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re 2:45 pm

message received 2:35 --

the ICC Commissioners will not be here...
and you also should not mention Gaskins,
who will not attend.

THE WHITE HOUSE
WASHINGTON

October 14, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *Fm/pd*

FYI, NO ACTION NECESSARY

Additional guests for today's railroad deregulation bill signing:

- Nick Joe Rahall (D-West Virginia)
- Fred Rooney, former Member of Congress
- Robert Gresham, Vice Chairman, ICC

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THE WHITE HOUSE
WASHINGTON

14 oct 80

The First Lady:

The attached was returned in
the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

IMPORTANCE OF ELECTION AND PRESIDENCY*Rosalynn
J*

THE CHOICE ON NOVEMBER 4
IS NOT JUST BETWEEN ME AND GOVERNOR REAGAN.
IT IS NOT JUST BETWEEN THE DEMOCRATIC PARTY
AND THE REPUBLICAN PARTY.

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IT IS A CHOICE BETWEEN TWO VASTLY DIFFERENT SETS OF BELIEFS --
BETWEEN TWO VASTLY DIFFERENT FUTURES FOR AMERICA.

THE MEANING OF THAT CHOICE IS NOT JUST IN WHAT WE SAY,
BUT IN THE CONSEQUENCES OF OUR WORDS,
THE CONSEQUENCES OF WHAT WE BELIEVE,
THE CONSEQUENCES OF WHAT WE WILL DO.

THE CHOICE IS CRUCIAL. ITS CONSEQUENCES ARE GRAVE.

THE PRESIDENT OF THE UNITED STATES
IS NOT ONLY THE SERVANT OF THE PRESENT,
HE IS ALSO THE GUARDIAN OF THE FUTURE.

HIS ACTIONS WILL ECHO THROUGH THE YEARS --
IN THE JUDGES HE APPOINTS,
THE REGULATORY BOARD MEMBERS HE NAMES,
THE AGENDA HE SETS FOR THE NATION.

WHEN HE SITS AS HEAD OF STATE WITH OTHER NATIONAL LEADERS,
HE MUST ALWAYS BE AWARE
THAT HIS EVERY WORD IS WEIGHED AND MEASURED.
HE MUST BE SENSITIVE TO THEIR CONCERNS,
YET ADAMANT IN THE PROTECTION OF AMERICA'S INTERESTS.

AS COMMANDER-IN-CHIEF,

THE PRESIDENT HAS IT WITHIN HIS POWER

TO UNLEASH THE MOST AWESOME, DESTRUCTIVE MILITARY FORCE

IN THE HISTORY OF THE WORLD.

IF HE IS SKILLFUL AND WISE, IT IS A TASK,

PRAY GOD,

HE WILL NEVER HAVE TO PERFORM.

#

LESSONS OF THE OVAL OFFICE

AS PRESIDENT I HAVE HAD TO MAKE SOME DIFFICULT DECISIONS --
AND I EXPECT TO MAKE MANY MORE.

I HAVE FOUGHT SOME BITTER FIGHTS AGAINST SELFISH NARROW INTERESTS.
I CARRY SOME SCARS AND I CARRY THEM WITH PRIDE.

I HAVE MADE SOME MISTAKES.

I HAVE TAKEN THE HEAT FOR THEM.

I HAVE LEARNED FROM THEM.

AND BECAUSE OF THAT, I AM A BETTER PRESIDENT.

A MODERN PRESIDENT MUST HAVE PATIENCE.

HE MUST HAVE DEEP COMPASSION.

WHEN THE TOUGHEST DECISIONS HAVE TO BE MADE,
THE PRESIDENT CANNOT RELY ON ADVISERS.

HE CANNOT RELY ON IDEOLOGY.

HE MUST HAVE THE JUDGEMENT TO ACT ALONE.

THE PRESIDENT SERVES TODAY.

BUT HE MUST ANSWER FOR TOMORROW.

THAT IS WHY THIS CAMPAIGN MUST FOCUS ON CONCRETE IDEAS NOW --
AND THEIR CONSEQUENCES FOR THE FUTURE
OF EVERY HUMAN BEING ON EARTH.

#

THE NATURE OF THE CAMPAIGN

THERE COMES A TIME IN EVERY CAMPAIGN
WHEN BOTH PARTIES HAVE A SPECIAL RESPONSIBILITY TO THE PUBLIC --
ONE THAT TRANSCENDS CRITICISM --
AND PERSONALITIES --
AND THE ENDLESS SPECULATION ABOUT WHO IS AHEAD.

THAT RESPONSIBILITY IS TO SAY EXACTLY HOW
THEY PROPOSE TO ACT ON THE PROBLEMS OF OUR WORLD.

THE SERIOUS QUESTIONS OF OUR DAY DO NOT YIELD TO SLOGANS.
THEY DO NOT FIT INTO COMMERCIALS.

CANDIDATES OF BOTH PARTIES MUST SPELL OUT CLEARLY,
WITHOUT DISTORTION OR EVASION,
PRECISELY WHAT THEY PROPOSE TO DO
ABOUT THE COMPLEX, LONG-RANGE CHALLENGES OF OUR TIME --
CHALLENGES SUCH AS ARMS CONTROL,
VIOLENT CHANGE IN THE THIRD WORLD,
ENERGY DEPENDENCE,
MODERNIZING OUR INDUSTRY,
REVITALIZING OUR TRANSPORTATION SYSTEMS,
STRENGTHENING OUR CITIES,
PROTECTING OUR FARMS,
SAFEGUARDING OUR ENVIRONMENT,
SECURING OUR NATION,
AND PRESERVING THE PEACE.

ISSUE: ENERGY

AMERICA IS AT THE RECEIVING END OF A 12,000-MILE SUPPLY LINE.

AT THE OTHER END IS DANGER AND UNCERTAINTY AND TURMOIL.

THE LAST TIME THERE WAS A CRISIS IN THE PERSIAN GULF,
WORLD OIL SUPPLIES WERE CUT BY 4 MILLION BARRELS A DAY.

WE HAD LONG GAS LINES AND FEARS OF WORSE.

TODAY, BECAUSE OF THE WAR BETWEEN IRAN AND IRAQ,

WORLD SUPPLIES ARE AGAIN BEING CUT

BY ABOUT 4 MILLION BARRELS A DAY --

AND WE ARE AHEAD OF THE CRISIS.

WE ARE BUILDING OUR ENERGY SECURITY EVERY DAY.

WE ARE SHOWING THIS COUNTRY CAN PRODUCE MORE,

DISCOVER MORE

AND CONSERVE MORE ENERGY --

AND THAT WE CAN USE AMERICAN RESOURCES,

AMERICAN KNOWLEDGE,

AND AMERICAN LABOR TO DO IT.

RIGHT NOW THERE ARE MORE THAN 3,000 DRILLING RIGS
OPERATING IN THE UNITED STATES.

MORE NEW OIL AND GAS WELLS ARE BEING DRILLED IN 1980
THAN IN ANY YEAR IN THE HISTORY OF OUR COUNTRY.

WE ARE CONSERVING MORE, EVEN AS WE ARE PRODUCING MORE.

OIL IMPORTS ARE DOWN 2 MILLION BARRELS PER DAY.

DURING THE MOST RECENT WEEKS WE HAVE BEEN IMPORTING

FULLY ONE-THIRD LESS OIL THAN AT THIS TIME LAST YEAR.

IN 1981 ALONE,
WE'LL SPEND MORE THAN \$1 BILLION ON SOLAR ENERGY.
IN 1975, TWO YEARS AFTER THE OIL EMBARGO,
THE PREVIOUS ADMINISTRATION SPENT ONLY ABOUT 5 PERCENT OF THAT.

OUR GOAL IS TO DRAW 20 PERCENT OF ALL THE ENERGY WE USE
FROM THE SUN
BY THE YEAR 2000.

WE HAVE LAUNCHED A MASSIVE PROGRAM
TO TURN OUR COAL AND SHALE AND FARM PRODUCTS
INTO FUEL FOR OUR CARS AND TRUCKS.

WE HAVE MORE OIL LOCKED UP IN OUR SHALE
THAN THREE SAUDI ARABIAS PUT TOGETHER --
AND EVEN MORE LOCKED UP IN COAL.

THROUGH OUR NEW SYNTHETIC FUEL INDUSTRY
WE ARE BEGINNING TO TAP THOSE RESOURCES.

18 MONTHS AGO VIRTUALLY NO GASOHOL WAS BEING PRODUCED
IN THIS COUNTRY.

WE NOW HAVE THE CAPACITY
TO PRODUCE 135 MILLION GALLONS OF ETHANOL.

BY 1981 -- NEXT YEAR --
WE SHOULD REACH 500 MILLION GALLONS OF ETHANOL.

MY GOAL IS TO PRODUCE ENOUGH ALCOHOL FUEL BY THE END OF 1990
TO REPLACE 10 PERCENT OF THE GASOLINE WE USE.

THE SOUL OF OUR ENERGY POLICY
IS THAT THERE ARE MANY DIFFERENT,
COMPLEX,
EXCITING PATHS TO ENERGY SECURITY --
AND WE WILL EXPLORE ALL OF THEM!

MY OPPONENT SUMMED UP HIS ENERGY PROGRAM THIS WAY: QUOTE,
"WHAT NEEDS TO BE DONE
IS FOR THE GOVERNMENT TO REPEAL THE ENERGY LEGISLATION
AND THEN TURN THE INDUSTRY LOOSE." UNQUOTE.

THAT'S IT. THAT'S THEIR WHOLE PROGRAM.
NO SYNTHETIC FUELS,
NO SOLAR ENERGY,
NO GASOHOL,
NO MASS TRANSIT,
NO FUEL ASSISTANCE FOR THE POOR AND ELDERLY,
AND, OF COURSE,
NO WINDFALL PROFITS TAX ON THE OIL COMPANIES.

IT IS A RESOUNDING LIST OF NO'S
THAT ADD UP TO NO ENERGY SECURITY,
NO PROGRESS ON INFLATION,
AND NO END TO THE THREAT TO OUR SECURITY
FROM DEPENDENCE ON FOREIGN OIL.

I SAY WE CAN'T AFFORD TO THROW AWAY
THE PROGRESS ON ENERGY WE HAVE MADE!

