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1. THIS IS A TIME OF ECONOMIC TESTING FOR OUR NATION.
2. INFLATION HAS FALLEN SHARPLY.
3. THE RECESSION IS NEAR BOTTOM & WE WILL RECOVER.
4. THIS IS NO TIME ~~FOR AN ECONOMIC STIMULUS PROGRAM~~ ^{FOR AN EXCESSIVE STIMULUS PROGRAM OR}
~~OR~~ NOR FOR INFLATIONARY TAX REDUCTIONS.
5. WE MUST BE RESPONSIBLE,
& MAKE CAREFUL INVESTMENTS IN AMERICAN PRODUCTIVITY. //
6. WE CAN BUILD IN A PROGRESSIVE WAY
7. A FUTURE IN WHICH AMERICA WILL BE CREATIVE
& WILL GROW MORE VIGOROUSLY
THAN AT ANY TIME
SINCE OUR 1ST INDUSTRIAL REVOLUTION
OVER 100 YEARS AGO. //

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1. ACCORDING TO A WELL-KNOWN PROVERB,

2. "A JOURNEY OF ~~A~~ THOUSAND MILES

BEGINS WITH A SINGLE STEP."/

EACH STEP IS
IMPORTANT

3. { THE ^{NEW} STEPS I DESCRIBE NOW

4. { WILL ^{CONTINUE} ~~BEGIN~~ THAT JOURNEY TOWARD A MORE PRODUCTIVE,
MORE COMPETITIVE,
& MORE PROSPEROUS

AMERICAN ECONOMY.

5. THE ^{NEW STEPS} ~~SE~~ WILL PUT PEOPLE BACK TO WORK,

REDUCE TAXES,

INCREASE PUBLIC & PRIVATE INVESTMENT,

& CONSTRAIN INFLATION. //

6. { BUT SUCH PROGRESS WILL BE POSSIBLE ONLY

7. { IF WE REGARD THE PAST NOT AS A REFUGE IN WHICH TO HIDE --

8. { BUT AS A TREASURY OF LESSONS FROM WHICH TO LEARN. /

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1. LET US CONSIDER SOME OF THOSE LESSONS: /
2. FIRST -- WE CANNOT TREAT JUST THE SYMPTOMS OF INFLATION
& IGNORE THE UNDERLYING CAUSES. /
3. SECOND -- INFLATION & RECESSION AUGMENT EACH OTHER. /
4. THIRD -- THE LONGER WE IGNORE OUR DECLINE IN PRODUCTIVITY,
THE MORE LIKELY WE ARE TO LIVE WITH HARD TIMES. /
5. THE FOURTH LESSON -- & IT MAY BE MOST IMPORTANT OF ALL --
6. IS THAT IF A SOLUTION IS POLITICALLY ATTRACTIVE,
7. IT IS OFTEN ECONOMICALLY WRONG. //
8. NOW -- IN THE HEAT OF AN ELECTION YEAR --
9. IS NOT THE TIME TO SEEK VOTES WITH ILL-CONSIDERED TAX CUTS
10. THAT WOULD STEAL BACK IN INFLATION
11. THE FEW DOLLARS THE AVERAGE AMERICAN TAXPAYER WOULD GET. /
12. AMERICA NEEDS TO BUILD MUSCLE,
NOT ADD FAT.
13. I WILL NOT ACCEPT A PRE-ELECTION BILL TO CUT TAXES. //

1. { THERE ARE NO SIMPLE OR EASY SOLUTIONS ↗
2. { TO SERIOUS PROBLEMS THAT BUILD UP OVER LONG PERIODS OF TIME.
3. { BUT THERE ARE RESPONSIBLE WAYS TO CREATE PRODUCTIVE JOBS
4. { WITHOUT RE-IGNITING INFLATION.
5. { THERE ARE RESPONSIBLE WAYS
6. { TO RESTORE OUR TECHNOLOGICAL & COMPETITIVE LEAD IN THE WORLD.
7. { THERE ARE RESPONSIBLE WAYS
8. { TO STRENGTHEN OUR ECONOMY
9. { ENOUGH TO GUARANTEE OPPORTUNITY & SECURITY

FOR EVERY AMERICAN. //

1. THE FUNDAMENTAL CHALLENGE TO OUR ECONOMY IN THE 1980s
2. IS TO CREATE { FULL EMPLOYMENT,
STABLE PRICES,
& REAL GROWTH,
3. WITH JOBS THAT ATTACK OUR DECLINING PRODUCTIVITY & ENERGY DEPENDENCE --
4. THE MAJOR CAUSES OF INFLATION & RECESSION IN THE 1st PLACE. //
5. OUR DETAILED PROGRAM SETS FORTH MEASURES

I WILL ASK THE CONGRESS TO ENACT NEXT YEAR.

6. THERE ARE 4 MAJOR GOALS:

1. --(1)-- { INCREASE PRIVATE & PUBLIC INVESTMENT
TO REVITALIZE AMERICA'S ECONOMY. /
2. --(2)-- { CREATE A FORWARD-LOOKING PARTNERSHIP
BETWEEN GOVERNMENT & THE PRIVATE SECTOR
TO DEAL WITH THOSE NATIONAL PROBLEMS
THAT ONLY COOPERATION CAN SOLVE. /
3. --(3)-- { HELP PEOPLE & COMMUNITIES
OVERCOME THE EFFECTS OF INDUSTRIAL DISLOCATION. /
4. --(4)-- { HELP TO OFFSET RISING INDIVIDUAL TAX BURDENS
IN WAYS THAT DO NOT REKINDLE INFLATION. //

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1. { MY NEW PROPOSALS
2. { WILL ADD ALMOST A HALF MILLION JOBS IN THE COMING YEAR
& A TOTAL OF 1 MILLION JOBS BY THE END OF 1982.
3. { THESE ARE IN ADDITION
4. { TO THOSE WHICH NORMAL RECOVERY
& OUR OTHER NEW PROGRAMS
WILL PROVIDE.
5. WE EXPECT TO { ADD 2% GROWTH TO THE "GNP",
{ INCREASE REAL INVESTMENT BY 10%,
{ & HELP TO HOLD DOWN INFLATION
AT THE SAME TIME. //

1. WE MUST NOW BUILD ON THE PROGRESS WE HAVE MADE
IN MANY VITAL AREAS.
2. { IN THE LAST 3½ YEARS,
3. { WE HAVE ADDED MORE THAN 8 MILLION NEW WORKERS
TO AMERICA'S JOB ROLLS --
4. { MORE THAN IN ANY SIMILAR PERIOD OF TIME IN OUR HISTORY. /
5. EXPORTS HAVE GROWN SUBSTANTIALLY.
6. { AND WITH THE 1981 BUDGET
7. { WE WILL HAVE CUT IN HALF
8. { THE REAL GROWTH IN FEDERAL SPENDING. //

1. { WE ARE REDUCING

2. { THE ANTI-COMPETITIVE REGULATION OF THE AIRLINES,
TRUCKING,
RAIL,
BANKING,
& COMMUNICATIONS
INDUSTRIES.

3. { THIS IS THE MOST FUNDAMENTAL RESTRUCTURING

4. { OF THE RELATIONSHIP BETWEEN GOVERNMENT & BUSINESS
SINCE THE NEW DEAL. //

1. ABOVE ALL,
2. AFTER VIGOROUS DEBATE & PAINFUL POLITICAL DECISIONS,
3. { WE HAVE PUT IN PLACE A NATIONAL ENERGY POLICY
4. { THAT HAS ALREADY HELPED REDUCE OUR OIL IMPORTS BY 20%
5. { AND HAS ENCOURAGED MORE DRILLING OF OIL & GAS WELLS TODAY
THAN AT ANY TIME IN THE PAST QUARTER OF A CENTURY. //
6. WE MUST CONTINUE TO BUILD.
7. OUR TASK IS NOTHING LESS
THAN TO REVITALIZE AMERICA'S ECONOMY.
8. { INCREASING PRODUCTIVITY
9. { IS THE FOREMOST ECONOMIC CHALLENGE OF THE 1980s. //

1. { FROM MANAGEMENT,
2. { WE NEED INNOVATION,
& MORE LONG-RANGE PLANNING.
3. { FROM LABOR,
4. { WE MUST HAVE { MORE PARTICIPATION IN DECISIONS,
{ DEDICATED WORK,
{ & THE SKILLS TO TAKE ADVANTAGE
OF THE MOST MODERN TOOLS & TECHNOLOGY.
5. { FROM GOVERNMENT,
6. { WE MUST HAVE SOUND JUDGMENT
& POLITICAL COURAGE.
7. { FROM ALL AMERICANS,
8. { THERE MUST BE COMMITMENT
& COMMON SENSE. /

1. { WE WILL MEET THE CHALLENGE OF A MORE PRODUCTIVE AMERICA
2. { AS IF OUR ECONOMIC LIFE DEPENDED ON IT --

BECAUSE IT DOES. /

3. AND THIS IS HOW WE WILL DO IT: //

How will we -- ?

4. --(1)-- TO INCREASE PRIVATE & PUBLIC INVESTMENT
TO REVITALIZE AMERICA'S ECONOMY:

5. { THE MOST IMPORTANT STEP WE CAN TAKE
TO REVITALIZE AMERICAN INDUSTRY

6. { IS TO PROVIDE INCENTIVES FOR GREATER PRIVATE INVESTMENT. /

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1. { WE NEED A MAJOR INCREASE IN DEPRECIATION ALLOWANCES
2. { TO PROMOTE INVESTMENT IN MODERN PLANTS & EQUIPMENT,
3. { AND WE NEED A DRASTIC SIMPLIFICATION OF THE TAX CODE
4. { SO THAT SMALL BUSINESSES CAN BENEFIT FROM THIS CHANGE. //
5. { THE INVESTMENT TAX CREDIT
6. { IS NOW OF NO HELP TO NEW FIRMS
OR TO DISTRESSED INDUSTRIES --
7. WHICH HAVE NO EARNINGS
8. AND THEREFORE NO TAXES. /

1. THEREFORE, PART OF THE INVESTMENT TAX CREDIT MUST BE REFUNDABLE.
2. { THIS WILL PROVIDE
3. { IMMEDIATE HELP TO SMALL BUSINESSES & TO NEW INDUSTRIES --
4. { AN IMPORTANT SOURCE OF BOTH TECHNOLOGICAL PROGRESS
AND EMPLOYMENT.
5. { IT WILL ALSO BE OF SPECIAL HELP
6. { TO INDUSTRIES MOST IN NEED OF MODERNIZATION --
7. { SUCH AS THOSE WHICH PRODUCE STEEL & AUTOMOBILES. //
8. WE WILL IMPLEMENT MANY OF THE RECOMMENDATIONS
OF THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS. //

PROFOUND
IN TAX
POLICY

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1. TO COMPLEMENT THE BENEFITS
2. DERIVED FROM TAX CHANGES FOR THE PRIVATE SECTOR,
3. WE MUST ALSO EXPAND PUBLIC INVESTMENT --
4. ESPECIALLY IN THE CRUCIAL AREAS OF ENERGY,
 TECHNOLOGY,
 TRANSPORTATION,
 & EXPORTS.

