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WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/19/84 ACTION/CONCURRENCE/COMMENT DUE BY: 11:00 A.M. 1/20/84

SUBJECT: STATE OF THE UNION ADDRESS (1/19 - 2:00 p.m. draft)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	McFARLANE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	McMANUS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER →	<input type="checkbox"/>	<input checked="" type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input type="checkbox"/>	<input type="checkbox"/>	VERSTANDIG	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WHITTLESEY	<input type="checkbox"/>	<input type="checkbox"/>
HERRINGTON	<input type="checkbox"/>	<input type="checkbox"/>	KIMMITT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HICKEY	<input type="checkbox"/>	<input type="checkbox"/>	ELLIOTT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
JENKINS	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
			SPENCER	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
			WIRTHLIN	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS:
 Please provide comments by 11:00 a.m. tomorrow, January 20. Thank you.

RESPONSE:

Richard G. Darman
 Assistant to the President
 Ext. 2702

(Elliott/RR)
January 19, 1984
2:00 p.m.

PRESIDENTIAL ADDRESS: STATE OF THE UNION
WEDNESDAY, JANUARY 25, 1984

Mr. Speaker, Mr. President, distinguished Members of the Congress, honored guests, fellow citizens. Once again, in keeping with time-honored tradition, I have come to report to you on the state of the union. I am pleased to report that America is much improved, and there is good reason to believe that improvement will continue through the days to come.

You and I have had some honest and open disputes in the year past. But they didn't keep us from joining hands in bipartisan cooperation to stop a long decline that had drained this Nation's spirit and eroded its wealth. There is renewed energy and optimism throughout the land. America is back--standing tall, looking to the eighties with courage, confidence, and hope.

The problems we are overcoming are not the heritage of one person, party, or even one generation. It is the tendency of government to grow, for practices and programs to become the nearest thing to eternal life we'll see on this Earth. There is always that well-intentioned chorus of voices saying, "with a little more power and money, we could do so much for the people." For a time we forgot the American dream isn't one of making government bigger; it's keeping faith with the mighty spirit of free people under God.

As we came to the decade of the eighties, we faced the worst crisis in our post-war history. The seventies were years of rising problems and falling confidence. There was a feeling Government had grown beyond the consent of the governed. Families felt helpless in the face of mounting inflation and the indignity of taxes that reduced

reward for hard work, thrift, and risk-taking. All this was overlaid by an ever-growing web of rules and regulations.

On the international scene, we had an uncomfortable feeling that we had lost the respect of friend and foe; that our allies questioned whether we had the will to defend peace and freedom.

But America is too great for small dreams. There was a hunger in the land for a spiritual revival; if you will, a crusade for renewal. The American people said: Let us look to the future with confidence, both at home and abroad. Let us give freedom a chance.

Americans were ready to make a new beginning and together we have done it. We are confronting our problems one by one. Hope is alive tonight for millions of young families and senior citizens set free from crushing inflation and unfair tax increases. Inflation has been beaten down from 12.4 to 3.2 percent, and that is a great victory for all the people. Interest rates have been cut almost in half, and we must work together to bring them down even more.

Together, we passed the first across-the-board tax reduction for everyone since the Kennedy tax cuts. Next year, tax rates will be indexed so inflation can't push people into higher brackets when they get cost-of-living raises. Government must never again use inflation to profit at the people's expense.

The tax cuts and a three-fourths reduction in inflation give a median-income family of four \$3,300 more in purchasing power than it would have if tax and inflation rates were still at 1980 levels. Real after-tax income increased 5 percent last year. Tonight, we can report and be proud of the best recovery since the 1960's. Send away the handwringers and doubting Thomases. Hope is reborn for couples dreaming of owning homes and for risktakers with vision to create tomorrow's opportunities.

The spirit of enterprise is sparked by the sunrise industries of high tech, and by small business people with big ideas--people like Barbara Procter, who rose from a ghetto shack to build a multi-million-dollar advertising agency in Chicago; and Carlos Perez, a Cuban refugee, who turned \$27 and a dream into a successful importing business in Coral Gables, Florida.

People like these are heroes for the eighties. They helped 4 million people find jobs in 1983. More people are drawing paychecks tonight than ever before. And progress helps everyone. Women are filling 73 percent of all new jobs in managerial, professional, and technical fields.

But we know many of our fellow countrymen are still out of work, wondering what will come of their hopes and dreams. Can we love America and not reach out to tell them, you are not forgotten; we will not rest until each of you can reach as high as your God-given talents will take you.

The heart of America is strong, good, and true. The cynics were wrong--America never was a sick society. And now we're seeing rededication to bedrock values of faith, family, work, neighborhood, peace, and freedom--values that make us caring people. We are pulling together, regaining confidence in ourselves and our future.

This chamber deserves America's thanks for helping us restore pride and credibility to our military. I hope you are as proud as I am of the young men and women in uniform who have volunteered to man the ramparts in defense of freedom and whose dedication, valor, and skill increases so much our chance of living in a world at peace.

People everywhere hunger for peace and a better life. I believe the tide of the future is a freedom tide, and our struggle for democracy cannot and will not be denied. This Nation champions peace

that enshrines liberty, democratic rights, and dignity for every individual.

