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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

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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 <sup>the critics</sup> ~~them~~, 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 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

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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 <sup>t</sup> 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 <sup>p</sup>our 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.~~ <sup>limiting" the destructive</sup> But I no longer



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 <sup>g</sup> <sup>at</sup> on even 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 <sup>tough</sup> ~~such~~ 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 Rurara<sup>2</sup> 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)

First Draft  
9-7-82

SUGGESTED MID-TERM CAMPAIGN REMARKS

In six weeks, each of us will be doing something ~~that~~ 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~~ by freely and openly choosing the women and men ~~who~~ 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~~ discuss the agenda for coming ~~years~~ years.

It is said that the President of the United States wears three hats -- that of head of state, commander in chief and head of his political party. For a few days this fall, even as I continue ~~to~~ to fulfill my constitutional duties, I will put on my political hat from time to time <sup>(so I can)</sup> join this political debate and continue the dialogue I began with our citizens in the ~~Presidential~~ <sup>(campaign)</sup> election of 1980. Besides, I never did like sitting on the bench ~~while~~ while the teams were mixing it ~~up~~ up on the field.

The choice that the American voters have this ~~year~~ year is just as important as the one they had two years ago. It is a clear choice ~~about~~ about the kind of nation we will be and whether we will continue our <sup>(sure and)</sup> steady ~~upward~~ 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. ~~But~~  
*One thing for sure,*  
~~Believe me,~~ the interpretations of the causes of our economic distress  
 get more creative every day. It won't be long before our ~~opponents~~ *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 ~~why~~ precisely why I'm going to be a participant  
 in this election dialogue. The ~~voters~~ voters need to hear all sides  
 of this debate. ~~Believe me~~ They need to do a little comparison  
 shopping this fall.

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

In the four years before ~~the inauguration~~ we got  
 to Washington, the entire Government of the United States was in  
 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 <sup>e</sup> of the House and the Senate, the entire Executive  
 Branch and hundreds of departments, agencies and ~~any~~ administrative  
 entities ~~is~~ responsible for running the Federal establishment.

~~You know -- I didn't cast a single vote in those ~~last~~ four  
~~years~~ years. I didn't make a single ~~appointment~~ appointment, submit  
 or  
 any budgets / send any messages to Congress.~~

*when my friends on the other side*  
 And ~~when these folks~~ ~~xxxxxx~~ began ~~xxxx~~ *their* four uninterrupted  
 and ~~xxxx~~ uncontested *year* (being in charge,  
~~years~~ of ~~xxxxxx~~) there existed an economic  
 stability that would be the source of envy today.

At the end of 1976, <sup>our</sup> ~~the~~ inflation rate was 4.8 percent and the  
 prime interest rate <sup>was</sup> ~~stood at~~ under seven percent. You could get  
 a mortgage loan for 9½ percent. Unemployment was high at 7.1, but  
 the trend was downward. The stage was set for an excellent economic  
 recovery ~~with~~ without ruinous inflation .

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

-- Inflation shot up to over 13 percent in 1979. By January ~~first quarter~~ of 1980, ~~the~~ consumer prices were punishing the public at an 18 percent <sup>annual</sup> rate -- ~~unheard of~~ almost unheard of in our country. ~~And 1980 finished out only slightly better than the year before. Thus,~~ those in charge <sup>(of the government) (to do)</sup> managed <sup>(something)</sup> that had not been done in over 60 years -- they ~~managed to~~ <sup>gave us</sup> ~~our economy~~ two back-to-back double digit years of inflation.

-- Interest rates began their nightmarish climb ~~in these~~ ~~four~~ years. From less than seven percent, the prime rate climbed to 21½ percent ~~like something straight out of dime novels~~. Mortgage loans followed suit up to 18 percent, and homebuying came to a drastic halt. These were the ~~the~~ highest interest rates in the past 120 ~~years~~ of American history.

-- Productivity growth used to help us tame inflation, but <sup>here</sup> ~~in~~ ~~these four years we had~~ another historical first. Productivity <sup>again we were given</sup> dropped for two years consecutively in 1979 and 1980, the first time that had ever happened <sup>since we began</sup> ~~in the history of~~ keeping such statistics.

-- These ~~economic~~ battering economic realities began to smother individual and business incentives, and the saving <sup>rate</sup> went down. The ~~rate~~ rate of increase of industrial production dropped every year. The ~~rate~~ rate of ~~interest~~ increase in our gross national product ~~dropped~~ dropped for three years straight.