1. { OUR ENERGY PROGRAM ALREADY APPROVED FOR THE 1980s
2. { IS THE MOST MASSIVE PEACETIME UNDERTAKING
IN AMERICAN HISTORY.
3. { ITS IMPACT WILL BE IMMENSE --
4. { RANGING FROM THE HUNDREDS OF THOUSANDS
WHO WILL WORK IN SYNTHETIC FUEL PLANTS
5. { TO THE MILLIONS OF INDIVIDUALS
WHO ARE WEATHERIZING THEIR HOMES,
 { USING SOLAR POWER,
 { OR BUILDING OUR NEW FUEL-EFFICIENT CARS. /

1. { SINCE I TOOK OFFICE,
2. { WE HAVE ENACTED TAX CREDITS
3. { AND HAVE MORE THAN DOUBLED DIRECT SPENDING
4. { IN ORDER TO STIMULATE ENERGY PRODUCTION & CONSERVATION.
5. { IN ADDITION,
6. { WE WILL CREATE A VAST NEW SYNTHETIC FUELS INDUSTRY,
7. { AND WE ARE SEEKING NEW AUTHORITY
TO CONVERT UTILITIES FROM OIL TO COAL. /
8. { WE NEED TO ADD SUBSTANTIALLY MORE FUNDS
9. { FOR WORK ON ENERGY CONSERVATION PROJECTS
10. { THAT WILL HELP US TO FIGHT INFLATION
& ACHIEVE ENERGY SECURITY. //

1. { TECHNOLOGICAL ADVANCE
2. { HAS PROVIDED MUCH OF THE PRODUCTIVITY GROWTH
OF THE UNITED STATES IN THIS CENTURY,
3. AND CAN CREATE LITERALLY MILLIONS OF JOBS
IN THE YEARS AHEAD. /
4. { IN ADDITION TO TAX INCENTIVES FOR INVESTMENT IN THE LATEST TECHNOLOGY,
5. { I FAVOR A SUBSTANTIAL REAL GROWTH
IN FEDERAL SUPPORT OF BASIC RESEARCH --
PARTICULARLY IN THE RESEARCH CENTERS OF OUR UNIVERSITIES. //

1. { MARK TWAIN ONCE SAID,
2. { "AN AMERICAN IS A PERSON WHO DOES THINGS
BECAUSE THEY HAVEN'T BEEN DONE BEFORE."
3. { THE EXCITING POSSIBILITIES FOR AMERICANS IN THE 1980s
4. { RANGE FROM LASERS FOR SURGERY
TO SUPER-ALLOYS THAT NEVER RUST;
FROM EXOTIC ENERGY TECHNOLOGIES
TO MICROCHIPS THAT CAN MAKE COMPUTERS
AS COMMON AS RADIOS,
& AS COMPACT AS WRISTWATCHES.
5. { THESE ADVANCES IN SCIENCE & TECHNOLOGY
6. { CAN WELL EXCEED ANYTHING OUR CENTURY HAS SEEN THUS FAR. //

1. TRANSPORTATION IS VITAL.
2. { THE DIFFERENCE BETWEEN A HEALTHY TRANSPORTATION NETWORK
& A BROKEN-DOWN HIGHWAY OR A DYING RAILROAD
3. { IS THE DIFFERENCE BETWEEN JOBS & JOBLESSNESS
FOR THOUSANDS OF PEOPLE,
& BETWEEN STRENGTH & WEAKNESS
FOR OUR NATION. /
4. { MY PROPOSALS
5. { FOR MAJOR IMPROVEMENTS IN MASS TRANSIT,
AIR TRANSPORTATION,
& RAILROAD ASSISTANCE PROGRAMS
6. { ARE ALREADY PENDING BEFORE CONGRESS.
7. THESE SHOULD BE ENACTED & FUNDED WITHOUT DELAY.
8. I WILL PROPOSE A FURTHER SIGNIFICANT INCREASE
FOR SURFACE TRANSPORTATION PROGRAMS.
9. THERE IS NO MORE ESSENTIAL INVESTMENT IN AMERICA'S FUTURE. //

1. ~~(2)~~ TO CREATE A FORWARD-LOOKING PARTNERSHIP
BETWEEN GOVERNMENT & THE PRIVATE SECTOR
TO DEAL WITH THOSE NATIONAL PROBLEMS
THAT ONLY COOPERATION CAN SOLVE. //
2. { TO HELP US REVITALIZE AMERICAN INDUSTRY,
3. { BUSINESS, LABOR, & GOVERNMENT MUST FORM
A NEW & VITAL PARTNERSHIP.
4. { WE ARE ALL IN THIS TOGETHER,
5. { AND THE SOONER WE START ACTING LIKE IT,
THE BETTER. //

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1. I WILL ASK THAT BOARD
2. TO DEVELOP SPECIFIC RECOMMENDATIONS
3. FOR AN INDUSTRIAL DEVELOPMENT AUTHORITY
4. TO MOBILIZE BOTH PUBLIC & PRIVATE RESOURCES,
5. INCLUDING CAPITAL FROM PRIVATE MARKETS & PENSION FUNDS...
6. TO HELP REVITALIZE AMERICAN INDUSTRY
7. IN AREAS MOST AFFECTED BY ECONOMIC DISLOCATION
OR INDUSTRIAL BOTTLENECKS. /

8. THE BOARD WILL ALSO CONSIDER
9. THE INTEGRATION OF INDUSTRIAL DEVELOPMENT ACTIVITIES
10. NOW CARRIED OUT IN VARIOUS GOVERNMENT AGENCIES,
11. AND WILL ADDRESS THE LONG-RANGE PROBLEMS
OF BALANCING REGULATORY COSTS & BENEFITS. //

1. { ANY PROJECT RECEIVING FINANAICAL ASSISTANCE
2. { MUST MEET ~~THOUGH~~ ^{TROUGH} STANDARDS OF ECONOMIC VIABILITY.
3. { ONLY A COMMITMENT THAT PROMOTES PROGRESS
-- NOT OBSOLESCENCE --
4. { WILL BE TRULY IN THE INTERESTS OF BUSINESS,
LABOR,
& THE AMERICAN PEOPLE. //

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How CAN WE -- ?

1. (3) -- TO HELP PEOPLE & COMMUNITIES
OVERCOME THE EFFECTS OF INDUSTRIAL DISLOCATION. //

2. AS WE WORK TOGETHER
3. ON THE PROBLEMS & INTRICATE ISSUES OF ECONOMIC RENEWAL,
4. WE MUST NEVER FORGET
5. THAT WE ARE TALKING ABOUT REAL PEOPLE
IN REAL PLACES.

6. CHANGE IS INEVITABLE IF WE ARE TO GROW.

7. BUT AS WE COPE WITH CHANGE,
8. IT IS ALSO MY RESPONSIBILITY AS PRESIDENT
9. TO SAFEGUARD COMMUNITIES
10. THAT ARE A VALUABLE PART OF OUR NATIONAL LIFE --
11. AND THE INDIVIDUAL LIVES OF THE MEN, WOMEN, & CHILDREN

WHO ARE AMERICA. /

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1. THAT IS THE WHOLE THRUST
2. OF ONE OF THE MOST IMPORTANT PROGRAMS OF MY PRESIDENCY --
3. ECONOMIC DEVELOPMENT IN DISTRESSED AREAS. /
4. A COMMUNITY CANNOT EXIST WHERE THERE IS NO WORK.
5. WE CAN BE PROUD
6. THAT DIRECT GOVERNMENT SUPPORT FOR ECONOMIC DEVELOPMENT
7. HAS INCREASED BY OVER 70% IN THE PAST 3 YEARS. /
8. WE HAVE INSTITUTED EFFECTIVE URBAN & RURAL PROGRAMS
9. TO STIMULATE PRIVATE INVESTMENT IN DISTRESSED AREAS.
10. FUNDING FOR PROGRAMS TO PROMOTE SMALL BUSINESS
HAS MORE THAN DOUBLED.
11. THE CONGRESS NOW HAS BEFORE IT
12. MY PROPOSAL FOR SUBSTANTIAL INCREASES
IN ECONOMIC DEVELOPMENT FINANCING. //

1. THESE MEASURES STIMULATE BUSINESS,
2. BUT WHEN A COMMUNITY IS IN FINANCIAL DISTRESS --
3. WHEN IT CANNOT MAINTAIN GOOD POLICE, FIRE, OR SANITATION SERVICES --
4. IT LOSES BOTH NEW & OLD INDUSTRY. /
5. { IN ORDER TO HELP COMMUNITIES MAINTAIN
6. { THE SERVICES NECESSARY TO PROMOTE DEVELOPMENT,
7. { I WILL PROPOSE COUNTERCYCLICAL REVENUE SHARING

AT A LEVEL OF \$1 BILLION IN 1981. //

1. { MY MAJOR NEW DOMESTIC PROGRAM THIS YEAR
2. { IS A JOBS & TRAINING PROGRAM
3. { TO HELP YOUNG AMERICANS LOOK FORWARD TO A FUTURE OF HOPE,
NOT A LIFE OF WASTE.
4. { THIS IS THE ONE ACTION WE CAN TAKE NOW
5. { THAT WILL MAKE A DIFFERENCE TO THE LIVES OF A WHOLE GENERATION OF AMERICANS. /
6. { I AM ALSO ASKING THE CONGRESS NOW
7. { TO PROVIDE 13 ADDITIONAL WEEKS OF UNEMPLOYMENT COMPENSATION
8. { FOR ELIGIBLE WORKERS IN HIGH UNEMPLOYMENT STATES. /

ONLY NEW LEGIS
PROPOSAL GOING TO
CONG & ELECTION

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How will we...

1. ~~(4)~~ TO HELP OFFSET RISING INDIVIDUAL TAX BURDENS
IN WAYS THAT DO NOT REKINDLE INFLATION. //
2. { TAX BURDENS ARE ^{now} SCHEDULED TO RISE
3. { IN WAYS THAT WILL BOTH INCREASE INFLATION
& SLOW RECOVERY.
4. { THEREFORE, I WILL ASK CONGRESS
5. { FOR THREE MEASURES NEXT YEAR TO DEAL WITH THIS PROBLEM. /

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1. --{ TO HELP OFFSET THE SOCIAL SECURITY TAX INCREASES
SCHEDULED TO TAKE EFFECT IN 1981,
A SOCIAL SECURITY TAX CREDIT FOR EMPLOYERS
& FOR WORKERS. /
2. --{ IN ADDITION, THE EARNED INCOME TAX CREDIT,
WHICH HELPS LOW INCOME FAMILIES, TO BE EXPANDED. /
3. --{ A SPECIAL TAX DEDUCTION TO COUNTER THE INEQUITY
WHERE A HUSBAND & WIFE WHO WORK
TYPICALLY PAY MORE IN TAXES
THAN TWO SINGLE INDIVIDUALS MAKING THE SAME AMOUNT. //

* * *

1. { ALL OF THESE POLICIES WILL BE CARRIED OUT WITHIN A RESPONSIBLE BUDGET,
2. { SO THAT WE CAN SIMULTANEOUSLY PROMOTE ECONOMIC RECOVERY
& REDUCE THE PRESSURES OF INFLATION. //
3. { TO MAKE STILL FURTHER PROGRESS,
4. { WE WILL CONSULT WITH { BUSINESS,
 { LABOR,
 { & OTHER GROUPS
5. { ABOUT HOW TO IMPROVE OUR VOLUNTARY WAGE & PRICE POLICIES. /
6. { BECAUSE INFLATION IS SUCH A STUBBORN PROBLEM,
7. { WE MUST DESIGN FUTURE TAX REDUCTIONS --
8. { EARNED BY CONTINUED CONTROL OF FEDERAL SPENDING --
9. { IN WAYS THAT CONTRIBUTE TO MODERATING WAGE & PRICE INCREASES. //

* * *

1. { FOR ANY NATION'S ECONOMY,
2. { THE SEVERE PROBLEMS COME IN TIMES OF GREAT CHANGE.
3. { FOR OUR NATION,
4. { THIS IS ONE OF THOSE TIMES. /
5. { IF WE KEEP FIRMLY TO OUR PATH
6. { AND ATTACK OUR PROBLEMS
7. { WITH COURAGE & RESPONSIBILITY,
THE RESULT WILL BE AN EXCITING FUTURE FOR OUR ECONOMY
& OUR NATION. /