America's new strength, confidence, and purpose are carrying hope and opportunity far from our shores. A world economic recovery is underway. It began here.

We have journeyed far. But we have much farther to go. Franklin Roosevelt told us 50 years ago this month: "Civilization can not go back. Civilization must not stand still. We have undertaken new methods. It is our task to perfect, to improve, to alter when necessary, but in all cases to go forward."

Once again, it is time to move forward, time for America to take freedom's next step. The Nation that led the world from candlelight to satellites is ready to develop new frontiers for progress and peace.

Let us unite tonight behind four great goals to keep America free, secure, and at peace in the eighties. Together:

- We can ensure steady economic growth.
- We can develop America's next frontier.
- We can strengthen our traditional values.
- And we can build a meaningful peace--to protect our loved ones and this shining star of faith that has guided millions from tyranny to the safe harbor of freedom, progress, and hope.

Doing those things will open wider the gates of opportunity and provide greater security for all, with no barriers of bigotry or discrimination. The key to a dynamic decade is vigorous economic growth, our first great goal. And the first step might well be common sense in Federal budgeting: Government spending no more than Government takes in.

We must bring Federal deficits down, but how we do that makes all the difference. We can begin by limiting the size and scope of Government. Under the leadership of Vice President Bush, we have reduced the growth of Federal regulations by more than a third, and eliminated well over 300 million hours of government-required paperwork each year. This will save the public more than \$150 billion over the next 10 years.

The Grace Commission has given us some 2,500 recommendations for reducing wasteful spending. They are being examined throughout the Administration. Federal spending growth has been cut from 17.4 percent in 1980 to less than half that today. We have already achieved \$288 billion in budget savings for the period 1982-86. But that is only half what we sought. Government is still spending too large a percentage of the total economy.

Some insist any further budget savings must be obtained by reducing the portion spent on defense. Well, this ignores the fact that national defense is solely the responsibility of the Federal Government. It is its prime responsibility; yet defense spending is less than a third of the total budget. During the years of President Kennedy and before, defense was almost half the total budget. Then came several years in which our military capability was allowed to deteriorate to a very dangerous degree. We are just now restoring that capability to a level commensurate with our security needs. We dare not shirk our responsibility to keep America free, secure, and at peace.

The last decade saw domestic spending surge literally out of control. But the basis for such spending had been laid in previous years. A deliberate plan of deficit spending has been in place for half a century. As the national debt grew, we were told not to worry,

we owed it to ourselves. Now we know deficits are a cause for worry even though there were times in previous years when they were a higher percentage of gross national product.

There is a difference of opinion as to whether taxes should be increased, spending cut, or some of both. Fear is expressed that Government borrowing to fund the deficit could inhibit the economic recovery by taking capital needed for business and industrial expansion. I think that debate is missing the point. Whether Government borrows or increases taxes, Government will be taking the same amount of money from the private sector, and either way it's too much. Fairness is not raising taxes on working men and women; fairness is making Government live within its means. The root of the problem is that Government's share is more than we can afford if we are to have a sound economy.

We must bring down the deficits to ensure continued economic growth. In the budget I will submit on February 2, I will recommend reduction measures totalling almost \$230 billion over the next 5 years. Much of this will be unfinished business from last year's budget. But to break out of the pattern, we must do more. So, in addition, I propose that we should begin exploring how together we can make structural reforms to curb the built-in growth of spending.

I also propose improvements in the budgeting process. Some 43 of our 50 States grant their Governors the right to veto individual items in appropriation bills without having to veto the entire bill. California is one of those 43 States. As Governor, I found this "line-item veto" was a powerful tool against wasteful or extravagant spending. It works in 43 States--let's put it to work in Washington, D.C. for all the people.

It would be most effective if it were done by constitutional amendment. The majority of our citizens approve of such an amendment, just as they approve of an amendment mandating a balanced Federal budget. Many States have this protection in their constitutions.

To talk of meeting the present situation by increasing taxes is a band-aid solution which does nothing to cure an illness that has been coming on for half a century--to say nothing of the fact that it poses a real threat to economic recovery. Let's remember that an amount of income tax presently owed and not paid would, if we could collect it, cut the present deficit in half. I'm not talking about tax shelters or deductions. I'm talking about downright cheating by some of our fellow citizens. It would be immoral to make those who are paying taxes pay more to compensate for those who aren't paying their share.

There is a better way: Let us go forward with an historic reform for fairness, simplicity and growth. I am asking Secretary Don Regan for a plan with recommendations for action to simplify the entire tax code, so all taxpayers, big and small, are on equal footing. I believe such a plan could result in that "underground economy" being brought into the sunlight of honest tax compliance; and it could make the tax base broader so personal rates could come down, not go up. I have asked that specific recommendations for tax simplification, consistent with these objectives, be presented to me by December 1984.

Our second great goal is to build on America's pioneer spirit and develop our next frontier. A sparkling economy spurs initiative and ingenuity to create sunrise industries and make older ones more competitive.