ISSUE: ECONOMY

WE HAVE SERIOUS ECONOMIC CHALLENGES,
BUT THE OUTLOOK IS IMPROVING.

RECOVERY IS UNDER WAY,
INFLATION HAS BEEN REDUCED,
THE NUMBER OF JOBS IS RISING,
UNEMPLOYMENT IS FALLING.

TO STAY ON THE ROAD TO FULL RECOVERY,
WE HAVE TO KEEP ON ATTACKING THE LONG-RANGE PROBLEMS OF OUR ECONOMY,
ESPECIALLY ENERGY AND PRODUCTIVITY.

THIS IS A COUNTRY OF BUILDERS.

I HAVE SEEN THAT BUILDING SPIRIT ACROSS THIS LAND.

I'VE SEEN A MODERN STEEL PLANT,
A MODERN TEXTILE PLANT,
NEW ENERGY FACILITIES,
HIGH TECHNOLOGY COMPANIES.

I'VE SEEN THE FUEL-EFFICIENT 1981 CARS
COME OFF THE ASSEMBLY LINE.

WE ARE GOING TO DO A LOT MORE BUILDING IN THE YEARS AHEAD --

SYNFUELS PLANTS,
PORT FACILITIES,
RAILROADS,
COMPUTERS,
AND SOLAR HOMES.

A RENAISSANCE OF AMERICAN INDUSTRY!

MY OPPONENT SAYS THAT THE SOLUTION IS SIMPLE --

A MASSIVE TAX CUT FOR THE RICH.

\$15,000 FOR A FAMILY EARNING \$200,000.

A FAMILY MAKING \$12,000 WOULD GET BACK \$175 --

ONLY TO LOSE IT IN A WHIRLWIND OF NEW INFLATION.

ONLY 14 PERCENT OF THAT TAX SCHEME GOES FOR NEW INVESTMENTS.

THE REST WOULD POUR OUT HUNDREDS OF BILLIONS OF CONSUMER DOLLARS
WITHOUT FIRST BUILDING THE PRODUCTIVE CAPACITY TO MEET DEMAND.

THE RESULT WOULD BE A TREMENDOUS SURGE OF INFLATION.

BUSINESS WEEK AND FORMER PRESIDENT FORD

OPPOSED THIS TAX PLAN AS INFLATIONARY.

EVEN MY OPPONENT'S RUNNING MATE CALLED IT "VOODOO ECONOMICS."

HE SAID IT COULD LEAD

TO AN INFLATION RATE OF 30 PERCENT.

I THINK HE WAS RIGHT.

#

ISSUE: LABOR

I BELIEVE THAT WORKING FAMILIES
KNOW WHO IS ON THEIR SIDE IN THIS ELECTION --
THE DEMOCRATIC PARTY!

FOR 5 DECADES,
WE HAVE FOUGHT FOR THE RIGHTS OF WORKING PEOPLE.

WE ENACTED THE MINIMUM WAGE,
UNEMPLOYMENT INSURANCE,
THE RIGHT TO BELONG TO A UNION.

IN THE LAST THREE-AND-A-HALF YEARS,
WE FOUGHT TOGETHER FOR COMMON SENSE,
FOR LABOR LAW REFORM,
AND AGAINST THE REPEAL OF DAVIS-BACON.

MY OPPONENT'S VIEWS ARE A MATTER OF RECORD.

SOME YEARS AGO,
HE DESCRIBED PEOPLE DRAWING UNEMPLOYMENT COMPENSATION AS,
QUOTE, "FREELoadERS WANTING A PRE-PAID VACATION PLAN."

LAST YEAR HE SAID "AMEN"
TO A PROPOSAL THAT OSHA BE ABOLISHED.

THIS YEAR HE SAID, QUOTE,
"THE MINIMUM WAGE HAS CAUSED MORE MISERY AND UNEMPLOYMENT
THAN ANYTHING SINCE THE GREAT DEPRESSION."

THE MAN WHO SAID THESE THINGS
IS PROCLAIMING HIMSELF A GREAT FRIEND OF LABOR.

HE LIKES TO PUT ON A HARDHAT AND QUOTE FRANKLIN D. ROOSEVELT.

IT IS A NEW SCRIPT --
BUT FOR REPUBLICANS IN ELECTION YEARS,
IT IS AN OLD PART.

FRANKLIN D. ROOSEVELT DESCRIBED IT PERFECTLY BACK IN 1944:

HE SAID,

"WE ALL KNOW THAT THERE ARE CERTAIN PEOPLE
WHO MAKE IT A PRACTICE TO DEPRECATE THE ACCOMPLISHMENTS OF LABOR,
WHO EVEN ATTACK LABOR AS UNPATRIOTIC.
THEY KEEP THIS UP USUALLY FOR 3 YEARS AND 6 MONTHS IN A ROW.
BUT THEN, FOR SOME STRANGE REASON,
THEY CHANGE THEIR TUNE --
EVERY 4 YEARS --
JUST BEFORE ELECTION DAY.
WHEN VOTES ARE AT STAKE,
THEY SUDDENLY DISCOVER THAT THEY REALLY LOVE LABOR,
AND THAT THEY ARE ANXIOUS TO PROTECT LABOR FROM ITS OLD FRIENDS,"
THE DEMOCRATS!

NOW THAT IS ONE QUOTE FROM F-D-R THAT MY OPPONENT DOESN'T USE!

ISSUE: SOCIAL JUSTICE

ALSO AT STAKE IN THE ELECTION

IS WHETHER WE CONTINUE TO BUILD SOCIAL JUSTICE IN THIS COUNTRY.

IT IS CLEAR WHERE I STAND.

I AM FOR VIGOROUS ENFORCEMENT OF OUR CIVIL RIGHTS LAWS.

I AM FOR THE OPEN HOUSING AMENDMENTS NOW BEFORE CONGRESS.

I AM FOR THE EQUAL RIGHTS AMENDMENT.

I AM FOR NATIONAL HEALTH INSURANCE.

I AM FOR EXPANDED HOUSING PROGRAMS FOR THE ELDERLY.

I AM FOR AID TO CITIES.

I AM FOR AID TO OUR PUBLIC SCHOOLS.

I AM FOR THE YOUTH BILL.

I AM FOR TOUGH SAFEGUARDS FOR OUR ENVIRONMENT.

I AM FOR STRONG CONSUMER PROTECTION.

MY OPPONENT'S POSITIONS ARE JUST AS CLEAR --

AND THEY COULD NOT BE MORE DIFFERENT FROM MINE.

16 YEARS AGO, HE LAUNCHED HIS POLITICAL CAREER

AS A SPOKESMAN FOR THE ANTI-MEDICARE LOBBY --

AND CALLED REPEATEDLY FOR MAKING SOCIAL SECURITY VOLUNTARY.

TODAY HE SAYS, QUOTE, "I AM FIRMLY OPPOSED

TO NATIONAL HEALTH INSURANCE."

AND TO A PROPOSAL TO ABOLISH OSHA, HE SAYS, "AMEN."

15 YEARS AGO, HE SAID THE CIVIL RIGHTS ACT WAS,
QUOTE, "A BAD PIECE OF LEGISLATION."

THIS YEAR HE SAYS, QUOTE, "URBAN AID PROGRAMS
ARE ONE OF THE BIGGEST PHONIES THAT WE HAVE IN THE SYSTEM."

THIS YEAR HE BLAMED POLLUTION ON TREES -- AND VOLCANOES.
AFTER TAKING 3 DIFFERENT POSITIONS IN A SINGLE DAY,
HE DECIDED THE PROBLEM OF AIR POLLUTION HAD BEEN SOLVED.
THE NEXT DAY, HIS PLANE COULDN'T LAND IN LOS ANGELES
BECAUSE OF THE SMOG.

I GUESS THE PEOPLE OUT THERE
SHOULDN'T PLANT SO MANY TREES ON THEIR VOLCANOES.

#

15 YEARS AGO, HE SAID THE CIVIL RIGHTS ACT WAS,
QUOTE, "A BAD PIECE OF LEGISLATION."

THIS YEAR HE SAYS, QUOTE, "URBAN AID PROGRAMS
ARE ONE OF THE BIGGEST PHONIES THAT WE HAVE IN THE SYSTEM."

ON THE ENVIRONMENT, 14 YEARS AGO HE SAID, QUOTE,
"A TREE'S A TREE -- HOW MANY MORE DO YOU NEED TO LOOK AT?"

THIS YEAR HE BLAMED POLLUTION ON TREES AND VOLCANOES.
AND HE IS RUNNING ON A PLATFORM
OF WEAKENING THE CLEAN AIR ACT.

#

ISSUE: EQUAL RIGHTS AMENDMENT

ALL AMERICANS -- MEN AND WOMEN ALIKE --
SHOULD HAVE THE SAME FUNDAMENTAL RIGHTS.
THOSE RIGHTS SHOULD BE ENSHRINED
WHERE THE RIGHTS OF AMERICANS ARE SUPPOSED TO BE ENSHRINED --
IN THE CONSTITUTION OF THE UNITED STATES.

THE EQUAL RIGHTS AMENDMENT IS VERY SIMPLE.

IT SAYS, AND I QUOTE:

"EQUALITY OF RIGHTS UNDER THE LAW
SHALL NOT BE DENIED OR ABRIDGED BY THE UNITED STATES
OR ANY STATE ON ACCOUNT OF SEX."

THAT IS NOT A THREAT TO ANYTHING.

IT IS A MATTER OF BASIC FAIRNESS AND HUMAN RIGHTS.

IT IS ALSO A MATTER OF ECONOMIC JUSTICE.

WOMEN MAKE UP 43 PERCENT OF AMERICA'S WORK FORCE.

MOST FAMILIES DEPEND AT LEAST IN PART
ON THE MONEY WOMEN WORKERS BRING HOME.

YET FOR EVERY DOLLAR THAT MEN ARE PAID,
WOMEN ARE PAID ONLY 59 CENTS FOR THE SAME AMOUNT OF WORK.

THAT IS WRONG.

IN MANY PLACES,

WOMEN CANNOT WORK

OR BORROW

OR DISPOSE OF THEIR PROPERTY ON EQUAL TERMS.

THAT TOO IS WRONG.