1. { LET US NOT FORGET
2. { THAT THIS COUNTRY OF OURS STILL HAS THE MOST PRODUCTIVE WORK FORCE
ON EARTH. /

3. OUR STANDARD OF LIVING
IS THE HIGHEST IN THE WORLD. /

4. OUR INDUSTRIAL BASE
IS THE STRONGEST IN WORLD HISTORY. /

5. WE HAVE THE GREATEST HUMAN & PHYSICAL RESOURCES
OF ANY NATION ON EARTH. /

6. BUT WE CANNOT DRAW THEM DOWN FOREVER.

7. { WE MUST RENEW THESE RESOURCES --

8. { AND WE WILL. //

1. WE ARE EMBARKING ON A COURSE
2. TO BUILD A MAJOR SYNTHETIC FUELS INDUSTRY,
3. TO DOUBLE OUR PRODUCTION & EXPAND THE EXPORT OF COAL, /
4. TO RETOOL OUR AUTOMOBILE INDUSTRY TO PRODUCE MORE FUEL-EFFICIENT CARS, /
5. TO MODERNIZE OUR BASIC INDUSTRIES, /
6. TO MAKE OUR HOUSES & BUILDINGS & FACTORIES MORE ENERGY EFFICIENT, /
7. TO SHIFT OUR ELECTRIC POWER GENERATION
FROM OIL TO COAL & OTHER FUELS,
8. TO CREATE A WHOLE NEW INDUSTRY
TO PRODUCE SOLAR & OTHER RENEWABLE ENERGY SYSTEMS, /
9. TO REBUILD OUR CITIES & TOWNS, /
10. TO CONTINUE PROGRESS TOWARD A CLEANER & HEALTHIER & SAFER ENVIRONMENT, /
11. TO EXPAND AND MODERNIZE OUR PUBLIC TRANSPORTATION, /
12. TO PROVIDE OUR WORKFORCE WITH SKILLS & JOBS,
13. TO EASE THE BURDENS OF CHANGE, /
14. AND TO CONTINUE TO BUILD THE HOMES
& PRODUCE THE GOODS & SERVICES
NEEDED BY A GROWING AMERICA. //

1. { OUR DIFFICULT STRUGGLE TOWARD ECONOMIC RENEWAL
WILL BE WAGED IN MANY WAYS --
2. { BUT WE ARE UNITED IN OUR PURPOSE. /
3. { WE WILL PUT AMERICANS TO WORK
4. { FIGHTING THE MAJOR LONG-TERM CAUSES OF INFLATION ITSELF --
5. { OUR DECLINING PRODUCTIVITY & OUR DEPENDENCE ON FOREIGN OIL. /
6. WE WILL FIGHT FOR { FULL EMPLOYMENT,
 { STABLE PRICES,
 { & HEALTHY GROWTH. /
7. { WE WILL OVERCOME THE PROBLEMS OF TODAY
8. { BY BUILDING FOR A BETTER FUTURE --
9. { A BETTER LIFE FOR ALL AMERICANS. //

#

(Incorporates comments of Jody, Stu, Gordon.)

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Scheduled Delivery:
Thur, Aug 28, 2 PM

As you will see, we have created four categories of goals and rearranged the program accordingly.

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Economic Future

P This is no time for an economic stimulus program nor for inflationary tax reductions. We must be responsible, and make careful investments in American productivity.

~~[This is a time of economic testing but also a time of opportunity. Inflation continues to be a serious problem but it has fallen sharply. The recession is near bottom but the signs are clear that we will recover.]~~

for our nation.

This is a time of economic testing, Inflation has fallen sharply. The recession is near bottom and we will recover.*

~~[If we choose]~~ We can build in a progressive way a future in which America will ^{be creative} innovate and ^{have need} grow more vigorously than at any time since our first industrial revolution over 100 years ago.

According to a well-known [Chinese] proverb, "A journey of one thousand miles begins with a single step."

The steps I ^{describe now} [am-proposing-today] will begin that journey

*We feel that the original short opening -- which the EPG was willing to accept -- was sharper and even startling.

toward a more productive, more competitive, and more prosperous American economy. They will put people back to work, reduce taxes, and increase public and private investment.

1 } 2

in (a) lines
eps 1 - last graph

But such progress will be possible only if we regard the past not as a refuge in which to hide -- but as a treasury of lessons from which to learn.

Let us consider some of those lessons:

First -- we cannot treat ^{just} only the symptoms of inflation and ignore ^{the} their underlying causes.

Second -- inflation and recession ^{augment} [breed more of] each other.

Third -- the longer we ignore our decline in productivity, the more likely we are to live with hard times.

The fourth lesson -- and it may be most important of all -- is that if a solution is politically attractive, it is often

economically wrong.

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Now -- in the heat of an election year -- is not the time
^{seek} to [buy]* votes with ill-considered tax cuts that ^{would steal} will only rob
back in inflation the few dollars the average American

taxpayer would get. America needs to build muscle, not add
fat. I will not accept a pre-election ~~tax cut~~ ^{bill to} ~~cut taxes.~~ } ^{inflation}

There are no simple ^{or} easy, [~~and appealing~~] solutions to
serious problems that [~~have built~~] ^{build} up over long periods of time.

But there are responsible ways to create ^{productive} real jobs without
re-igniting inflation. There are responsible ways to restore

our technological and competitive lead in the world. There
are responsible ways to [~~revitalize an~~] ^{strengthen our} economy [~~strong~~] enough
to guarantee opportunity and security for every American.

The fundamental challenge to our economy in the 1980s
is to create full employment, stable prices, and real growth,
with jobs that attack our ^{declining productivity and} energy dependence [~~and declining~~

*Stu feels "buy" is too harsh on Senator Long. Suggests "win".

productivity] -- the major causes of inflation and recession
in the first place.

Our detailed program being
~~The Economic Paper and fact sheets we are releasing set,~~

forth measures I will ask the Congress to enact next year.

There are ~~four~~ ^{four} broad categories: major goals:

1. We will ~~encourage~~ ^{Increase} private investment and expand public investment to revitalize America's economy. ~~[-- so we can produce more, export more, invent more, and employ more.]~~ 3/4
2. We will ~~create~~ ^{create} a forward-looking partnership ~~among~~ ^{between} Government ~~and~~ ^{and} the private sector, ~~and the public~~ ^{and the public} to deal with those national problems that only cooperation can solve. 11
3. We will ~~help~~ ^{help} people and communities, ~~affected by~~ ^{overcome the effects of} industrial dislocation, ~~[to make positive economic advance.]~~
4. We will ~~help~~ ^{to} offset rising individual tax burdens in ways that do not rekindle inflation.

~~The actions I am recommending today~~ ^{my new proposals} will add almost a half

million jobs in the coming year and a total of one million jobs

by the end of 1982. These are in addition to those ~~the~~ ^{which}

other new programs
~~existing programs~~

normal recovery and our ~~[other new programs]~~ will provide. We *expect*
to will add 2 per cent growth to the GNP, [for an overall advance
more than of 8 per cent ~~[to 9 per cent]~~ *or more* over two years. We will increase
real investment by 10 per cent, ~~[And it]~~ *and* will help to hold down
inflation *at the same time.*

now
We must *now* build on the progress we have already made in many
vital areas. In the last 3 1/2 years, we have added more than
8 million new ~~[men and women]~~ *workers* to America's job rolls -- more than
in [at] any ~~[other such]~~ *similar* period of time in our history. Exports
have grown *4* *5* substantially. And with the 1981 budget we will
have cut in half the real growth in federal spending.

We are reducing the anti-competitive regulation of the
airlines, trucking, rail, banking, and communications industries.
This is the most fundamental restructuring of the relationship
between government and business since the New Deal. ~~[The
reforms we have already made will save American consumers~~

~~more than \$10 billion each year and cut 15 per cent from the
burden of federal paperwork.]~~

Above all, after vigorous debate and painful political
decisions, we have put in place a national energy policy that
has already helped reduce our oil imports by ~~20~~ ^{more than} 20 per cent and ^{has}
encouraged more drilling of oil and gas wells today than at
any time in the past quarter of a century.

^{continue to}
We must ^{now} build upon the achievements of the past
three years.] Our task is nothing less than to revitalize [the
productive roots of] America's economy. ^{Increasing} Productivity is the
^{foremost} economic ^{challenge} ~~challenge~~ of the 1980s.

From management, we ~~will~~ need innovation, and more
long-range planning. From labor, we must have more participation
⁵ ⁶
in decisions, dedicated work, and the skills to take advantage of
the most modern tools and technology. From government, we must
have sound judgment and political courage. [From all Americans

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there must be commitment and common sense.]

We ^{will} ~~must~~ meet the challenge of a more productive America as
if our ^{economic} national life depended on it -- because it does. And
this is how we will do it.

- ^{To increase}
1. We ~~will encourage~~ private investment and ~~expand~~ public investment to revitalize America's economy. [---so we can produce more, export more, invent more, and employ more.]

The most important step we can take to revitalize American industry is to provide incentives for greater private investment.

^{We need}
~~I will propose~~ a major increase in depreciation allowances to promote investment in modern plants and equipment, and a drastic simplification ^{of the tax code} so that small businesses [as well as large] can benefit _{from this change.} 47

The investment tax credit [also encourages investment, but but it] ^{now} is of no help to new firms _{or to distressed industries} which have no earnings and therefore no taxes.

Therefore, ~~[I propose that]~~ part of the investment tax credit
 must be made refundable. This will provide immediate help to ^{small businesses and} new
 industries ^{to those industries} and ^{to those} most in need of modernization -- such
 as ^{those which produce} steel and automobiles. It will also be of special help
 to small businesses -- an important source of both technological
 progress and employment.

We will implement many of the recommendations of the White
 House Conference on Small Business.

To complement the ^{benefits derived from} ~~efforts in the private sector which the~~
^{for the private sector,} tax changes ~~(will help stimulate)~~, we must also expand public
 investment -- especially in the crucial areas of energy,
technology, transportation, and exports.

^{already approved}
 Our energy program, for the 1980s is the most massive
 peacetime undertaking in American history. Its impact will be
 immense -- ranging from the hundreds of thousands who will work
 in synthetic fuel plants to the millions of individuals who

are weatherizing their homes, using solar power, or building our new fuel-efficient cars.

Since I took office, we have ^{enacted tax credits and have} more than doubled direct spending ^{in order} ~~[for energy production and conservation, and enacted tax credits]~~ to stimulate energy production and conservation. In addition, we ^{will create} ~~[are creating]~~ a vast new synthetic fuels industry, and we are seeking new authority to convert utilities from oil to coal. ^{We need to} ~~[I will propose that we]~~ add another \$1 billion ^{for} ~~[to put people to]~~ work on energy conservation projects that will help us to fight inflation and achieve energy security.

Technological advance has provided much of the productivity growth of the United States in this century, ⁸ and can create ⁹ literally millions of jobs in the years ahead. In addition to ~~[the]~~ tax incentives for investment in the latest technology, I ^{support favor} ~~[am proposing]~~ a substantial real growth in federal support of basic research, particularly ⁱⁿ the research centers of our ^{great} universities.

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Mark Twain once said, "An American is a person who does things because they haven't been done before." The exciting possibilities for Americans in the 1980s range from lasers for surgery to super-alloys that ^{never rust} ~~[last forever]~~ -- from exotic energy technologies to microchips that ^{can} ~~will~~ make computers as common as radios and as compact as wristwatches. ~~[We will create a partnership of]~~ ^G ~~government, industry, and the universities [that] will produce~~ ^{These} ~~advances in science and technology that~~ can well exceed anything our century has seen thus far.

+
Page 9,
1st full page

Susan:
leave
& sentence
in

Transportation is vital. The difference between a healthy transportation network and a broken-down highway or a dying railroad is the difference between jobs and joblessness for thousands of people -- and between strength and weakness for our nation. ^{My} ~~Administration~~ ^{improvements in} proposals for major ~~funding increases~~ ~~for~~ mass transit, air transportation and railroad assistance programs are already pending before Congress. These should be enacted and funded without delay. I will propose a further

9 } 10

increase of \$600 million for surface transportation programs.

There is no more essential investment in America's future.