-- The only thing ~~that~~ besides inflation and interest rates that went up were taxes. Taxpayers began paying the due bills for hyperinflation ~~with~~ <sup>as it</sup> ~~which~~ kicked them mercilessly into higher

brackets. Thus, in the five years before I came to <sup>a</sup>Washington, taxes had ~~not~~ actually doubled. The <sup>S</sup>President and the Congress <sup>had</sup> passed the single highest tax ~~is~~ increase in the history of the Republic, and in that short period, the government siphoned off an additional \$300 billion more from our citizens.

-- The ultimate victim<sup>S</sup> of course, <sup>were</sup> ~~was the~~ American workers and their families. ~~There is~~ The grim results were that <sup>both</sup> ~~the~~ real wages and weekly earnings ~~had~~ decreased ~~is~~ from 1976 to 1980.

America went backward in four <sup>years</sup>. It was the ~~sublimation~~ culmination of decades of overindulgence by ~~Washington~~ Washington. ~~The~~ Government had spun out of ~~control~~ control like a washing machine out of balance. Programs got bigger every year. Regulations grew more and more complex. <sup>and added untold billions in new costs</sup> The deficits ~~had~~ <sup>caused</sup> our national debt <sup>to bulge</sup> rapidly toward the one ~~is~~ trillion dollar mark. New <sup>departments</sup> ~~departments~~ sprung up with more federal employees ~~higher~~ hired. Washington increasingly swallowed up the productivity ~~of the American worker~~ and taxes of the American worker.

Families were driven to the kitchen table every night to try to ~~be~~ figure out how to cope with <sup>the</sup> inflation that robbed their ~~buying~~ buying power at the ~~is~~ same time it reduced their after-tax income. Young couples did not dream of new homes -- they dreamed of mere survival. Business expansion slowed and then ~~was~~ stopped. The only thing that was a sure thing was the continued growth, expansion and fattening of the United States Government. In the year before I took office, ~~the~~ federal spending increased by 17 percent. How many <sup>(of our fellow citizens)</sup> ~~average people~~ were able to say <sup>that</sup> their incomes or pensions or ~~their~~ savings had improved by 17 percent?



Today -- right now -- all America is paying the tragic penalty for these policies. <sup>Nearly 11</sup> ~~More than~~ million people are out of work, <sup>I share</sup> ~~and~~ their suffering and frustration ~~is the most understandable thing in the world. I share their anger and their frustration.~~

<sup>9</sup> Every American should be ~~amazed~~ shocked at the economic chaos which created today's needless results. ~~Words~~ Words do not <sup>+</sup> adequately convey how painful it is to me that each day for millions <sup>o</sup> of Americans is one of hurt and indignity because they want to work and can't. <sup>How deeply I</sup> ~~wish~~ wish that of all the actions we have taken that there could have been some responsibly magic method by which this terrible economic distress could <sup>be</sup> ~~have been~~ relieved.

We know now that America's ~~economy~~ <sup>condition</sup> economy was <sup>in even</sup> ~~on its back~~ 20 months ago. It was worse ~~than we have ever~~ thought it <sup>could</sup> be. The very core of its strenght had been drained of life by ~~the~~ policies which benefited the government at the direct expense of individuals. Our people were robbed of the <sup>incentives and</sup> tools to move ahead. Indeed, <sup>Many policymakers of the past</sup> we were sent messages ~~by those~~ <sup>in charge actually believed that</sup> ~~that~~ ~~that~~ America should learn to live with less and that ~~instead of making~~ we should dole out smaller slices ~~of~~ ~~the~~ ~~of~~ ~~making~~ the American economic pie instead of making it bigger for everyone.

Now, I've been biting my tongue for several months ~~and~~ while I've listened to all those speeches about how ~~we~~ we ~~acted~~ <sup>acted purposely</sup> ~~acted~~ to throw people ~~out~~ out of work <sup>as if we were four</sup> ~~square in favor of unemployment.~~ <sup>That is</sup> self-deluding nonsense.

The very same people who created the mess we're in -- the same ones who took us down the path of ~~sure~~ surefire economic ~~disaster~~ disaster are the last ones who should be delivering sermonettes

on 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 represent the rankest exploitation of human economic suffering and is all the worse because it appears to grow from nothing more than raw ambition to gain temporary political advantage.

Mind you, these are the people who in the ~~past few years~~ years following ~~the economic crisis of the early 1970s~~ President Ford gave us no less than five different major economic recovery programs. It was economics by multiple choice -- an indecisive set of ~~programs~~ actions that sent mixed and contrary signals to the American people.

If you'll ~~me~~ remember some of the features of those ~~few~~ years you'll recall that we had ~~several~~ proposals for ~~substantial~~ \$50 rebates and calls for "voluntary cooperation" between business, labor and government. ~~Similar proposals were made~~ 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 ~~the~~ inflation." There was a Pay Advisory Committee and a Price Advisory Committee. They asked for an "energy ~~and~~ mobilization board," a wellhead tax proposal with rebates ~~to people~~ and ~~the~~ sent up a "real wage insurance proposal." There were credit controls, a tripling of the size of the Council on Wage and Price Stability, and a promise to establish an "economic revitalization board."