E-R-A/PAGE 2

MY SIX PREDECESSORS IN THE WHITE HOUSE,
REPUBLICANS AND DEMOCRATS,
ALL SUPPORTED THE EQUAL RIGHTS AMENDMENT.
THE REPUBLICAN PARTY ITSELF SUPPORTED IT FOR 40 YEARS.
BUT THIS YEAR, THE REPUBLICAN CANDIDATE IS AGAINST IT.
I SUPPORT E-R-A.

TOGETHER, WE ARE GOING TO PERSEVERE
UNTIL THE BATTLE IS WON --
AND THE EQUAL RIGHTS AMENDMENT
IS INSCRIBED IN THE CONSTITUTION OF THE UNITED STATES.

#

ISSUE: DEFENSE

AS LONG AS I AM PRESIDENT,
WE ARE GOING TO HAVE A STRONG NATION.
ONLY THROUGH STRENGTH CAN WE STAY AT PEACE.

IN 7 OF THE LAST 8 YEARS BEFORE I BECAME PRESIDENT,
WHEN THE REPUBLICANS WERE IN THE WHITE HOUSE,
WE HAD A DECREASE IN REAL FUNDS FOR OUR NATION'S DEFENSE.
SINCE I HAVE BEEN IN OFFICE,
WE HAVE HAD A STEADY, ORDERLY, AND EFFECTIVE INCREASE
IN OUR ABILITY TO DEFEND THIS NATION -- EVERY SINGLE YEAR.

¶ WHEN WE CAME INTO OFFICE,
THERE WAS NO LONG-RANGE CRUISE MISSILE PROGRAM FOR OUR B-52's.
NOW WE HAVE ONE.

¶ THERE WAS NO NEW BATTLE TANK OR MODERN ARMORED VEHICLE.
NOW THEY ARE COMING OFF THE PRODUCTION LINES.

¶ THERE WAS NO ANSWER
TO THE INCREASING VULNERABILITY OF OUR ICBMs.
NOW THERE IS AN ANSWER -- THE MOBILE MX MISSILE.

¶ THERE WAS A GROWING MISSILE GAP IN EUROPE.
NOW WE ARE TAKING ACTIONS TO CLOSE IT.

¶ THERE WAS NO ALLIED PLAN,
FOR STRENGTHENING OUR FORCES IN EUROPE.
NOW WE HAVE A TEN-YEAR PLAN THAT COMMITS ALL THE ALLIES
TO MAKE INCREASED DEFENSE EFFORTS.

THE STATE OF OUR DEFENSE
IS A LEGITIMATE SUBJECT FOR POLITICAL DEBATE.

BUT IN EVERY CAMPAIGN WHICH CHARGED THAT THE RUSSIANS ARE AHEAD,
THAT CHARGE HAS BEEN FALSE.

THE LATEST EXAMPLE IS MY OPPONENT'S CHARGE
THAT WE DO NOT HAVE ADEQUATE FACILITIES
TO KEEP OPEN THE STRAITS OF HORMUZ.

THAT CHARGE IS FALSE.

IN FACT WE HAVE THE MOST POWERFUL NAVAL FORCE
EVER ASSEMBLED IN THE INDIAN OCEAN.

WITH TWO CARRIER TASK FORCES IN THAT REGION,
WE HAVE OVERWHELMING NAVAL AND AIR SUPERIORITY.

EACH OF THE F-14 AIRCRAFT ON OUR CARRIERS
CAN ENGAGE AND SHOOT DOWN 6 ENEMY AIRCRAFT SIMULTANEOUSLY.

WHEN I TOOK OFFICE

WE HAD VIRTUALLY NO DEFENSE CAPABILITY IN THE REGION.

TODAY --

IF WE HAVE TO ACT TO KEEP THE STRAITS OPEN
TO PROTECT OUR VITAL INTERESTS --

WE ARE READY.

#

ISSUE: ARMS CONTROL

IN ADDITION TO OUR MILITARY PROGRAMS,
WE MUST WORK TO CONTROL THE TERRIBLE
WEAPONS OF NUCLEAR ANNIHILATION.

I CONSIDER THIS TO BE AN OVERRIDING ISSUE OF THIS CAMPAIGN.

35 YEARS AFTER HIROSHIMA,
THE DARK SHADOW OF NUCLEAR TERROR
STILL HANGS OVER THE WORLD.

WE HAVE LIVED WITH THAT TERROR FOR SO LONG
THAT WE ARE IN DANGER OF BECOMING ALMOST COMPLACENT ABOUT IT.
WE MUST NOT DO THAT!

OVER THE LAST 20 YEARS,
WE HAVE TAKEN THE FIRST TENTATIVE STEPS
AWAY FROM THE NUCLEAR PRECIPICE.
WE MUST STAY ON THAT ROAD!

ON THE WHOLE QUESTION OF NUCLEAR ARMS CONTROL,
MY VIEWS AND GOVERNOR REAGAN'S
COULD NOT BE MORE DIFFERENT.

I SUPPORT NUCLEAR ARMS CONTROL
AS AN INTEGRAL PART OF OUR NATIONAL SECURITY.

MR. REAGAN BOASTS THAT HE WOULD TEAR UP THE SALT TREATY.
HE BELIEVES THAT WE WOULD BE WELL ADVISED TO THREATEN, QUOTE,
"THE POSSIBILITY OF AN ARMS RACE," UNQUOTE --

DESPITE THE HORRENDOUS COST
AND THE TERRIBLE DANGERS
AND THE CERTAINTY
THAT THE SOVIETS WOULD SQUEEZE THEIR PEOPLE AS HARD AS NECESSARY
TO KEEP UP.

I ALSO BELIEVE THAT AMERICA MUST LEAD THE EFFORT
TO PREVENT ADDITIONAL NATIONS FROM OBTAINING NUCLEAR WEAPONS.

MR. REAGAN THINKS --
AS HE SAID THIS YEAR --
THAT NUCLEAR NON-PROLIFERATION IS, QUOTE,
"NONE OF OUR BUSINESS."

I THINK IT IS OUR BUSINESS --
AND THE BUSINESS OF EVERY GOVERNMENT
AND EVERY HUMAN BEING ON EARTH.

#

ISSUE: FOREIGN POLICY

THE ISSUE OF NUCLEAR ARMS CONTROL IS A REMINDER
THAT MILITARY STRENGTH ALONE
IS NOT ENOUGH TO ASSURE OUR SECURITY
AND BUILD THE KIND OF WORLD WE WANT.
WE MUST ALSO BE STRONG IN OUR DIPLOMACY
AND IN OUR COMMITMENT TO OUR OWN VALUES.

THAT IS HOW WE WON THE HISTORIC CAMP DAVID ACCORDS
AND THE TREATY OF PEACE BETWEEN ISRAEL
AND HER MOST POWERFUL ARAB NEIGHBOR, EGYPT.
INSTEAD OF KILLING EACH OTHER,
EGYPTIANS AND ISRAELIS EXCHANGE AMBASSADORS.
INSTEAD OF WARPLANES,
EGYPTIANS AND ISRAELIS SEE PASSENGER PLANES FLYING BETWEEN THEM.

IN ADDITION,
WE HAVE STEADILY STRENGTHENED OUR ALLIANCES
WITH EUROPE AND JAPAN.

WE HAVE BUILT A SOLID NEW RELATIONSHIP
WITH THE ONE BILLION PEOPLE WHO LIVE IN CHINA.

WE HAVE PUT AMERICA BACK ON THE SIDE OF BASIC HUMAN RIGHTS
AROUND THE WORLD.

AS LONG AS I AM PRESIDENT,
AMERICA WILL HOLD HIGH THE BANNER OF HUMAN RIGHTS!

WE HAVE BEEN ACTIVE IN PROMOTING PEACEFUL SETTLEMENTS
OF DISPUTES AROUND THE WORLD.

WE DID IT IN AFRICA, IN ZIMBABWE-RHODESIA.

WE DID IT IN CENTRAL AMERICA,

THROUGH THE PANAMA CANAL TREATIES,

WHICH OPENED A NEW ERA IN INTER-AMERICAN RELATIONS.

WE DID IT IN MANY PLACES AROUND THE WORLD.

EVERY SMALL CONFLICT HOLDS THE SEEDS OF WIDER CONFLICT.

THERE HAVE BEEN NUMEROUS CRISES SINCE I BECAME PRESIDENT.

EACH TIME ONE OCCURS --

AT WHATEVER HOUR OF THE DAY OR NIGHT --

ONE PERSON ALONE --

THE PRESIDENT OF THE UNITED STATES --

MUST DETERMINE WHAT OUR REAL INTERESTS REQUIRE

AND WHAT ACTION OUR COUNTRY MUST TAKE.

I AM DEEPLY GRATEFUL THAT THROUGHOUT ALL THAT HAS HAPPENED,

WE HAVE HAD NO WAR THESE PAST FOUR YEARS.

THAT IS NO ACCIDENT.

IT IS THE RESULT OF THE CAREFUL EXERCISE

OF ALL FORMS OF AMERICAN NATIONAL STRENGTH.

I AM PASSIONATELY

COMMITTED TO PEACE IN THE FUTURE.

ALL AMERICANS WANT PEACE.

I AM SURE THAT INCLUDES MY OPPONENT.

BUT AMERICANS MUST CONSIDER THE POSSIBLE CONSEQUENCES
OF HIS HABIT OF CALLING FOR THE USE OF FORCE.

IN 1975,

HE CALLED FOR SENDING AMERICAN FORCES TO ECUADOR AND ANGOLA.

IN 1976,

IT WAS RHODESIA AND CYPRUS.

THIS YEAR --

SO FAR --

IT WAS CUBA, PAKISTAN AND THE MIDDLE EAST.

A POLICY THAT EFFECTIVELY SERVES OUR NATIONAL INTERESTS

MUST BE BASED NOT ONLY ON OUR STRENGTH,

BUT ALSO ON OUR WISDOM

AND JUDGEMENT

IN USING THAT STRENGTH.

#

MODERATION

A BALANCED, MODERATE APPROACH
IS THE ONLY KIND
THAT MAKES SENSE IN THE COMPLEX WORLD OF TODAY.
POLICIES THAT LOOK AT JUST ONE SIDE OF A QUESTION
DON'T WORK --
JUST AS A PLANE WITH ONLY ONE WING
CAN'T FLY.