Exports^{which} accounted for about 6.5 per cent of our GNP when
I took office ^{have now jumped to} ~~(this year they will be)~~ about 9 per cent. This

← 1st
year
pg 10;
see 6-7

increase has been an essential source of jobs and we have a

^{great} [tremendous] potential for even ^{more} greater growth in jobs and exports

in our vast reserves of coal. We must begin immediately to

[forge a private and public partnership to] upgrade our transportation

and port facilities for coal exports. Through tax modification

and a new concept of export trading companies we will ^{even} further

expand ^{American} our exports. / 10 } / 11

2. We ^{to} will create a forward-looking partnership ^{between} ~~among~~ Government, ^{and} the private sector, ~~and the public~~ to deal with those national problems that only cooperation can solve.

To help us revitalize American industry, business, labor, and government must form a new and vital partnership.

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We are all in this together, and the sooner we start acting like it, the better.

In some areas, such as national security, government must play the dominant role. But where government ^{is involved} ~~(has-a-role)~~ in the economic sphere it will function best not as a boss ~~(or a provider)~~ but ^{to assist or to cooperate} ~~(as a partner)~~ with business and labor, ^{only as necessary,} It can ^{cooperating properly} ~~properly~~ be done. We are ~~(doing-it)~~ with the coal, steel, and auto industries, as well as in ^{many} every aspect of our energy program.

The time has now come to extend this experience in cooperation.

I will establish an ^{Economic} Industrial Revitalization [Productivity]* Board composed of ^{some of} the best ^{leaders} [minds] from American labor, ¹¹ ¹² industry ^{chief executive officer of DuPont} and the public. *Co. chairmen will be Irving Shapiro, and Lane Kirkland, President of AFL-CIO.*

I will ask that Board to develop specific recommendations for an industrial development authority to mobilize both public

* The choice of titles is up to you. Bill Miller is still discussing specific terms of the Board agreement. As small differences in language make big differences in politics and substance, he asks that the final of this section be checked by him.

*capital from private
markets and*

and private resources, including pension funds, to help revitalize American industry ~~[and to help]~~ in areas most affected by economic dislocation, ~~or if needed to remove industrial bottlenecks.~~ The Board will also consider the integration of industrial development activities now carried out in various government agencies, and ^{will address} the long-range problems of balancing regulatory costs and benefits.

[I will insist that] Any project receiving financial assistance, ^{must} meet tough standards of economic viability. Only a ^{committed} partnership that promotes progress -- not obsolescence -- will be truly in the interests of business, labor, and the American people.

12 } 13

3. We ^{to} ~~will~~ help people and communities ^{overcome the effects of} [affected by] industrial dislocation, ~~to make positive economic change.]~~

As we work together on the problems and intricate issues of economic renewal, we must never forget that we are talking about real people in real places. There ~~must be~~ ^{is inevitable} change, if we

are to grow. But as we cope with change, it is also my responsibility as President to safeguard communities that are a valuable part of our national life -- and the individual lives of the men, women, and children who are America.

That is the whole thrust ~~(behind one)~~ ^{are} of the most important programs of my Presidency -- economic development in distressed areas. ^{A community exist} ~~People~~ cannot live where there is no work.

We can be proud that direct government support for economic development has increased by nearly 40 per cent in the past three years. We have instituted ~~(an)~~ effective urban and rural programs to stimulate private investment in distressed areas. Funding for programs to promote small business has ¹³ 14 more than doubled. The Congress now has before it my proposal ^{substantial increases in} ~~for more than \$1 billion in new~~ economic development financing.

But we must do more.

*additional
an annual increase
in*

I will propose ^{additional} funding for economic development of \$1 billion for FY '81 and ~~\$2 billion~~ for FY '82 to create permanent jobs in industries and regions hard hit by industrial changes.

We ~~I will~~ ^{need} ~~propose~~ a special targeted investment tax credit of \$1 billion a year to provide ^{for} American businesses ~~large and small~~ with strong incentives to invest and create jobs in areas threatened by economic decline.

These measures stimulate business, ~~to enter a community's life.~~ But ^{but} ~~during times of recession,~~ ^{community} when a ~~city or county~~ is in financial distress -- when it cannot maintain good police, fire, or sanitation services -it loses both new and old industry. In order to help communities maintain the services necessary to promote development, I will propose ~~funding for~~ countercyclical revenue sharing at a level of \$1 billion in 1981.

14 } 15

My major new domestic program this year is a jobs and training program ^{to} ~~for~~ American young people which was passed in the House this week. This program will help young people ^{Americans} look forward to a future of hope, not a life of waste. This is the one action we can take ^{in now} ~~right now~~ that will make a difference to the lives of a whole generation of Americans. I call on all of you to help us pass this bill ~~into law~~.

I am also ^{asking} ~~transmitting~~ ^{immediately} ~~now~~ a legislative proposal ^{now} ~~to~~ the Congress ^{to} ~~which~~ would provide 13 additional weeks of unemployment compensation ~~during the recession~~ ^{for} ~~to~~ eligible workers in high unemployment states.

- ^{To}
4. ~~We will~~ help offset rising individual tax burdens in ways that do not rekindle inflation.

^{are scheduled to rise}
Tax burdens ~~will rise next year~~ in ways that will both increase inflation and slow recovery. ^I therefore ^I will ask Congress for three measures ^{next year} to deal with this problem.

15 } 66

15 } 16

o To help offset the Social Security tax increase scheduled to take effect in 1981, ~~[I will propose]~~ a Social Security tax credit for employers and for workers.

o In addition, the earned income tax credit, which helps low income families, ^{to} will be expanded.

o ~~[Today families]~~ where ^a both husband and wife, ^{who typically} work typically pay more in taxes than two single individuals making the same amount. We ~~will offer~~ a special tax deduction to counter ^{the} that inequity.

* * *

^{these} All of the ^{can} policies ~~[I am proposing today]~~ will be carried out within a ~~[framework of]~~ responsible budget, ^{so that} ~~In this way we~~ will simultaneously promote economic recovery and reduce the pressures of inflation. ^P To make still further progress, we will consult with business, labor and other groups about how to improve our voluntary wage and price policies. —

← Because inflation is such a stubborn problem, we must design future tax reductions ¹⁶ ~~--~~ ¹⁷ earned by continued control of federal spending -- in ways that contribute to moderating wage and price increases. ~~87~~

For any nation's economy, the ^{severe problems come in} ~~[toughest times are the]~~ times of great change. For our nation, this is one of those times.

If we keep firmly to our path ~~✓✓~~ and attack our problems with courage and responsibility, ~~✓✓~~ the result will be an exiting future for our economy and our nation.

Let us not forget, ^{that} this country of ours still has the most productive work force on earth. Our standard of living is the highest in the world. Our industrial base is the strongest in world history. We have the greatest human and

* ~~This is the insert~~ Charlie Schultze discussed with you.

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physical resources of any nation on earth. But we cannot
^{them} draw down ~~those~~ resources forever. We must renew ^{these resources} ~~them~~ --
and we will. 17 | 18

We are embarking on a course to build a major synthetic
fuels industry, to double our production and expand the export
of coal, to retool our automobile industry to produce more
fuel-efficient cars, to modernize our basic industries, to
make our ^{houses} existing-housing and buildings and factories more
energy efficient, to shift our electric power generation from
oil to coal and other fuels, to create a ^{whole-} new industry to
produce solar and other renewable energy systems, to rebuild
our cities and towns, to continue progress toward a cleaner
and healthier and safer environment, to expand and modernize
our public transportation, to provide our workforce with skills
and jobs, to ease the burdens of change, and to continue to build
^{houses} the houses and produce the goods and services needed by a
growing America.

difficult
Our struggle toward economic renewal will be waged on ¹⁴
many ^{ways} fronts -- but we are united in our purpose. 18 } 19

We will put Americans to work fighting the major long-term causes of inflation itself -- our declining productivity and our dependence on foreign oil.

better life
We will fight for ~~a~~ ^[a better life] ~~future~~ ^{of} full employment, ~~of~~ stable prices, and ~~of~~ healthy growth.

We will overcome the problems of today by building for
a better life for all Americans.
a better future -- responsibly, aggressively, and together.

#

August 24, 1980

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MEMORANDUM TO THE PRESIDENT

FROM: LONDON BUTLER 
SUBJECT: MEETING WITH LANE KIRKLAND

Lane's principal interest in talking to you today will be to convince you that you should state in your Thursday speech that you will definitely propose a Reindustrialization Financing Corporation (RFC) to the Congress early next year. The RFC (or a similar entity) would combine government guarantees with private capital (particularly pension fund investments) to assist distressed regions and industries.

The present EPG proposal calls for an Industrial Revitalization Board which would advise the government on a broad range of issues. Kirkland believes that an advisory board with a vague mandate only guarantees inaction; instead, he wants you to make a campaign pledge now that you will propose to the Congress an RFC-type entity early next year. Once you have made this campaign pledge, it would be the specific task of the Industrial Revitalization Board to work out the details.

Lane has two major reasons for urging you to make this pledge:

--First, he wants to run a positive campaign for Carter-Mondale among his membership; he is uncomfortable with a pure anti-Reagan effort. He believes that the spending proposals in the economic recovery program are weak, and that the RFC-type entity would provide an exciting centerpiece which the recovery program now lacks.

--Second, Lane feels strongly that the time has come for business and government to acknowledge that the American labor movement is a positive force in our economy and that the labor movement should be treated as a partner, not a special interest. He sees an RFC-type entity, tapping the \$600 billion in employee pension funds, as a symbol of labor's appropriate role.

Attached is a copy of the AFL-CIO's resolution on Reindustrialization, which calls for an RFC.

Also attached is a transcript of Lane's press conference when he announced the Executive Council's endorsement of

Carter-Mondale; key passages are underlined. As you can see, Lane has moved quickly to make a strong public case for the Administration; privately, however, he has made it clear to both Secretary Miller and myself that he will be in an extremely awkward position politically if his members believe that the economic recovery program is weak or slanted too heavily toward business.

Lane believes that the spending component of the economic recovery program are weak; he acknowledges, however, that we are moving in the right direction. I believe that he will be satisfied to negotiate program spending levels with Secretary Miller and the EPG, and that the RFC issue will be the main concern that he brings to the meeting with you today.

Lane may also bring up Poland; he is particularly incensed that the networks are turning to Wall Street bankers for comment on the worker's strikes, and that the bankers are indicating that Poland must suppress worker's wages and rights in order to meet international financial obligations. He believes that, in the absence of strong statements by the United States government, the viewpoint of the banking community could be misconstrued as that of the United States government.

Finally, Stu asked me to mention to you that the EPG has decided to include thirteen weeks of additional unemployment benefits (FSB) in the economic recovery package; if you approve, you may want to tell Lane.

cc: Jack Watson

Statement by the AFL-CIO Executive Council

on

Reindustrialization

Chicago, Ill.
August 20, 1980

The future economic health of the nation requires a strong industrial base to produce the goods America needs and wants. What remains of America's industrial base is being buffeted by a variety of forces as the nation continues to slip closer to a service-dominated economy.

It is time for the government to take the lead in developing a new partnership with labor and business to help reestablish a growing, diversified and secure industrial economy. Such a partnership may be difficult to achieve because of recent and continuing business hostility to basic aspirations of workers and their unions. However, such an effort to establish a limited partnership must be made.

The modernization of existing plant and equipment and the creation of new capacity are needed in many industries. This will require the combined efforts of labor, business and government to design and implement a comprehensive reindustrialization program. The effort must include a broad spectrum of industrial activities, so that America will have a diversified industrial capacity to meet its basic needs and to protect the security of the nation. To plan such a program will require the cooperation of the major economic forces in the country and to implement it will require large amounts of capital.

The AFL-CIO urges the creation of a National Reindustrialization Board, consisting of representatives of the public, labor and industry, which would recommend the priority and magnitude of reindustrialization to be undertaken in various industrial sectors and geographic regions, in light of the national economic and security interests.