~~And that's the way it was~~

After four years of rebates, debates, cost controls, credit controls, pay advice, price advice and just about ~~me~~ every other

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, increased unemployment, ~~and~~ higher taxes, no incentives, more regulations, waste, fraud and ~~and~~ millions of ~~American~~ American families who wondered whether they could even trust their government again. Their energy policy gave us gas lines, allocation plans, shortages, scarcity, <sup>(t) and planned</sup> ~~and overheated inflation rhetoric.~~

Now, you don't mind ~~it~~ 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~~ ~~take~~ their mess, put the shovel to it and still get blamed for ~~it~~.

~~It's~~ a foul odor in the stables.

You can see that we had quite a job ~~to~~ 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~~ to get control of the spending, ~~to~~ encourage incentives by lowering taxes, and start America on the road to expansion and growth once again.

At the time, our most urgent priority was to address the question of explosive ~~inflation~~ inflation, because inflation ~~was~~ touched on ~~it~~ nearly every other economic problem we had. Indeed, I was reading some old speeches recently and came across a very perceptive comment 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~~ dreams of a more prosperous future."

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

We came in with a plan that had four basic elements to it. It was aimed at reducing the growth in government spending, ~~and~~ 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 ~~unnecessary~~ regulations which are unnecessary and counterproductive.

I have always looked at this ~~plan~~ plan as being comprehensive in nature -- that is to say that all of its elements had to be there to work. And while we <sup>were not given</sup> ~~never received~~ ~~the money~~ each and every element of what we requested, much of that plan ~~is~~ has finally gone into place, and, in time, I am confident it will do the job.

We have already cut the rate of spending ~~increases~~ increases in half. Many in the Congress have given full and complete cooperation in this effort to wrestle back the ~~giant~~ <sup>central</sup> gigantic ~~government~~ government that had drifted away from our people ~~over the~~ over the years. But others have resisted any cuts. They have fought to keep the government big and fat. They have fought to keep many

of the inefficient and wasteful programs that ~~helped~~  
~~maintain~~ contributed to our massive national debt.

That is why I have every intention of continuing to wield my pen and ~~to~~ veto any and all legislation which violates the ~~the~~ spending limits we must apply to the budget. After all, business community and many of our citizens just a few weeks ago, the ~~the~~ American ~~people~~ <sup>were</sup> called on to pay some additional taxes over the next three years. ~~Now~~ Now that we have taken those steps ~~that measure~~ to help reduce ~~the~~ deficit, <sup>we</sup> we must be especially vigilant that the budget ~~never~~ never against ~~it~~ bursts out ~~of~~ of control as it did in years past. The veto is a constitutionally ~~unprecedented~~ mandated tool in this effort, and I shall use it wherever I feel it is required to ~~prevent~~ get spending ~~back~~ under ~~control~~ control.

~~As you know~~  
As you know, I was very unhappy with having to ask for these ~~new~~ new revenues ~~as I did a few months ago~~. But even with those increases, our tax reduction plan is putting \$335 billion of tax savings back in the ~~the~~ hands of the American people. We introduced a startling and revolutionary idea ~~that~~ -- ~~and that was that~~ the proposition that the American people are perfectly capable of deciding how to spend their income and don't need the government ~~to~~ to make that ~~decision~~ decision for them.

That is why I fought so hard ~~to~~ to keep as much as possible of the ~~the~~ personal income tax rate cuts. Every time ~~the~~ ~~the~~ our <sup>P</sup>opponents in the Congress wanted to raise more money, they tried to take away the critical third year of tax rate reductions. Those cuts are the ones which will be giving ~~to~~ <sup>a</sup> family of four with ~~the~~ median income ~~some~~ nearly \$800 ~~some~~ in tax savings

(Khachigian)

2nd  
draft

9-8-82  
First Draft  
9-7-82

**ELECTION**  
SUGGESTED MID-TERM 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 ~~and openly~~ 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.

~~It is said that the President of the United States wears three hats -- that of head of state, commander in chief and head of his political party. For a few days this fall, even as I continue to fulfill my constitutional duties, I will put on my political hat from time to time so I can join this political debate and continue the dialogue I began with our citizens in the election campaign of 1980. Besides, I never did like sitting on the bench while the teams were mixing it up on the field.~~

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~~ 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~~ 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. ~~They need to~~ <sup>so they can</sup> 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 <sup>the</sup> 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 ~~House and the Senate,~~ <sup>Congress,</sup> the entire Executive Branch and <sup>the</sup> hundreds of departments, agencies and administrative entities responsible for running the Federal establishment.

