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The American people sent us here because they weren't satisfied with business as usual. They were satisfied with the punishing and relentless upward drive in inflation. ~~xxxxxxxxxxxxxxxx~~ They wanted an end to the ever upward climb of taxes. They weren't especially happy with the highest interest rates of 120 years. They were tired of ~~Amx~~ America being weakened in the international ~~ex~~ arena.

They sent us here to do something special, ~~and~~ and to gain control of our destinies. They saw we were rushing pell mell into disaster. We came close to tearing ourselves apart over catastrophic economic policies that ~~were~~ had no foundations.

\* \* \* \*

Under JFK: "spending for human needs was 29 percent of his budget; defense spending was 46 percent of his budget. In our proposed budget for 1983, the social needs, the human needs ~~xxxx~~ total 51 percent of the budget and defense spending is only 29 percent."

Every American citizen has the option to make a decision on ~~Nov~~ November 2. One of those options, and I'm going to be blunt about it -- one of those options is to go right back down the track we came from. That is a free choice for every voter. They can travel the road of tragedy all over again -- turning back to the policies, the same, shopworn policies that got us here.

Our opponents have not produced an original idea yet. When we had problems with our economy, they said -- let's raise taxes. When we continued to suffer -- they said, let's make the budget bigger and borrow even more than we have to. ~~When they~~ Now they are outraged that we are beginning to get control of the massive regulatory nightmare that contributed to our ~~our~~ lack of productivity. It's more regulations they want, not less.

And that's what we've come down to. They are comfortable with big government, big taxes, a massive national debt, a mortgage on our future, inflation out of sight, productivity down, subsistence handouts, government makework. Let me just ask them one question: we've tried all those things in the four years before I entered office, and what did it get us.

Nothing is more painful to me than the fact that I have not been able to achieve instant success about our terrible unemployment rates. They are the principal and unquestionable area where I had hoped that much quicker movement would take place.

It's  
no  
alternative

good

They want the government to dribble out support for life subsistence and they have the nerve to call that ~~opportunitux~~ hope.

They would have makework jobs and warehousing instruction programs ~~xxx~~ substitute for ~~xxx~~ productive labor, and I will tell them that they are ~~wkxxx~~ wrong.

Make them dependent on the government, and they will call it dignity.

Let them not move out of the morass of bureauscratic answers, and they will call that compassion.

Let them always suffer from inflation, be eaten away by a ~~fxjxn fxjxn~~ financially bankrupt society, and they will have the gall to say that is fairness.

They will smother the entrepreneurial spirit and the incentives to expand, and my freinds that is their verszion of opportunity.

Not a single one of these  
kneejerk solutions is even a  
fraction as good as a job -  
a job which grows out of a society  
that taps the mighty resources of our  
system . . .



They create a desert and hand over a glass of water and they call that compassion.

Re: unemployed --

It's as if our opponents have no responsibility for what has happened.

They wash their hands.

They point their fingers the other way.

They say, who me?

It's as if they were political Rip Van Winkles -- ~~xxx~~ benignly asleep while the world changed around them. Like they had no power, wielded no votes, gave no speeches etc. It turns out that their main commodity they did not have was shame.

I will tell you this -- I am not the least bit happy with the slowness ~~xxx~~ of our progress in putting all Americans back to work. It is a ~~xxx~~ daily tragedy for me. But at least we're doing something about it. At least we've tried to rebuild America from the shambles that our opponents made of it. And at least we have the courage to roll up our sleeves, pick up the tools and begin digging away to rescue these United States.

We have not run away from our responsibility, we have stood up to it. ~~And~~ Believe me, if I had ~~xxxxxxxxxxxxxxxxxxxxxxxx~~ anything to do with building the economic record that was left behind on January 20, 1981 -- I ~~am~~ wouldn't be throwing rocks from my glass house.

We are lifting America up from the economic quicksand that was placed in our historic path.

Above all, we are ~~be~~ making progress. Thanks to the strength, ~~xxxxxx~~ courage, patientience and resilience of the American people, we are embarking on a true path of recovery.

Our pgress has been difficult and trying. There has been suffering and sowerrow. The pain of our great econmic difficulties has ~~we~~ been much too great and ~~we~~ punished far too many people. This price for reveory is never acceptable.

But we have ~~xxxx~~ made progrress.

Have faith in ~~AMERICAN~~ American people.

\* \* \* \*

Inspectors General reported that from 4/1/81 to April, 1982, -- direct savings of \$11.2 billion.

Regulatory Reform: Saving about \$10 billion in one time investment costs and \$6 billion in annual recurring cost savings.

CPI -- January, 1980 -- one month rose at annualized rate of 18.0 percent. First quarter of 1980 -- rose 17.1% annualized

Cars -- domestic production -- 1976 - 8.5 million  
1980 - 6.6 million

We came to Washington with a commitment and a charge -- to to something about an economy on its back.

We came with a plan -- with a direction ~~was~~ in which we were going to go, determined to reverse the disastrous policies of the past. If there was one thing the American people demanded, it was ~~sticking to one's beliefs~~ sticking to one's beliefs.

Yes, we made adjustments -- we were faced recently ~~with~~ with a budget problem for which immediate solutions were required. I did something I hoped that I would never have to do in my presidency and that was propose additional taxes. I won't hide behind ~~some~~ smokescreens and euphemisms. The fact is we had to take this action to reduce every more massive budget deficits and to rebuild ~~confidence~~ national confidence in the ability of the government to reduce the deficit.

Still, these adjustments fell well within the ~~basic~~ basic plan we have held onto from the beginning. And that plan was to cut the tax obligations for ~~the~~ American citizens and American business as the critical first step to renew the ~~dynamic~~ dynamic engine of American industry. We had to take steps to free the citizens of our nation from the oppression of ~~upward~~ upward spiraling taxes, and that we ~~did~~ did. We had to once again build into our system the magic of incentives to invest and to save, and that we have done.

Thus, there should be no question of the direction in which we are ~~pointed~~ pointed. We have still cut the tax ~~burden~~ burden in the United States by a net ~~of~~ of \$335 billion. And we have made dramatic progress in cutting federal spending. Those were the jobs we came here to do -- to get control of government out of control. ~~Government out of control~~

A year and a half ago, I said - government too big etc. Well, as far as I'm concerned, it's still too big and still takes too much

I'm not going to duck the tough one -- unemployment in America is the biggest tragedy of our economy. These people are not numbers, they are American citizens -- they are us. They are caught in a struggle that they did not make . . .

re unemployment: sad, tragic and sorrowful beyond my own personal description. There is no way I will say that is good -- it is a terrible price we are paying for excesses of the past.

The persistent and agonizing condition which has hurt so many people and which has slowed our recovery is the most frustrating problem that I have faced. Our struggle has been prolonged because the fundamental damage to our economy was much worse than I ever thought; the cuts went deeper than I had conceived. They had wrought havoc on our system and pushed it beyond any abilities it had to heal itself.

We do not accept this condition as unchangeable. We do not merely believe it will continue unchallenged forever. And I will not insult the American people by telling them they are not able ultimately to overcome this terrible national burden. We are beginning to move again. We are seeing flickers of hope. We will surmount this hurdle, and ~~we~~ I know that with the determination that is in our national soul, we shall prevail -- we shall again achieve the mighty prosperity and expansion that lies at the heart of our proud history. That new day is ~~xxxxxxx~~ before us, and we will reach it with or without the help of those whose only answer to despair is to wring their hands, shout their negative litanties and give in to weakness that marked their failed <sup>and</sup> answers of the discredited past.

I'll tell you one thing -- I'm not going to accept their outrageous lie that we have purposely thrown people into the misery of unemployment and desperation. I fail to understand what purpose is served, except raw political ambition, ~~but~~ by strident ~~effexxxxxx~~ attacks against our motives. Well, let me just make a suggestion to those who seem to have unlimited ~~xxx xxxxxxxxxx~~ scorn to heap upon others: if you would just use a little less energy pointing the finger, we'd have a lot more neergy to get our job done.

You know, that reminds me of one suggestion on what to do with this kind of pure demagoguery. I heard one person suggest that the last great ~~xxxx~~ untapped source of revenue in America is demagoguery. Now there's a thought -- if we ~~xxxxxx~~ could only put a tax on demagoguery, I can guarantee you we'll wipe out the entire national debt in no time.

It was time to stop investing in inflation and to start investing in ~~xxxx~~ America.

We were drinking from the well ~~xxxxxx~~ without replenishing the groundwater.

of the  
Economic  
Sufficiency

The people of America are angry about unemployment and they deserve to be. But they better get in line behind me. ~~We're~~ *We're in trouble today,* ~~angry about unemployment and the weakened economic condition~~, because for years we had in place policies which ~~were~~ were pointed directly towards economic chaos. ~~America~~ The United States Government was drinking from the well of prosperity without replenishing its groundwater.

*Some people forget to think believe*  
~~For years we thought that~~ big government would give us big results -- but we've found that all that ~~has~~ it has given <sup>us</sup> is big government. What a cruelty was played upon the millions of Americans who believed that Washington could hand out prosperity without first creating it.

So, yes, I'm angry. I'm frustrated because millions of ~~America~~ Americans are suffering needlessly. They're suffering because the ~~the~~ prog rams of the past have failed them. ~~They've~~ been mislead into believing that a layer of government ~~has~~ handouts ~~were~~ could be a subst itute for

*My point*  
And that's why ~~xxxxxxxxxxxxxxxxxxxxxxxx~~ we cannot go down that path again. We have to realize that America ~~has~~ <sup>in</sup> always <sup>we</sup> ~~does~~ <sup>do</sup> best when ~~our~~ <sup>our</sup> prosperity grows ~~from~~ from the resourcefulness of ~~our~~ <sup>our</sup> people instead of ~~xxxxxxxxxxxxxxxxxxxxxxxx~~ the size of its <sup>size</sup> government.

Easy answers ~~can~~ may come from the government, but lasting answers only ~~can~~ come from the people.

We've ;got a lot of sideline help these ~~kd~~ days -- we hear them talk about unemployment. ~~Wxxx~~ Where where they when inflation was ripping our country apart, destroying confidence in our future, raising the cost of borrowing and everything else and forcing, eventually, the massive unemployment we have to day.

It's funny how the word "inflation" never seems to cross the lips of our opponents these days. It's like history never happened. It's like tens of mlilions of Americans snever suffered the punishment that was poiunded on them day ~~and~~ in and day out.

In 1980 we campaigned across this country on the ~~bxix~~ basis that there was something fundamntally wrong with the notion that the American popele always had to willingly the bear the burden of higher taxes. ~~xxxxxxx~~ Inflation was the biggest bonus that big government ever had -- revdn revnues would come rolling in so more could be spent. Whe more ~~xxx~~ money was spent, still more was printed and we had more inflaion and the government collected more money. It was thebest high tax program we ever had.

How far were we to go in punishing the American people that way. They told us they had enough. They told us they wanted us to ~~xxx~~ get contronl of ~~gxxxxxxx~~ govodrnment.

I've heard a lot ~~of~~ about fairness in the past year, but I just ~~wxxxx~~ would like to know how fair ~~xxx~~ our opponents were with policies that just about financially crippled the country. ~~They~~ I'll be ~~ix~~ blunt about it: they've sure got a lot of nerve to talk about fairness ~~whe~~ when the monster government they created almost never cared whther it was fair or un~~far~~

Crippling inflation -- the highest interest rates in more than 100 years -- a full-blown recession -- etc.