The Board should have appropriate industrial and regional subcommittees to review the special needs of specific industries, as well as the particular problems faced by geographic regions. The Board should review the recommendations of the industrial and regional subcommittees as they relate to industrial development in areas of high unemployment, and should aim to restore and revive the urban economic base. The Board should favor investments in areas served by mass transit facilities to further energy savings. The Board should encourage the use of American built equipment in its development strategies. The Board should seek to forestall shortages or bottlenecks that might have inflationary repercussions. In the process, the Board could also play an important role in reviewing inflationary forces that might be evidenced in the particular industrial sectors.

The Board should also be empowered to direct the activities of a Reindustrialization Financing Corporation (RFC), which would make or guarantee loans or participate in loans made by private lenders to finance reindustrialization projects approved by the Board.

The RFC should have access to both public and private funds to enhance its lending capability. Specific provision should be made to qualify pension funds to invest part of their assets in the RFC. Pension investments should be guaranteed.

The RFC should invest in private and quasi-public ventures through direct loans, loan guarantees and below market rate financing, and should supplement and complement existing public investment programs in building and developing facilities that serve as industrial infrastructure and encourage development.

In addition to the funds appropriated by Congress to the RFC, the Board should also have the power to use tax policy as a tool for reindustrialization. This will require structuring business tax policy in terms of precise and planned goals by making the tax incentives more flexible and selective rather than across-the-board.

For example, the Board should have the authority to determine and allocate business tax incentives, such as investment tax credits and depreciation allowances, to particular firms on the basis of need and individual certificates of necessity. Those benefits must not simply become devices for multinational corporations and others to use tax breaks to operate plants abroad and import products in competition with U.S. made goods.

Since the Board would target specific tax allotments approved by Congress, the Congress would maintain oversight responsibility. Yet, the expertise of public and private parties would be brought together to solve the nation's economic problems. At the same time, the experience in particular segments of industry could be monitored and evaluated.

While individuals and business will remain unfettered in terms of making their own business decisions, the granting of additional governmental funds and tax reductions will be based upon the general national interests.

Any reindustrialization policy must take account of the problem of plant closings. The devastating effects on workers and their communities from unannounced, sudden plant shutdowns and relocations should be eased by legislation requiring advance notification, financial assistance to workers, and basic employee protections of collective bargaining rights, transfer rights, relocation expenses, severance pay, continuation of pension and health care benefits and job retraining.

A reindustrialization program will require the cooperation and participation of everyone in society: taxpayers, through the government, would bear the burden of direct and indirect financial outlays; business would invest capital in needed expansion and modernization, and the pension funds of workers would also be used to invest in future economic health for the nation.

Only through true cooperative action, reflecting a balance of the interests of the public, labor and industry can the reindustrialization program objectives be achieved. The success of the program is vital for each of the interests concerned and for the nation as a whole.

###

8-20

KIRKLAND: -

I'll go down this mornings work as it took place, we adopted a resolution and appreciation and moralization of our great friend and brother, Paul Hall, who died, he was our senior vice president and a man of universal regard in the trade union movement. We had a visit from Ray Marshall, who spoke to the council and responded to some questions, I believe that he didn't have a press conference, I don't believe but I think he met with some of you. (There is a statement that I would urge your attention to in support of the struggle of the Polish workers. I want to note, in addition to the statement, I placed a call this morning before the council meeting to the director general of the International Labor Organization urging that he take a stand and contact the Polish government, and, if possible, go to Poland and talk to the workers and represent the role of the ILO as forcefully as possible, and as much as the government of Poland ^{is} a signatory to convention ILO convention number 87, which guarantees freedom of association, and one of the demands of the Polish workers is respect for that convention, as well as other conventions of the International Labor Organization. (There are three vacancies on the council with the resignations of vice president Sidell, vice president Hardy, and the death of Paul Hall. I appointed a committee of the council to come back tomorrow with recommendations for the to the council for the filling of those vacancies, and the remainder of the morning was occupied by consideration of a statement, which comprised a recommendation of the Executive Council to the General Board of the AFL-CIO, which will meet on September 4 in Washington, of the endorsement of candidates for the president and vice president of the United States. You have the statement, which strongly urges and recommends to the Board that the Board endorse the candidacy of President Carter and vice president Mondale. If you has any questions I'll be glad to answer them.

REPORTER: In New York you said that President Carter will have to come up with some kind of new positive economic program for the AFL-CIO to be able to excite its members to vote for him?

Has that happened? do you feel that he's going to provide that kind of program?

KIRKLAND: The Administration has an economic recovery program under active consideration. I will expect that they will have some announcement of it in the near future. We have been making representations to them as to the elements of it. We have urged an enlarged stimulus program to deal with the immediate problem of mounting unemployment to provide jobs for those suffering from unemployment in the short term, as well as a program for the revival of industrial base of this country. We will have this afternoon statements coming from our economic policy committee dealing with those issues and setting forth our views as to the kind of programs that are urgently needed today.

REPORTER: In other words, you have no guarantee that he's going to do this kind of thing?

KIRKLAND: I have no guarantees ^{there are} very few guarantees ⁱⁿ politics or life.

REPORTER: Why are you recommending endorsement of Carter?

KIRKLAND: There are only two basis ^{on} really, fundamentally, which those judgments can and should be made, ^{and} the records of the candidates, the positions they espouse and the platforms of the two parties, ^{and} those have always provided us with a basis on which those judgments are made and they clearly do today.

REPORTER: Could you tell us a bit more about the recommendation, was it unanimous? how did it come about? what was the opinion of the Executive Board?

KIRKLAND: The recommendation ^{that} was extended discussion in which ^{practically} everyone on the council took part ⁱⁿ ~~on the~~, there were ⁸ ~~7~~ members of the council absent for one reason or another, ⁱⁿ three or four of them because their own conventions are either taking place now or very shortly, others for other reasons. There was one "no" vote and two abstentions, and the remainder of the council members were in favor.

REPORTER: How many is that?

KIRKLAND: Well, there are ⁴ ~~3~~ council members minus ⁸ ~~7~~ is 26.

REPORTER: Mr. Kirkland, your ^{statement} policy that refers to Mr. Reagan and President Carter does not mention John Anderson, was John Anderson not considered as an alternative?

KIRKLAND: We have examined the record of John Anderson and I think the record does not commend itself to us as warranting the support of the trade union movement, and the practicalities and realities of the situation are that, for all practical purposes, the race is between the candidates of the two major parties, and I'm reasonably certain that that's the basis on which it will be resolved.

REPORTER: Sir, on what level of enthusiasm is this endorsement, on a scale of 1 to 10?

KIRKLAND: I think let me say, mounting enthusiasm. I think its in the process of moving from mid-range to the top of the range.

REPORTER: In other words, we shouldn't characterize it as the lesser of two evils as some have said?

KIRKLAND: Certainly not, there is a strong and constructive and positive case being made for President Carter which we have set forth the essentials of it in that statement as well as a negative as regards Governor Reagan.

REPORTER: Very briefly, could you summarize what you mean as the positive and negative case?

KIRKLAND: We have had the support of President Carter on a number of issues of central concern to the trade union movement and the working people of this country, certainly we had his support in our effort to secure Labor Law Reform, the enactment of Labor Law Reform in the Congress. We had his support in the improvement in the minimum wage, the largest increase that has every been undertaken, We have had his support in the improvement in the administration of OSHA, the Occupational Safety and Health Act, and in the defense of that Act against attacks on it from the right, we have had a good working relationship on a variety of issues, we have through the procedures that were set forth in the National Accord, continuing opportunities to discuss matters of basic

4
and
economic policy, programs relating to and directed toward the objective of maximizing the employment opportunities in this country. we have not always agreed, but I'm quite satisfied that our positions have been given a full hearing, a full consideration, and have had some impact and have been reflected in many of the positions that the Administration has taken.

REPORTER: What's wrong with Ronald Reagan? Well, summarize it?

KIRKLAND: Governor Reagan has a record in office as governor of California, of which I think the best thing that can be said about it is, that it wasn't as bad as many feared it might be, ^Bbut it was bad enough on a number ^{of} issues of concern to workers, and we set forth some of them in that statement. I'll just recite a few positions he took ~~in action to the~~ took as governor. He opposed collective bargaining for farm workers; he opposed collective bargaining rights for teachers; he opposed state minimum wage laws; he cut back on the administration of California's disability insurance program, he cut back on workers' rights ^{to} hearings in some cases worker compensation cases; he sought to exclude teenagers from unemployment and workman's compensation protection; he vetoed the extension of unemployment compensation to farm workers; he vetoed construction job safety bills; he vetoed a bill to provide disability benefits to women suffering completion from pregnancy. ^TThat's just some of the more concrete, specifically worker-related issues. ~~And the~~

REPORTER: Mr. Kirkland, is the normal procedure to pass the endorsement to the ~~General~~ governing board as opposed to having the Executive Council take final action?

KIRKLAND: We have done it both ways, in 1976 the council made the endorsement and the Genral Board said, "amen." The General Board, in that case, was used to, essentially, ^{to} formally launch the effort, but the more normal practice and the usual practice has been for the council to recommend to the General Board. ~~The~~ ^{ing} one of the main reasons for doing it differently in 1976 was ^A a considerable gap of time, a much greater gap of time, between the council meeting and the

Board meeting. This meeting will be held September 4, it will be approximately the time that campaigns get under way, ~~or~~ immediately after Labor Day, ~~and~~ I also believe that inasmuch as we're going to be calling upon all of our affiliates to play a forceful and aggressive and active role in this campaign that the officers, ~~spokesmen~~ of the unions that are not represented under the Executive Council should not be, simply, rubber-stamped but should participate in the actual endorsement.

REPORTER: Would you define the structure of the Board?

KIRKLAND: The General Board consists of the chief executive officers of each of our affiliated unions.

REPORTER: To what extent do you believe that your members will follow your endorsement, Mr. Reagan has made a very direct appeal to the American workers so far in his campaign, do you think that ~~he is~~ ^{they will} going to follow him?

KIRKLAND: ~~I believe that our members~~ I think we speak out of a concern to honestly and legitimately express and represent the interests and concerns of workers. I think that we do. And I think that our position is a reflection of that interest, those interests and that concern. ~~May I finish answering the other question.~~ Our members are free citizens, of course, they vote their own consciences and concerns. None of them, no person in fact, no citizen is one thing exclusively, every citizen is a combination of things in his background, in his family and his life and in his interests, and he's subject to a variety of influences and considerations. We recognize that fully. But we are speaking to their concerns as workers and as trade unionists, we think that we have a structure which affords an interchange of views, that our unions represent their members faithfully. We are meeting all the time, at all levels within the trade union movement, we have good and open sources of contact with membership at every level, and I think ^{this} has a profound influence on the positions taken by the members of the Executive Council. ~~I don't think~~, my view is reinforced by the absolute conviction that our workers, our members and workers in this country are highly intelligent. they are

gifted with a high degree of common sense. ^Tthey can tell nonsense from sincerity or reality, and I think they can perceive and will perceive where their interests lie, both directly and in the larger sense in the citizens of this country. I think ^{they're} concerned with moving this country forward and not turning back to the path of retreat and regression.

REPORTER: Will the Federation continue to support the President's anti-inflation program? The wage-price guidelines?

KIRKLAND: We're participating in the tri-partite wage policy committee, we're continuing to participate in that committee.

REPORTER: Sir, the Federation for the last four years has taken a number of stands that ^{have} ~~has~~ been in opposition to President Carter, you, and particularly your predecessor, ^{have} ~~has~~ been critical of Carter. you are now aren't you now faced with the problem of turning your members around and saying, well, we really didn't mean all of that; he's not as bad as that, are you having a problem here? . . .