~~And~~ <sup>these</sup> when my friends on the other side began their ~~four~~ uninterrupted ~~and uncontested~~ years of being in charge, there existed an economic stability that would be the source of envy today.

<sup>Q Inflation was running at 4.8 percent</sup>  
At the end of 1976, ~~our inflation rate was 4.8 percent~~ and the prime ~~interest~~ <sup>9</sup> rate was under seven percent. You could get a <sup>home</sup> mortgage ~~loan~~ <sup>9</sup> for 9½ percent. Unemployment was ~~high~~ <sup>9</sup> at 7.1, but

the trend was downward. ~~The stage was set for an excellent economic recovery without ruinous inflation.~~

But in the four short years between 1976 and 1980, <sup>we</sup> America suffered ~~the~~ <sup>our</sup> most dramatic economic reversal since the Depression.

-- Inflation shot up to over 13 percent in 1979 <sup>and to an astonishing</sup> ~~By January~~

<sup>18 percent by January</sup> of 1980 <sup>^</sup> consumer prices were punishing the public at an 18 percent rate -- almost unheard of in our country. 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 <sup>punishing</sup> double digit inflation.

-- Interest rates began their nightmarish climb. From less than seven percent, <sup>they</sup> ~~the prime rate~~ climbed to 21½ percent. Mortgage <sup>went</sup> ~~loans followed suit~~ up to 18 percent, and homebuying came to a drastic halt. These were the highest interest rates in the past 120 <sup>years</sup> of American history.

-- ~~Productivity growth used to help us tame inflation, but here again we were given another historical first. Productivity dropped for two years consecutively~~ in 1979 and 1980, the first <sup>two-year consecutive drop in the history of</sup> ~~time that had ever happened since we began keeping such statistics.~~

-- ~~These battering economic realities began to smother individual and business incentives, and~~ <sup>T</sup>he 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.

<sup>High taxes smothered the incentives of individuals and businesses.</sup> -- ~~The only thing besides inflation and interest rates that went up were taxes.~~ Taxpayers began paying the due bills for

hyperinflation as it kicked them <sup>relentlessly</sup> ~~mercilessly~~ into higher brackets. <sup>Taxes actually doubled</sup> ~~in~~ in the five years before I came to Washington, <sup>taxes had</sup> ~~taxes had~~ ~~actually doubled.~~ The President and the Congress <sup>had</sup> ~~had~~ passed the single highest tax increase in the history of the Republic, <sup>and</sup> ~~and~~ ~~in that short period, the government siphoned off an additional~~ ~~\$300 billion more from our citizens.~~

-- 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 <sup>grew automatically.</sup> ~~got bigger every year.~~ Regulations <sup>became</sup> ~~grew~~ ~~more~~ ~~and~~ more complex and added untold billions in new costs. ~~the~~ deficits caused our national debt to bulge rapidly toward the one trillion dollar mark. New departments sprung up <sup>with</sup> ~~with~~ ~~more federal~~ ~~employees hired.~~ Washington increasingly swallowed up the <sup>prosperity of the entire nation.</sup> ~~productivity and taxes of the American worker.~~

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 <sup>spendable earnings.</sup> ~~after-tax income.~~ Young couples did not dream of new homes -- they dreamed of mere survival. <sup>Small</sup> ~~Business~~ <sup>es</sup> ~~expansion~~ <sup>were hit especially hard.</sup> ~~slowed and then stopped.~~ The only ~~thing that was~~ <sup>unstoppable</sup> ~~continued~~ <sup>growth,</sup> ~~expansion~~ ~~and~~ 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 <sup>back then</sup> those folks ~~that~~ 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 ~~was not only the~~ legacy of the past four years, it was <sup>expected</sup> the ~~end~~ result of a philosophy that <sup>the Federal</sup> government ~~knows best~~ <sup>could be all things to all people</sup>. 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 <sup>always plenty of</sup> ~~easily two~~ new ways to spend it. The Washington establishment believed that the only good dollar was the one taken out of the taxpayer's pocket. ~~The United States Government was drinking from the well of prosperity without replenishing its source.~~

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. <sup>The problems of</sup> ~~We are in trouble~~ today <sup>are truly the destructive fallout</sup> ~~precisely because these~~ economic time bombs <sup>that</sup> were set off in the past.

Today -- right now -- all America is paying the tragic penalty for those <sup>excesses.</sup> ~~policies.~~ 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 <sup>there were</sup> ~~of all the actions we have taken there could have been~~ some responsible magic method by which this terrible economic distress could be relieved.