This stomach-churning stew was on the plate when we got to ~~xxx~~ office. We not only had a horrible economic downturn, we had to also contend with the highest sustained peacetime inflation in our history.

The only thing which will hold back recovery are the actions of our opponents --

-- if they take away from the people their tax rate reductions

-- if they refuse to control spending (as evidenced by budget-busting appropriations bill)

etc.

\* \* \* \* \*

Our government is still too big, and it still spends too much.

\* \* \* \* \*

I've got some old fashioned ideas about the American people. I don't think they're going to punish us for doing the right thing. They won't punish us for sticking to our guns, to staying the course and fulfilling the mandate that they set down for us -- the charge to get control of the size of government, to slice inflation, to cut taxes and make America the strongest nation in the world once again. They're not going to punish us for having faith in them, in their strength and in their desire to renew ourselves in a time of testing . . .



It's in Ecclesiastes that we find the ~~xxx~~ prophet saying (?)

"To everything there is a season . . . ."

And now, my friends, America is in the season of ~~xxx~~ hope. We are poised on the edge of renewed greatness -- an opportunity to recapture the enormous vitality we had -- the boldness to be . . . etc.

Surely, America is ready for a new ~~burst~~ burst of energy -- a thrust into the future.

There is but one single, overriding question that rests before the voters this fall. Will we stay on course, step boldly into the future, ~~xxx~~ ~~xxxx~~ create new incentives and ~~new~~ new hope, control the excesses of government ~~and~~ ~~build~~ ~~the~~ ~~society~~ ~~of~~ ~~the~~ ~~future~~ and beat back infaltion or will we simply give up and slide into the past and ~~invite~~ invite the economic destruction and tragedy that broke the backs of tens of millions of Americans?

Government programs and ~~new~~ handouts are only temporary ~~answers~~ stopgaps, they aren't solutions

~~American~~ We sought to renew America's ability to create prosperity from its ~~own~~ people and not from its government.

Easy prosperity comes temporarily from the government but lasting prosperity can only come from the people.

We introduced a startling and revolutionary idea to the United States Government -- we used the proposition that American people are perfectly capable ~~of~~ of deciding for ~~themselves~~ themselves what's good for them.

re: balanced budget -- Isn't it time we asked one simple thing of the Federal Government -- that it do what every American family must do and balance its checkbook every month. Why is it that we can tax the people's ~~own~~ income away and spend as much as we want and then turn around and expect people to pay their taxes and stay within their budget?

This time we're going to do it right.

Easy answers may come from the government, but lasting ~~new~~ answers only come from the people.

There seems to be a lot of people willing to chart our ~~new~~ Nation's course, but I've found out that very few of them are ~~not~~ willing to put their ~~own~~ muscle to the helm.

(peace/defense insert)

Just as we were required to move swiftly and comprehensively to ~~and~~ deal with a grave domestic economic crisis, ~~was America's~~ our administration also had to take immediate action to shore up the ~~the~~ nation's ~~its~~ defenses.

~~When I took office~~

From 1970 to the time I took office, the Soviet Union had invested \$300 billion more in its military forces than we had. As a result of this massive military buildup, the Soviets had made a significant numerical advantage in strategic nuclear delivery systems, tactical aircraft, submarines, artillery, and anti-aircraft defense. To permit ~~this~~ this military imbalance to continue would have presented unacceptable threats to our national security.

~~The first duty of government~~

The first duty of government is to protect its citizens. Thus, among our first priorities ~~was~~ ~~was~~ was to take the steps necessary to make our national defense -- once again -- second to none. But I never viewed these prudent measures as being merely a prelude to conflict. Making America strong again is nothing more than the best investment to building a stable international peace.

I think the time has come to cease viewing ~~the~~ the men and women in our military as merely instruments of confrontation. Just a few days ~~ago~~ ago, American Marines left Lebanon on a mission not to feed conflict but to ensure the ~~the~~ aims of peace and security in that ~~the~~ war-torn nation. There's a sign ~~at~~ at the entrance to one of ~~our~~ our U.S. air bases that reads: "Peace Is Our Profession."

We can report that in ~~this~~ the past year and a ~~half~~ half we have begun the rebuilding job we set out to do. Morale is once again strong. ~~We~~ ~~are~~ We are beginning to provide the modern equipment and spare parts necessary to do the job. ~~These~~

These steps along with the commitment we have ~~made~~ made in future years to our defense needs will enable us to continue moving ~~forward~~ forward on arms reduction talks with the Soviet ~~Union~~ Union. This has ~~been~~ been an urgent priority for me from the time I ~~entered~~ entered office. Up to now, we have had talk of arms limitations. But I don't believe that is satisfactory in ~~this~~ this age of overpowering weaponry. Any nation which has pretense to civilization must go further -- we must reduce the deadly armaments that have been build up over more than a generation.

A year ago I committed the United States to seek significant reductions on nuclear and conventional forces. In Geneva, we have since proposed limits on U.S. and Soviet intermediate range missiles, ~~including~~ including the complete elimination of the most threatening systems on both sides. I've asked our Strategic Arms Reduction Talks -- START -- negotiating team to propose to ~~their~~ ~~Soviet~~ Soviet counterparts a practical, phased reduction plan to reduce significantly the most destabilizing systems -- the ballistic missiles, the number of warheads they carry, and their overall destructive potential.

I believe ~~we~~ we can reduce the risks of war by removing the instabilities that now exist and by dismantling the nuclear ~~menace~~ menace. We shall also reduce these risks by maintaining constant vigilance and unchallenged strength. The President of the United States and his negotiators must never

be sent to the ~~ax~~ bargaining table in any position but the strongest. With this determination, and with our hisotrical commimtnet to intenrational goodwill and peace -- I am confident that we ~~will~~ have embarked on ~~xxxxxxx~~<sup>more secure</sup>/world for us today and a safer one for our children.

We shall also continue our strong efforts to foster peace in the Middle East. ~~We~~ Every day we are pushing forward our plan to reach a resolution of the most ~~xxxxxx~~ ~~xxxxxx~~ explosive issues that have fed upheaval and destruction in that ancient part of the world. I have never been more determined that the United States can be a force for peace and stability --an ally ~~xxx~~ to ~~xxxx~~ the eventual end of the tragedy that has marked that part of the world.

One of the ~~xxxxxxx~~ reasons I have worked so hard at home to ~~xxxxxxx~~ rebuild our economic strength and unity is that with a robust and forceful ~~xxxxxx~~ American ~~xxxxxxx~~ presence within our shores, we will always be better able to be a friend to the settlement of issues abroad.

into the challenge and not away from it. They are the Americans whose energies ~~always~~ always carried them past their highest dreams.

How can anyone sell them short? They sent us here to Washington not to tuck tail and run at the ~~the~~ first sign of the storm ~~but~~ but to fulfill their deepest yearnings for the restoration of our national spirit. ~~They~~

~~They~~

You know, there are moments when all of us require ~~the~~ the tonic of ~~the~~ fresh inspiration. One of the things that provides that need for me is to talk to someone who has come to ~~the~~ and to see the United States our nation from another land/ ~~They~~ through their eyes. ~~They~~

Last Christmas season, a Polish diplomat, Zdzislaw Rurarz, defected from ~~his~~ his ~~embassy~~ embassy post and came to our country. On his flight to Washington, D.C. an American school teacher asked Rurarz ~~if~~ if he could write a message to her class. ~~Here~~ Listen to his words:

"Dear sixth graders: You are a happy young generation of great and proud America. Pleaes remember that there is nothing dearer to the man than freedom. You have it and remember that also some people like mine do not have it. Be strong in mind and ~~the~~ body, for it is your beautiful ~~our~~ country, the bulwark of freedom in the world, which you must love and defend. We the Polish people admire you."

That message to 11-year old children should remind us ~~of~~ ~~the~~ we must never take lightly ~~the~~ the legacy we leave behind. Let us all commit once again that

CLOSING OF SPEECH

Over the past year, we've heard much from the cheerleaders of ~~and~~ bad news. Those who seek political gain from the economic misery are out in full force to ~~xxxxxxxixxxxxixixix~~ divide America at this critical hour.

Well, we have a message this fall. I say to those who are hoping that the American poeple will be faint-hearted and follow them back to the failures of the past -- I say to these ~~poor~~ people: If you're so afraid of the future, then stand aside. ~~Makexxxxxxforxxxxxxx~~ The people of these United States are ready to move again.

That great old testament book Ecclesiastes tells us that "To every ~~xxxxx~~ thing there is a season, and a time to evey purpose under the heaven." Fellow citizens, I have never believed more strongly that we are ~~xxxxxxx~~ standing at America's ~~xxx~~ season of hope. Truly, we are ready for another era of greatness where we can recapture and harness once again the enormous vitality that made us what we are today.

The Ameican people have never been quitters, and they aren't ready to quit today. Some people seem to think that we can't succeed. Well, if we only put our minds and hearts to it, I don't see how we can fail.

Our nation is made up of people whose energies carried them past their highest dreams. They sent us to Washington becuae they weren't satisfied with business as usual. They sent us to do something special, to gain contorl of our destinies.

tough -- demanding -- reaching -- working -- building -- unafraid -- creative -- persisitent -- determined -- upbeat - honor -

My friends -- this is a time to reject the voices who counsel retreat, empty echos of the past. More than ever before, it is time to continue the unified, forward movement -- the open and strong-hearted stride into a future filled with every bright promise that there is ~~no~~ known to our free society.

We are ~~to~~ confronted again ~~now~~ with those few pessimists -- those who would divide and ~~our~~ dismay.

We should gather strnenght ~~from~~ from each other and join hands ~~to~~ for going ahead. Not break our bonds.

At this critical ~~junction~~ juncture, nothing is more important than pulling together, carrying forward our common cause with the ~~same~~ same will, determiantion, courage perisistence energy, and steadniess that marked our ~~historic~~ ~~historic~~ historic march from a tiny confederation of colonies to ~~the~~ the envy of the world -- the nation that, in Tom Paine's words, had the confidence to "begin the world over again."

What are we going to leave to our children.  
Leave legacy of unfettered hopes -- a mighty  
& overpowering sense that we can whatever  
we can -- creating the promise of a  
better day -- not just for a few months  
or a few years -- but for all time.



Mortgage interest rates averaged nearly 13 percent in 1980 -- the highest level in U.S. History, and double the levels of the early 1960s.

Despite a decade and a half of continuously increasing social spending, there ~~are~~ are more poor people in America today, and those people who are poor are economically worse off.

There were more people in poverty in 1980 than in 1966 (29.2 million vs. 28.5); there were five million more people in poverty in 1980 than in 1969.

"To every thing there is a season, and a time to every purpose under the heaven."

-- Ecclesiastes 3:1

*Nothing was more unfair than the policies of the fact!*

You have the option of casting a negative vote -- one that just gives up. ~~xxxxxxx~~ That's the vote that many of our opponents have suggested -- with no ~~xxx~~ alternatives provided. It's a recommendation that doesn't stand for anything -- it just says, "no."

Well, I'm asking ~~xxx~~ you to say, "yes." This is an opportunity for all of us to reach into that better ~~xxxx~~ angel in our nature -- to believe in something -- to try to find hope ~~xxx~~ instead of the sour, negative etc.