IN ENERGY,
WE NEED BOTH PRODUCTION AND CONSERVATION.

IN OUR ECONOMY,
WE NEED BOTH PRIVATE INVESTMENT IN TOOLS AND FACTORIES
AND PUBLIC INVESTMENT IN PORTS AND MASS TRANSIT.

IN NATIONAL DEFENSE,
WE NEED BOTH MILITARY STRENGTH
AND MUTUAL, BALANCED NUCLEAR ARMS CONTROL.

OUR PROBLEMS ARE COMPLEX.
THAT DOES NOT MEAN THEY CANNOT BE SOLVED.
BUT IT DOES MEAN THAT SIMPLISTIC, ONE-SIDED SOLUTIONS
ARE NO SOLUTION AT ALL.

I THINK I STAND WHERE MOST AMERICANS STAND ON THE ISSUES --
FOR A BALANCED APPROACH,
A MODERATE APPROACH,
AN APPROACH THAT TAKES THE BEST FROM BOTH SIDES.

FACING THE PEOPLE

ON SEPTEMBER 25, THE LEAGUE OF WOMEN VOTERS
OFFERED TO SPONSOR A ONE-ON-ONE DEBATE
BETWEEN GOVERNOR REAGAN AND ME --
TO BE FOLLOWED BY A DEBATE WITH THE TWO OF US
PLUS CONGRESSMAN ANDERSON.

I IMMEDIATELY ACCEPTED, AS DID MR. ANDERSON.

MR. REAGAN REFUSED.

I REGRET HIS REFUSAL, BUT IT IS A FACT.
IT IS ALSO A FACT THAT HE DOES NOT ANSWER QUESTIONS
FROM THE PRESS OR THE PUBLIC,
BECAUSE HIS ADVISERS ARE AFRAID OF WHAT HE MIGHT SAY.

I AM STILL EAGER TO DEBATE MR. REAGAN FACE-TO-FACE --
ABOVE ALL, ON THE SUBJECT OF THE CONTROL OF NUCLEAR ARMS.
EVEN A DEBATE LIMITED TO THIS ONE CRUCIAL ISSUE
WOULD BE A GREAT SERVICE TO THE AMERICAN PEOPLE.

A PRESIDENT CAN'T AVOID TOUGH QUESTIONS.
I DON'T BELIEVE A CANDIDATE SHOULD EITHER.
THE AMERICAN PEOPLE DESERVE TO HEAR FROM THE CANDIDATES
IN AN OPEN, SPONTANEOUS, UNREHEARSED WAY.
THAT IS WHY I ANSWER HUNDREDS OF QUESTIONS EVERY WEEK --
FROM REPORTERS, IN NEWS CONFERENCES AND INTERVIEWS,
AND FROM ORDINARY CITIZENS
IN TOWN MEETINGS AND IN THEIR OWN HOMES.

REPUBLICANS AND THE DEMOCRATIC TRADITION

IF YOU HAVE BEEN LISTENING TO THE REPUBLICAN CANDIDATE,
THEN YOU KNOW HE IS TRYING TO WRAP HIMSELF
IN THE MANTLE OF GREAT DEMOCRATIC PRESIDENTS.

BUT IT HAPPENS EVERY ELECTION YEAR.

HERE IS WHAT FRANKLIN D. ROOSEVELT SAID BACK IN 1944
ABOUT HOW REPUBLICANS CHANGE THEIR TUNE AT ELECTION TIME:

"THE WHOLE PURPOSE OF REPUBLICAN ORATORY THESE DAYS
SEEMS TO BE TO SWITCH LABELS...
NOW, IMITATION MAY BE THE SINCEREST FORM OF FLATTERY,
BUT I AM AFRAID THAT IN THIS CASE,
IT IS THE MOST OBVIOUS COMMON-OR-GARDEN VARIETY OF FRAUD."

AND NOW THE REPUBLICANS HAVE THE NERVE TO QUOTE F-D-R HIMSELF!

JOHN KENNEDY PREDICTED IT BACK IN 1960
WHEN HE SAID OF THE REPUBLICANS,

"THEY ARE EVEN BEGINNING TO SAY A FEW KIND WORDS
ABOUT FRANKLIN ROOSEVELT.
HARRY TRUMAN, OF COURSE --
20 YEARS FROM NOW THEY MIGHT EVEN SPEAK A GOOD WORD FOR HIM --
BUT HE WON'T ABOUT THEM!"

AND I PREDICT THAT 20 YEARS FROM NOW,
REPUBLICAN CANDIDATES WILL BE SAYING NICE THINGS
ABOUT JIMMY CARTER'S SECOND TERM --
BUT LET'S LICK 'EM THIS YEAR JUST TO MAKE SURE THEY DO!

#

REAGAN QUOTING DEMOCRATS

THE REPUBLICAN CANDIDATE IN 1980 SAYS THAT, QUOTE,
"FASCISM WAS REALLY THE BASIS FOR THE NEW DEAL."

DO YOU THINK THAT F-D-R --
THE FATHER OF THE NEW DEAL --
WOULD HAVE WANTED TO BE QUOTED BY THAT CANDIDATE?

THE REPUBLICAN CANDIDATE IN 1980 SAYS, QUOTE,
"I'M OPPOSED TO NATIONAL HEALTH INSURANCE.
THERE IS NO HEALTH CRISIS IN AMERICA."

DO YOU THINK THAT HARRY TRUMAN --
WHO FIRST PROPOSED NATIONAL HEALTH INSURANCE --
WOULD BE ROOTING FOR THAT CANDIDATE TODAY?

THE REPUBLICAN CANDIDATE IN 1980 SAYS
WE SHOULD THREATEN A NEW NUCLEAR ARMS RACE.

DO YOU IMAGINE THAT JOHN F. KENNEDY --
WHO NEGOTIATED THE NUCLEAR TEST BAN TREATY --
WOULD HAVE WANTED THAT CANDIDATE TO BE ELECTED?

THE REPUBLICAN CANDIDATE IN 1980
CALLS THE FOOD STAMP PROGRAM, QUOTE, "A MASSIVE RIPOFF."
WOULD LYNDON B. JOHNSON HAVE LIKED THE SOUND OF THAT?

WHAT YOU MUST DO

I APPRECIATE WHAT YOU HAVE DONE OVER THE YEARS.

I CONGRATULATE YOU AND I THANK YOU.

YOU HAVE GIVEN THIS PARTY YOUR CONTRIBUTIONS AND YOUR HEARTS.

BUT NONE OF US CAN WALK AWAY SATISFIED

THAT WE HAVE FULFILLED OUR OBLIGATIONS.

THE JOB IS NOT YET DONE.

WE STILL MUST HAVE YOUR LEADERSHIP,

YOUR VOICE,

YOUR DEDICATION,

YOUR ENERGY

AND YOUR SPIRIT.

GIVE US ALL THAT,

AND, WORKING TOGETHER,

WE WILL WIN IN NOVEMBER!

IN 1960, IF JUST 28,000 PEOPLE IN TEXAS

AND A FEW THOUSAND IN ILLINOIS HAD VOTED DIFFERENTLY,

JOHN F. KENNEDY WOULD NEVER HAVE SERVED IN THE WHITE HOUSE.

IN 1968, IF ALL OF US HAD DONE JUST A LITTLE MORE,

HUBERT HUMPHREY WOULD HAVE BEEN OUR PRESIDENT

INSTEAD OF RICHARD NIXON.

NOW, IN 1980, THERE IS MORE AT STAKE THAN EVER.

VISION OF THE FUTURE

I HAVE DESCRIBED THE ELECTION OF 1980
AS A CHOICE BETWEEN TWO FUTURES.

HERE IS WHAT I SEE IN THE FUTURE WE ARE FIGHTING FOR TOGETHER --

¶ I SEE A NATION AT PEACE --

¶ A NATION STRONG ENOUGH TO BE SECURE
IN ITS PURSUIT OF PROGRESS FOR PEOPLE --

¶ A NATION IN WHICH EVERYONE
CAN HAVE THE DIGNITY OF A DECENT JOB --

¶ A NATION WHERE CHILDREN ARE EDUCATED
TO THEIR MAXIMUM POTENTIAL --
WHERE THE ELDERLY
ARE TREATED WITH THE RESPECT THEY HAVE EARNED --
WHERE FAMILIES ARE INTACT AND SECURE.

I HAVE A VISION OF A NATION FREE ENOUGH TO ATTRACT --
AND STRONG ENOUGH TO WELCOME --
THE DEPRIVED FROM OTHER PARTS OF THE WORLD --
A NATION OF LIBERTY, AND JUSTICE, AND LOVE.

I NEED YOUR HELP TO MAKE THIS VISION A REALITY.

TOGETHER, LET US MAKE THE GREATEST NATION ON EARTH EVEN GREATER.

#

THE WHITE HOUSE
WASHINGTON

10/14/80

STU EIZENSTAT
JODY POWELL
CHARLES SCHULTZE
RICK HERTZBERG

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

ZBIG BRZEZINSKI

MEMORANDUM

THE WHITE HOUSE
WASHINGTON
October 13, 1980

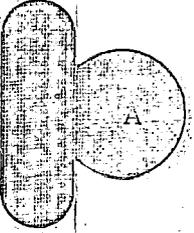
20.
cc Stu - Charlie
Rick - Jody
Good speech
material
J

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN *HO*
SUBJECT: US Power

Attached (Tab A) is a brief article for the Japanese press by Phil Trezise, a Brookings Senior Fellow, which lays out persuasively a theme that I believe could be used to advantage in your extemporaneous public remarks to the press and on the campaign trail: that the United States is still the number one economic power in the world, and by a wide margin. Phil makes these points:

1. The level of real product per person employed is substantially higher in the US than anywhere else in the industrial world. Output per worker is 100 in the US, as compared to 88 in Germany and 66.4 in Japan.
2. Farm productivity in the US has grown for three decades at annual average rates of 6 percent per hour of work. In 1978-79 we produced 18 percent more wheat and feed grain than the USSR on 45 percent less land.
3. US exports grew faster than world trade in the 1970s -- 6.8 percent versus 6.2 percent annually. In 1978-79, our exports rose 10 percent, while world trade rose 6 percent.
4. US innovation is booming, as reflected in the fact that we are one of the three industrial nations that have net earnings from the sale or lease of patents and technical know-how. (The other two are Switzerland and the UK.) The US figure of net earnings from this source, \$5.5 billion for 1979, is far and away the largest; and it is growing.
5. The dollar continues to be the dominant currency in world financial markets. In the Eurobond market, where borrowers can choose among several currencies, two-thirds of the 1979 issues were in dollars. The foreign exchange resources of the world's central banks are 75-80 percent in dollars.