<sup>(now)</sup> We 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. ~~Our people were robbed of the incentives and tools to move ahead.~~ 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 <sup>strident</sup> speeches about how we <sup>have</sup> acted purposely to throw <sup>N</sup> people out of work. ~~that is self-deluding nonsense~~ <sup>retention claims</sup>

Q The very same people who created the mess we're in -- the

well, it's time we set the record straight about such ridiculous claims.

same ones who took us down the path of ~~surefire~~<sup>guaranteed</sup> economic disaster -- are the last ones who should be delivering sermonettes on <sup>the cause of</sup> 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 ~~the~~<sup>callous</sup> ~~represent the rankest~~ exploitation of human economic suffering, and they are ~~all the worse~~<sup>they spring</sup> because ~~it appears to grow~~<sup>partisan</sup> from nothing more than ~~raw~~<sup>same</sup> ambition to gain temporary political advantage.

Mind you, these are the <sup>same</sup> 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 <sup>ill-designed</sup> 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 <sup>demands</sup> ~~calls~~ 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, ~~and~~ <sup>and</sup> a promise to establish an "economic revitalization board," ~~and~~ <sup>and</sup> talk of a national malaise.

After four years of rebates, debates, cost controls, credit controls, pay advice, price advice and just about every other <sup>form of</sup> meddling and tinkering known to Washington Bureaucrats, <sup>we</sup> we were left with a legacy of double digit inflation, a 21½ percent prime rate, plunging productivity, lower wages and earnings, <sup>increased</sup> ~~increased~~ unemployment, ~~higher taxes,~~ <sup>higher taxes,</sup> 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~~ <sup>funny smell over by</sup> 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, <sup>stop the unwise regulations,</sup> encourage incentives by lowering taxes, and start America on the road to expansion and growth once again.

<sup>At</sup> At the time, our most urgent priority was to ~~address the~~ <sup>break the</sup> question of ~~explosive~~ <sup>back</sup> inflation, because ~~inflation~~ <sup>it</sup> touched on nearly every other economic problem we had. Indeed, I was reading some old speeches recently and came across a very perceptive <sup>analysis</sup> ~~comment~~ 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 potatoes circuit.* ~~the~~ But the speaker was ~~the~~ former Vice President of the United States -- George Bush's immediate predecessor -- ~~at a meeting of his political party~~ in December, 1978. <sup>cid</sup> ~~Incidentally,~~ he gave that speech ~~just one year before his team produced the annual price increase of~~

~~just one year before his team produced the annual price increase of more than 13 percent.~~

*stopped like*

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.*

~~I have always looked at this plan as being comprehensive in nature -- that is to say that all of its elements had to be there to work. And while we were not given each and every element of what we requested, much of that plan has finally gone into place, and, in time, I am confident it will do the job.~~

We have already cut the rate of <sup>federal</sup> spending increases in half. Many in the Congress have given full and complete cooperation in

~~this effort to wrestle back the gigantic central government that had drifted away from our people over the years.~~ But others have resisted any cuts, <sup>and</sup> ~~they~~ have fought to keep the government big and fat. They ~~have fought to keep~~ <sup>continue to champion</sup> many of the inefficient and wasteful programs that contributed to our massive national debt.

That is why I have every intention <sup>g</sup> of ~~continuing to wield my pen and veto~~ <sup>ing</sup> ~~any~~ and all legislation which violates ~~the~~ <sup>our</sup> spending limits. ~~We must apply to the budget.~~ After all, just a few weeks ago, the American business community and ~~millions~~ <sup>millions</sup> 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 <sup>g</sup> ~~vigilant~~ <sup>to prevent a recurrence</sup> that ~~the budget never~~ <sup>of irresponsible budget growth.</sup> ~~again bursts out of control as it did in years past.~~ The veto is

a constitutionally mandated tool in this effort, and I shall use it <sup>whenever</sup> ~~wherever~~ I feel it is <sup>in the best national interest.</sup> ~~required to get spending under control.~~

As you know, I was very unhappy with having to ask for ~~these~~ new revenues. But even with those increases, our tax reduction plan is

<sup>still</sup> putting \$335 billion of tax savings back in the hands of the ~~American~~ <sup>to let them</sup> ~~people.~~ <sup>decide how to spend the product of their labor.</sup> We introduced a startling and revolutionary idea -- ~~the proposition that the American people are perfectly capable of deciding how to spend their income and don't need the government to make that decision for them.~~

That is why I ~~fought~~ <sup>continue to fight</sup> so hard to keep as much as possible of the personal income tax rate cuts <sup>we passed.</sup> ~~Every time~~ our opponents <sup>have</sup> ~~in~~ the Congress wanted to raise more money, they tried <sup>(repeatedly)</sup> to take away the critical <sup>third</sup> ~~their~~ year of tax <sup>cuts.</sup> ~~rate reductions.~~ <sup>But these</sup> ~~these cuts are~~



Yet, this election season has brought a clamor of negative ~~voices~~ <sup>national effort</sup> raised in overheated assault against the ~~dramatic steps~~ <sup>taking place.</sup> ~~we have taken.~~ The abusive quality of many of these attacks betray a desire to gain partisan advantage on November 2.