To the tens of millions of Americans who work for a living -- do you work so hard, sacrifice, perhaps have your wife and older childre work -- do you do all this only to support the government, to buttress its extravagent ways? Do we live only to be taxed? Do we sweat only to see special interests spend our moeny? Have we boiled our energies for a ~~lifetime~~ lifetime only to see that 17 cents out of every governemnt dollars goes to ~~pay~~ paying off a trillion dollar debt? Is our future nothing more than feeding an expensive habit?

Like so many of you -- it was my belief that there was more to our lives. That we had the right to opportunity. That we could go as high as we wanted because that's what our boys fought and ~~we~~ died for since the revolution. That government should be a partner and not an opporessor. That prosperty grew from the efforts of its people, not the ~~embrace~~ embracing arms of ~~my~~ washington. ....

\* \* \* \*

Many of you have noticed how this campaign year ~~has~~ <sup>its</sup> been filled with ~~the~~/share of attacks on me and my economic policies. If I didn't know better, I'd begin to think that I was up for re-election this year. I'm beginning to get a pretty good idea of what a lightning rod must feel like -- every time ~~we~~ it takes a new shock, it performs a public service, but that doesn't make ~~the~~ things feel any better.

If you vote for them, they will interpret that as a green light to return to exactly the same kind of policies that you rejected ~~for~~ two years ago.

That means that they will have enough votes to begin escalating federal spending once again. For one program after another -- especially those which spend your money for dubious public purposes -- they will open the floodgates. And if they ~~are~~ have your mandate -- ~~if~~ if you have decided with ~~your~~ your votes that their way of out of control spending is ~~not~~ better than our effort to achieve lasting, tried and true progress, then that is what will happen.

\* \*\*

For heavens sake -- why don't you just give us a chance to get things done -- to get us on our feet once again and fuel that yearning for ~~the~~ hope that beats in the heart of every American. ~~XXXXXXXXXX~~

Some people want to play on the fears of the people. They want you to look backward in years for the ~~answers~~ to today's problems. But ~~why~~ they are asking you to look back to a glory that was never there -- but failures that were.

\* \* \*

Many want you to believe that this is a season of fear -- that ~~you~~ we Americans must stand frozen in fear -- but . . .

\* \* \*

Many of you might have recently seen ~~an~~ a political commercial by our opposition. It's not too subtle -- an elephant walks into the china shop and proceeds to destroy everything. Well, that shop was in a shambles when we walked in the door.

But there is a bigger problem -- our economic situation is not just a televised political cartoon where partisan advantage is the only solution. I ask ~~you~~ our opponents, for once -- just ~~for~~ this once -- why don't you put your ~~own~~ creative energies to work for your country instead of resorting to clever efforts to manipulate people and play on their fears and cause them to distrust what we do.

\* \* \*

Many of you have become accustomed to new programs every time things get bad. But that is what the problem has been -- we need to stay on course -- long term ~~and~~ stability -- find a solution that lasts.

SUGGESTED MID-TERM ELECTION REMARKS

In six weeks, each of us will be doing something that we have come to take for granted in our democracy, but is actually our most precious right -- a right that is denied to so many others around the world. We will be deciding the kind of future we will have by freely choosing the women and men who will be responsible for shaping it.

This is the American tradition of vigorous political debate. For those of us who hold office, it is one of the ways we have to sharpen the issues that face the country and to discuss the agenda for coming years.

The choice that the American voters have this year is just as important as the one they had two years ago. It is a clear choice about the kind of nation we will be and whether we will continue our sure and steady course to put America back on track or whether we will slide backward to another economic binge like the one which left us with today's pounding national hangover.

As election day nears, I have become more keenly interested in the kinds of things that candidates have been saying. One thing for sure, the interpretations of the causes of our economic distress get more creative every day. It won't be long before our detractors have convinced themselves that history began with a big bang on January 20, 1981 and that the American economic crisis emerged full blown by spontaneous generation just seconds after I took the oath of office.

Well, that's precisely why I'm going to be a participant in this election dialogue. The voters need to hear all sides of this debate so they can do a little comparison shopping this fall.

Let's begin by looking at the true history of the past few years.

In the four years before we got to Washington, the entire Government of the United States was in the hands of those who today are the most vocal critics of our actions. They controlled the Presidency, the Senate, the House of Representatives, all the committees of the Congress, the entire Executive Branch and the hundreds of departments, agencies and administrative entities responsible for running the Federal establishment.

When my friends on the other side began these uninterrupted years of being in charge, there existed an economic stability that would be the source of envy today.

Inflation was running at 4.8 percent at the end of 1976, and the prime rate was under seven percent. You could get a home mortgage for 9½ percent. Unemployment was 7.1, and the trend was downward.

But in the four short years between 1976 and 1980, we suffered our most dramatic economic reversal since the Depression.

-- Inflation shot up to over 13 percent in 1979 and to an astonishing 18 percent by January of 1980. Those in charge of the government managed to do something that had not been done in over 60 years -- they gave us two back-to-back years of punishing double digit inflation.

-- Interest rates began their nightmarish climb. From less than seven percent, they climbed to 21½ percent. Mortgages went to 18 percent, and homebuying came to a drastic halt. These were the highest interest rates in the past 120 years of American history.

-- Productivity dropped in 1979 and 1980, the first two-year consecutive drop in the history of keeping such statistics.

-- The savings rate went down. The rate of increase of industrial production dropped every year. The rate of increase in our gross national product dropped for three years straight.

-- High taxes smothered the incentives of individuals and businesses. Taxpayers began paying the due bills for hyperinflation as it kicked them relentlessly into higher brackets. Taxes actually doubled in the five years before I came to Washington. The President and the Congress passed the single highest tax increase in the history of the Republic.

-- The ultimate victims, of course, were American workers and their families. The grim results were that both real wages and weekly earnings decreased from 1976 to 1980.

America went backward in four years. It was the culmination of decades of overindulgence by Washington.

Government had spun out of control like a washing machine out of balance. Programs grew automatically. Regulations became more complex and added untold billions in new costs. Deficits caused our national debt to bulge rapidly toward the one trillion dollar mark. New departments sprung up. Washington increasingly



swallowed up the prosperity of the entire nation.

Families were driven to the kitchen table every night to try to figure out how to cope with the inflation that robbed their buying power at the same time it reduced their spendable earnings. Young couples did not dream of new homes -- they dreamed of mere survival. Small businesses were hit especially hard. The only sure thing was the unstoppable fattening of the United States Government. In the year before I took office, federal spending increased by 17 percent. How many of our fellow citizens were able to say that their incomes or pensions or savings had improved by 17 percent?

Now, I'm going to let our opponents in on a little reminder. In those four years I didn't cast a single vote. I didn't make a single appointment, submit any budgets or send any messages to Congress. I wasn't in charge of the Speaker of the House of Representatives, and I couldn't give instructions to the then Majority Leader of the Senate. You might recall that back then those folks weren't much interested in my advice.

Believe me, that was no bouncing baby we found in the basket on our doorstep in January, 1981. When we rolled the blanket back, we found an economic wolf with sharp teeth.

This legacy was the expected result of a philosophy that the Federal Government could be all things to all people. The Congress was under virtual one-party control for a quarter of a century, and we had an era of broken budgets and more and more government. For every new tax there was always plenty of new ways to spend it. The Washington establishment believed that the only good dollar was the one taken out of the taxpayer's pocket.

Too many people believed that big government would give us big results -- but all it gave us was bigger problems. What a cruelty was played on the tens of millions of our citizens who were promised that Washington could hand out prosperity without first creating it. The problems of today are truly the destructive fallout from economic time bombs that were set off in the past.

Today -- right now -- all America is paying the tragic penalty for those excesses. Nearly 11 million people are out of work, and I share their suffering and frustration.

Every American should be shocked at the economic chaos which created today's needless results. Words do not adequately convey how painful it is to me that each day for millions of Americans is one of hurt and indignity because they want to work and can't. How deeply I wish that there were some responsible magic method by which this terrible economic distress could be relieved.

We now know that America's economy was in even worse condition than we ever thought it could be. The very core of its strength had been drained of life by policies which benefited the government at the direct expense of individuals. Indeed, many policymakers of the past actually believed that America should learn to live with less and that we should dole out smaller slices of the American economic pie instead of making it bigger for everyone.

Now, I've been biting my tongue for several months while I've listened to all those strident speeches about how we have purposely thrown people out of work. Well, it's time we set the record straight about such ridiculous claims.

The very same people who created the mess we're in -- the same ones who took us down the path of guaranteed economic disaster -- are the last ones who should be delivering sermonettes on the cause of unemployment.

I don't mind political debate on the differences between our policies, but I won't accept the outrageous falsehood that we have set out expressly to inflict the desperation and misery of unemployment on our fellow citizens. These kind of wild charges amount to callous exploitation of human economic suffering, and they are all the worse because they spring from nothing more than partisan ambition to gain temporary political advantage.

Mind you, these are the same people who in the years following President Ford gave us no less than five different major economic recovery programs. It was economics by multiple choice -- an indecisive set of ill-designed actions that sent mixed and contrary signals to the American people.

If you'll remember some of the features of those years, you'll recall that we had proposals for \$50 rebates and demands for "voluntary cooperation" between business, labor and government. We had zero-based budgeting and a proposal for a "voluntary deceleration standard." There was a pay freeze for executive appointees and a "special counselor on inflation." There was a Pay Advisory Committee and a Price Advisory Committee. They asked for an "energy mobilization board", a wellhead tax proposal with rebates, and sent up a "real wage insurance proposal." There were credit controls, a tripling of the size of the Council on Wage and Price Stability, a promise to establish an "economic revitalization

board," and talk of a national malaise.

After four years of rebates, debates, cost controls, credit controls, pay advice, price advice and just about every other form of meddling and tinkering known to Washington Bureaucrats, we were left with a legacy of double digit inflation, a 21½ percent prime rate, plunging productivity, lower wages and earnings, higher taxes, increased unemployment, no incentives, more regulations, waste, fraud, and millions of American families who wondered whether they could even trust their government again. Their energy policy gave us gas lines, allocation plans, shortages, and planned scarcity.

Now, you don't mind that when I hear these people heaping scorn on us for the efforts we are making -- well, it's just not the easiest thing in the world to take their mess, put the shovel to it and still get blamed for a funny smell over by the stables.

You can see that we had quite a job when we came to town. That's why from the very first day of office, we went to work to try to rescue our economy from these conditions, to get control of the spending, encourage incentives by lowering taxes, stop the unwise regulations and start America on the road to expansion and growth once again.

At the time, our most urgent priority was to break the back of inflation, because it touched on nearly every other economic problem we had. Indeed, I was reading some old speeches recently and came across a very perceptive analysis that I want to share with you:

"If we don't solve inflation, this society will suffer terribly. Everything we stand for will be eroded. Inflation can destroy everything we believe in. When we press for real income improvement, inflation burns up the increase. When we push for growth, our standard of living deteriorates; when we expand personal opportunity, inflation lays its damp hand on our dreams of a more prosperous future."

You may think that sounds like one of my old speeches from the mashed potato circuit. But the speaker was the former Vice President of the United States -- George Bush's immediate predecessor -- in December, 1978. Incidentally, he gave that speech just one year before his team produced the annual price increase of more than 13 percent.