Philip H. Trezise
August 8, 1980

America: Still Number One

More than 20 years ago Nikita Khrushchev, speaking of the United States economy, said, "We will bury you." Nowadays one hears and reads a great deal, most of all in the United States itself, about how the American economy is being overtaken and surpassed.

It is useful to recall that in 1958, about the time that Khrushchev is supposed to have made his mortuary prediction, the United States' GNP, expressed in 1978 dollars, was \$600 billion greater than Soviet GNP. In 1978, it was more than \$1,000 billion greater. So much for burial services.

I suspect that current prophecies about American economic decay may be premature, like Khrushchev's. In any case, the United States is still by a wide margin the world's preeminent economic power.

Much attention is being given to the falling rate of productivity growth in America in recent years. Rightly so, even though every other big industrial nation experienced a decline after 1973, relative to 1963-1973. What is not to be overlooked, however, is that the level of real product (GDP) per person employed is higher, and substantially higher, in the United States than anywhere else in the industrial world.

The most plausible basis that I have found for comparing levels of output per worker is to weight real GDP by "international" average prices. For 1979 this method, putting the United States at an index of 100, shows France at 88.7, West Germany at 88, Japan at 66.4, Italy at 59.1, and Great Britain at 58.9.

These comparative figures, which are of course estimates, appeal to common sense. The United States remains by any standard an immensely productive country, having great natural and human resources and an enormous capital plant. It is not reasonable and in fact is wrong, despite estimates based on national prices and current exchange rates, to believe that Germany or France have higher levels of real output per worker. (I know of no current figures that put Japan ahead of the United States in overall productivity).

One of the fashionable political phrases in Washington these days is "reindustrialization." But the United States is far from a "deindustrialized" nation. The value of manufacturing output in 1978 was more than twice Germany's and 75 percent more than Japan's. Goods production, together with construction, accounts for 54 percent of GNP, which hardly makes the country a service economy yet.

There is a tendency to forget that the United States is a leading producer of energy fuels--first in uranium, second in coal, third in petroleum. If coal is to be a principal replacement for oil in the future, it will have to be largely on the basis of American production, for 37 percent of known recoverable reserves are in the United States as against 19 percent in the Soviet Union.

American agriculture is a high technology industry like electronics. It is heavily capitalized and depends on advanced research and development. Farm productivity has grown steadily and strongly for three decades--at annual average rates of 6 percent per hour of work, more than 2 percent per acre, and about 2 percent per combined unit

of capital and labor. In 1978-79, a good crop year for both countries, the United States produced 18 percent more wheat and feed grain than the Soviet Union on 45 percent fewer hectares. American farms produce 14 percent of the world's wheat, 18 percent of cotton, 48 percent of corn, and 65 percent of soybeans. In terms of world exports, the United States last year provided 82 percent of the soybeans, 72 percent of all feed grains (85 percent of corn alone), 44 percent of wheat, and 23 percent of rice.

What about overall international competitiveness? The record is not quite the dismal one that is usually portrayed. In volume, U.S. exports grew faster than world trade in the 1970s--6.8 percent versus 6.2 percent per year. In 1978-79, U.S. exports rose 10 percent per year against a growth of world trade volume of 6 percent. In terms of share of industrial country exports by volume, the United States had 20.4 percent in 1979, slightly better, not worse, than at the beginning of the decade.

In dollar value, American exports of goods alone are the highest in the world. With trade in services--invisible trade--included, American exports in 1979 came to \$286.5 billion as against \$209 billion for Germany and \$126 billion for Japan.

Trade in services has the same economic significance as trade in goods. The United States regularly runs a large surplus on services. In 1979 the net figure was \$35 billion (Germany and Japan had deficits of \$11 billion and \$9 billion). That surplus left the United States in virtual balance on current account despite an \$18 billion increase in the cost of oil imports.

A large part of United States' income from services is the return on direct foreign investments--\$38 billion in 1979. These earnings come from plants and other physical assets owned by American corporations outside the United States having a book value in excess of \$180 billion. International comparisons of direct investments are subject to serious statistical difficulties but there is no doubt that the United States is far in the lead in this field. Japan's direct investments, which have been growing very fast, are still less than one-fifth those of American multinationals.

It is commonly said that American capacity for innovation is lagging. Measurement of innovation is an almost impossible task. One index, however, is to be found in net earnings from the sale or lease in the international market of patents and technical knowhow. Among the industrial nations, only the United States, Switzerland, and the United Kingdom have net inpayments from patent royalties and license fees. The United States figure of \$5.5 billion (for 1979) is far and away the largest and it has been growing. West Germany and Japan both run big deficits; Japan's in 1979 was more than \$2.4 billion.

The dollar continues to be the dominant currency in world financial markets. In the Eurobond market, where borrowers choose among several currencies, two-thirds of the 1979 issues were denominated in dollars. The foreign exchange reserves of the world's central banks continue to be overwhelmingly--75 to 80 percent--in dollars.

None of what I have written is intended to gloss over the serious current problems of the American economy: recession, inflation,

negative productivity growth, the sectoral difficulties of steel and automobiles, and many others. Germany and Japan, and probably France, seem almost certain to grow faster than the United States in the early 1980s. Nevertheless, much of today's discussion about American economic decline is greatly overdrawn. The American economy is big, rich, dynamic. Its potential should not be written off. It is still number one.

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	FOR APPROPRIATE HANDLING
	LAST DAY FOR ACTION

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ACTION
FYI

	VICE PRESIDENT'
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	DONOVAN
/	EIDENBERG
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	MCDONALD
	MOORE
/	POWELL
	WATSON
	WEDDINGTON
	WEXLER
/	BRZEZINSKI
	MCINTYRE
/	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	HUFSTEDLER
	LANDRIEU
	MARSHALL

	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
/	HERTZBERG
	HUTCHESON
	KAHN
	MARTIN
	MILLER
	MOE
	MOSES
	PETERSON
	PRESS
	RECORDS
	SANDERS
	SHEPPARD
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

[Salutations will be updated by Advance]

McPherson/Matthews
Draft A-1; 10/12/80
Scheduled Delivery:
Tues, Oct 14, Noon
National Press Club

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America's Economic Future

The last time I spoke here was in March of 1978. I came to announce my proposals ^{to} ~~for~~ reform of ~~the~~ federal civil service. As you all know, Congress passed those reforms -- the most sweeping overhaul of the civil service in a hundred years.

I hope I am equally fortunate today. In fact, there is a strong parallel. My civil service reforms were designed to boost productivity in the public sector.

Today I want to talk -- among other things -- about ways to enhance productivity in the much larger, private sector of our economy. ~~[I have one big advantage. I had to~~
introduce the notion of economic incentives in the public sector. The private sector is way ahead of me. American industry does not need a President to tell them about the profit motive.

Susan
boy
J

Mr. President - I would drop this whole page.
It seems kind of redundant.

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Three weeks from now the American people face a critical choice, ⁻⁻ ~~[It is]~~ a choice not just between two candidates or two parties. ~~It is a choice between two vastly different sets of beliefs -- a choice with historic consequences for America and for the world.~~

I want the American people to focus hard on those consequences between now and November 4. ~~[That is why I spoke to the Nation on radio this past Sunday, why I will broadcast a similar talk this coming Sunday and the Sunday after that. I want every voter to know the stakes in 1980.]~~ ^{have another} I want every voter to get answers to the important questions about ^{each} ~~the~~ candidates:

How does he intend to build a stronger economy? How does he intend to ^{INSURE} ~~seek~~ a more peaceful world? How does he intend to create a more just society here at home?

^{a series of} questions in nationwide radio broadcasts. ² ~~I will answer~~ ^{give my to} these questions. ^{am taking up}

I offered a broad answer to the first of ^{them} ~~these~~ questions ~~in a nationwide radio broadcast.~~ on Sunday, I described the kind of economic future our country

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must build. ~~I talked about ways we can build the foundations
of that economic future now.~~ This afternoon I want to give
a more extensive report.

First, I want to describe what is happening to our
economy right now.

As you know, we and other nations around the world have
recently been shocked by OPEC oil prices which more than
doubled in just 12 months. This has been a very difficult
and painful period of high inflation and unemployment, ~~and~~
~~Many people have felt that pain.~~

our nation has
Fortunately, ~~we have~~ been able to withstand this blow.

The economic outlook has brightened. We see the beginnings
of recovery. We see a reduction in inflation, ~~We see an~~

increase in the number of jobs, a decline in the unemployment
although there is much still to be done and many problems remain.
rate. You might say that, ~~after looking at all the figures~~

I am ~~"bullish on America"~~ right now.

I am confident about our future ^{not} simply because the
 immediate outlook is ^{improving,} ~~healthy~~ ^{but} ~~I am confident~~ because our
 country is coming to grips ~~at long last~~ with some of
 its ^{chronic} ~~long-term~~, underlying economic challenges. ~~Most important,~~
~~I am confident because of who we are as a people.~~

~~The President of the United States holds a unique position
 in the world. He is the chief executive of the strongest and
 and free-est nation on earth, He is the beneficiary not only
 of a mighty industrial base -- but of ^{America's} ~~the American people's~~
 200 years ^{of} experience with freedom, ~~and of their sense of~~
 decency and compassion. We are the strongest nation in the
 world -- militarily, economically and morally. Each of our
~~problems -- formidable as they are -- can and will be surmounted.~~~~

America's great economic strength is founded on economic
 freedom. Every day millions of economic decisions are made --
 in factories, in automobile showrooms, in banks and brokerage

add this seems superfluous

houses, on farms and around kitchen tables where family budgets are prepared. ~~We live in a free society and in a free economy in which~~ These millions of choices are made not by official command but according to private needs, *and judgments.*

Nevertheless, the economic impact of government is profound. Government collects taxes, [It] enacts laws, issues regulations. It borrows and lends money. Government policies can limit ~~or expand~~ economic opportunities, *--or expand them, [and* They can either restrict or broaden the range of economic choices.]