Nowhere is this more true than our next frontier, space; nowhere do we so effectively demonstrate our technological leadership and ability to make life better on Earth. The Space Age is barely a

quarter of a century old, but already we've pushed civilization forward with our advances in science and technology. Opportunities and jobs will multiply as we cross new thresholds of knowledge and reach deeper into the unknown.

Our progress in space--taking giant steps for all mankind--is a tribute to American teamwork and excellence. Our finest minds in Government, industry, and academia have all pulled together, and we can be proud to say: We are first, we are the best, and we are so because we are free.

America has always been greatest when we dared to be great. We can reach for greatness again. We can follow our dreams to distant stars, living and working in space for peaceful, economic, and scientific gain. Tonight, I am directing NASA to develop a permanently manned space station, and to do it within a decade.

A space station will permit quantum leaps in our research in science, communications, and in metals and life-saving medicines which can be manufactured only in space. We will widen our technological edge. And as we showed in the Skylab mission when we shared cargo holds with our friends in the European Space Agency, we can strengthen peace, build prosperity, and expand freedom for all who share our goals.

Just as the oceans opened up a new world for Clipper ships and Yankee Traders, space holds enormous potential for commerce today. The market for space transportation could surpass our capacity to develop it. Companies interested in putting payloads into space must have ready access to private sector launch services. To ease regulatory constraints and promote private sector investment in space, we will soon implement a number of executive initiatives and submit proposals to the Congress.

And as we develop the frontier of space, let us remember our responsibility to preserve our older resources here on Earth. Preservation of our environment is not a liberal or conservative challenge, it's common sense. A strong economy won't be worth much if our air is too foul to breathe, our water too polluted to drink, and our surroundings too dirty to live in.

Though this is a time of budget restraints, I have requested for EPA the largest percentage budget increase of any domestic agency. We have room for some important initiatives. We will begin the long but necessary effort of cleaning up a productive and recreational area of unparalleled beauty--the Chesapeake Bay.

We are moving aggressively to reduce the threat posed by abandoned hazardous waste dumps. I have authorized EPA to commit another \$460 million to this effort during 1984. We're also stepping up legal actions against careless storing of hazardous wastes. And while we still do not have a clear answer to the problem of acid rain, I want to move forward on a 6-point program to help restore our lakes, increase our research and manage our actions in an affordable, responsible way.

Our efforts to improve conditions of our national parks are almost complete. Our parks are in better shape and, beginning in 1985, we'll ask the Congress for \$150 million to acquire new parklands.

But our most precious resources, our greatest hope for the future, are the minds and hearts of our people, especially our children. We can help them build tomorrow by strengthening our community of shared values. This must be our third great goal. For us, faith, family, work, neighborhood, freedom and peace are not just

words. They are expressions of what America means, definitions of what makes us good and loving people.

Families stand at the center of our society. And every family has a personal stake in promoting excellence in education. Excellence does not begin in Washington. A 600 percent increase in Federal spending on education between 1960 and 1980 was accompanied by a steady decline in SAT scores. Excellence must begin in our homes and neighborhood schools, where it's the responsibility of every parent and teacher and the right of every child.

Our children come first. That's why I appointed a bipartisan National Commission on Excellence in Education, to help us chart a common sense course for better education. Already, communities are implementing the Commission's recommendations, and schools are reporting progress in math and reading skills. But we must do more to restore discipline to schools; and we must encourage teaching the new basics, reward teachers of merit, enforce tougher standards, and put our parents back in charge.

I will continue to press for tuition tax credits to expand opportunities for families, and to soften the double payment for those paying public school taxes and private school tuition. Our proposal would target assistance to low- and middle-income families. And just as more incentives are needed within our schools, greater competition is needed among our schools. Without standards and competition there can be no champions, no records broken, no excellence--in education or any other walk of life.

And while I'm on this subject--each morning, your Members observe a 200-year-old tradition meant to signify America is one Nation under God. I must ask: If you can begin your day with a member of the clergy standing right there [point to spot] to lead you in prayer,

then why can't your freedom to acknowledge God be enjoyed again by children in every schoolroom across this land?

America was founded by people who believed that God was their rock of safety. He is ours. I recognize we must be cautious in claiming that God is on our side. But I think it's alright to keep asking if we are on His side.

During our first 3 years, we have joined bipartisan efforts to restore protection of the law to unborn children. I know this issue is very controversial. But unless and until it can be proven that an unborn child is not a living human being, can we justify assuming without proof that it isn't? No one has yet offered such proof. Indeed, all the evidence is to the contrary. If we could rise above bitterness and reproach, if Americans could come together in a spirit of understanding and helping, then we could find positive solutions to the tragedy of abortion.

Economic recovery, better education, rededication to values all show the spirit of renewal gaining the upper hand. And all will improve family life in the eighties. But families need more. They need assurance that they and their loved ones can walk the streets of America without being afraid. Our efforts to crack down on career criminals, organized crime, drug pushers who poison the minds and bodies of our children, and to enforce tougher sentences and paroles are beginning to have effect. In 1982, serious crime dropped by 4.1 percent, the first such decline since 1977.

Opportunities for all Americans will increase if we move forward to ensure women's rights, facilitate child care, promote spousal IRA's, and enforce delinquent parent support payments and pension benefits.