We came in with a comprehensive plan that had four basic elements to it. It was aimed at reducing the growth in government spending, passing a tax program which provided incentives to increase productivity for both workers and industry, encouraging a consistent monetary policy aimed at maintaining the value of the currency and eliminating regulations which are unnecessary and counterproductive. Our efforts are beginning to bear fruit.

We have already cut the rate of federal spending increases in half. Many in the Congress have given full and complete cooperation in this effort. But others have resisted any cuts and have fought to keep the government big and fat. They continue to champion many of the inefficient and wasteful programs that

contributed to our massive national debt.

That is why I have every intention of vetoing all legislation which violates our spending limits. After all, just a few weeks ago, the American business community and millions of our citizens were called on to pay some additional taxes over the next three years. Now that we have taken those steps to help reduce deficits, we must be especially vigilant to prevent a recurrence of irresponsible budget growth. The veto is a constitutionally mandated tool in this effort, and I shall use it whenever I feel it is in the best national interest.

As you know, I was very unhappy with having to ask for new revenues. But even with those increases, our tax reduction plan is still putting \$335 billion of tax savings back in the hands of the people -- to let them decide how to spend the product of their labor.

That is why I continue to fight so hard to retain all of the personal income tax rate cuts we passed. Our opponents have repeatedly tried to take away the critical third year of tax cuts. But these cuts will give a family of four with median income nearly \$800 in tax savings by next year. Along with our measures to stimulate business investment and capital formation, these cuts are the core of our economic recovery.

My fellow citizens, we have finally taken the tough but essential steps to put the people back in control of the Federal Government. Government is still too big and still spends too much, but we have at least made progress.

We have also begun dramatic regulatory reform, and the first results are impressive. We have already saved some \$10 billion in first time investment costs and initiated reforms to give us \$6 billion in annual recurring cost savings. These reforms promise growth and higher productivity in the future.

At the same time, we have started an all-out effort to reduce fraud and waste in the Federal Government. Our Inspectors General have reported to me that from April, 1981 to April, 1982 we achieved a direct savings of some \$11.2 billion. We are also producing renewed respect for the taxpayers' dollars which maintains the very integrity of our democracy.

Finally, on the economic front, there is reason to be more optimistic about the steadier monetary policies being brought into place by the Federal Reserve System. Because we have taken prudent measures to reform the excessive spending habits of the past, we are seeing more appropriate growth in the monetary area.

In the past few weeks, I have become more optimistic about the immediate future. Inflation has been cut in half and is still slowing down. Interest rates have dropped by nearly 40 percent. People are saving more and paying lower taxes than if we had not taken the action we did. This devastating recessionary virus -- one that many economists believe has continued since 1979 -- has begun to show signs of finally running its course.

We have seen modest growth in industrial production, a slight rise in GNP, and new growth in durable good orders. These are positive signals. I believe deeply that this nightmarish economic

calamity will be behind us if we stick to our course. But as long as one person is unemployed and as long as plants and machinery lay idle, we cannot let up in our efforts.

From the very beginning, I have cautioned that this process of recovery would be arduous and long. Progress would come steadily, but slowly. This has been a time of great testing and a time when millions of Americans have displayed enormous courage and steely determination. They have shown patience and resilience in difficult and trying times. The road to any economic recovery is never wholly acceptable. But we have made progress.

Yet, this election season has brought a clamor of negative voices raised in overheated assault against the national effort taking place. The abusive quality of many of these attacks betrays a desire to gain partisan advantage on November 2.

For the critics, we can do nothing right -- the cuts are too deep, the taxes are too low, their favorite special interests have been hurt. Despite all their failures of the past, they still oppose our comprehensive reform measures. Their attitude brings to mind a comment a great American leader made about a similar situation:

"Those... who are frightened by boldness and cowed by the necessity for making decisions, complain that all we have done is unnecessary and subject to great risks. Now that these people are coming out of their storm cellars, they forget that there ever was a storm."

Those words were spoken by President Franklin Roosevelt in the fall of 1934.

It's strange that those who have been among our harshest critics won't accept responsibility for what they have done for



more than 25 years while they demand that we take the full blame for not producing a miracle in less than 25 months.

Well, let me just ask: what is their alternative? As far as I have been able to determine, their answers have mostly been recommendations to repeat the past.

My friends, double digit inflation is no alternative.

Interest rates at 21½ percent are no alternative.

Another trillion dollars of national debt are no alternative.

Higher taxes are no alternative.

Impersonal government, distant regulators, wasteful programs, stop-and-go policies -- let's get it straight: the American people told us as clearly as they possibly can that none of these are alternatives any more.

We can't create a desert, hand a person a cup of water and then call that compassion. We can't pour billions of dollars into makework jobs and call that opportunity. We can't build up years and years of dependence by our citizens on the government and then dare to call that hope. And believe me, we can't drive our people to despair with prices that wipe them out or taxes which sap their energies and then boast that we have given them fairness.

We've been down all those roads. Let's not make those same mistakes again. They've had their chance. This time, let's do the job right.

Just as we were required to move swiftly and comprehensively to deal with a grave economic crisis, we also had to pour our energies into building a safer world.

In the past, we've thought in terms of "limiting" the destructive arsenals that we and the Soviet Union possess. But I no longer

believe that is satisfactory in this age of overpowering weaponry. Any nation which pretends to be civilized must go further -- they must reduce the deadly armaments built up over more than a generation.

That is why a year ago I committed the United States to seek significant reductions on nuclear and conventional forces. We have since proposed limits on U.S. and Soviet intermediate range missiles, including the complete elimination of the most threatening systems on both sides.

I've asked our Strategic Arms Reduction Talks -- START -- negotiating teams to propose to their Soviet counterparts a practical, phased plan to reduce significantly the most destabilizing systems -- the ballistic missiles, the number of warheads they carry, and their overall destructive potential.

We can remove the risks of war by removing the instabilities and imbalances that threaten peace. We do so also by constant national vigilance and maintaining unchallenged strength. That is why we began a strong new effort to rebuild America's forces and catch up with the massive Soviet buildup that had given them substantial numerical advantages in several key areas.

The policies we've put into place are prudent. They are not a prelude to conflict but an investment in creating a stable international peace. No U.S. President should ever send our negotiators to the bargaining table in anything but a position of strength to serve the best interests of the American people.

With this determination, and with our historical commitment to global goodwill and peace, I am confident that we have embarked

on a more secure world for us today and a safer one for our children.

We shall also continue our untiring efforts to foster lasting peace in the Middle East. We have never been more determined to push our plan forward to reach a resolution of the most explosive issues there. Because of our longstanding friendships and demonstrated commitment, I know America will be an effective force for peace and stability -- an ally to the end of tragedy in that ancient land.

Just as America has always been synonymous with freedom, so, too, should she become the symbol of peace all across the earth. I am confident we can keep faith with that mission.

We have been sorely tested by these past few years of discouragement. But the American people have never been quitters, and they are not ready to quit now. I hear those voices which say we cannot succeed. Well, if we only put our heart and courage to the test, I don't see how we can fail.

To those who are faint-hearted and unsure, I have this message: If you're afraid of the future, then stand aside. The people of this country are ready to move again. They are Americans from that sturdy stock whose energies always carried them past their highest dreams.

How can anyone sell our nation short even at this moment of cold discontent? Never -- never have our people failed us in troubled times. They've always leaned into the challenge and not away from it. They are bold and creative; persistent and determined; and I know they will not sound the retreat when the

times call for tough determination.

We all have our moments when we require the tonic of fresh inspiration. One of the things that fulfills that need for me is to talk to someone who has come to our shores from another land and to see the United States through their eyes.

Last Christmas, a Polish diplomat, Zdzislaw Rurarz, defected from his embassy post because of the oppressive actions of Poland's military regime and brought his family to our country. On his flight to Washington, D.C., an American school teacher asked Rurarz if he could write a message to her class. Listen to his words:


"Dear sixth graders: You are a happy young generation of great and proud America. Please remember that there is nothing dearer to the man than freedom. You have it and remember that also some people like mine do not have it. Be strong in mind and body, for it is your beautiful country, the bulwark of freedom in the world, which you must love and defend. We the Polish people admire you."

When we hear words like that, we cannot help but know that we will always prevail against the tempest. And if we stay our course, we will do more than prevail -- we will emerge stronger than ever before.

That wonderful Old Testament book of Ecclesiastes teaches us that "To every thing there is a season." My fellow citizens, I have never believed more strongly that at this very moment, America is standing at the season of hope. It is the hope which springs from the vitality of the American spirit -- a hope that will fulfill

the richness of all the promise that is within us.

Standing together -- steady and unfaltering -- we will turn this new season of hope into the renewal of all the dreams and opportunities that our nation was placed on this earth to provide.



(Khachigian)

SUGGESTED MID-TERM ELECTION REMARKS

In six weeks, each of us will be doing something that we have come to take for granted in our democracy, but is actually our most precious right -- a right that is denied to so many others around the world. We will be deciding the kind of future we will have by freely choosing the women and men who will be responsible for shaping it.

This is the American tradition of vigorous political debate. For those of us who hold office, it is one of the ways we have to sharpen the issues that face the country and to discuss the agenda for coming years.

The choice that the American voters have this year is just as important as the one they had two years ago. It is a clear choice about the kind of nation we will be and whether we will continue our sure and steady course to put America back on track or whether we will slide backward to another economic binge like the one which left us with today's pounding national hangover.

As election day nears, I have become more keenly interested in the kinds of things that candidates have been saying. One thing for sure, the interpretations of the causes of our economic distress get more creative every day. It won't be long before our detractors have convinced themselves that history began with a big bang on January 20, 1981 and that the American economic crisis emerged full blown by spontaneous generation just seconds after I took the oath of office.

Well, that's precisely why I'm going to be a participant in this election dialogue. The voters need to hear all sides of this debate so they can do a little comparison shopping this fall.

Let's begin by looking at the true history of the past few years.

In the four years before we got to Washington, the entire Government of the United States was in the hands of those who today are the most vocal critics of our actions. They controlled the Presidency, the Senate, the House of Representatives, all the committees of the Congress, the entire Executive Branch and the hundreds of departments, agencies and administrative entities responsible for running the Federal establishment.

When my friends on the other side began these uninterrupted years of being in charge, there existed an economic stability that would be the source of envy today.

✓ Inflation was running at 4.8 percent <sup>at</sup> the end of 1976, and the prime rate was under seven percent. You could get a home mortgage for 9½ percent. Unemployment was 7.1, <sup>and</sup> ~~but~~ the trend was downward.

But in the four short years between 1976 and 1980, we suffered our most dramatic economic reversal since the Depression.

-- Inflation shot up to over 13 percent in 1979 and to an astonishing 18 percent by January of 1980. Those in charge of the government managed to do something that had not been done in over 60 years -- they gave us two back-to-back years of punishing double digit inflation.

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-- Interest rates began their nightmarish climb. From less than seven percent, they climbed to 21½ percent. Mortgages went to 18 percent, and homebuying came to a drastic halt. These were the highest interest rates in the past 120 years of American history.

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✓ -- The savings rate went down. The rate of increase of industrial production dropped every year. The rate of increase in our gross national product dropped for three years straight.