KIRKLAND: Throughout this Administration and our relationships with it, I believe that we've directed our concern and our expressions and our reactions and our criticisms to issues and programs. ^{It's} ~~that's~~ not unique, ^{what} ~~in fact~~, on occasion, we have disagreed with this Administration. I felt that it did not go far enough or that it took courses that were contrary to what we considered well advised. that's been the true of every administration that I've every known since I've quite ^(e) going to sea. ^{was} ~~Its~~ true in the Truman administration, the Johnson administration, the Kennedy administration. I can ^C cite you chapter and verse of strong and forceful disagreements beginning, well, for example, when Harry Truman proposed to draft the railroad workers, and we had strong disagreements with President Kennedy on the issue of ~~and~~ including Title XII in the Civil Rights Act, ~~with~~ which he did not wish to do. we had disagreements with President Johnson over the so-called wage guidelines that were unilaterally enunciated, so that's not rare or unique, we have high aspirations, we don't propose to be underbid by any Administration.

And I have, myself, been critical. I was critical of the fact that President Carter yielded to pressures that originated not in the White House but in the Congress of the United States in the brief and intense frenzy to balance the budget on paper, at the expense of the economy generally and in the realities of life he yielded to that, and I regret it and but I understand it. There have been other points of disagreement, there have been strong points of agreement and many, many areas where we have worked closely and cooperatively together.

REPORTER: Mr. Kirkland, in your statement ^{on} of the strikes in Poland, you have urged that the U.S. government do something, what do you think the government should do, ^{and} have you been in contact with the government on that?

KIRKLAND: I think, first of all, it ought to be noted that ^{the} universal declaration of human rights to which, I think, Poland is a signatory ^{and} the International Labor Organization convention number 87 to which Poland is a signatory, the Helsinki agreement, at least the third basket of the Helsinki agreement, the final act, to which Poland is a signatory, ^{and} all of these undertakings and commitments make it absolute clear that the issues involved here are not internal matters of no concern to the rest of the world, ^{they} are matters of international concern, because they are international human rights commitments or international obligations and international undertakings. The ILO, for example, has a procedure for checking and reviewing compliance with the conventions of the ILO. I believe that our government, particularly in the light of its strong and sincere, I'm convinced, concern for human rights, has an obligation and duty to express that concern in terms of the undertaking the international undertakings of that ~~government~~ the government ^{of} Poland has committed itself to. ~~it~~

REPORTER: Will you urge action on the part of your workers?

KIRKLAND: I believe that there will be such action, we will urge it. Poland is on strike. They are our brothers. They are ⁱⁿ the struggle for not only for immediate economic issues but for fundamental human issues, trade union issues.

we will do whatever we can that's feasible and practical to lend support to that effort, we were not involved in initiating that action, that was a spontaneous act by the Polish workers, but they are on strike and we will support that strike action in any way that we can.

REPORTER : What would be an example, boycott?

KIRKLAND: Well, I don't think that our members would care to work on goods or provide services that would weaken the chances of success for a successful consumation of these actions by the Polish workers, and we would strongly support whatever action unions affiliated with the AFL-CIO, the unions in the international trade secretariat, such as the International Transport Workers Federation or the International Metal Workers Federation, might be able to take to lend practical support to the Polish workers, including boycotts, not working on cargoes and flights, etc....

REPORTER: Mr. Kirkland, on the political resolution, who abstained and who voted no?

KIRKLAND: The vice president Wipisinger voted no, vice president O'Donnell and vice president Kroll abstained.

REPORTER: And do you think that there will be a difficulty getting the unions that supported Kennedy to come over to Carter now?

KIRKLAND: I believe that the position that the Council is urging from the General Board will meet with general approbation including those unions that did support the candidacy of Senator Kennedy.

REPORTER: Would you explain what you characterize as a growing enthusiasm for the Carter-Mondale ticket? ^{is it} ~~Executive Council members~~ or perhaps among ^{you} ~~workers~~ in general who say that there is a growing enthusiasm for the Carter re-election

KIRKLAND: I predict a growing enthusiasm -

REPORTER: Would you explain this prediction?

at

KIRKLAND: I think/this stage, with the ~~see~~ election a number of months away, I don't think the polls are of any real value, except to the extent that they might be suggestive of trends. I don't think people are concentrating on it, that's not very high on their list of concerns, but as you get closer to the election it becomes more prominent in their minds, they attend to the issues more carefully and they educate themselves and they begin to listen to the candidates and ~~to the views and to the~~ and they pay more close attention to the issues, and I think all of that will work in favor of the candidacy of President and Vice President Mondale.

REPORTER: How enthusiastic are you personally right now about President Carter? what are your personal feelings of support of the President?

KIRKLAND: Total.

REPORTER: Have you talked to the President in the last week?

KIRKLAND: Yes, I spoke to him yesterday.

REPORTER: What was the nature of your conversation?

KIRKLAND: If he cares to say that's all right with me, but I don't make a practice of ~~it~~ ^{relating about conversations with the President}.

REPORTER: Did you ^{commit} your support to him at that time?

KIRKLAND: ~~Repeating conversations with the President~~

REPORTER: Mr. Kirkland, to what extent do you hold this Administration responsible for the economic problems that we have, [?] we have high inflation, high unemployment, high interest rates, all co-exist, the situation is far more severe in each of those categories than when Mr. Carter took office.

KIRKLAND: Inflation, as we have repeatedly said, has been primarily the product of price trends in specific areas, if there is a villain, a major villain, its OPEC, the monopoly price of energy has been the main driving force behind the inflation that we've suffered, that then has secondary consequences of all kinds, ^{who are deluded} people ~~deluded~~ by the sense that you can do things by mandatory manipulation,

further
 react by monetary measures that, ~~are~~ in our view, ~~that~~ feed inflation. The second major cause of inflation in this country has been the impact of financing costs and interest rates on the cost of housing and on a variety of other costs that permeate the economy. Those have been, and still are, the two main sources of inflation in this country, and inflation deriving from those sources is not responsive to traditional fiscal and or even direct control. ^{As} long as we can't

control the prices that OPEC charges, we can't really control the cost of energy. The Federal Reserve Board, which does have some ~~influence on~~ considerable influence on interest rates in monetary policy, was established ~~wrongly~~, we always believed many years ago as an independent agency, insulated and immune from persuasive efforts to coordinate their policies with that of any administration, and I think the Federal Reserve Board and the banking and financial community, which seems to believe that tight money and high interest rates is a universal nostrum, also ~~they~~ are part of the blame. President Carter has had to contend with these things ~~within~~ with a very limited range of tools and options and I think he has done the best that he can under those circumstances. He has, I think, made a noble effort to deal realistically with the single most urgent problem I think, facing not only the United States but the entire western world the problem of energy, he has put forward a rather comprehensive energy program, not all of which we agreed with, but with much of what we agreed with, and he managed to get a great deal of it through the Congress, there are areas in which we would have gone further but I think it was a remarkable achievement in the light of difficulties of getting an energy measure of this comprehensive ~~measure~~ nature through the Congress of the United States.

REPORTER: Would you not add increases in the military spending to that list of the causes of inflation?

KIRKLAND: No, I would not. I don't believe that the budget or budget deficits in this environment, in these circumstances, are a major contributing factor in this inflation nor do I think that the budget-balancing frenzy

was a proper, sensible, rational and effective approach ^{and} attack on the problem of inflation, quite the contrary, I think one of the ~~other~~ most and single inflationary things that is taking place that is ~~to~~ occurring today, is unemployment. The I've been unable to understand ~~ever~~ why important sectors of the American community in the business world, in the financial world, and ~~some~~ ^{to} some extent the economic intellectual world, ^{believe} an economic policy is only sound if it afflicts the poor, ^{the} widows and orphans, ^{and} creates unemployment, destroys production, ^{and} destroys houses ^{and} tight-money policies destroyed about a million houses in this country ~~and~~ ^{at} the current rate. why only policies of that kind are sound, but that seems to be the accepted wisdom ^{and} conservative financial circuits, that is doctored with the party and most of the people that Ronald Reagan represents.

REPORTER: If Ronald Reagan wins in November, what would that mean for the American worker?

KIRKLAND: A long 4 years.

REPORTER: What do you mean by a long 4 years, could you clarify that a little bit?

KIRKLAND: It would seem like a lifetime.

REPORTER: Any possibility that a woman might be named for one of the vacancies on the Council

KIRKLAND: Yes, that was under consideration by the committee.

REPORTER: Sir, is it likely?

KIRKLAND: It's likely.

REPORTER: Sir, to what extent is your endorsement that ~~you'll~~ move toward endorsement of Carter ^{reflecting} ~~reflecting~~ your concerns about losing the Senate election in November?

KIRKLAND: We are deeply concerned about, as we always are in any Senate or House election, ~~in~~ losing any of our friends in the Congress or the Senate, we're concerned about the presidential election, we are anxious to do everything that we can to help those who we regard as friends, both in the House and Senate and in the administration.

our reasons for support of the Carter-Mondale ticket is set forth in the statement. They do not derive from concern about the House and the Senate. I think each of those constituencies has to be approached on its own terms.

REPORTER: Mr. Kirkland, was there any reservations expressed by the other Council members to recommending the endorsement?

KIRKLAND: No.

REPORTER: You don't blame President Carter, ^{for} either inflation or recession, you have a studied explanation of both phenomena, why would you say that so many union members, ^{of} so many members working class America blame the President for just those two things?

KIRKLAND: Well, that's your premise not mine, you state a premise and then ask me why I don't accept your premise.

REPORTER: Mr. Kirkland, in a game of you scratch my back and I'll scratch yours, isn't this kind of an early move to make to endorse Carter at this stage, why so soon?

KIRKLAND: Not soon at all, its after both conventions have taken place and both parties have nominated their candidates and adopted their platforms. It is our ^{first} council meeting immediately following that, and that is the appropriate time, and the ultimate endorsement will be done by the General Board on September 4, and there is nothing remarkable or unique it at all. It is a normal practice.

REPORTER: Mr. Kirkland, in regards to the question of Poland, has the council taken any action upon Bolivian which has ^r depressed unions there, or does it contemplate any action

KIRKLAND: No, I've made the position of the Federation on the Bolivian question clear, before ~~that~~ we have no specific resolution before the Council on it.

REPORTER: Mr. Kirkland, if Reagan were elected President, do you see workers ^{will} strikes and protests of this?

KIRKLAND: Political strikes are not a practice that we've engaged in.

REPORTER: Mr. Kirkland, as Reagan being somewhat a for..... opponent
 right now is there how do you expect the unions to ~~co-act~~ ^{coalesce} more against him?

Do you expect a coming together of against him

the unusual of this

KIRKLAND: I expect a ~~coalition~~ ^{coalition} of the trade union movement in this country behind
 and in support of the candidacy of President Carter and Vice President Mondale,
 I will put it on the positive note

REPORTER: Mr. Kirkland, from what you've seen thus far of President Carter's
 economic recovery plan, what are your feelings about it are you satisfied thus
 far?

KIRKLAND: Well, I will reserve comment on that until its disclosed and final
~~we~~ we have been expressing strong views on what we think the main elements of it
 should be, I don't think there is any great mystery about it, you can define it
 pretty much in our past statements and you can certainly define it from the
 that will be
 statements/presented to the Council this afternoon that came out of our meeting
~~the other~~ yesterday of the economic policy committee. Those statements will
 address themselves to the question of stimulus and job creating programs and
 to revitalization and re-industrialization

REPORTER: How do you see the Republican platform itself?

KIRKLAND: Dimly

REPORTER: Can you summarize?

KIRKLAND: Well, I think its one of the worse that they have every produced

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ECONOMIC FUTURE

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This is a time of economic testing for our nation.

Inflation has fallen sharply. The recession is near bottom and we will recover.

This is no time for an economic stimulus program nor for inflationary tax reductions. We must be responsible, and make careful investments in American productivity.

We can build in a progressive way a future in which America will be creative and will grow more vigorously than at any time since our first industrial revolution over 100 years ago.

According to a well-known proverb, "A journey of one thousand miles begins with a single step."

The steps I describe now will begin that journey toward a more productive, more competitive, and more prosperous American economy. They will put people back to work, reduce taxes, ~~and~~ increase public and private investment, *and* *constrain inflation.*

But such progress will be possible only if we regard the past not as a refuge in which to hide -- but as a treasury of lessons from which to learn.