For them, we can do nothing right -- the cuts are too deep, the taxes are too low, their favorite special interests have been hurt. ~~But~~ <sup>Despite</sup> all their failures of the past, they ~~are~~ <sup>still</sup> ~~oppose our comprehensive reform measures.~~ ~~reduced to blind opposition to anything that smacks of reform.~~ <sup>oppose our comprehensive reform measures.</sup> Their attitude brings to mind a comment ~~that one of our~~ <sup>a</sup> great ~~national~~ <sup>American</sup> 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 1934.

~~It's strange that those who have been among our harshest critics won't~~ <sup>accept</sup> responsibility for what they have done for more than 25 years, <sup>while</sup> they demand that we <sup>take</sup> the full blame <sup>(not producing a miracle)</sup> for what ~~we have done~~ 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 ~~been~~ <sup>mostly been</sup> ~~little more than~~ recommendations to repeat the past. ~~The American people have had their fill of those old-line stopgaps of high spending, high taxes, and big bureaucracy.~~

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 ~~on ~~the~~ ~~middle~~ ~~class~~~~ are no alternative.

Impersonal government, distant regulators, wasteful programs, ~~high-handed government bureaucracy~~ 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've been down all those roads and tried their options for more than a generation. Let's not make that mistake again. This time, let's do it right.~~

We can't create a desert, ~~and~~ 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 ~~dependence~~ years and years of dependence <sup>by our citizens</sup> on ~~the~~ the government ~~by our citizens~~ and then dare to call that hope. And believe me, we can't drive ~~us~~ our people to despair with ~~financial~~ prices that wipe them out or taxes which sap their energies and then boast that we ~~we~~ have given them fairness.

We've been down all those roads. They've had their chance. Let's not make those same mistakes again. 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. ~~I have~~

In the past, we've thought in ~~such~~ terms of ~~the~~ "limiting" the destructive ~~and~~ arsenals ~~of~~ that we and the ~~Soviet~~ Soviet ~~Union~~ 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 ~~farther~~ further -- they must reduce the deadly ~~armaments~~ 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. ~~They~~ We have since proposed limits on U.S. and Soviet intermediate range missiles, including the complete ~~limitation~~ ~~limitation~~ elimination of the most threatening systems on both sides.

I've asked our Strategic Arms Reductions Talks -- START -- negotiating team to ~~propose~~ propose to their 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.

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

<sup>policies we've put into place</sup> The ~~results~~ ~~we~~ ~~are~~ ~~achieving~~ are prudent. They are not a prelude to conflict but an investment in ~~the~~ ~~future~~ creating a stable international peace. <sup>No U.S.</sup> ~~The~~ President <sup>should ever</sup> ~~must never~~ send our negotiators to the bargaining table in anything ~~but~~ but a position <sup>to</sup> ~~that~~ ~~is~~ ~~of~~ strength ~~that~~ ~~will~~ serve the best interests of the American people.

With this determination, and with our historical ~~goodwill~~ 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 ~~our~~ demonstrated commitment, I know ~~that~~ 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 (sp?) with freedom, ~~and the symbol of~~ so, too, should she become the symbol of peace ~~in~~ all across the ~~world~~ 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 ~~not~~ ready to move again. They are Americans from that sturdy stock whose energies always carried them past their highest dreams.

How can anyone sell ~~us~~ 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~~ <sup>Such</sup> ~~such~~ determination.

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

~~:"~~ "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~~ the tempest.

~~But 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~~ believed more strongly that at this very moment, ~~in our history,~~ America is standing at the season of hope. ~~We will bring on that renewal of greatness that springs from the vitality that lies at the heart of the American spirit.~~

It is the hope which ~~springing~~ springs from the vitality of  
the American spirit -- a hope that <sup>(will)</sup> fulfill the richness of all  
the promise that is ~~within~~ within us.

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

(Khachigian)

October 4, 1982

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.

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

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 9 percent.

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 in January of 1980. Those who were in 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 a high of 21½ percent. Mortgages went as high as 17½ percent, and homebuying came to a drastic halt. These were the highest interest rates in more than 100 years.

-- 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 runaway 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 peacetime 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 between 1976 and 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 were 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 father 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.