✓ -- High taxes smothered the incentives of individuals and businesses. Taxpayers began paying the due bills for hyperinflation as it kicked them relentlessly into higher brackets. Taxes actually doubled in the five years before I came to Washington. The President and the Congress passed the single highest tax increase in the history of the Republic.

-- The ultimate victims, of course, were American workers and their families. The grim results were that both real wages and weekly earnings decreased from 1976 to 1980.

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At the time, our most urgent priority was to break the back of inflation, because it touched on nearly every other economic problem we had. Indeed, I was reading some old speeches recently and came across a very perceptive analysis that I want to share with you:

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"If we don't solve inflation, this society will suffer terribly. Everything we stand for will be eroded. Inflation can destroy everything we believe in. When we press for real income improvement, inflation burns up the increase. When we push for growth, our standard of living deteriorates; when we expand personal opportunity, inflation lays its damp hand on our dreams of a more prosperous future."

You may think that sounds like one of my old speeches from the mashed potato circuit. But the speaker was the former Vice President of the United States -- George Bush's immediate predecessor -- in December, 1978. Incidentally, he gave that speech just one year before his team produced the annual price increase of more than 13 percent.

THE WHITE HOUSE

Office of the Press Secretary  
(Richmond, Virginia)

For Immediate Release

September 29, 1982

REMARKS OF THE PRESIDENT  
AT THE  
VIRGINIA REPUBLICAN RALLY

Richmond Arena  
Richmond, Virginia

12:51 P.M. EDT

[Insert] THE PRESIDENT: Thank you very much. Governor Dalton, the Members of the Congress, State Chairman Al Cramer, the delegates and candidates for the House of Delegates, you ladies and gentlemen -- and, [Oh, how happy I am to see all you young people here. (Applause.) You're what this election is all about -- the country that you're going to have when it's your turn to take over.] I thank all of you for certainly a warm Virginia welcome. (Applause.) You know, it's a pleasure -- (Applause.) Thank you.

[Insert] I couldn't hear what the words of dissent might have been, but, once again, aren't we happy that we can live in a country where somebody by himself can dissent with the crowd and know -- (Applause.) Of course, I'd like to have a chance to convert him. (Laughter.)

You know, it's a pleasure to be able to travel such a short distance and still come so far from the Washington state of mind. (Laughter.) (Applause.) On this side of the river only horses suffer from Potomac Fever. (Laughter.) Hard work, love of families, belief in God are the values at the center of life in Virginia. (Applause.) And with your help and that of your representatives, we're going to return respect those values to our national government.

I want to thank you for your able Republican delegation. They serve Virginia and they serve the nation well. (Applause.) I have had and rely on the advice and support of leaders like your distinguished former Governor, John Dalton -- (Applause) -- and the Senator who had to stay on the job, John Dalton (Warner); representatives like Tom Bliley and Ken Robinson and Paul Trible, who -- if you do what I think you're going to do -- will be Senator Paul Trible. (Applause.) I'm counting on the people of Virginia to re-elect these fine House Members and to send Paul to the United States Senate this November.

In this election, and throughout this decade, the American people will be asked to reaffirm our difficult course toward national renewal. The vote of every citizen will matter, and every ounce of individual commitment will count. And make no mistake. The choice the American voters have this year is just as important as the one they had two years ago. It's a clear choice, as you've been told already, about the kind of nation that we will be -- whether we will continue our sure and steady course to put America back on track, or whether we will slide backwards into another economic binge like the one which left us with today's pounding, national hangover.

Not that this campaign doesn't have its humorous side. You should hear some of the things that the candidates on the other side have been saying. They're getting more imaginative every day. (Applause.) You know, it won't be long before they will have convinced themselves that the astronomers are correct -- those astronomers that believe in the "big bang theory," that the whole universe and the world suddenly came into being through a big explosion, a big bang. In their version, history began with a big bang on January 21st, 1980 (January 20, 1981). (Laughter.) (Applause.) According to them, the economic crisis emerged full-blown by spontaneous generation just a few seconds after I took the oath of office. (Applause.) Well, with all respect to a tronomers, let's take a look at history. You heard some already, and it's all true.

MORE



In the four years before we got to Washington, the entire government of the United States was in the hands of those today who are the most vocal of our critics. They control the presidency, the United States Senate, the House of Representatives, all the committees of the Congress, the entire Executive Branch, the hundreds of departments, agencies, and administrative units responsible for running the federal establishment -- something no Republican administration has experienced for nearly 30 years.

When my friends on the other side began this power monopoly, America was enjoying economic stability that would be a source of envy today. Inflation was running at 4.8 percent at the end of 1976 as Gerald Ford left office. And the prime interest rate was under 7 percent. You could get a home mortgage for 9 percent.

[Insert] But in these four years of Democratic monopoly -- and let me point something out. [When I use the term referring to the opposition party, the Democratic Party, I spent most of my life as a Democrat. I know that others in this room did, and I know that there are others in this room who still are members of that party. But what has happened is a great gulf has developed between the leadership of the Democratic Party and millions of rank and file Democratic Party members who are not in lock-step with that leadership.] (Applause.)

Inflation shot up to over 13 percent in 1979 to an astonishing 18 percent by January of 1980. Those in charge of the government managed to do something that had not been done in over 60 years -- they gave us two years of back-to-back double-digit inflation. Interest rates began their nightmarish climb. From less than 7 percent in '76 they climbed to 21.5 percent in 1980. Mortgages went as high as 17.5 percent and home-buying came to a drastic halt.

These were the highest interest rates in over a century. Productivity dropped in '79 and '80 and that was the first two-year-in-a-row drop in productivity in our recorded history. The savings rate went down. The rate of increase of industrial production dropped every year. The rate of increase in our Gross National Product dropped for three years straight. High taxes smothered the incentives of individuals and businesses. Taxpayers began paying the due bills for runaway inflation as it kicked them relentlessly into higher income tax brackets.

Think of it. Your taxes actually doubled in the five years before we came to Washington. A Democratic president and a Democratic Congress passed the single highest peacetime increase -- tax increase -- in the history of the Republic. The ultimate victims of course were American workers and their families and the senior citizens they professed to care so much about. The grim results were that both real wages and weekly earnings decreased between 1976 and 1980. So much for liberal fairness and liberal compassion for the working people of this nation.

Yes, America went backwards during those four Democratic years. The actual standard of living went down. In many ways they marked the culmination of decades of overindulgence by the liberal Washington establishment. Government :

MORE

had spun out of control like a washing machine out of balance and the programs just grew automatically. Regulations became more complex and added untold billions in new cost. Deficits caused our national debt to bulge rapidly toward the one trillion dollar mark. New departments sprang up like toadstools after a rainstorm. Washington increasingly swallowed up the prosperity of the entire nation.

Families were driven in the evening to the kitchen table to try and figure out -- they sat around that table -- how to cope with the inflation that robbed their buying power at the same time it reduced their spendable earnings. Young couples didn't dream of new homes. They dreamed of just surviving. Small businesses were hit especially hard. The only sure thing was the unstoppable fattening of the United States government. In the year before I took office, federal spending increased by 17 percent in that single year. How many of our fellow citizens were able to say that their incomes or their pensions or their savings had gone up by 17 percent?

[Insert] This legacy was the inevitable result of the liberal Democratic philosophy that the federal government could be all things to all people. The Congress had been under virtual one party control for a quarter of a century, a spendthrift era of busted budgets and fatter and fatter government. For every new tax there were always plenty of new ways to spend it. The Washington establishment believed that the only good dollar was the one taken out of a taxpayer's pocket. [As a matter of fact, they began to talk about and still talk about the legitimate deductions that you're permitted by law in computing your income tax as "tax expenditures," meaning that all of your money belonged to them, they only let you keep what they decided you should keep.]

Today, right now, we're all paying the penalty of those tragic excesses. Nearly 11 million people are out of work and I share their suffering and frustration.

Every American should be shocked at the economic chaos which created today's needless results. Words cannot tell how painful it is to me that each day for millions of Americans is one of hurt and indignity because they want to work and can't find a place where they can sell their ability to work.

[Insert] [You younger people, I was -- I grew up in the era of the depression. And there are others in this room who did also. Anyone who tells you that we don't have compassion for someone who has lost his job doesn't know what they're talking about because we saw that great tragedy -- (applause).]

We all wish that there were some quick and easy cure for this terrible economic illness that was so long in the making. For months now I've been biting my tongue while I've listened to all those strident speeches about how we have purposely thrown people out of work.

It seems to me that the people who have created the mess we're in, the same politicians who took us down the path of guaranteed economic disaster are the last ones who should be delivering sermonettes on the cause of unemployment. (Applause).

[Insert] From our very first day of office, we've been working to undo the economic wreckage they left behind. [As a matter of fact, when I finished taking the oath on that inaugural day, I turned around and went back into the Capitol, we found a table and I sat down and signed an Executive Order right then freezing the size of the federal government.] To get control of the spending, encourage incentives by lowering taxes, to stop the unwise regulations and start America on the road to expansion and growth once again, [that is what we've been trying to do since that January day.]

[Insert] Our first urgent priority was to break the back of inflation because it touched on nearly every other economic problem we had. And we did. We have more than cut it in half; [3.3 last month, but since January it has averaged 5.1 percent.] (Applause).

MORE



[Insert] And as you were told the interest rates have also dropped by nearly 40 percent. People are saving more and they are paying lower taxes than if we had not taken the actions we did. [The prime interest rate isn't 21.5. It has been 13.5 but yesterday the Banker's Trust lowered it again to 13 percent.] (Applause.)

This devastating recessionary virus, one that many economists believe started and has continued since 1979, has begun to show signs of finally running its course. For four months in a row now the leading economic indicators have been encouraging. Confidence has soared in the stock market. It has gone up 140 points in the last seven weeks. These are positive signals. While there may be an occasional blip, the pattern is firmly established. I believe deeply that we can put this nightmarish economic calamity behind us if we have the strength to stick to our course. (Applause.) But until there is a job for every American who wants to work, and as long as plants and machinery lay idle we cannot let up in our efforts. From the very beginning I have cautioned that this work of recovery would be arduous and long. Progress would come slowly, but it would come steadily.

This has been a time of great testing, and a time when millions of Americans have displayed enormous courage and patience. The road to economic recovery is never easy, but we have made progress. Yet this election season has brought a clamor of negative voices that nothing seems to please. The cuts in spending, they say, are too deep. Taxes are too low. Their favorite special interests have been hurt. Despite all their failures of the past they still oppose our comprehensive reform measures, and what is their alternative?

The Congressman was right. As far as anyone can tell, their answers have mostly been recommendations to repeat their own past failures, artificially stimulate the money supply, more spending on what they call job programs, but at the same time raise taxes. In short everything they were doing between 1977 and 1980.

But I have got news for them -- double-digit inflation is no alternative. 21.5 percent interest rates are no alternative. Another trillion dollars of national debt is no alternative. Higher taxes are no alternative.

To my liberal friends I say, you cannot create a desert and then hand someone in the middle of that desert a cup of water and call that compassion. (Applause.) And you cannot pour billions of dollars into deadend, make-work jobs and call that opportunity. You cannot build up years and years of degrading dependence by our citizens on the government and then dare to call that hope. And believe me, you cannot drive our people to despair with crises that wipe them out or taxes which sap their energy and then boast that you have given them fairness.

