State law enforcement authorities.

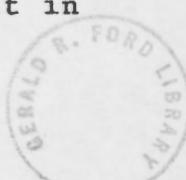
Eight generations of Americans have found the very thought of^a Federal police force repugnant and so do I. Yet there are proper ways in which we can help to ensure domestic tranquility as the Constitution charges us.

My common sense conclusions on how to control violent crime were submitted to the Congress last June with strong emphasis on protecting the innocent victims of crime.

The way to keep a criminal from committing more crimes is to lock him up so he cannot harm law abiding citizens. The way to cut down violent crimes committed with guns is not to take guns away from everybody but to toughen the penalties for crimes in which guns are used, make it harder to obtain cheap guns for criminal purposes, and concentrate gun control enforcement in high crime areas.

Another major threat to every American's person and property is the criminal carrying a handgun. My budget recommends 500 additional Federal agents in the 11 largest metropolitan high crime areas to help local authorities stop criminals from

*do we really want
to talk about
gun controls?*



A major cause of the increase of crime today is the sale of hard drugs. Here the Federal responsibility is plain.

I have directed all agencies of the Federal government to step up the war against the big drug traffickers and dealers who sell hard drugs and attract young people to them.

I recommended months ago that the Congress enact mandatory fixed sentences for persons committing Federal crimes of violence or selling hard drugs.

As President I have talked personally with the leaders of Mexico, Colombia, and Turkey to urge greater efforts by their governments to control effectively the production and trafficking in hard drugs.

To make justice more swift and certain for those arrested for crimes, I propose an increase this year in U.S. Attorneys prosecuting Federal crimes and reinforcement of the number of U.S. Marshals.

Additional Federal judges are needed as I proposed last year. This legislation recommended by the Judicial Conference should be promptly enacted.

Some judges won't send convicted criminals to jail because of poor prison conditions. To alleviate this problem at the Federal level my new budget proposes the construction of four new Federal facilities.

I will propose in the new budget that we continue to assist State and local law enforcement officers to protect the safety and property of all citizens. They are the front-line fighters in the war against crime.

It is unrealistic and misleading to hold out the hope that the Federal Government can move in to every neighborhood and clean up crime. But I do pledge to crack down on every illegality that falls within the President's duty to faithfully execute the laws. We must protect the victims of crime and ensure domestic tranquility.

Last year I strongly recommended a five-year extension of the existing revenue sharing legislation which thus far has provided \$_____ to help State and local units of government solve problems at home. This program has been effective with decision making transferred from the Federal government to locally elected officials. Congress must act this year or State and local units of government will have to drop programs or raise local taxes.

Including my health care reforms, I propose to consolidate some _____ separate Federal programs and provide flexible Federal dollar grants to help States, cities and local agencies in such important areas of education, child nutrition, and social services. This flexible system does the job better and does it closer to home.

It just makes common sense for schools to concentrate on teaching children instead of filling out forms.

What do people really want from their government?

*Real
Transmission*

They want government first to protect them and help them when they really need protection and help. Beyond that, they want government to let them alone.

Together, we have a duty to do all we can to protect all Americans in the enjoyment of their Constitutional rights and liberties;

To protect the treasures of nature for their sons and daughters;

And above all else to protect their lives, their safety, and their personal possessions from all enemies, foreign and domestic.

The protection of the lives and property of Americans from foreign enemies is the primary responsibility of the President and Commander in Chief of the armed forces.

Our foreign policy supports this ultimate obligation of government and so, in an ever more crucial way, do our intelligence services.

These are grave responsibilities. But they can be carried out -- like my other objectives -- according to the common sense principles of first things first and not trying to do more than we have the means to do successfully.

Since I became President I have concentrated on strengthening our alliances -- economic as well as military -- with the industrial nations of NATO and Japan and in seeking to defuse the time bomb in the Middle East.

We are heading in the right direction in all these key areas and I will continue on the same steady course in 1976. The threat of major war has been reduced, negotiations for nuclear arms limitations continue, the prospects for peace are much better than a year ago, and confidence in America's decisiveness and willpower has been restored.

We are -- and continue to be -- the world's greatest democracy. We will be worthy of our past. We will remain the beacon light to which oppressed people everywhere look for hope.

Our enemies are not our own people but those abroad who seek to enslave mankind. As long as there is a strong United States of America, they will never succeed. That is basic common sense.

Let us stop self-destruction here at home. Hatred and strife can only weaken the United States and promote those who would crush freedom throughout the world.

I will continue a foreign policy that pursues America's highest ideals -- a secure, just, and peaceful world. I pledge to the Congress a full process of consultation befitting the equality of our two branches.

Let us work together. The United States can no longer afford disruption or disunity in the conduct of our foreign affairs. No matter who is elected President this year, the United States of America must remain strong and defend the peace.