Finally, I ask your help in assisting more communities to break the bondage of dependency and become self-supporting. Help us free enterprise by permitting debate and voting "yes" on our proposal for enterprise zones in America. This has been before you for 2 years. It can help restore neighborhoods and create jobs in areas where unemployment is still too high. It is not just the home but the workplace and community that sustain our values and shape our future.

A society bursting with opportunities, reaching for its future with confidence, sustained by faith, fair play, and a conviction that good and courageous people will flourish when they are free--these are the secrets of a strong and prosperous America, at peace with itself and the world.

A lasting and meaningful peace is our fourth great goal. It is our highest aspiration. And our record is clear: Americans resort to force only when we must. We have never been aggressors. We have always struggled to defend freedom and democracy.

We have no territorial ambitions. We occupy no countries. We build no walls to lock people in. Americans build the future. And our vision of a better life for farmers, merchants, and working people, from the Americas to Asia, begins with a simple premise: The future is best decided by ballots, not bullets.

Governments which rest upon the consent of the governed do not wage war on their neighbors. Only when people are given a personal stake in deciding their own destiny and benefitting from their own risks do they create societies that are prosperous, progressive, and free. Tonight, it is democracies who offer hope by feeding the hungry, prolonging life, and eliminating drudgery.

When it comes to keeping America strong, keeping America free, and keeping the peace, there should be no Republicans or Democrats,

just patriotic Americans. We can decide the tough issues not by who is right, but by what is right.

Together, we can continue to advance our agenda for peace. We can:

- Establish a more stable basis for peaceful relations with the Soviet Union;
- Strengthen allied relationships across our common interests;
- Achieve real reductions in the levels of nuclear arms;
- Reinforce our peacemaking efforts in the Middle East, Central America, and South Africa;
- Assist developing countries, particularly our neighbors in the Western Hemisphere; and
- Assist in the development of democratic institutions throughout the world.

The wisdom of our bipartisan cooperation was seen in the work of the Scowcroft Commission, which strengthened our ability to protect peace.

Your joint resolution on the multinational peacekeeping force in Lebanon is also serving the cause of peace. We are making progress in Lebanon. For nearly 10 years, the Lebanese have lived from tragedy to tragedy, with no hope for their future. Now, the Multinational Peacekeeping Force and our Marines are helping Lebanon break that cycle of despair. There is hope for a free, independent, and sovereign Lebanon. We must have courage to give peace a chance.

I urge you to move forward with the Jackson Plan to implement the recommendations of the Bipartisan Commission on Central America.

A rebirth of bipartisan cooperation, restoration of economic growth and military deterrence, and a growing spirit of unity among our people at home and our allies abroad underline a fundamental and

far-reaching change: The United States is safer, stronger, and more secure in 1984 than before. We can move with confidence to seize the opportunities for peace--and we will.

Tonight, I want to speak directly to the people of the Soviet Union: I hope my words will not be censored, because while it's true our governments have had serious differences, our sons have never fought each other in war. If we Americans have our way, they never will.

There is only one sane policy, for your country and mine, to preserve our civilization in this modern age: A nuclear war cannot be won and must never be fought. The only value in our two nations possessing nuclear weapons is to make sure they will never be used. But then would it not be better to do away with them entirely?

President Dwight Eisenhower, who fought by your side in World War II, said, "The essential struggle is not merely man against man, or nation against nation. It is man against war."

Americans are people of peace. We want you to know that if your government wants peace, there will be peace. We can come together in faith and friendship to build a safer world, a far better world, for your children and ours, and our children's children. And the whole world will rejoice.

Some days when life seems hard, and we reach for values to sustain us, or a friend to help us, we find a person who reminds us what it means to be Americans.

Sergeant Stephen Trujillo, a medic in the 2nd Ranger Battalion, 75th infantry, was in the first helicopter to land at the military compound held by Cuban forces on Grenada. He saw three other helicopters crash. Despite the imminent explosion of the burning aircraft, he never hesitated. He ran across 25 yards of open terrain

through enemy fire to rescue wounded soldiers. He directed two other medics, administered first aid, and returned again and again to the crash site to carry his wounded friends to safety.

Sergeant Trujillo, your bravery and that of your fellow servicemen and women saved innocent lives and set a nation free. You inspire us as a force for freedom, not tyranny; for democracy, not despotism; and yes, for peace, not conquest.

And then there are unsung heroes: single parents, couples, church and civic volunteers, whose hearts carry without complaint the pains of family and community. They soothe our sorrows, heal our wounds, calm our fears, and share our joy.

A person like Father Ritter is always there. His "Under 21" home in New York City provides shelter and help to thousands of abused children each year. The same is true of Dr. Charles Carson. Paralyzed in a plane crash, he still believed nothing is impossible. Today he works 80 hours a week without pay, pioneering the field of computer controlled walking. He has given hope to 500,000 paralyzed Americans that someday they may walk again.

How can we not believe in the goodness and greatness of America? How can we not do what is right and needed to preserve this last, best hope of man on Earth?