We spent in those years -- that seven-year period I have talked about -- we have spent \$66 billion on job programs -- government job programs -- and during those times unemployment continued to increase at an average 7 percent over those seven years.

We have been down all those roads. Let's not make those same mistakes again. This time let's do the job right. (Applause.)

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We Americans have been sorely tested by these past few years of discouragement. But we've never been quitters and we're not about to quit now. (Applause).

I hear all those voices every day that say we can't succeed. Well, if we only put our heart and courage to the test, I say we cannot fail. (Applause).

To those who are faint-hearted and unsure, I have this message: If you're afraid of the future, then get out of the way, stand aside. (Applause). The people of this country are ready to move again.

That wonderful Old Testament book of Ecclesiastes teaches us that "to everything there is a season." As I've traveled around the country, I have become more and more convinced that today America stands at the dawning of a season of hope. It is the hope which springs from the vitality of the American spirit, a hope that will fulfill the richness of all the promise that is within us.

Standing together, steady and unfaltering, we'll turn this new season of hope into the renewal of all the dreams and opportunities that our nation was placed on this earth to provide. (Applause).

[Insert] [To these young people I want to say I have a dream that all of you share, that before we step down and they take over we will at least have made some payments to reduce that trillion-dollar debt. We will not keep on increasing it on down through the years to dump it on their backs.] (Applause).

[Insert] [Virginia is rich in tradition. I think everyone in America knows that and respects the traditions of this great state. (Applause). You have now -- you have a 50-year tradition and certainly it crosses party lines, a tradition that for 50 years you had a Senate seat that was occupied by two Senators in succession, father and son, who were true to all of the things that we've been talking about and all these ideals of fiscal responsibility and integrity and, yes, the spiritual revival of this country. I think the best way to continue that tradition on beyond 50 years is to send Paul Trible to the United States Senate.] Thank you. God bless you. (Applause).

END

1:14 P.M. EDT



THE WHITE HOUSE

Office of the Press Secretary  
(Richmond, Virginia)

For Immediate Release

September 29, 1982

REMARKS OF THE PRESIDENT  
AT THE  
VIRGINIA REPUBLICAN RALLY

Richmond Arena  
Richmond, Virginia

12:51 P.M. EDT

THE PRESIDENT: Thank you very much. Governor Dalton, the Members of the Congress, State Chairman Al Cramer, the delegates and candidates for the House of Delegates, you ladies and gentlemen -- and, oh, how happy I am to see all you young people here. (Applause.) You're what this election is all about -- the country that you're going to have when it's your turn to take over. I thank all of you for certainly a warm Virginia welcome. (Applause.) You know, it's a pleasure -- (Applause.) Thank you.

I couldn't hear what the words of dissent might have been, but, once again, aren't we happy that we can live in a country where somebody by himself can dissent with the crowd and know -- (Applause.) Of course, I'd like to have a chance to convert him. (Laughter.)

You know, it's a pleasure to be able to travel such a short distance and still come so far from the Washington state of mind. (Laughter.) (Applause.) On this side of the river only horses suffer from Potomac Fever. (Laughter.) Hard work, love of families, belief in God are the values at the center of life in Virginia. (Applause.) And with your help and that of your representatives, we're going to return respect those values to our national government.

I want to thank you for your able Republican delegation. They serve Virginia and they serve the nation well. (Applause.) I have had and rely on the advice and support of leaders like your distinguished former Governor, John Dalton -- (applause) -- and the Senator who had to stay on the job, John Dalton (Warner); Representatives like Tom Bliley and Rep Robinson and Paul Trible, who -- if you do what I think you're going to do -- will be Senator Paul Trible. (Applause.) I'm counting on the people of Virginia to re-elect these fine House Members and to send Paul to the United States Senate this November.

In this election, and throughout this decade, the American people will be asked to reaffirm our difficult course toward national renewal. The vote of every citizen will matter, and every ounce of individual commitment will count. And make no mistake. The choice the American voters have this year is just as important as the one they had two years ago. It's a clear choice, as you've been told already, about the kind of nation that we will be -- whether we will continue our sure and steady course to put America back on track, or whether we will slide backwards into another economic binge like the one which left us with today's pounding, national hangover.

Not that this campaign doesn't have its humorous side. You should hear some of the things that the candidates on the other side have been saying. They're getting more imaginative every day. (Applause.) You know, it won't be long before they will have convinced themselves that the astronomers are correct -- those astronomers that believe in the "big bang theory," that the whole universe and the world suddenly came into being through a big explosion, a big bang. In their version, history began with a big bang on January 21st, 1980 (January 20, 1981). (Laughter.) (Applause.) According to them, the economic crisis emerged full-blown by spontaneous generation just a few seconds after I took the oath of office. (Applause.) Well, with all respect to a tronomers, let's take a look at history. You heard some already, and it's all true.

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In the four years before we got to Washington, the entire government of the United States was in the hands of those today who are the most vocal of our critics. They control the presidency, the United States Senate, the House of Representatives, all the committees of the Congress, the entire Executive Branch, the hundreds of departments, agencies, and administrative units responsible for running the federal establishment -- something no Republican administration has experienced for nearly 30 years.

When my friends on the other side began this power monopoly, America was enjoying economic stability that would be a source of envy today. Inflation was running at 4.8 percent at the end of 1976 as Gerald Ford left office. And the prime interest rate was under 7 percent. You could get a home mortgage for 9 percent.

But in these four years of Democratic monopoly -- and let me point something out. When I use the term referring to the opposition party, the Democratic Party, I spent most of my life as a Democrat. I know that others in this room did, and I know that there are others in this room who still are members of that party. But what has happened is a great gulf has developed between the leadership of the Democratic Party and millions of rank and file Democratic Party members who are not in lock-step with that leadership. (Applause.)

Inflation shot up to over 13 percent in 1979 to an astonishing 18 percent by January of 1980. Those in charge of the government managed to do something that had not been done in over 60 years -- they gave us two years of back-to-back double-digit inflation. Interest rates began their nightmarish climb. From less than 7 percent in '76 they climbed to 21.5 percent in 1980. Mortgages went as high as 17.5 percent and home-buying came to a drastic halt.

These were the highest interest rates in over a century. Productivity dropped in '79 and '80 and that was the first two-year-in-a-row drop in productivity in our recorded history. The savings rate went down. The rate of increase of industrial production dropped every year. The rate of increase in our Gross National Product dropped for three years straight. High taxes smothered the incentives of individuals and businesses. Taxpayers began paying the due bills for runaway inflation as it kicked them relentlessly into higher income tax brackets.

Think of it. Your taxes actually doubled in the five years before we came to Washington. A Democratic president and a Democratic Congress passed the single highest peacetime increase -- tax increase -- in the history of the Republic. The ultimate victims of course were American workers and their families and the senior citizens they professed to care so much about. The grim results were that both real wages and weekly earnings decreased between 1976 and 1980. So much for liberal fairness and liberal compassion for the working people of this nation.

Yes, America went backwards during those four Democratic years. The actual standard of living went down. In many ways they marked the culmination of decades of overindulgence by the liberal Washington establishment. Government .

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This legacy was the inevitable result of the liberal Democratic philosophy that the federal government could be all things to all people. The Congress had been under virtual one party control for a quarter of a century, a spendthrift era of busted budgets and fatter and fatter government. For every new tax there were always plenty of new ways to spend it. The Washington establishment believed that the only good dollar was the one taken out of a taxpayer's pocket. As a matter of fact, they began to talk about and still talk about the legitimate deductions that you're permitted by law in computing your income tax as "tax expenditures," meaning that all of your money belonged to them, they only let you keep what they decided you should keep.

Today, right now, we're all paying the penalty of those tragic excesses. Nearly 11 million people are out of work and I share their suffering and frustration.

Every American should be shocked at the economic chaos which created today's needless results. Words cannot tell how painful it is to me that each day for millions of Americans is one of hurt and indignity because they want to work and can't find a place where they can sell their ability to work.

You younger people, I was -- I grew up in the era of the depression. And there are others in this room who did also. Anyone who tells you that we don't have compassion for someone who has lost his job doesn't know what they're talking about because we saw that great tragedy -- (applause).

We all wish that there were some quick and easy cure for this terrible economic illness that was so long in the making. For months now I've been biting my tongue while I've listened to all those strident speeches about how we have purposely thrown people out of work.

It seems to me that the people who have created the mess we're in, the same politicians who took us down the path of guaranteed economic disaster are the last ones who should be delivering sermonettes on the cause of unemployment. (Applause).

From our very first day of office, we've been working to undo the economic wreckage they left behind. As a matter of fact, when I finished taking the oath on that inaugural day, I turned around and went back into the Capitol, we found a table and I sat down and signed an Executive Order right then freezing the size of the federal government. To get control of the spending, encourage incentives by lowering taxes, to stop the unwise regulations and start America on the road to expansion and growth once again, that is what we've been trying to do since that January day.

Our first urgent priority was to break the back of inflation because it touched on nearly every other economic problem we had. And we did. We have more than cut it in half; 3.3 last month, but since January it has averaged 5.1 percent. (Applause).

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This has been a time of great testing, and a time when millions of Americans have displayed enormous courage and patience. The road to economic recovery is never easy, but we have made progress. Yet this election season has brought a clamor of negative voices that nothing seems to please. The cuts in spending, they say, are too deep. Taxes are too low. Their favorite special interests have been hurt. Despite all their failures of the past they still oppose our comprehensive reform measures, and what is their alternative?

The Congressman was right. As far as anyone can tell, their answers have mostly been recommendations to repeat their own past failures, artificially stimulate the money supply, more spending on what they call job programs, but at the same time raise taxes. In short everything they were doing between 1977 and 1980.

But I have got news for them -- double-digit inflation is no alternative. 21.5 percent interest rates are no alternative. Another trillion dollars of national debt is no alternative. Higher taxes are no alternative.

To my liberal friends I say, you cannot create a desert and then hand someone in the middle of that desert a cup of water and call that compassion. (Applause.) And you cannot pour billions of dollars into deadend, make-work jobs and call that opportunity. You cannot build up years and years of degrading dependence by our citizens on the government and then dare to call that hope. And believe me, you cannot drive our people to despair with crises that wipe them out or taxes which sap their energy and then boast that you have given them fairness.

We spent in those years -- that seven-year period I have talked about -- we have spent \$66 billion on job programs -- government job programs -- and during those times unemployment continued to increase at an average 7 percent over those seven years.

We have been down all those roads. Let's not make those same mistakes again. This time let's do the job right. (Applause.)

MORE

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To those who are faint-hearted and unsure, I have this message; If you're afraid of the future, then get out of the way, stand aside. (Applause). The people of this country are ready to move again.

That wonderful Old Testament book of Ecclesiastes teaches us that "to everything there is a season." As I've traveled around the country, I have become more and more convinced that today America stands at the dawning of a season of hope. It is the hope which springs from the vitality of the American spirit, a hope that will fulfill the richness of all the promise that is within us.

Standing together, steady and unfaltering, we'll turn this new season of hope into the renewal of all the dreams and opportunities that our nation was placed on this earth to provide. (Applause).

To these young people I want to say I have a dream that all of you share, that before we step down and they take over we will at least have made some payments to reduce that trillion-dollar debt. We will not keep on increasing it on down through the years to dump it on their backs. (Applause).