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, continued high 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 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 nearly 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

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 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 one-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 or improved use of funds 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. The growth of inflation has been reduced by more than 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 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.

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 make-work 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 more than 17 percent when I came to Washington?

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.

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SUGGESTED INSERT: Los Angeles Fundraising Dinner, May 25, 1982

A few hours ago, I was still in Washington, D.C., where our friends in the opposition are getting very confident about the elections this November. They think they're on their way to a lot of victories by exploiting the economic suffering across our land. They think you and I and our candidates in California and throughout the country are going to take a solid beating.

Well, scoot your seat back and get comfortable, because I'm going to talk politics tonight.

From the first day of our administration, we've done everything possible to cooperate in a bipartisan way to get America back on the track again. In order to clean up this economic mess we were left with, we've bent over backwards to ensure that all voices are heard, that reasonable compromises are made and that we work together to solve our problems.

But over the past few weeks all we've gotten from the political leadership on the other side is the back of their hand. While we are still getting bipartisan assistance from some Members of Congress, it is now clear that the majority of our opponents have hunkered down for a political fight. They've attacked us just about every day -- not just attacking our policies, but going further to engage in mean-minded and strident attacks which question our motives or try to portray us as hateful towards our fellow Americans.

It's all very clear. Those folks aren't looking for a solution; they're looking for an issue.

It's time we Republicans let everybody know that we have fought great political battles before, and we are prepared to fight them again. And this November, we're going to fight this latest battle by doing nothing more than telling the truth. Our mission will be to lay out the facts and be honest with the American people so they can cut through the rank demagoguery and distortions billowing forth from the opposition's blue smoke machine.

If it's debate they want, then I say, let's roll up our sleeves and get to work. Let's put our record up against theirs this fall and let the voters of America do some comparison shopping.

If you were a member of the opposition, what would you plan to be telling the voters? Let's look at their political message this year.

First, they will clearly want to tell us how if we elect them to office, we might be lucky enough to enjoy once again the wonderful days of 13.3 percent inflation -- that's what it was in 1979. Now it wasn't easy, you know, to get it up to 13.3 percent from the 4.8 level left to them by Jerry Ford. Of course, they might ignore the inflation of 1979 and try to convince us instead what a good job they did by lowering the inflation rate to 12.4 percent in 1980.

In fact, for those of you who have forgotten about the good old days of back-to-back double digit inflation, let me remind you that those were the days of "compassion." Surely, there are millions of voters who will recall the compassionate effects of this inflation and reward our opposition with their votes.

If this record of compassionate inflation is still not enough to convince people that our opponents' track record is better, then perhaps they will turn to the creative effect they had on interest rates. After all, back in January, 1977, the Speaker of the House of Representatives and my predecessor had to struggle with a prime interest rate of about 6 percent. In those days, you could get a mortgage on your house for \_\_\_\_percent. But thanks to the great skill and wizardry of our opponents, the American people were soon treated to interest rates of 21½ percent and mortgages at nearly 18 percent.

You're still not convinced? Well in that case, the opposition is going to have to pull out their laundry list of other successes.

They can always boast that from 1977 to 1980, productivity growth dropped two-tenths of a percent each year while our competitors throughout the world zoomed ahead of us.

They can campaign on their record of passing the highest single tax bill in the history of our nation.

They can put before the voters their pride in letting our national defenses fall to the point where we were no longer unquestionably the strongest military power in the world.

They can tell us that thanks to their pushing, prodding and hard work, they managed to double our taxes in five years and relieved the taxpayers of some \$300 billion more of their hard-earned money.

But those high taxes weren't so bad, they might say. After all, how else were they going to keep the rate of growth of federal spending at the 17 percent level we found when we entered office?

I could go on, but I think you get the drift. That, my friends, is the record of the high-living, fast spending, big tax crowd that had total control over our government for four straight years. They did such a good job in those four years that after all the hard work, struggle and agony of our citizens -- the real median family income in the U.S. dropped by some 3½ percent. America went backwards for four years.

If you were running for office, is that the record you would want to brag about? The biggest government in our history. The largest taxes. The highest interest rates since the Civil War. Plunging productivity. A weak dollar. And on top of that, all they gave us in those four years was a multiple choice of economic policies, jumping first up and then down, then sideways . . . and, well, after a while people began to wonder what we stood for and where we were going.

This is the record of our opponents. These were their answers in the past. These are their answers today. And no matter what they tell you, these are going to be their same old tired answers come next November.

These are the failed, outdated, unworkable prescriptions that we have heard time and again in the past. The liberals think that the only way to prosperity is to punish people with inflation. They think the only answer to growth is bigger and bigger government. They think that the only good dollar is the one they take out of your pocket.