If we choose ~~The right policies~~ *for the future, we can* encourage abundance, opportunity, and stable prices. ~~The right policies can create the kind of environment in which individuals and businesses can choose what they believe best suits them.~~ *if we choose the* ~~The wrong policies,~~ *we* can accelerate ~~[the upward spiral of]~~ inflation, jeopardize savings and jobs, and discourage investment in the future.

No President, and no Congress, has ever intentionally

chosen to be wrong in shaping economic policies for the United States. But there have been occasions when the effect of their policies was to worsen the already negative trends in our economy.

In the past 15 years we have had ^{several} ~~three~~ major inflationary episodes. Each [one] ended in a recession. Each time, we were left with a higher underlying level of inflation than we had before.

The first of these episodes occurred during the military buildup for the war in Vietnam. ^{We needed} ~~Our failure~~ to raise adequate revenues during that period -- when government expenditures for ^{both} defense and ^{for} new social programs were rising -- ^{and this failure left a persisting hangover.} ~~[had an]~~ inflationary

~~[effect that persisted into the 1970's. Despite the following recession.]~~ Our ~~economy's~~ underlying inflation rate rose from one percent in the first half of the 1960s to over four percent at the beginning of the 1970s. ~~[a four-fold increase]~~

9

Several years later, in 1972, there was a world-wide ~~feed~~ grain shortage. Food prices went up sharply. Once again, fiscal excesses added to the inflationary pressures. ^P In 1973 came the Arab oil embargo and a tremendous increase in OPEC petroleum prices.

Soon afterwards,

~~[In the mid-1970's,~~ our economy suffered the worst recession in 40 years. Once again the underlying inflation rate failed to drop. Once again it was ratcheted upward -- to 7 percent!

Again, in 1979, the OPEC countries imposed another huge increase in oil prices on the world economy. Again the underlying inflation rate was ratched upwards, this time to about 9 percent.

10

[If we are to cut into this underlying rate, we need to attack inflation on a number of fronts.

[Fiscal policy is part of the answer. When I took office

I would cut that

and this

our country had just passed through the worst economic
downturn since the Great Depression. I put major emphasis
on job creation -- ^{with} and had a great deal of success. We
produced eight-and-a-half million new jobs.

Yet, as that experience showed,

^{[This} My experience, ~~like that of other Presidents before~~

~~me, showed that our problems are deeply rooted and deeply~~

interrelated. ~~As I have said before,~~ ^{if} when we try to
stimulate the economy too fast, we may speed up inflation.

High inflation triggers high interest rates, which choke off
recovery -- and we end up back where we started.

Why
flay
himself?

10

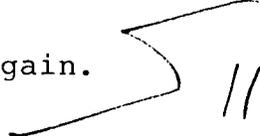
Lesson:
Leave
in

We have learned through hard experience the strength
of the inflationary forces in our economy and how firmly we
must resist the temptation to overstimulate the economy.

but
resist
this -
it makes
the
point.

That is why it is so important that we resist ^{the} massive,
~~tax cuts~~
across-the-board tax cuts of the Reagan-Kemp-Roth ^{proposal};

why we need targeted tax cuts that encourage economic growth but hold down inflation. ~~That is why~~ **C**reating jobs and controlling inflation must go together. Right now, just as we are beginning to bring inflation down, is exactly the wrong time for election year proposals that would drive prices up again.



We have learned what has caused our current inflation:

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- ¶ the failure to raise adequate revenues at a time of greatly increased public spending;
- ¶ natural events, such as the ~~feed~~ grain shortages of the early 1970's;
- ¶ over-stimulation of the economy;
- ¶ the staggering increases in imported oil prices;
- ¶ the long decline in our productivity growth.

12

To overcome inflation we need to attack ^{its} ~~these~~ causes directly -- ^{and} at their roots. ~~[That is why we must exercise fiscal prudence -- why we must pursue the same time we pursue our country's other economic goals.]~~ ~~[We need to address them at the same time we pursue our country's other economic goals.]~~ ^{why we must} ~~energy security~~ ^{revitalization} ~~[e] of our industrial base~~ a better competitive position in world markets. ~~[greater employment -- stronger overall economic growth.]~~

all but
of sentence
could this be
80

First, we need to pursue prudent overall fiscal policies.

~~Economic conditions have made it impossible to balance the budget~~ ^{this year} ~~yet~~ We have made substantial progress in controlling

AND THE BUDGET DEFICIT HAS BEEN REDUCED BY MORE THAN HALF
as a percentage
~~AS LARGE A PORTION OF THE GROSS NATIONAL PRODUCT.....~~

the budget. The rate of real growth in government spending

is half what it was when I took office, *and the budget deficit is only half (?) as large a portion of the gross national product.* § 13

I believe we can exercise real fiscal restraint and still

remain a compassionate and progressive society. We need to

eliminate waste. We need to target government programs to

areas and citizens who are most in need. ~~[We cannot assume~~

ok ~~We cannot assume that all boats rise with the tide. And some poor society have no boat at all.~~

~~certain desirable programs as revenues permit.~~ We need to

attract and encourage private investment to join with government

in achieving our various economic and social goals. § 14

This brings me to one of the central issues of this

campaign: ~~The question is this:~~ do we want policies ^{that} ~~(which)~~

growth w/out driving inflation up - through
encourage ₁ needed investments in new plant and new equipment?

to place our emphasis on immediate consumption through
Or do we want ₁ a quick, regressive, across-the-board

tax cut? ~~[]~~ § 18

On August 28, I proposed a major program to revitalize

we
The major part of the proposed

American industry. ~~Half~~ the tax reductions under this program will go to encouraging ~~ing~~ investment and creating ~~ing~~ new jobs. ~~I~~ -- *an investment* ~~am proposing that we invest~~ in our country's economic future.

[The Reagan-Kemp-Roth proposal would go in a totally different direction. *emphasizing* Instead of ~~encouraging~~ more investment, it would extend massive, regressive tax breaks to individuals. It would simply pump more inflationary ~~ary~~ fuel] into the economy.

(A)

at least two non-partisan

We have ~~one~~ readings on the inflationary price tag of this proposal. [It comes from] the Republican Vice Presidential candidate, ~~He~~ said it would leave our country with 30 percent inflation. *Former Pres. Ford said he could not*

~~support it.~~]

(20) I propose that we reject quick, inflationary tax *cuts* ~~giveaways~~ that pile up federal deficits and end up ~~making~~ *erode eroding* the value of our money.

instead ~~worthless~~ I propose *election year* that ~~instead of looking for gimmicks for years~~ we

rely on the same values, the same common sense that built our country in the first place. I propose that we encourage

She and I suggest insert A in place of these two graphs. So does the public who drafted the ms.

who drafted the ms.

INSERT A

MY REPUBLICAN OPPONENT HAS MADE A NUMBER OF INTERESTING STATEMENTS ABOUT HIS ECONOMIC PROGRAM FOR THE FIRST HALF OF THE 1980s.

I WOULD LIKE TO ASK THE AMERICAN PEOPLE TO BE THE JUDGE OF THE TAX AND BUDGETARY PROPOSALS WHICH ARE AT THE CORE OF HIS ECONOMIC PROGRAM, ~~FOR THE 1980s~~. I WILL SIMPLY DESCRIBE WHAT GOVERNOR REAGAN PROPOSES TO DO:

In contrast, this is what Governor Reagan has proposed:
~~HE HAS PROPOSED~~ A LARGE ACROSS-THE-BOARD TAX CUT PLUS

A LIBERALIZATION OF BUSINESS DEPRECIATION ALLOWANCE THAT BY 1983 WOULD COST SOME ~~\$110~~ BILLION; *W. H. Hoover*

A REMOVAL OF
~~HE HAS PROPOSED [TO REMOVE]~~ THE SO-CALLED "WORK-TEST" UNDER THE SOCIAL SECURITY PROGRAM, ~~AND~~ *[THAT WOULD]* COSTING ANOTHER \$6 TO \$7 BILLION A YEAR;

a sharp
~~HE HAS PROPOSED TO INCREASE SHARPLY~~ *in* GOVERNMENT SUBSIDIES FOR THE MERCHANT MARINE; ~~AND ADVOCATES~~ *7* A SYSTEM OF TUITION TAX CREDITS FOR THOSE ATTENDING PRIVATE SCHOOLS, WHICH AT EVEN A MODEST LEVEL WOULD ADD \$3 - \$5 BILLION TO THE BUDGET;

Handwritten initials

~~HE HAS PROPOSED AN INCREASE IN MILITARY SPENDING BEYOND THE SUBSTANTIAL INCREASES IN THE MILITARY BUDGET THAT WE ALREADY PLAN^{ED}, WHICH WOULD COST ^{MORE THAN} ~~SOME~~ \$20 BILLION EXTRA OR MORE A YEAR BY 1983; AND~~

~~HE HAS ALSO PROPOSED A SUBSTANTIAL REPEAL OF THE WINDFALL PROFITS TAX THAT WOULD GIVE AT LEAST \$10 BILLION BACK TO THE OIL COMPANIES IN 1983.~~

Gov. REAGAN'S TAX AND SPENDING PROPOSALS WOULD ADD \$130 BILLION TO THE 1983 BUDGET DEFICIT. 517
~~BILLION TO THE 1983 BUDGET DEFICIT.~~

IN RECENT WEEKS GOVERNOR REAGAN HAS BEEN SAYING THAT HE CAN AVOID THE HIGHLY INFLATIONARY CONSEQUENCES OF THESE TAX AND SPENDING PROGRAMS BY CUTTING OTHER PARTS OF THE BUDGET SUFFICIENTLY TO PREVENT A DEFICIT. IN DOING SO, ^{HE} ~~THE GOVERNOR~~ HAS PROMISED TO PROTECT SOCIAL SECURITY AND OTHER ENTITLEMENT PROGRAMS.