Virginia is rich in tradition. I think everyone in America knows that and respects the traditions of this great state. (Applause). You have now -- you have a 50-year tradition and certainly it crosses party lines, a tradition that for 50 years you had a Senate seat that was occupied by two Senators in succession, father and son, who were true to all of the things that we've been talking about and all these ideals of fiscal responsibility and integrity and, yes, the spiritual revival of this country. I think the best way to continue that tradition on beyond 50 years is to send Paul Trible to the United States Senate. Thank you. God bless you. (Applause).

END

1:14 P.M. EDT



(Khachigian)

October 4, 1982

MLC changes

SUGGESTED REMARKS: NATIONAL TELEVISION ADDRESS

Good evening:

In 19 days, we will do something that we often take for granted in our democracy, but is actually our most precious right -- a right that is denied to so many others around the world. We will be deciding the kind of future we will have by freely choosing the women and men who will be responsible for shaping it.

The choice that the American voters have this year is just as important as the one they had 2 years ago. It is a clear choice about the kind of Nation we will be and whether we will continue our sure and steady course to put America back on track or whether we will slide backward to another economic binge like the one which left us with today's pounding national hangover. X

Even though I am not personally on the ballot this year, you may have noticed that the campaign rhetoric has been filled with attacks on me and my policies. I'm beginning to get a pretty good idea of what a lightning rod goes through -- it may save the house from being hit, but that sure doesn't make the shock feel any better!

As a result, I've taken a keen interest in some of the things the candidates have been saying the past few weeks. One thing for sure, the interpretations of the causes of our economic distress get more creative every day. It won't be long before our detractors have convinced themselves that history began with a big bang on January 20, 1981, and that the American economic X

crisis emerged full-blown by spontaneous generation just a few seconds after I took the oath of office.

That's precisely why tonight, for a few moments, I'm going to wear the political hat of the Presidency and be a participant in this national election dialogue. You, the voter, deserve to hear all sides of the debate.

Let's begin by reviewing the true history of the past few years.

In the 4 years before we got to Washington, the entire Government of the United States was in the hands of those who, today, are the most vocal critics of our actions. They controlled the Presidency, the Senate, the House of Representatives, all the committees of the Congress, the entire Executive Branch and the hundreds of departments, agencies and administrative entities responsible for running the Federal establishment.

When my friends on the other side began these uninterrupted years of control, there existed an economic stability that would be the source of envy today.

Inflation was running at 4.8 percent at the end of 1976, and the prime rate was under 7 percent. You could get a home mortgage for ~~8~~<sup>9</sup>~~3.74~~ percent. ~~Unemployment was 7.1, and the trend was downward.~~ X

But in the 4 short years between 1976 and 1980, we suffered our most dramatic economic reversal since the Depression.

-- Inflation shot up to over 13 percent in 1979 and to an astonishing 18 percent ~~by~~<sup>in</sup> January of 1980. Those who were in X

charge managed to do something that had not been done in over 60 years -- they gave us 2 back-to-back years of punishing double-digit inflation.

-- Interest rates began their nightmarish climb. From less than 7 percent, they climbed to <sup>(higher)</sup> 21 1/2 percent. Mortgages went ~~to~~ <sup>(back to 0%)</sup> 18 percent, and homebuying came to a drastic halt. These were the highest interest rates in <sup>more than 100</sup> ~~the past 120~~ years ~~of American~~ <sup>history.</sup>

-- Productivity dropped in 1979 and 1980, the first 2-year consecutive drop in the history of keeping such statistics.

-- The rate of increase of industrial production dropped every year. The rate of increase in our gross national product dropped for 3 years straight.

-- High taxes smothered the incentives of individuals and businesses. You, the taxpayer, began paying the due bills for <sup>(runaway)</sup> ~~hyper~~inflation as it kicked you relentlessly into higher brackets. Taxes actually doubled in the 5 years before I came to Washington. In 1977, the President and the Congress passed the single highest <sup>(practice)</sup> tax increase in the history of the Republic.

-- The ultimate victims, of course, were you -- American workers and their families. The grim results were that your wages and weekly earnings both decreased <sup>(between)</sup> ~~from~~ 1976 <sup>(same)</sup> to 1980, and you were unable to save as much as you used to.

America went backward in 4 years. It was the culmination of decades of overindulgence by Washington.

Government had spun out of control like a washing machine out of balance. Programs grew automatically. Regulations became

more complex and added untold billions in new costs. Deficits caused our national debt to bulge rapidly toward the \$1 trillion mark. New departments sprung up. Washington increasingly swallowed up the prosperity of the entire Nation in the mistaken belief that the Government made decisions better than people.

You and your families were driven to the kitchen table every night to try to figure out how to cope with the inflation that robbed your buying power at the same time it reduced your spendable earnings. Young couples did not dream of new homes -- they dreamed of mere survival. Small businesses were hit especially hard.

The only sure thing was the unstoppable fattening of the United States Government. In the year before I took office, Federal spending increased by 17 percent. How many of you were able to say that your incomes or pensions or savings had improved by 17 percent?

Now, I'm going to let our opponents in on a little reminder. In those 4 years that all this took place, I didn't cast a single vote. I didn't make a single appointment, submit any budgets or send any messages to Congress. I wasn't in charge of the Speaker of the House of Representatives, and I couldn't give instructions to the then Majority Leader of the Senate. And they weren't much interested in my advice, either.

Believe me, that was no bouncing baby we found in the basket on our doorstep in January of 1981. When we rolled the blanket back, we found an economic wolf with sharp teeth.

This legacy was the expected result of a philosophy that the Federal Government could be all things to all people. The Congress was under virtual one-party control for a quarter of a century, and we had an era of broken budgets and more and more government. For every new tax there <sup>were</sup> ~~was~~ always plenty of new ways to spend it. The Washington establishment believed that the only good dollar was the one taken out of your pocket.

Too many people believed that big Government would give us big results -- but all it gave us was bigger problems. What a cruelty was played on the tens of millions of our citizens who were promised that Washington could hand out prosperity without first creating it. The problems of today are the destructive fallout of economic time bombs that were set off in the past.

Today -- right now -- all America is paying the tragic penalty for those excesses. More than \_\_\_\_\_ million people are now out of work, and I share their suffering and frustration.

Last week, the Labor Department announced that the unemployment rate reached \_\_\_\_\_ percent. Those are only cold Government statistics. Behind them are real people. I am not going to sugar coat this news because I cannot hide my own personal ache. Words cannot adequately convey how painful it is to me that each day for millions of Americans is one of hurt and indignity because they want to work and can't. I remember all too well the crushing despair that entered our own household when, during the Depression, my <sup>father</sup> ~~old man~~ came home on Christmas Eve with the pink slip his employer had stuck into his pay envelope.

How deeply I wish that there were some responsible magic method by which this terrible economic distress could be relieved immediately.

Every American should be shocked at the economic chaos which created today's needless results. We now know that America's economy was in even worse condition than we ever thought it could be. The very core of its strength had been drained of life by policies which benefitted the Government at the direct expense of you, the people. Indeed, many policymakers of the past actually believed that America should learn to live with more inflation and that we should dole out smaller slices of the American economic pie instead of making it bigger for everyone.

As hurtful as our job situation is, can you imagine what it would have been if those who are attacking us today had not been stopped by the voters 2 years ago? You'll recall that inflation in the first quarter of 1980 had jumped to a 17-percent annual rate. In April of 1980, the prime interest rate had soared to 19½ percent. And what happened? In the 4 months from March to July of 1980, one and a half million Americans were thrown out of work. Unemployment today would be even worse -- possibly at Depression levels -- had we stayed on that collision course with disaster.

Now, I've been biting my tongue for several months while I've listened to those strident and irresponsible voices who are trying to convince you that we have purposely thrown people out of work. Well, it's time to set the record straight about such ridiculous claims.

The very same people who created the mess we're in -- the same ones who took us down the path of guaranteed economic disaster -- are the last ones who should be delivering sermonettes on the cause of unemployment. And just last week, these same people virtually gloated when new unemployment figures were released -- a shameful performance which deserves the outrage of every citizen.

I don't mind political debate on the differences between our policies, but I won't accept the outrageous falsehood that we have set out expressly to inflict the desperation and misery of unemployment on our fellow citizens. These wild charges amount to callous exploitation of human suffering, and they are all the worse because they spring from nothing more than partisan ambition to gain temporary political advantage.

Mind you, these are the same people who in the years following President Ford gave us no less than five different major economic recovery programs. It was economics by multiple choice -- an indecisive set of ill-designed actions that sent mixed and confusing signals to the American people.

If you'll remember some of the features of those years, you'll recall that we had proposals for \$50 rebates and demands for "voluntary cooperation" between business, labor and government. We had zero-based budgeting and a proposal for a "voluntary deceleration standard." There was a pay freeze for executive appointees and a "special counselor on inflation." There was a Pay Advisory Committee and a Price Advisory Committee. They asked for an "energy mobilization board," a

wellhead tax proposal with rebates, and sent up a "real wage insurance proposal." There were credit controls, a tripling of the size of the Council on Wage and price Stability, a promise to establish an "economic revitalization board," and talk of a national malaise. X

After 4 years of rebates, debates, cost controls, credit controls, pay advice, price advice and just about every other form of meddling and tinkering known to Washington bureaucrats, we were left with a legacy of double-digit inflation, a 21½ percent prime rate, plunging productivity, lower wages and earnings, higher taxes, ~~increased~~ <sup>Continued high</sup> unemployment, no incentives, more regulations, waste, fraud, and millions of American families who wondered whether they could even trust their Government again. Their energy policy gave us gas lines, allocation plans, shortages, and planned scarcity. Y

Now, you don't mind that when I hear these people heaping scorn on us for the efforts we are making -- well, it's just not the easiest thing in the world to take their mess, put the shovel to it and still get blamed for a funny smell over by the stables.

You can see that we had quite a job when we came to town. That's why, from the very first day of office, we went to work to try to rescue our economy from these conditions, to get control of the spending, encourage incentives by lowering taxes, stop the unwise regulations and start America on the road to expansion and growth once again.

At the time, our most urgent priority was to break the back of inflation, because it touched on nearly every other economic



problem we had. Indeed, I was reading some old speeches recently and came across these words which I want to share with you:

If we don't solve inflation, this society will suffer terribly. Everything we stand for will be eroded. Inflation can destroy everything we believe in. When we press for real income improvement, inflation burns up the increase. When we push for growth, our standard of living deteriorates; when we expand personal opportunity, inflation lays its damp hand on our dreams of a more prosperous future.

You may think that sounds like one of my old campaign speeches. But the speaker was the former Vice President of the United States. Incidentally, he gave that speech in December of 1978, just 1 year before his team produced the annual price increase of more than 13 percent.

We came in with a comprehensive plan that had four basic elements to it. It was aimed at reducing the growth in Government spending, passing a tax program which provided incentives to increase productivity for both workers and industry, encouraging a consistent monetary policy aimed at maintaining the value of the currency, and eliminating regulations which are unnecessary and counterproductive. Our efforts are beginning to bear fruit.

We have already cut the rate of Federal spending increases in half. Many in the Congress have given full and complete cooperation in this effort. But others have resisted any cuts and have fought to keep the Government big and fat. They continue to champion many of the inefficient and wasteful programs that contributed to our massive national debt. Just

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2 weeks ago, they refused to support our constitutional amendment to balance the Federal budget.