After all our struggles to restore confidence in America by reducing inflation, bringing down interest rates, and making the dollar worth something again; after reviving worker productivity and our industrial and military strength; after winning the fight to lower taxes and finally restoring real hope for the future; after all these hard-won victories earned through the patience and courage of every citizen--we cannot, must not and will not turn back, we will finish our job. How could we do less; we are Americans.

Carl Sandburg wrote, "I see America, not in the setting sun of a black night of despair. I see America in the crimson light of a rising sun fresh from the burning, creative hand of God. I see great days ahead for men and women of vision."

I've never felt more strongly that America's best days, and democracy's best days, lie ahead. We're just beginning, and we are a powerful force for good. We have it within us to perform great deeds, to take freedom's next step--and we will. We will carry on the traditions of a proud and worthy people who have brought light where there was darkness, heat where there was only cold, medicines where there was sickness, food where there was hunger, wealth where humanity was living in squalor, and peace where there was only death and bloodshed.

Let us be sure that those who come after will say of us that, in our time, we did everything that could be done: We kept them free, we fought the good fight, we kept the faith.

Thank you very much, God bless you, and may God bless America.

THE WHITE HOUSE

WASHINGTON

December 29, 1983

NOTE FOR THE PRESIDENT

MR. PRESIDENT:

Attached is Ben Elliott's first draft of the State of the Union.

Although based upon an outline that you and senior staff reviewed, the draft itself has not yet been reviewed or edited by senior staff. The foreign policy section has not been considered by NSC or State. The economic section has been drafted without the benefit of decisions on taxes and tactics that you must make when you return.

Recommendation

Given the early state of this draft, I recommend that you review it for purposes of providing general guidance upon your return -- but that you not yet get down to the business of detailed editing (unless you are anxious to do so now). There are still four weeks in which to get you a more refined draft to work on.

Dick

Richard G. Darman

cc: Michael K. Deaver

(Elliott)
December 29, 1983
8:00 a.m.

PRESIDENTIAL ADDRESS: STATE OF THE UNION
WEDNESDAY, JANUARY 25, 1984

*we have another
Address.*

Mr. Speaker, Mr. President, distinguished Members of the Congress, honored guests, fellow citizens. I come tonight bearing good news on the state of our union: America is much better and will continue to improve.

who?

Together, we have stopped a long decline that was draining wealth and spirit from this great Nation. You and I have had honest and open disputes. But we have also joined hands in bipartisan cooperation for our people. And tonight, energy, optimism, and progress are surging through this land we love. America is back on her feet; we are standing tall; and we are looking to the eighties with courage, confidence, and hope.

Our problems were not caused by one person or political party, but by many people in both parties, all trying to do good. Spawned by the Great Depression of the thirties, Government, with the best of intentions, began doing more and more. Voices were raised saying, "If only we had a little more money, a little more power, how much we could do for the people."

We forgot Government's claim on our earnings had to grow, because Government cannot give without first taking away. We forgot the American dream isn't to make Government bigger; it's to keep faith with the mighty power of free people under God.

By 1980, years of Government medicine had left the worst mess in post-war history. Families felt defenseless against the terror of runaway living costs, and the indignity of taxes that punished hard work, thrift, and risktaking. We saw red tape smothering

enterprise; welfare policies discouraging work and family unity; crime and drugs undermining neighborhoods; and schools graduating students unable to read or write.

Overseas, the United States was losing respect of friend and foe. Enemies of democracy were on the march from Afghanistan to the Caribbean, and allies questioned our will to defend peace and freedom.

But we knew America is too great for small dreams. We knew the people would unite in a crusade for national renewal. We said, let us put the bitter legacy of the past behind us; let us look to the future with confidence, both at home and abroad; let us end our bondage and give freedom a chance.

We asked Americans to make a new beginning -- and America has done it. The 1970's were years of mounting problems. In the 1980's, we are solving our problems one by one. Hope is alive tonight for millions of young families and senior citizens set free from the scourge of crushing inflation and unfair tax increases. Inflation has been beaten down from 12.4 percent to 3.2 -- and that is a great victory for the people. Interest rates have been cut almost in half and, if we work together, we can and will bring down those rates even more.

We passed the first decent tax reduction for everyone since the Kennedy tax cuts in the 1960's. Next year, tax rates will be indexed so inflation won't push people into higher brackets when they get cost-of-living raises. Please join me tonight in a pledge to our citizens: Never again will the United States Government use inflation to profit at the people's expense.

We must not lose the gains we've made. Our tax cuts and a two-thirds reduction in inflation give a working family earning \$25,000, \$1,100 more to spend or save than 3 years ago. A \$15,000 family has \$750 more.

Last year, I reported America was on the mend. Tonight, an American industrial renaissance is being powered by the best economic recovery since the sixties. Send away the handwringers and doubting Thomases and bring on the capitalists and entrepreneurs. Hope is reborn for couples dreaming of owning homes to risktakers with vision to create products and opportunities for tomorrow.

The spirit of enterprise is sparked by brave people like Susan Vossler of Valencia, California, who, with no money and no experience, created a Christmas jar business that employs up to 20 senior citizens, minorities, and students; John Shepard, a black businessman, built a custodial service in Chicago into a successful diversified corporation; and Carlos Perez, a Cuban refugee, turned \$27 and a dream into an importing business in Coral Gables, Florida.