BUT ALL THE REST OF THE FEDERAL GOVERNMENT -- OUT OF WHICH THE ^{\$130} ~~\$20~~ BILLION IN CUTS WOULD HAVE TO COME -- WILL AMOUNT TO ONLY \$150 TO \$160 BILLION IN 1983. 518

~~THE GOVERNOR~~ ^{MY OPPONENT} ~~HE~~ HAS NOT SPECIFIED WHICH PROGRAMS ~~HE~~ WOULD ^{BE} CUT. ^{I CALL UPON HIM TO DO SO. FOR} ~~WHETHER HE DOES OR NOT,~~ IT IS CLEAR THAT THE ONLY WAY HE COULD BALANCE THE BUDGET UNDER HIS PROGRAM IS TO ELIMINATE MOST OF THE FEDERAL GOVERNMENT EXCEPT ^{FOR} DEFENSE AND THE ENTITLEMENT PROGRAMS. 519

19

ON THE OTHER HAND, IT MAY BE THAT GOVERNOR REAGAN THOUGHT HE HAD THE ANSWER TO THIS DIFFICULT BUDGETARY PROBLEM EARLIER THIS YEAR WHEN HE SAID:

" ~~AND~~ WE COULD USE THE INCREASED RESOURCES THE FEDERAL GOVERNMENT WOULD GET FROM THIS TAX DECREASE TO REBUILD OUR DEFENSE CAPABILITIES."

(EMPHASIS ADDED.)

← in press text only

AS I SAID EARLIER, I LEAVE THE ASSESSMENT OF THE REAGAN-KEMP-ROTH PROPOSALS TO THE GOOD SENSE AND JUDGEMENT OF THE AMERICAN PEOPLE.

26

~~My opponent has also failed to provide the inflation forecast for his program. Instead, he relies on a forecast by the Senate Budget Committee -- which does not take account of the inflationary impact his across-the-board tax cuts would cause.~~

(You might want to say, "Let me read it again - slowly and then do so.")

NOTE
"plant and equipment
is the buzzword."

capital investment in new plant and equipment, the investments we need to increase worker productivity.

521

If living standards are to rise, productivity must grow.

There is no way around this. It is a fact of economic life.

During the 1950s and 1960s productivity grew at an average *nearly* of three percent a year. During the 1970s productivity growth began to slow. Today it has ceased to grow at all.

522

~~This poses an historic challenge -- which we cannot avoid.~~

~~*The worker still*
American industry has the highest productivity in the world.~~

If we want to keep it that way, if we want to counter inflation,

if we want to become more competitive with other *nations* ~~economies~~

~~-- such as Japan -- we need to take action now.~~

There are many theories for the decline in our productivity

growth. *But there is* ~~There is only~~ one sure prescription for it: providing

American workers with a growing stock of modern plant and

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equipment. Our workers can continue to be the most productive in the world if given the proper tools.

To do that, government must encourage investment. ~~It~~ we must make sure that American research and development does not lag behind. ~~This administration has made the commitment and will continue to~~ ~~we~~ must provide the kind of tax incentives that will help to modernize the nation's industries.

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¶ to stimulate new production of coal, oil and natural gas;

¶ to encourage conservation in homes and businesses;

¶ to develop synthetic fuels from our coal and oil shale resources;

¶ to tap the sun's power, and ¶ to make nuclear energy production safer and more reliable; and] 29

As a result of these and other energy measures, we have cut our foreign oil consumption by ^{2 million bbls per day - almost} ~~20 percent~~ in the last ^{25% since I took office.} ~~year alone some one-and-a-half million barrels a day~~ No other country can match that record.

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Those who ignore this challenge, those who ^{discount} ~~sneer at~~
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The fourth element ¹ is aimed at putting people back to
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526

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Eight and a half million jobs is a substantial contribution to
our nation's economic health. But we need to do more.

To accomplish our goal of full employment we need to do
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We need to insist, first of all, on fair rules of trade
with other nations -- in every product. Our program to help

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~~This process of de-regulation has been the most significant restructuring of the relationship between business and govt. since the New Deal.~~

~~hyperbole~~

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if we are to succeed, it cannot be because of government

alone, or business alone, or labor alone. It must be because

government, business, labor and the public work together. [to

~~make this future a certainty for our country.]~~

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Our ~~efforts~~ to meet the energy challenge, ^{and} ~~our program~~

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If we fight for economic progress ^{have been fighting} [with the same hard-headed resolve with which we are winning our fight] for America's energy security, then I am confident we can build a future of

full employment,

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A more modern competitive industry

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Almost 40 years ago, in the midst of World War II, President Roosevelt spoke this profound truth about America:

"The most significant fact in recent American history is the ability of the American people to face a tough situation and to take orderly and united action in their own behalf -- and in behalf of the things in which they believe."

That was true then. It is true now. I am determined that ~~basic value of the American people will prevail in the future.~~ ^{It will be true in the future.}

[Salutations will be updated by Advance]

McPherson/Matthews
Draft A-1; 10/12/80
Scheduled Delivery:
Tues, Oct 14, Noon
National Press Club

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America's Economic Future

The last time I spoke here was in March of 1978. I came to announce my proposals ^{to} ~~for~~ reform of ~~the~~ federal civil service. As you all know, Congress passed those reforms -- the most sweeping overhaul of the civil service in a hundred years.

I hope I am equally fortunate today. In fact, there is a strong parallel. My civil service reforms were designed to boost productivity in the public sector.

Today I want to talk -- among other things -- about ways to enhance productivity in the much larger, private sector of our economy. ~~[I have one big advantage. I had to~~
introduce the notion of economic incentives in the public sector. The private sector is way ahead of me. American industry does not need a President to tell them about the profit motive.

*Susan
boy
J*

*Mr. President - I would drop this whole page.
It seems kind of redundant.*

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Three weeks from now the American people face a critical choice. ⁻⁻ ~~[It is]~~ a choice not just between two candidates or two parties. ~~It is a choice between two vastly different sets of beliefs -- a choice with historic consequences for America and for the world.~~

I want the American people to focus hard on those consequences between now and November 4. ~~[That is why I spoke to the Nation on radio this past Sunday, why I will broadcast a similar talk this coming Sunday and the Sunday after that. I want every voter to know the stakes in 1980.]~~ I want every voter to get answers to the important questions about ^{each} ~~the~~ candidates:

How does he intend to build a stronger economy? How does he intend to ^{insure} ~~seek~~ a more peaceful world? How does he intend to create a more just society here at home?

I will give up to a series of questions in nationwide radio broadcasts. I am taking up

I offered a broad answer to the first of ^{them} ~~these~~ questions ~~in a nationwide radio broadcast.~~ on Sunday, I described the kind of economic future our country

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must build. ~~I talked about ways we can build the foundations
of that economic future now.~~ This afternoon I want to give
a more extensive report.

First, I want to describe what is happening to our
economy right now.

As you know, we and other nations around the world have
recently been shocked by OPEC oil prices which more than
doubled in just 12 months. This has been a very difficult
and painful period of high inflation and unemployment, ~~and~~
~~Many people have felt that pain.~~

our nation has
Fortunately, ~~we have~~ been able to withstand this blow.

The economic outlook has brightened. We see the beginnings
of recovery. We see a reduction in inflation, ~~We see an~~

increase in the number of jobs, a decline in the unemployment
rate. ~~You might say that, after looking at all the figures~~
although there is much still to be done and many problems remaining

I am ~~"bullish on America"~~ right now.

I am confident about our future ^{not simply} because the
 immediate outlook is ^{improving,} ~~healthy~~ ^{but} ~~I am confident~~ because our
 country is coming to grips ~~at long last~~ ^{at long last} with some of
 its ^{chronic} ~~long-term~~, underlying economic challenges. ~~Most important,~~
~~I am confident because of who we are as a people.~~

~~The President of the United States holds a unique position
 in the world. He is the chief executive of the strongest and
 and free-est nation on earth, He is the beneficiary not only
 of a mighty industrial base -- but of ^{America's} ~~the American people's~~
 200 years ^{of} experience with freedom, ~~and of their sense of~~
 decency and compassion. We are the strongest nation in the
 world -- militarily, economically and morally. Each of our
~~problems -- formidable as they are -- can and will be surmounted.~~~~

America's great economic strength is founded on economic
 freedom. Every day millions of economic decisions are made --
 in factories, in automobile showrooms, in banks and brokerage

add this seems superfluous

houses, on farms and around kitchen tables where family budgets are prepared. ~~We live in a free society and in a free economy in which~~ These millions of choices are made not by official command but according to private needs, *and judgments.*

Nevertheless, the economic impact of government is profound. Government collects taxes, [It] enacts laws, issues regulations. It borrows and lends money. Government policies can limit ~~or expand~~ ^{--or expand them,} economic opportunities, ^{[and} They can either restrict or broaden the range of economic choices.]

If we choose ^{for the future, we can} the right policies, encourage abundance, opportunity, and stable prices. ~~The right policies can create the kind of environment in which individuals and businesses can choose what they believe best suits them.~~ ^{if we choose the} ~~The wrong policies,~~ ^{we} can accelerate ~~[the upward spiral of]~~ inflation, jeopardize savings and jobs, and discourage investment in the future.

No President, and no Congress, has ever intentionally

chosen to be wrong in shaping economic policies for the United States. But there have been occasions when the effect of their policies was to worsen the already negative trends in our economy.

[Handwritten signature]

In the past 15 years we have had ^{several} ~~three~~ major inflationary episodes. Each ~~[one]~~ ended in a recession. Each time, we were left with a higher underlying level of inflation than

we had before. *[Handwritten mark]*

The first of these episodes occurred during the military buildup for the war in Vietnam. ^{We needed} ~~Our failure~~ to raise adequate

revenues during that period -- when government expenditures for ^{both} defense and ^{for} new social programs were rising -- ^{and this failure left a persisting hangover.} ~~[had an]~~ inflationary

~~[effect that persisted into the 1970's. Despite the following recession.]~~ Our economy's underlying inflation rate rose from

one percent in the first half of the 1960s to over four percent at the beginning of the 1970s. ~~[a four-fold increase]~~

[Handwritten mark]

9

Several years later, in 1972, there was a world-wide ~~feed~~ grain shortage. Food prices went up sharply. Once again, fiscal excesses added to the inflationary pressures. ^P In 1973 came the Arab oil embargo and a tremendous increase in OPEC petroleum prices.

Soon afterwards, ~~[In the mid-1970's]~~ our economy suffered the worst recession in 40 years. Once again the underlying inflation rate failed to drop. Once again it was ratcheted upward -- to 7 percent!

Again, in 1979, the OPEC countries imposed another huge increase in oil prices on the world economy. Again the underlying inflation rate was ratched upwards, this time to about 9 percent.