Let us consider some of those lessons:

First -- we cannot treat just the symptoms of inflation and ignore the underlying causes.

Second -- inflation and recession augment each other.

Third -- the longer we ignore our decline in productivity, the more likely we are to live with hard times.

The fourth lesson -- and it may be most important of all -- is that if a solution is politically attractive, it is often economically wrong.

Now -- in the heat of an election year -- is not the time to seek votes with ill-considered tax cuts that would steal back in inflation the few dollars the average American taxpayer would get. America needs to build muscle, not add fat.

I will not accept a pre-election bill to cut taxes.

There are no simple or easy solutions to serious problems that build up over long periods of time. But there are responsible ways to create productive jobs without re-igniting inflation. There are responsible ways to restore our technological and competitive lead in the world. There are responsible ways to strengthen our economy enough to guarantee opportunity and security for every American.

The fundamental challenge to our economy in the 1980s is to create full employment, stable prices, and real growth, with jobs that attack our declining productivity and energy dependence -- the major causes of inflation and recession in the first place.

Our detailed program sets forth measures I will ask the Congress to enact next year. There are four major goals:

1. Increase private and public investment to revitalize America's economy.

2. Create a forward-looking partnership between government and the private sector to deal with those national problems that only cooperation can solve.
3. Help people and communities overcome the effects of industrial dislocation.
4. Help to offset rising individual tax burdens in ways that do not rekindle inflation.

My new proposals will add almost a half million jobs in the coming year and a total of one million jobs by the end of 1982. These are in addition to those which normal recovery and our other new programs will provide. We expect to add 2 percent growth to the GNP, increase real investment by 10 percent, and help to hold down inflation at the same time.

We must now build on the progress we have made in many vital areas. In the last 3½ years, we have added more than 8 million new workers to America's job rolls -- more than in any similar period of time in our history. Exports have grown

substantially. And with the 1981 budget we will have cut in half the real growth in federal spending.

We are reducing the anti-competitive regulation of the airlines, trucking, rail, banking, and communications industries. This is the most fundamental restructuring of the relationship between government and business since the New Deal.

Above all, after vigorous debate and painful political decisions, we have put in place a national energy policy that has already helped reduce our oil imports by 20 percent and has encouraged more drilling of oil and gas wells today than at any time in the past quarter of a century.

We must continue to build. Our task is nothing less than to revitalize America's economy. Increasing productivity is the foremost economic challenge of the 1980s.

From management, we need innovation, and more long-range planning. From labor, we must have more participation in

decisions, dedicated work, and the skills to take advantage of the most modern tools and technology. From government, we must have sound judgment and political courage. From all Americans there must be commitment and common sense.

We will meet the challenge of a more productive America as if our economic life depended on it -- because it does.

And this is how we will do it.

1. To increase private and public investment to revitalize America's economy:

The most important step we can take to revitalize American industry is to provide incentives for greater private investment.

We need a major increase in depreciation allowances to promote investment in modern plants and equipment, and a drastic simplification of the tax code so that small businesses can benefit from this change.

The investment tax credit is now of no help to new firms or to distressed industries which have no earnings and therefore no taxes.

Therefore, part of the investment tax credit must be refundable. This will provide immediate help to small businesses and to new industries -- an important source of both technological progress and employment. It will also be of special help to industries most in need of modernization -- such as those which produce steel and automobiles.

We will implement many of the recommendations of the White House Conference on Small Business.

To complement the benefits derived from tax changes for the private sector, we must also expand public investment -- especially in the crucial areas of energy, technology, transportation, and exports.

Our energy program already approved for the 1980s is the most massive peacetime undertaking in American history. Its impact will be immense -- ranging from the hundreds of thousands who will work in synthetic fuel plants to the millions of individuals who are weatherizing their homes, using solar power, or building our new fuel-efficient cars.

Since I took office, we have enacted tax credits and have more than doubled direct spending in order to stimulate energy production and conservation. In addition, we will create a vast new synthetic fuels industry, and we are seeking new authority to convert utilities from oil to coal. We need to *substantially more funds* add ~~another \$1 billion~~ for work on energy conservation projects that will help us to fight inflation and achieve energy security.

Technological advance has provided much of the productivity growth of the United States in this century,

and can create literally millions of jobs in the years ahead.

In addition to tax incentives for investment in the latest technology, I favor a substantial real growth in federal support of basic research, particularly in the research centers of our universities.

Mark Twain once said, "An American is a person who does things because they haven't been done before." The exciting possibilities for Americans in the 1980s range from lasers for surgery to super-alloys that never rust -- from exotic energy technologies to microchips that can make computers as common as radios and as compact as wristwatches. These advances in science and technology can well exceed anything our century has seen thus far.

Transportation is vital. The difference between a healthy transportation network and a broken-down highway or a dying railroad is the difference between jobs and joblessness

for thousands of people -- and between strength and weakness for our nation. My proposals for major improvements in mass transit, air transportation and railroad assistance programs are already pending before Congress. These should be enacted and funded without delay. I will propose a further ^{significant} increase _^ of ~~\$600 million~~ for surface transportation programs. There is no more essential investment in America's future.

Exports, which accounted for about 6.5 percent of our GNP when I took office have now jumped to about 9 percent. This increase has been an essential source of jobs and we have a great portential for even more growth in jobs and exports in our vast reserves of coal. We must begin immediately to upgrade our transportation and port facilities for coal exports. Through tax modification and a new concept of export trading companies we will even further expand American exports.

2. To create a forward-looking partnership between government and the private sector to deal with those national problems that only cooperation can solve.

To help us revitalize American industry, business, labor, and government must form a new and vital partnership. We are all in this together, and the sooner we start acting like it, the better.

In some areas, such as national security, government must play the dominant role. But where government is involved in the economic sphere it will function best not as a boss but to assist or to cooperate with business and labor only as necessary. It can be done. We are cooperating properly with the coal, steel, and auto industries, as well as in many aspects of our energy program.

The time has now come to extend this experience in cooperation. I will establish an Economic Revitization Board composed of some of the best leaders from American labor,

industry and the public. Co-chairmen will be Irving Shapiro, chief executive officer of DuPont, and Lane Kirkland, President of AFL-CIO.

I will ask that Board to develop specific recommendations for an industrial development authority to mobilize both public and private resources, including capital from private markets and pension funds, to help revitalize American industry in areas most affected by economic dislocation or industrial bottlenecks. The Board will also consider the integration of industrial development activities now carried out in various government agencies, and will address the long-range problems of balancing regulatory costs and benefits.

Any project receiving financial assistance must meet tough standards of economic viability. Only a commitment that promotes progress -- not obsolescence -- will be truly in the interests of business, labor, and the American people.

3. To help people and communities overcome the effects of industrial dislocation.

As we work together on the problems and intricate issues of economic renewal, we must never forget that we are talking about real people in real places. Change is inevitable if we are to grow. But as we cope with change, it is also my responsibility as President to safeguard communities that are a valuable part of our national life -- and the individual lives of the men, women, and children who are America.

That is the whole thrust of one of the most important programs of my Presidency -- economic development in distressed areas. A community cannot exist where there is no work.

We can be proud that direct government support for economic development has increased by ^{over 70} ~~nearly~~ 40 percent in the past three years. We have instituted effective urban and rural programs to stimulate private investment in distressed areas. Funding for programs to promote small business has

more than doubled. The Congress now has before it my proposal for substantial increases in economic development financing.

But we must do more.

I will propose a ^{large} additional annual increase in funding for economic development ~~of \$1 billion~~ for FY '81 and for FY '82 to create permanent jobs in industries and regions hard hit by industrial changes.

We also need a special targeted investment tax credit ~~of \$1 billion a year~~ to provide strong incentives for American businesses to invest and create jobs in areas threatened by economic decline.

These measures stimulate business, but when a community is in financial distress -- when it cannot maintain good police, fire, or sanitation services -- it loses both new and old industry. In order to help communities maintain the services

necessary to promote development, I will propose countercyclical revenue sharing at a level of \$1 billion in 1981.

My major new domestic program this year is a jobs and training program to help young Americans look forward to a future of hope, not a life of waste. This is the one action we can take now that will make a difference to the lives of a whole generation of Americans.

I am also asking the Congress now to provide 13 additional weeks of unemployment compensation for eligible workers in high unemployment states.

4. To help offset rising individual tax burdens in ways that do not rekindle inflation.

Tax burdens are scheduled to rise in ways that will both increase inflation and slow recovery. Therefore, I will ask Congress for three measures next year to deal with this problem.

-- To help offset the Social Security tax increases scheduled to take effect in 1981, a Social Security tax credit for employers and for workers.

-- In addition, the earned income tax credit, which helps low income families, to be expanded.

-- A special tax deduction to counter the inequity where a husband and wife who work typically pay more in taxes than two single individuals making the same amount.

* * *

All of these policies will be carried out within a responsible budget, so that we can simultaneously promote economic recovery and reduce the pressures of inflation.

To make still further progress, we will consult with business, labor, and other groups about how to improve our voluntary wage and price policies. Because inflation is such a stubborn problem, we must design future tax reductions --

earned by continued control of federal spending -- in ways that contribute to moderating wage and price increases.

* * *

For any nation's economy, the severe problems come in times of great change. For our nation, this is one of those times.

If we keep firmly to our path and attack our problems with courage and responsibility, the result will be an exciting future for our economy and our nation.

Let us not forget that this country of ours still has the most productive work force on earth. Our standard of living is the highest in the world. Our industrial base is the strongest in world history. We have the greatest human and physical resources of any nation on earth. But we cannot draw them down forever. We must renew these resources -- and we will.

We are embarking on a course to build a major synthetic fuels industry, to double our production and expand the export of coal, to retool our automobile industry to produce more fuel-efficient cars, to modernize our basic industries, to make our houses and buildings and factories more energy efficient, to shift our electric power generation from oil to coal and other fuels, to create a whole new industry to produce solar and other renewable energy systems, to rebuild our cities and towns, to continue progress toward a cleaner and healthier and safer environment, to expand and modernize our public transportation, to provide our workforce with skills and jobs, to ease the burdens of change, and to continue to build the homes and produce the goods and services needed by a growing America.

Our difficult struggle toward economic renewal will be waged in many ways -- but we are united in our purpose.

We will put Americans to work fighting the major long-term causes of inflation itself -- our declining productivity and our dependence on foreign oil.

We will fight for full employment, stable prices, and healthy growth.

We will overcome the problems of today by building for a better future -- a better life for all Americans.

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FACT SHEET

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THE PRESIDENT'S STATEMENT

August 28, 1980

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

ECONOMIC PROGRAM FOR THE EIGHTIES

Overview

On August 6, in a speech before the Urban League, the President announced that he would propose a new economic program; one designed to put people to work and restore growth without rekindling inflation. Today, the President announced the details of his economic revitalization program, the product of lengthy consultation with the Congress and the public.

The program is neither a traditional stimulus program nor a general tax cut proposal. It is a carefully targeted series of initiatives designed both to reduce unemployment in the short-term by accelerating the recovery from the recession and to address the long-term needs of the economy. Our economic problems are longstanding in nature and they will not be solved overnight. But this program is an important step to healthy economic growth.

The economic revitalization program will create almost half a million jobs by the end of 1981 and a total of one million jobs by the end of the following year. Over the same period, it will boost investment by ten percent, speed the recovery, and result in real economic growth of four to five percent per year. And the program is designed to accomplish this without rekindling inflation; in fact, its cost-reducing and productivity-enhancing programs ultimately will serve to reduce future price increases.

The program contains four parts:

- o Encouraging private investment and expanding public investment to revitalize America's economy -- so we can produce more, export more, invent more, and employ more.
- o Creating a forward-looking partnership among Government, the private sector, and the public to deal with those national problems that only cooperation can solve.
- o Helping people and communities affected by industrial dislocation to make positive economic change.
- o Offsetting rising individual tax burdens in ways that do not rekindle inflation.