My Administration, or any future Administration, bears this solemn responsibility. If our military forces are not sufficient to wage war, they will certainly not be adequate to ensure peace.

The crippling of our intelligence capacities vastly increases the danger of American involvement in war. Our adversaries are encouraged to undertake new and dangerous adventures, while our own ability for limited response is undermined. It is absolutely vital that we have a strong and effective intelligence service.

If we destroy the effectiyeness of our intelligence forces, we will stand blindfolded and helpless in a world that is still too dangerous. In the near future I will submit to the Congress a comprehensive set of proposals to reform and strengthen our intelligence community.

Do we now face a future in which we can no longer help our friends -- even in limited and carefully monitored ways -- because of events of a different decade, in a different part of the world? Is it not plain common sense to be able to influence developments abroad by means that fall midway between diplomacy and all-out war? I see the state and survival of the Union in its third century hanging on our common sense answers to these questions of today.

2
There may
be no
legislation



And I have no doubt that our Union will endure -- better, stronger and with more individual freedom.

~~We can see forward only dimly -- one year, five years, a generation perhaps. Like our forefathers, we know that if we meet the challenges of our own time with a common sense of purpose and conviction -- if we remain true to our Constitution and our ideals -- then we can know that the future will be better than the past.~~

I see America today crossing a threshold, not just because it is our Bicentennial, but because we have been tested in adversity and taken a new look at what we want to be and what we want our nation to become.

I see America resurgent, certain once again that life will be better for our children than it is for us, ~~seeking strength~~ ~~that cannot be counted in megatons and riches that cannot be~~ ~~eroded by inflation.~~

I see these United States of America, moving forward ~~as~~
~~before~~ toward a more perfect Union where a government serves
and the people rule.

We will not make this happen by making speeches, good or
bad, yours, or mine, but by hard work and hard decisions made
with courage and common sense.

I have heard many inspired Presidential speeches, but the
words I remember best were words spoken by Dwight D. Eisenhower.

"America is not good because it is great," the President
said. "America is great because it is good."

President Eisenhower was raised in a poor but religious
home in the heart of America. His simple words echoed President
Lincoln's eloquent testament that "right makes might." And
Lincoln's in turn evoked the silent image of George Washington
kneeling in prayer at Valley Forge.

So all these magic memories, which link eight generations
of Americans, are summed up in the inscription just above me.

How many times have we seen it? -- "In God We Trust."

Let us engrave it now in each of our hearts as we begin
our Bicentennial.

END OF TEXT

1/11/10 *NAS*
GOLDWIN'S suggested text on CRIME AND DRUGS

My recommendations on how to control violent crime were submitted to the Congress last June with strong emphasis on protecting the innocent victims of crime.

The way to keep a convicted criminal from committing more crimes is to put him in prison so he cannot harm more law-abiding citizens. Too often criminals are not sent to prison after conviction but are allowed to return to the streets.

Some judges are reluctant to send convicted criminals to prison because of the poor prison conditions. To alleviate this problem at the federal level, my new budget proposes the construction of four new federal facilities.

To make justice more swift and certain for those arrested for federal crimes, I propose an increase this year in

U. S. Attorneys prosecuting federal crimes and reinforcement of the number of U. S. Marshals.

Additional federal judges are needed, as I proposed last year. This legislation recommended by the Judicial Conference should be promptly enacted.

Another major threat to every American's person and property is the criminal carrying a handgun. The way to cut down on the criminal use of guns is not to take guns away from everybody but to impose mandatory sentences for crimes in which a gun is used, make it harder to obtain cheap guns for criminal purposes, and concentrate gun control enforcement in high crime areas.

My budget recommends 500 additional federal agents in the 11 largest metropolitan high crime areas to help local authorities stop criminals from selling and using handguns.

The sale of hard drugs is on the increase again and I have directed all agencies of the federal government to step up enforcement efforts against drug traffickers and dealers. Hard drugs are an unspeakable curse . They degrade the spirit as they destroy the body of their users. Here the federal responsibility is plain.

I recommended months ago that the Congress enact mandatory fixed sentences for persons convicted of federal crimes involving selling hard drugs.

As President I have talked personally with the leaders of Mexico, Colombia, and Turkey to urge greater efforts by their governments to control effectively the production and trafficking in hard drugs.

It is unrealistic and misleading to hold out the hope that the Federal government can move in to every neighborhood

and clean up crime. Under the Constitution, the greatest responsibility for curbing crime lies with State and local authorities, but there are definite ways in which the federal government can help them. They, after all, are the ones on the firing line in the struggle against crime.

I will propose in the new budget that the Congress authorize almost \$7 billion over the next five years to assist State and local governments to protect the safety and property of all citizens.

As President I pledge the strict enforcement of federal laws and -- by example, support, and leadership -- to help State and local authorities enforce their laws. Together we must protect the victims of crime and ensure domestic tranquility.