People like these are heroes for the eighties. From housing, to construction, to high technology, they created a record 3.6 million jobs last year -- a record. More people are drawing paychecks tonight than ever before, and progress is across-the-board. Women, for example, are filling more than half of all new jobs in managerial, professional, and technical fields.

But we know many of our fellow countrymen are still out of work or down on their luck. They wonder what will come of their hopes and dreams. Can we love America and not reach out to them with comfort and support? The heart of America is good, her heart is warm and true. Tonight, let our shared concern be a communion of

hearts that rings this country with the strongest commitment we can muster: Friends, you are not alone; you are not forgotten; we will not rest until each of you can reach as high as your God-given talents will take you.

Oh, yes, America has made a new beginning. We're seeing rededication to bedrock values of faith, family, work, neighborhood, and freedom -- values that make us caring people, and help us lead good and worthy lives. America never was a sick society. We are putting the era of guilt, defeatism, and malaise behind us for good. As we do, we're welcoming some changes the pessimists didn't predict: Divorce, crime, and drug addiction are beginning to fall, and we're regaining confidence in ourselves, our country, and our future.

Every responsible member of this body deserves America's thanks for helping us restore pride and credibility to our military forces. And what pride we feel in our hearts for the brave men and women risking their lives, so we may live in peace. May I say to them tonight: Through your valor, honor, and patriotism, you prove how easy it is to love America.

I think our spirit is spreading. People everywhere thirst for peace and a better life. A new mood is gathering strength tonight. The tide of the future is a freedom tide, and our struggle for democracy cannot and will not be denied.

Citizens from Grenada to Beirut to the streets of Seoul understand this Nation champions peace that enshrines liberty, democratic rights, and dignity for the individual. The United States is respected again. My fellow citizens, our economy is

strong, our national security is enhanced, and our democratic institutions are safe, sound, and working -- America is back.

America's new strength, confidence, and purpose are carrying hope and opportunity to people far from our shores. A world economic recovery is underway, and it began here. It began when this Congress heeded a grassroots cry to put earnings back in the hands of the people, to put trust back in the hands of the people, to put America back in the hands of the people.

Together, we have journeyed far. But we have much farther to go. We can be better by doing better. Franklin Roosevelt told us 50 years ago this month: "Civilization can not go back. Civilization must not stand still. We have undertaken new methods. It is our task to perfect, to improve, to alter when necessary, but in all cases to go forward."

The future beckons. It is time to move forward. It is time for America to take freedom's next step. And America is ready. The Nation that led the world from candlelight to satellites is ready to develop new frontiers for progress and peace in medicine, energy development, food production, technology, and the exploration of space.

Let us unite tonight behind four great goals to keep America free, secure, and at peace in the eighties. Together, we must ensure steady economic growth; we must develop America's next frontier while preserving Earth's older resources; we must strengthen our traditional values; and we must build a meaningful peace to protect our loved ones and this civilization -- a shining star of faith that has guided millions from stormy seas of tyranny to the safe harbor of freedom, progress, and hope.

We said if we pulled together we could get America moving again, and we have. Taking freedom's next step means opening wider the gates of opportunity and providing greater security for all, with no barriers of bigotry or discrimination. Our path for a dynamic decade must be vigorous economic growth, and step one is insisting on common sense in Federal budgeting.

May I say, responsible budgeting does not begin with routing an ever greater share of people's earnings to Washington, D.C. Responsible budgeting begins with Government spending no more than Government takes in. This Republic was created of, by, and for the people. People should have the freedom to keep their money and spend it the way they want to, not have the Government take their money and spend it the way it wants to.

We've made progress shrinking the size, scope, and power of Government. Federal spending growth has been cut from 17.4 percent in 1980 to less than half that today. And under the able leadership of Vice President Bush, we have reduced the growth of Federal regulations by one-third.

Yet we face large deficits because Government is still spending too large a percentage of the gross national product. Some would have us slash defense spending. Well, defense as a share of the Federal budget is 40 percent less than it was under President Kennedy. We will be prudent. But we live in a troubled world, and you and I have no higher responsibility than to keep America secure, free, and at peace.

High taxing and borrowing isn't the answer. They pile burdens on the people, hurt spending, and ruin incentives for growth. Incentives rescued our economy, created a recovery, and now they're

producing more revenues. They must not be eroded. Even after our tax cuts, earnings are being taxed at record peacetime levels. Families struggling to pay bills understand this. Our budget deficit didn't come about because we're not taxing enough. We've got that deficit because we spend too much.

There is a solution: Government spending must be reduced to a level where it neither causes a deficit nor interferes with the ability of the economy to grow. This must be done so inflation is never again a nightmare for the working and retired people of this country. 1984 may be an election year, but it's no time for business as usual. Let us not permit our progress to be dashed on the rocks of partisanship and runaway spending. I am requesting you accelerate your normal schedule and take the following actions [by April 15]:

First, give the American people the budget savings we asked for last year. Non-defense spending for the 1984 fiscal year is at least \$55 billion higher than we proposed. That's equivalent to an increase of \$560 in the cost of Government on each taxpayer. Spending more is not a blessing, it is a burden.