Each of these efforts and its component programs is described briefly below. The program revenue and funding levels are summarized in the attached tables. A more extensive description of the program is provided in the White Paper being released concurrently.

INDUSTRIAL REVITALIZATION

In the past three years, the Administration has developed a series of proposals and programs to spur industrial growth; programs to increase private and public sector investment, to foster research and technological innovation and expand exports.

Building upon these measures, the President today proposed the following initiatives:

- o A simplified and liberalized form of business tax depreciation treatment that will encourage rehabilitation of existing facilities, as well as investment in new plants and equipment. The Administration's proposal will:
 - Reduce the number of classes from over 130 at present to 30 or less. Most firms would require only two or three.
 - Increase the allowable depreciation rate by 40 percent.
 - Be simpler to use than either the current system or proposed alternatives, thereby permitting smaller businesses to take advantage of accelerated depreciation. The Administration's proposal will also take effect without complicated transition rules.
- o For those businesses which have no earnings, yet which have substantial investment needs, the Administration will propose making the investment tax credit partially refundable. This means that distressed firms in industries such as autos and steel, as well as small businesses that are just starting out, may receive up to 30% of the investment tax credit at the time when it would be most helpful to the firm's cash flow.
- o The Administration will propose a tax credit to offset the increase in the employers (and employee's) share of the social security tax. This anti-inflationary measure will help especially those businesses that rely more heavily on labor. The credit will be refundable to cities and nonprofit organizations that pay no income taxes, yet still bear the burden of increased Social Security taxes.
- o An expansion of Federal support for scientific research and technological development by \$600 million in the next two years. The additional funds will be used to maintain real growth of 3 percent in basic research and development and to support a range of new projects that will promote cooperative research by government, industry and universities. Before deciding the particular programs it will support, the government will consult this Fall with leading researchers in universities and business.
- o The Administration will increase public sector investment as well. The economic revitalization program will maintain and expand support of the national transportation network -- highways, railroads, ports and mass transit -- that forms a critical part of our economic infrastructure. The President has already proposed \$1.5 billion, including \$250 million in FY 81, for

rehabilitation of railroads to support growing shipments of coal and agricultural commodities. Once Congress provides the authority, as part of the Railroad Restructuring Assistance Act, the President will request up to an additional \$200 million for rail rehabilitation in the Midwest. In addition, the President will propose an increase of \$600 million for highway rehabilitation and mass transit, and has asked the Secretary of Transportation to undertake a thorough review of the Nation's transport investment needs.

- o Increased public investment, as well as job creation, through conservation and weatherization programs that will protect our economic and national security. The President will propose additional funding of \$975 million in FY 81 for weatherization of homes, federal buildings, public housing, schools and hospitals. Emphasis will be given to providing jobs and valuable work experience to the structurally unemployed where possible.
- o The Administration has worked closely with the Export Council in a review of measures that would increase exports. Its conclusions and recommendations will be submitted to the Congress shortly, but the President has already begun to implement the report by proposing reform in the tax treatment of Americans working abroad. This change would increase the exemption from income taxes in cases where their full imposition might cause firms to discriminate against hiring American nationals.

In addition, the Administration has proposed legislation to authorize export trading companies. Passage would increase exports and give small U.S. firms access to international markets heretofore enjoyed only by larger corporations.

The government will also play an important role in assuring that port and railroad facilities are modernized and expanded to accommodate increasing exports of coal and agricultural commodities. The President has established a Coal Exports Task Force, to review possible government policies that would assist exports. In addition, the President has asked the Army Corps of Engineers to expedite review of our current port dredging proposals.

- o Small businesses play a central role in both job creation and the innovation that sustains our economic growth. In this program, the President has begun to adopt many of the recommendations of the White House Conference on Small Business. In addition to the measures already discussed, the President will propose other measures specifically designed to help small business, including permitting rapid amortization of start-up costs and liberalization of restrictions on use of Subchapter S corporations that allow easier access to capital.

CREATING A NEW PARTNERSHIP

To foster cooperation between government and the private sector in dealing with the complex issues of industrial policy, the President will establish a new advisory body, comprised of representatives of business, labor and the public: the President's Economic Revitalization Board.

The Board will advise the President on the full range of economic policy issues. Initially, it will be responsible for developing and recommending to the President a proposal for establishment of an industrial development authority (described below). The Board will advise on other matters as well:

- Measures to remedy the effects of industrial dislocation on workers and communities;
- Programs for improving worker skills and job training;
- Means for most productively meeting the goals of health and safety regulations.

ASSISTANCE TO PEOPLE AND THEIR COMMUNITIES

In addition to investment measures that will spur long-term industrial growth, it is equally important to recognize and address as well the immediate difficulties faced by workers and their families in changing economic conditions. Building on current programs that assist these individuals directly and assure that all Americans share in the rewards of industrial growth, the President is proposing a series of additional measures:

- o A new, temporary Federal Supplemental Benefits program, to provide an additional 13 weeks of unemployment compensation.
 - Payments will be made to workers in high unemployment states who use up their entitlement to regular (26 weeks) or extended (up to 39 weeks) unemployment benefits.
 - FSB benefits will be financed with General Fund reserves, the President will request \$744 million in the 1981 budget to fund the program.
- o Passage of the President's economic development proposal now before the Congress will create productive job opportunities in industries and regions hard hit by industrial change. To help attract private development investment funds to distressed areas, we will propose additional program increases of \$1 billion in 1981 and \$2 billion in 1982 for loan guarantees, development grants, direct loans and interest subsidies.
 - Further, the President will propose the formation of an industrial development authority to help mobilize public and private resources, including pension funds, to restore productive industrial development and create jobs in areas affected by economic dislocation.
 - The organization of the authority and its specific activities and funding levels will be decided after receipt of the recommendations of the President's Economic Revitalization Board (discussed above).
- o A special additional 10 percent investment tax credit for investments in areas suffering a declining industrial base and high unemployment.
 - Certificates of necessity will be issued for up to \$10 billion in qualifying investments (up to \$1 billion in additional investment tax credits).

- o A \$1 billion FY 1981 Countercyclical Revenue Sharing program to help communities maintain the services needed to promote local economic development.
- o Additional Federal investment of \$660 million over the next two years in human resources programs:
 - a new Positive Assistance Demonstration Program to devise incentives for retraining or relocating workers making the transition from declining to growing industrial sectors. About one dozen pilot projects across the country will begin in 1981 and continue through 1982. If successful, the President will propose a full-scale program.
 - expanded training opportunities under CETA Titles II Band IIC. We propose to expand existing employability-development and skill-training services in 1981 to focus on persistent skills shortages and areas of expected long-term job expansion.
- o Passage of the youth bill now before the Senate would provide training and jobs for 450,000 young people when fully implemented.

REDUCING TAX BURDENS

Tax cuts are important to free resources for private use; to help speed the recovery and to reduce the burden on individuals and families.

The President will propose to reduce individual taxes, progressively, and in carefully targeted ways.

- o An income tax credit equal to 8 percent of social security taxes paid by employees will offset the rise in social security tax rates in 1981.
- o For those families who pay social security taxes yet earn too little to pay income taxes, the earned income tax credit will be expanded from 10 to 12 percent, to offset the rise in social security taxes.
- o A special tax deduction will be offered to families with two wage earners to help offset the "marriage penalty."

OTHER LONG-TERM POLICIES

The productivity gains that result from this economic program will slow the growth of business costs and thereby reduce inflation, but this will take time. Prudent budgetary policy will remain important.

Over the longer term, we will find new ways to reduce inflation. The Administration will consult with business, labor and others to explore other approaches for doing so. Furthermore, we must design future tax reductions -- earned by continued control of spending -- in ways that help moderate the rise in wages and prices.

BUDGETARY EFFECTS

Program levels for spending programs and revenue losses from tax proposals are summarized in the attached tables. Partly because not all program funds will be fully spent and partly because it will spur economic growth that produces extra revenue, the program as a whole will increase the 1981 budget deficit by only \$5.7 billion.

TIMING

Many elements of the President's program are already on the Congressional calendar. Others, such as countercyclical revenue sharing and supplementary unemployment benefits, must be enacted immediately. The President has already begun consultation with the Congress on the remaining measures, in preparation for speedy consideration when the Congress convenes in January.

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SPENDING INITIATIVES
(\$in millions)

<u>Program Category</u>	<u>Program Level Increase</u>		
	<u>FY 1981</u>	<u>FY 1982</u>	<u>Total</u>
Economic and Industrial Development	\$1,000	\$2,000	\$3,000
Science and Technology	300	300	600
Transportation ¹	600	--	600
Energy Security	975	240	1,215
Human Resources	310	350	660
Supplemental Unemployment Benefits ²	526	435	961
Countercyclical Revenue Sharing ³	<u>1,000</u>	<u>--</u>	<u>1,000</u>
 TOTAL	 \$4,711	 \$3,325	 \$8,036
Budget Outlays	\$2,400	\$1,890	\$4,290

Notes

1. When the Congress enacts the President's proposed Railroad Restructuring Assistance Act, the President will request additional 1981 funding of up to \$200 million.
2. Figures shown are gross unemployment benefit increases of \$744 million in 1981 and \$617 million in 1982, less savings expected in the Trade Adjustment Assistance program estimated at 20%.
3. The countercyclical revenue sharing initiative will substitute for the Administration's proposal for Transitional Assistance Payments, currently included in the 1981 budget at \$500 million in budget authority and outlays.

The Revenue Impact of the Proposed Tax Cut Package

(\$ billions)

	1981	1982	1983	1984	1985
<u>Calendar Years</u>					
Provision:					
Constant rate depreciation -- 40 percent (January 1, 1981)	-6.3	-12.4	-16.5	-20.6	-24.2
Refundable investment tax credit at 30 percent	-2.4	-2.6	-2.5	-2.5	-2.3
Targeted investment tax credit	-0.2	-0.9	-0.8	-0.8	-0.7
Section 911/913 hardship relief	-0.2	-0.3	-0.3	-0.3	-0.4
8 percent social security credit <u>1/</u>	-12.8	-14.5	-16.2	-18.0	-21.0
Earned income tax credit <u>2/</u>	-0.9	-0.8	-0.8	-0.7	-0.6
Marriage penalty relief (10 percent exclusion up to \$30,000)	-4.7	-5.6	-6.6	-7.7	-8.9
Amortization of start-up expenditures	-0.1	-0.1	-0.2	-0.2	-0.3
Increase allowable number of Subchapter S shareholders to 25	*	*	*	*	*
Total	-27.6	-37.2	-44.0	-50.9	-58.3
<u>Fiscal Years</u>					
Constant rate depreciation -- 40 percent (January 1, 1981)	-2.8	-9.0	-14.3	-18.4	-22.2
Refundable investment tax credit at 30 percent	-0.2	-2.4	-2.6	-2.5	-2.5
Targeted investment tax credit	-0.1	-0.7	-0.9	-0.8	-0.8
Section 911/913 hardship relief	-0.1	-0.3	-0.3	-0.3	-0.3
8 percent social security credit <u>1/</u>	-3.8	-19.3	-15.7	-17.5	-20.1
Earned income tax credit <u>2/</u>	*	-0.9	-0.8	-0.8	-0.7
Marriage penalty relief (10 percent exclusion up to \$30,000)	-0.3	-5.2	-6.0	-7.1	-8.0
Amortization of start-up expenditures	*	-0.1	-0.1	-0.2	-0.3
Increase allowable number of Subchapter S shareholders to 25	*	*	*	*	*
Total	-7.3	-37.9	-40.7	-47.6	-54.9

Office of the Secretary of the Treasury
Office of Tax Analysis

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1/ The social security credit expires at the end of 1982, replaced by other proposals with tax reductions equal to the 8 percent credit.

2/ Includes outlay portion of earned income credit.

*Less than \$50 million.

Note: Details may not add to totals due to rounding.