Well, it's time we make clear to the people what their choices are going to be this election year. Whether in California, Kansas

or Connecticut, we Republicans have to make clear we have nothing to be afraid of.

Let's not forget what our crusade was all about. When we campaigned across the United States two years ago, people did not demand us to raise their taxes. They did not ask us for more inflation and bigger government.

What I found was a nation yearning to grow again. People had seen how the sincere, but misguided policies of the past had threatened to consume their lives. Their own government was soaking up their wages, eating up their savings and driving them to despair because no one could cope with the highest sustained inflation in 60 years and the highest interest rates in more than a century.

Our people were searching for leadership which would help them unleash their creativity and allow them to produce and to build. They were looking for hope and opportunity -- a promise that they could look to the next generation and be confident they were leaving something of value to their children. They wanted to believe in themselves again -- and not have to simply rely on a distant, cold government which smothered our citizens with its commands.

We were elected to do something different -- to rescue America from these misdirected efforts. That is the challenge we faced when we entered office. That is our challenge today. But I must caution you that we are still fighting the entrenched forces in Washington who think the medicine to cure the disease is the same

old overdose that caused the patient to collapse.

The interesting thing to watch, however, is the way in which our detractors have shifted their tactics. They know that they couldn't convince the voters in 1980 to let them try their policies again. So this year, their goal is to gain political victories by being negative. It's a familiar and whiny refrain that we've heard time and time again. They think that they will regain office by riding the wave of misery caused by the recession we are now suffering.

But here's the new twist. They say that the recession was caused by our economic recovery program. And if you'll believe that, then I've got some slick waterfront acreage I want to show you in the Mojave Desert.

Let's be blunt about this. We know whose policies caused this recession. And if our opponents were honest about it, they'd admit they know, too. In 1978, 1979 and 1980 the very same people who are criticizing us today began setting off economic time bombs with their shopworn policies of big deficits and planned inflation.

With their exorbitant taxes, massive government programs, and high interest rates, they prepared the way for the recession that is unleashed upon us today. Their time bombs began exploding one right after the other within six months after our coming to Washington.

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. That's the legacy of

the previous four years.

Just take a look at the true record. The recession officially began in July of last year. Now, let's refresh our memories. In July, 1981 our opponents were still fighting tooth and nail against our program. They tried to beat us back at every turn -- on the budget and on our incentive-creating tax cuts. When this recession started up, our economic recovery program was still in the Congress where the opposition was doing everything possible to defeat it.

In fact, even when our program finally passed, not a single element of it was scheduled to take effect until three months after the recession had already begun. The truth is that not only did the other side start this recession, but they have repeatedly worked to water down the policies that will end it.

They're trying to hold us responsible for what happened in the first 25 weeks of our administration. But it's strange -- isn't it -- that they won't take responsibility for what happened in the last 25 years, when they controlled the Congress of the United States at will.

If you don't mind my saying -- whenever I hear those poor excuses and watch their frantic finger-pointing, all I can think of saying is: "There they go again."

Now you can see why I have found a word which best describes the kind of wailing we hear coming out of the opposition these days. Theirs is the purest form of demagoguery. I heard one person suggest the other day that the last great untapped source of revenue in America is demagoguery. Now there's a thought -- if we could only put a tax on demagoguery, I can guarantee you we'll wipe out the

entire national debt in no time.

My friends, now you know the dimensions of the battle. You know that the great victories we won in 1980 are under threat because our opponents are willing to say anything and obstruct anything to gain their political advantage.

We need your help again. We can't let down those citizens all over America who sent us to office to make a difference. The job is bigger than ever before, and the alternatives are grim. If we do not beat back this threat, we will be faced once again with a long dark night of economic chaos. We will be confronted with the professional money-spenders who believe that the way to end your misery is to raise your taxes. They believe the way to lighten your life is to let the government have a bigger share of it.

Let's come into this election campaign confident of our cause. After all -- which platform would you prefer to run on -- more regulations, higher spending, bigger government and increased taxes? Or would you rather be on our side to create new jobs and to build an innovative and prosperous society where people's hard work is rewarded and their life is not a constant battle against inflated prices?

I've got some advice for our friends on the other side. If they would only put their shoulders to the wheel instead of their mouths to the microphone, we would have our economic problems cleared up in no time at all.

Tonight, I stand exactly where I want to be -- side by side with the strongest and most committed political workers I have known.

Believe me, it's good to be back in California where we started this prairie fire many years ago.

Let's do it again. Let's lift up the country as we have done so in the past -- never giving up in the effort to build the dignity of all men and women in an environment of the greatest personal freedoms. Everything lies before us, waiting for us to act.

Let's get to work.