10

[If we are to cut into this underlying rate, we need to attack inflation on a number of fronts.

[Fiscal policy is part of the answer. When I took office

I would cut this

and pass

our country had just passed through the worst economic
downturn since the Great Depression. I put major emphasis
on job creation -- ^{with} and had a great deal of success. We
produced eight-and-a-half million new jobs.

Yet, as that experience showed,

^[This] My experience, like that of other Presidents before

me, showed ^{[the effort to create new jobs and the fight against inflation are} that our problems are deeply rooted and deeply

interrelated. As I have said before, ^{if} when we try to
stimulate the economy too fast, we may speed up inflation.

High inflation triggers high interest rates, which choke off
recovery -- and we end up back where we started.

Why
flay
democracy

10

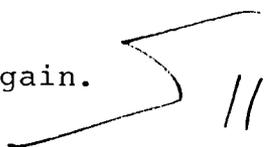
Lesson:
Leave
in

We have learned through hard experience the strength
of the inflationary forces in our economy and how firmly we
must resist the temptation to overstimulate the economy.

but
resist
this -
it makes
the
point.

That is why it is so important that we resist ^{the} massive,
~~massive~~
across-the-board tax cuts of the Reagan-Kemp-Roth ^{proposal};

why we need targeted tax cuts that encourage economic growth but hold down inflation. ~~That is why~~ Creating jobs and controlling inflation must go together. Right now, just as we are beginning to bring inflation down, is exactly the wrong time for election year proposals that would drive prices up again.



We have learned what has caused our current inflation:

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- ¶ the failure to raise adequate revenues at a time of greatly increased public spending;
- ¶ natural events, such as the ~~feed~~ grain shortages of the early 1970's;
- ¶ over-stimulation of the economy;
- ¶ the staggering increases in imported oil prices;
- ¶ the long decline in our productivity growth.

12

To overcome inflation we need to attack ^{its} ~~these~~ causes directly ~~--~~ ^{and} at their roots. ~~[That is why we must exercise fiscal prudence -- why we must pursue the same time we pursue our country's other economic goals: energy security -- revitalization of our industrial base -- a better competitive position in world markets. -- greater employment -- stronger overall economic growth.]~~

all but
of sentence
could this be
20

First, we need to pursue prudent overall fiscal policies.

~~Economic conditions have made it impossible to balance the budget~~ ^{this year} yet we have made substantial progress in controlling

AND THE BUDGET DEFICIT HAS BEEN REDUCED BY MORE THAN HALF
as a percentage
~~AS LARGE A PORTION OF THE GROSS NATIONAL PRODUCT.....~~

the budget. The rate of real growth in government spending

is half what it was when I took office, ~~and the budget deficit is only half (?) as large a portion of the gross national product.~~ § 13

I believe we can exercise real fiscal restraint and still

remain a compassionate and progressive society. We need to

eliminate waste. We need to target government programs to

areas and citizens who are most in need. ~~We cannot assume~~

ok ~~We cannot assume that all boats rise with the tide. We need to phase in~~ ~~And our society have no boat at all.~~

~~certain desirable programs as revenues permit.~~ We need to

attract and encourage private investment to join with government

in achieving our various economic and social goals. § 14

This brings me to one of the central issues of this

campaign: ~~The question is this: do we want policies~~ ^{that} ~~(which)~~

growth w/out driving inflation up - through
encourage needed investments in new plant and new equipment?

to place our emphasis on immediate consumption through
Or do we want ~~want~~ a quick, regressive, across-the-board

tax cut? ~~(now)~~ § 18

On August 28, I proposed a major program to revitalize

INSERT A

MY REPUBLICAN OPPONENT HAS MADE A NUMBER OF INTERESTING STATEMENTS ABOUT HIS ECONOMIC PROGRAM FOR THE FIRST HALF OF THE 1980s.

I WOULD LIKE TO ASK THE AMERICAN PEOPLE TO BE THE JUDGE OF THE TAX AND BUDGETARY PROPOSALS WHICH ARE AT THE CORE OF HIS ECONOMIC PROGRAM, ~~FOR THE 1980s~~. I WILL SIMPLY DESCRIBE WHAT GOVERNOR REAGAN PROPOSES TO DO:

In contrast, this is what Governor Reagan has proposed:
~~HE HAS PROPOSED~~ A LARGE ACROSS-THE-BOARD TAX CUT PLUS

A LIBERALIZATION OF BUSINESS DEPRECIATION ALLOWANCE THAT BY 1983 WOULD COST SOME ~~\$110~~ BILLION; *W. H. Hoover*

A REMOVAL OF
~~HE HAS PROPOSED [TO REMOVE]~~ THE SO-CALLED "WORK-TEST" UNDER THE SOCIAL SECURITY PROGRAM, ~~AND~~ *[THAT WOULD]* COSTING ANOTHER \$6 TO \$7 BILLION A YEAR;

a sharp
~~HE HAS PROPOSED TO~~ INCREASE SHARPLY *in* GOVERNMENT SUBSIDIES FOR THE MERCHANT MARINE, ~~AND~~ *ADVOCATES* A SYSTEM OF TUITION TAX CREDITS FOR THOSE ATTENDING PRIVATE SCHOOLS, WHICH AT EVEN A MODEST LEVEL WOULD ADD \$3 - \$5 BILLION TO THE BUDGET;

~~HE HAS PROPOSED AN INCREASE IN MILITARY SPENDING BEYOND THE SUBSTANTIAL INCREASES IN THE MILITARY BUDGET THAT WE ALREADY PLAN^{ED}], WHICH WOULD COST ^{MORE THAN} ~~SOME~~ \$20 BILLION EXTRA OR MORE A YEAR BY 1983; AND~~

~~HE HAS ALSO PROPOSED A SUBSTANTIAL REPEAL OF THE WINDFALL PROFITS TAX THAT WOULD GIVE AT LEAST \$10 BILLION BACK TO THE OIL COMPANIES IN 1983.~~

Gov. REAGAN'S TAX AND SPENDING PROPOSALS WOULD ADD \$130 BILLION TO THE 1983 BUDGET DEFICIT. 517
~~BILLION TO THE 1983 BUDGET DEFICIT.~~

IN RECENT WEEKS GOVERNOR REAGAN HAS BEEN SAYING THAT HE CAN AVOID THE HIGHLY INFLATIONARY CONSEQUENCES OF THESE TAX AND SPENDING PROGRAMS BY CUTTING OTHER PARTS OF THE BUDGET SUFFICIENTLY TO PREVENT A DEFICIT. IN DOING SO, ~~THE GOVERNOR~~ ^{HE} HAS PROMISED TO PROTECT SOCIAL SECURITY AND OTHER ENTITLEMENT PROGRAMS.

BUT ALL THE REST OF THE FEDERAL GOVERNMENT -- OUT OF WHICH THE ~~220~~ ¹³⁰ BILLION IN CUTS WOULD HAVE TO COME -- WILL AMOUNT TO ONLY \$150 TO \$160 BILLION IN 1983. 518

~~THE GOVERNOR~~ ^{MY OPPONENT} ~~HE~~ ^{HE} HAS NOT SPECIFIED WHICH PROGRAMS ~~HE~~ ^{HE} WOULD ~~CUT.~~ ^{I CALL UPON HIM TO DO SO. FOR} ~~WHETHER HE DOES OR NOT,~~ IT IS CLEAR THAT THE ONLY WAY HE COULD BALANCE THE BUDGET UNDER HIS PROGRAM IS TO ELIMINATE MOST OF THE FEDERAL GOVERNMENT EXCEPT ~~FOR~~ ^{FOR} DEFENSE AND THE ENTITLEMENT PROGRAMS. 519

19

ON THE OTHER HAND, IT MAY BE THAT GOVERNOR REAGAN THOUGHT HE HAD THE ANSWER TO THIS DIFFICULT BUDGETARY PROBLEM EARLIER THIS YEAR WHEN HE SAID:

" ~~AND~~ WE COULD USE THE INCREASED RESOURCES THE FEDERAL GOVERNMENT WOULD GET FROM THIS TAX DECREASE TO REBUILD OUR DEFENSE CAPABILITIES."

(EMPHASIS ADDED.)

in press text only

(You might want to say, "Let me read that again - slowly and then do so.")

AS I SAID EARLIER, I LEAVE THE ASSESSMENT OF THE REAGAN-KEMP-ROTH PROPOSALS TO THE GOOD SENSE AND JUDGEMENT OF THE AMERICAN PEOPLE.

20

~~My opponent has also failed to provide the inflation forecast for his program. Instead, he relies on a forecast by the Senate Budget Committee -- which does not take account of the inflationary impact his across-the-board tax cuts would cause.~~

NOTE
"plant and equipment
is the buzzword."

capital investment in new plant and equipment, the investments we need to increase worker productivity.

521

If living standards are to rise, productivity must grow.

There is no way around this. It is a fact of economic life.

During the 1950s and 1960s productivity grew at an average ^{nearly} of three percent a year. During the 1970s productivity growth began to slow. Today it has ceased to grow at all.

522

~~This poses an historic challenge -- which we cannot avoid.~~

~~The ^{worker still} American industry has the highest productivity in the world.~~

~~If we want to keep it that way, if we want to counter inflation,~~

~~if we want to become more competitive with other ^{nations} economies~~

~~-- such as Japan -- we need to take action now.~~

There are many theories for the decline in our productivity

growth. ^{But there is} ~~there is only~~ one sure prescription for it: providing

American workers with a growing stock of modern plant and

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equipment. Our workers can continue to be the most productive in the world if given the proper tools.

To do that, government must encourage investment. ~~It~~ *we* must make sure that American research and development does not lag behind. ~~This administration has made that commitment and will continue to~~ *we* must provide the kind of tax incentives ~~that will help to modernize the nation's industries.~~ *that will help to modernize the nation's industries.*

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(by word)

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Almost 40 years ago, in the midst of World War II, President Roosevelt spoke this profound truth about America:

"The most significant fact in recent American history is the ability of the American people to face a tough situation and to take orderly and united action in their own behalf -- and in behalf of the things in which they believe."

That was true then. It is true now. I am determined that ~~basic value of the American people will prevail in the future.~~ ^{It will be true in the future.}