That is why I have every intention of vetoing all legislation which violates our spending limits. After all, last summer we asked for some additional taxes over the next 3 years to help reduce our budget deficits. Now we must be especially vigilant to prevent a recurrence of irresponsible budget growth. The veto is a constitutionally mandated tool in this effort, and I shall use it whenever I feel it is in the best national interest.

But even with those revenue increases, our tax reduction plan is still putting \$335 billion of tax savings back in the hands of the people -- to let you decide how to spend the product of your labor.

That is why I continue to fight so hard to retain all of the personal income tax rate cuts we passed. Our opponents have repeatedly tried to take away the critical third year of tax cuts. But these cuts will give a family of four with median income nearly \$800 in tax savings ~~by~~ next year. Along with our measures to stimulate personal savings, business investment and capital formation, these cuts are the core of our economic recovery. They offer new hope for the years to come.

My fellow citizens, we have finally taken the tough but essential steps to put the people back in control of the Federal Government. Government is still too big and still spends too much, but we have at least made progress.

We have also begun dramatic regulatory reform, and the first results are impressive. We have already saved some \$10 billion in ~~cost~~ <sup>(one -)</sup> time investment costs and initiated reforms to give us \$6 billion in annual recurring cost savings. These reforms promise growth and higher productivity in the future. X

At the same time, we have started an all-out effort to reduce fraud and waste in the Federal Government. Our Inspectors General have reported to me that from April 1981 to April 1982 we achieved a direct savings <sup>(or improved use of funds)</sup> of some \$11.2 billion. We are also producing renewed respect for the taxpayers' dollars which maintains the very integrity of our democracy. X

Finally, on the economic front, there is reason to be more optimistic about the steadier monetary policies being brought into place by the Federal Reserve System. Because we have taken prudent measures to reform the excessive spending habits of the past, we are seeing more appropriate growth in the monetary area.

In the past few weeks, I have become more optimistic about the immediate future. The growth of inflation has been reduced by more than half and is still slowing down. Interest rates have dropped by <sup>(nearly)</sup> 40 percent. People are saving more and paying lower taxes than if we had not taken the actions we did. This devastating recessionary virus -- one that many economists believe has continued since 1979 -- has begun to show signs of finally running its course. X

Despite some setbacks, we have seen modest growth in industrial production and a slight rise in GNP. These are positive signals. I believe deeply that this nightmarish

economic calamity will be behind us if we stick to our course. But as long as one person is unemployed and as long as plants and machinery lay idle, we cannot let up in our efforts, and we will not.

From the very beginning, I have cautioned that this process of recovery would be arduous and long. Progress would come steadily, but slowly. This has been a time of great testing, and you have shown patience and resilience through difficult and trying times. The road to any economic recovery is never wholly acceptable. But we have made progress.

Yet, this election season has brought a clamor of negative voices raised in overheated assault against the national effort taking place. The abusive quality of many of these attacks betrays a desire to gain partisan advantage on November 2nd.

The critics say we can do nothing right -- the cuts are too deep, the taxes are too low, their favorite special interests have been hurt. Despite all their failures of the past, they stubbornly oppose our comprehensive reform measures. Their attitude brings to mind a comment a great American leader made about a similar situation:

Those . . . who are frightened by boldness and cowed by the necessity for making decisions, complain that all we have done is unnecessary and subject to great risks. Now that these people are coming out of their storm cellars, they forget that there ever was a storm.

Those words were spoken by President Franklin Roosevelt in the fall of 1934.

It's strange that those who have been among our harshest critics won't accept responsibility for what they have done for

more than 25 years while they demand that we take the full blame for not producing a miracle in less than 25 months.

Well, let me just ask: What is their alternative? As far as I have been able to determine, their answers have mostly been recommendations to repeat the past. Inflation. High interest. Even bigger debts. More taxes. Impersonal government, distant regulators, wasteful programs, stop-and-go policies. Let's get it straight: these aren't alternatives; they just don't work anymore.

We can't create a desert, hand a person a cup of water, and then call that compassion. We can't pour billions of dollars into makework jobs and call that opportunity. We can't build up years and years of dependence by our citizens on the Government and then dare to call that hope. And believe me, we can't drive our people to despair with prices that wipe them out or taxes which punish their productivity and then boast that we have given them fairness.

We've been down all those dead-end roads. Let's not make those same mistakes again. All we are asking you is to give us a chance to do things right for a change.

Just as we were required to move swiftly and comprehensively to deal with a grave economic crisis, we also had to pour our energies into building a safer world.

In the past, we've thought in terms of "limiting" the destructive arsenals that we and the Soviet Union possess. But I no longer believe that is satisfactory in this age of overpowering weaponry. Any nation which pretends to be civilized

must go further -- they must reduce the deadly armaments built up over more than a generation.

That is why a year ago I committed the United States to seek significant reductions on nuclear and conventional forces. We have since proposed limits on U.S. and Soviet intermediate range missiles, including the complete elimination of the most threatening systems on both sides.

I've asked our Strategic Arms Reduction Talks -- START -- negotiating teams to propose to their Soviet counterparts a practical, phased plan to reduce significantly the most destabilizing systems -- the ballistic missiles, the number of warheads they carry, and their overall destructive potential.

We can ensure peace by removing the instabilities and imbalances that threaten peace. We do so also by constant national vigilance and maintaining unchallenged strength. That is why we began a strong new effort to rebuild America's forces and catch up with the massive Soviet buildup that had given them substantial numerical advantages in several key areas.

The policies we've put into place are a prudent investment in creating a stable international peace. No U.S. President should ever send our negotiators to the bargaining table in anything but a position of strength to serve the best interests of the American people.

With this determination, and with our historical commitment to global goodwill and peace, I am confident that we have embarked on a more secure world for us today and a safer one for our children.

None of my responsibilities weighs on me more than the recognition that our young people are entitled to a world of peace. I have seen four wars in my lifetime and never again do I want to see the finest of our youth make the supreme sacrifice.

We shall also continue our untiring efforts to foster lasting peace in the Middle East. We have never been more determined to push forward our plan to reach a resolution of the explosive issues there. Because of our longstanding friendships and demonstrated commitment, I know America will be an effective force for peace and stability -- an ally to the end of tragedy in that ancient land.

Each night, I know that I join millions of you in prayer for the safety of the U.S. Marines who in Lebanon are contributing to the cause of life in place of the terror of war. Their brave fulfillment of duty will hasten the day they will come home with their mission fully accomplished.

Just as America has always been synonymous with freedom, so, too, should she become the symbol of peace all across the Earth. I am confident we can keep faith with that mission.

I am grateful that you have allowed me to share with you tonight these visions I hold for our Nation.

As you continue to follow the election year debates and prepare to reach your own personal decisions, it is not for me or anyone else to tell you how to vote. But while you prepare for that majestic, private moment in the voting booth where you have as much influence and power as any other individual in our country, I want to leave you with these considerations.

If you are convinced that House Speaker Tip O'Neill and his supporters have distinguished themselves and earned your loyalty and gratitude over the past few years, then you should vote to put greater power in his hands and their hands.

If you strongly believe that our efforts to cut the size of the Federal Government and slow down the spending by the Congress have been wrong, then you should vote for those who will follow Speaker O'Neill in the House and the Senate and expand the Government, increase Federal spending, and take away the third year of your tax cut.

But as you decide whether or not to return to the Congress those who had an iron grip -- a virtual monopoly -- in the House and Senate for the past quarter of a century, please consider also these questions.

Were things better for you with the 21½ percent interest rates that you had less than 2 years ago?

You young people trying to buy your first home -- would you rather return to mortgages which stood at <sup>more than 17</sup> 13 percent when I came to Washington? X

Will the crush of unemployment be lifted if we return to the days of 2 consecutive years of double-digit inflation?

Will your families benefit by getting back on the treadmill where they frantically chased higher prices every month just to stay even?

And what about your taxes? Don't you think you pay enough? Or do you want our opponents to be elected so they can take away the tax cut you will be getting next July 1st?



If you are seeking a job -- will that job come faster if we make another abrupt change and return to the Government actions which helped contribute to the loss of your job?

And the central question this fall: After all our national struggle and sacrifice; after this immense effort to reduce inflation and begin controlling a Government which grew at your expense; after finally starting to bring interest rates down and make the dollar worth something again; after starting up again our industrial strength, personal savings and worker productivity; after winning the fight to lower your taxes so we could build new incentive into the economy -- after all these hard-won victories achieved through the patience and courage of every American -- after all this, is your answer going to be that we simply throw in the towel and give up just when we are about to triumph? Do we just throw America into reverse when we are about to create a new prosperity full of new opportunities?

Only you can answer if you want to turn back at this point. Only you can decide whether we should fall back to a time when decisions were reached that piled more than a trillion dollars of debt on your backs. Only you can determine whether that is the best legacy we can leave to our children.

But if you think our basic course is correct, and that we should not endanger the course we are on by risking a return to the failures of the past, then I respectfully ask that you consider supporting those who will help us reach our goals -- those committed to restoring these United States to all the

promise that lies before us. Vote for your hopes -- not your fears.

We have been sorely tested by these past few years of discouragement. But the American people have never been quitters, and they are not ready to quit now. I hear those voices which say we cannot succeed. Well, if we only put our heart and courage to the test, I don't see how we can fail.

To those who are faint-hearted and unsure, I have this message: If you're afraid of the future, then stand aside. The people of this country are ready to move again. They are Americans from that sturdy stock whose energies always carried them past their highest dreams.

How can anyone sell our Nation short even at this moment of cold discontent? Never -- never have our people failed us in troubled times. They've always leaned into the challenge and not away from it. They are bold and creative; persistent and determined; and I know they will not run in retreat when the trumpet sounds the forward call.

That wonderful Old Testament Book of Ecclesiastes teaches us that "To every thing there is a season." My fellow citizens, I have never believed more strongly that, at this very moment, America is standing at the season of hope -- a genuine hope which springs from the vitality of the American spirit.

Now, in these closing moments, I wonder if you will permit me a personal note.

On the day I took the oath of office as President, I referred to the words of one of the greatest among our Founding

Fathers, Dr. Joseph Warren. Dr. Warren, president of the Massachusetts Congress, said to his fellow Americans on the eve of our struggle for independence:

Our country is in danger, but not to be despaired of . . . On you depend the fortunes of America. You are to decide the important question upon which rests the happiness and the liberty of millions yet unborn. Act worthy of yourselves.

Well, those words -- "act worthy of yourselves" -- echo in my ears as I strive to be the very best leader I can.

Over these last 21 months, I have been sustained and inspired by the strength of each of you -- my fellow countrymen and women. In letters, telegrams and phone calls; during my travels into your cities, towns and farms; and from the people who come to visit me -- the energy of your human spirit and the warmth of your good wishes have truly made me more determined to fulfill the enormous trust placed in this office.

Through this long night of national calamity, you, the people -- the heroes of American democracy -- have fully measured up to Dr. Warren's admonition. With your continued help, through the magnificent reach of your determination, and by the mighty force of your personal prayers, I know that this great new season of hope will bring soon that day of renewal and national regeneration -- a world of security that we owe to our children.

Thank you for your courage.

Thank you for acting worthy of yourselves.

Thank you for being Americans.

God bless you, and good night.