Second, pass a joint resolution supporting our 2-year budget plan. We will request funds for defense and international commitments that U.S. security requires. And we will propose reductions in entitlement programs and other domestic spending that fiscal discipline demands.

Third, grant my request for additional authority to stop special interest raids on the public purse. I am prepared to take the heat and block wasteful spending. But I need the tools to do

the job. A President must either sign or veto each bill, even if wasteful items would be rejected if submitted separately.

I will submit a constitutional amendment granting the President the same authority now exercised by 43 of our 50 Governors -- authority to veto individual items in appropriations bills. As Governor of California, I used the line-item veto as a powerful tool against wasteful Government spending. It works in State Government. Let's put it to work in Washington, D.C.

Fourth, heed the voice of the people and support a constitutional amendment mandating balanced Federal budgets. I encourage our citizens to keep working for this at the grassroots. If you want to make it happen, it will happen.

A constitutional amendment is not a cure-all. It wouldn't go into effect right away. But it would require our two branches of Government to sit down and agree on a plan for spending restraint -- and we owe this to the people.

[Finally, I ask you to join me in saying NO to tax increases. Rather than go backward and risk sabotaging the economy, let us go forward with an historic reform for fairness, simplicity, and growth. It is time to simplify the entire tax code so everyone is on equal footing. I knew we were in trouble when Albert Einstein wrote the IRS for help on his 1040.

Tonight, I am directing Treasury Secretary Regan to begin the job, guided by these principles: The tax system must be made much simpler; the tax system must be made more fair; taxes should be made easier to pay and collect; taxes should be reformed so honest people do not pay for cheaters and the \$200 billion underground economy stops growing; and everyone's tax rates should be reduced to spark

more savings, investment, and incentives for work and economic growth. This is the best blueprint for a brighter future and declining deficits.]

A sparkling economy spurs initiative and ingenuity to develop sunrise industries and make older ones more competitive. We are taking our first steps into a golden era of discovery that offers treasures for all mankind.

Nowhere is this more true than our newest frontier, space. No activity so effectively demonstrates our technological leadership and our ability to make life better on Earth. The Space Age is barely a quarter of a century old, but already we've pushed civilization forward with our advances in science and technology. Opportunities and jobs will multiply as we cross new thresholds of knowledge and reach deeper into the unknown.

When John Kennedy challenged America to go to the Moon, he said it will not be one person going, but an entire Nation putting him there. Our progress up to and including the Space Shuttle is a tribute to American teamwork and excellence. Our finest minds in Government, industry, and academia have all pulled together, and we can be proud to say: We are first, we are the best, and we are so because we are free.

America has always been greatest when we dared to be great. We can reach for greatness again. We can follow our dreams to the farthest stars and beyond. It is my goal that Americans can live and work in space for peaceful, economic, and scientific gain. Tonight, I am directing NASA to develop a manned space station, and to do it within a decade. And having met Sally Ride, I wouldn't bet on it being men only.

A space station will permit quantum leaps in our research in astrophysics, solar system exploration, Earth science, life science, materials processing, and communications. We can widen our technological edge. And as we showed when we opened our cargo holds to our friends in the European Space Agency, our mission will strengthen peace, build prosperity, and expand freedom for all who share our goals.

I am also directing Transportation Secretary Elizabeth Dole to promote increased private sector investment. We must begin developing the awesome potential of this new marketplace.

And we will respond to the challenges of a changing national security environment in space. Space will continue to be used to satisfy the security needs of America and her allies.

As we develop the frontier of space, let us remember our responsibility to preserve our older resources here on Earth. Preservation of our environment is not a liberal or conservative challenge, it's common sense. A strong economy won't be worth much if our air is too foul to breathe, our water too polluted to drink, and our surroundings too dirty to live in.

We are moving aggressively to reduce the threat posed by abandoned hazardous waste dumps. EPA increased its speed for identifying clean-up sites, and it contained leakage and other problems at 60 sites around the country last year.

But we need to do more. I have authorized EPA to commit another \$460 million to this effort during 1984. Bill Ruckelshaus will propose extending the Superfund law to correct its deficiencies. We're also stepping up legal actions against careless storing of hazardous wastes.

We will work with you to extend nine key environmental protection laws, including the Clean Water Act and Toxic Substance Control Act. I can also report that our effort to repair the deplorable conditions of our national parks is almost completed. Our parks are in better shape and, beginning in 1985, we'll ask the Congress for \$150 million to acquire new parklands. The heritage of this good Earth is being preserved.

But our most precious resources, our greatest hope for the future, are the minds and hearts of our people, especially our children. We can help them build tomorrow by strengthening our community of shared values. For us, faith, family, work, neighborhood, and freedom are not just words. They are reasons for living, expressions of what America means, definitions of what makes us good and loving people.

Families stand at the center of our society. We can only go forward if families and family values are strengthened. Economic recovery will provide opportunities and security, allowing them to plan for their children's education and their future. Every family has a personal stake in promoting excellence in education. Excellence doesn't begin with bureaucracy. It begins in our homes and neighborhood schools, where it's the responsibility of every parent and teacher and the right of every child. "Train up a child in the way he should go," Solomon wrote, "and when he is old he will not depart from it."

May I interject here that education should not become a political football. Our children come first, and they must come first. That's why I moved so early to set up a bipartisan group, the National Commission on Excellence in Education, to give us a

report card and chart a new course for better teaching. Clearly, if we are to meet the challenge of educating for the Space Age, of opening eyes and minds to treasures of literature, music and poetry, and of teaching values of responsibility, honesty, tolerance, kindness and love -- then we must meet these challenges as one people. I believe we are.

We're turning the corner toward better education. Already, communities are implementing the Commission's recommendations, SAT scores have stopped declining, and schools are reporting progress in reading skills, especially among young blacks. We must continue the drive for excellence until it reaches every child in our land. We must restore discipline to schools, encourage teaching the new basics, reward teachers of merit, enforce tougher standards, and put our parents back in charge.

I will continue to press for tuition tax credits to expand opportunities for families, and to soften the double payment for those paying public school taxes and private school tuition. Our proposal would target assistance to low- and middle-income families. And just as more incentives are needed within our schools, greater competition is needed among our schools. Without a race, there can be no champion, no records broken, no excellence -- in education or any other walk of life.

Each morning, you observe a 200-year-old tradition meant to signify America is one Nation under God. But Members of Congress, I must ask: If you can begin your day with a reverend, rabbi, or priest standing [point to spot] right there to lead you in prayer, then why can't your freedom to worship God be enjoyed again by children in every schoolroom across this land?

Blessed is the Nation whose God is the Lord. America was founded by people who believed that loving God in your heart is the ultimate value. He was their rock of safety and He is ours. I recognize we must be cautious in claiming God is on our side. But we must never stop asking if we are on His side. God exists and to Him not all things are the same.

The most basic principle of free people is the sanctity of innocent, human life. During our first 3 years, we have joined bipartisan efforts to restore protection of the law to unborn children. Yes, this issue is controversial. But I believe our best hope for peace and the fullest enjoyment of our freedoms is respecting the principle that human life is sacred. If we could rise above bitterness and reproach, if Americans could come together in a spirit of understanding and helping, then we could find solutions to lessen the tragedy of abortion.

Economic recovery, better education, rededication to values all show the spirit of renewal gaining the upper hand. And all will improve family life in the eighties. But families need more. They need assurance that their loved ones can walk the streets of America without being afraid. Our efforts to crack down on career criminals, organized crime, drug pushers who poison the minds and bodies of our children, and to enforce tougher sentences and paroles are beginning to have effect. In 1982 serious crime dropped by 4.1 percent, the first decline since 1977.

Opportunities for all Americans will increase if we move forward to ensure women's rights, facilitate child care, promote spousal IRA's, and enforce delinquent parent support payments and pension benefits. Finally, I ask your help in assisting more

communities to break the bondage of dependency and become self-supporting. Help us free enterprise by permitting debate and voting yes on our proposal for enterprise zones in America.

A society bursting with opportunities, reaching for its future with confidence, sustained by faith, fair play, and a conviction that good and courageous people will flourish when they are free -- these are the secrets of a strong and prosperous America, at peace with itself and the world.

Our vision of peace is more than a goal, it is our highest aspiration. And our record is clear: We resort to force only when we must. We have never been aggressors. We have always struggled to defend freedom and democracy.

This Nation has no territorial ambitions. We occupy no countries. We build no walls to lock people in. Americans build the future. And our vision of a better life for farmers, merchants, and working people, from the Americas to Asia, begins with a simple premise: Peace is safest, and progress takes its greatest strides, when the future is decided by ballots, not bullets.

A secure peace is cradled by freedom and democracy. History teaches that governments which rest upon the consent of the governed do not wage war on their neighbors. And only when people can worship, create, and build, only when they are given a personal stake in deciding their destiny and benefitting from their own risks -- only then do societies become dynamic, prosperous, progressive, and free.

Tonight, it is democracies who offer hope by feeding the hungry, prolonging life, and eliminating drudgery -- thanks to innovations from disease-resistant seeds, to organ transplants and

miracle vaccines, to the revolution of high-technology. A freedom tide is swelling in 1984 with the aspirations of millions who yearn for true peace and progress.

So let us speak plainly. Freedom and democracy are not selfish whims America seeks to impose. They are God-given birthrights of every man, woman, and child on Earth. And for the sake of true peace, we have a vital interest, a moral duty, and a solemn responsibility to advance their cause from Nicaragua to Lebanon, from South Africa to Afghanistan.

When it comes to keeping America strong, keeping America free, and keeping the peace, there should be no Republicans or Democrats, just patriotic Americans. And we're seeing that. Time and again, the tough issues -- arms reductions, regional programs in Central America and the Middle East, and the rebuilding of our defenses -- were decided not by who was right, but what was right.

Thanks to your support, respect for America is being restored. No longer is the U.S. a vacillating superpower, unwilling to fulfill its leadership responsibilities as a trustee of freedom and peace. We're rebuilding our conventional and strategic forces in word and in deed. Some said we could only attract recruits to the armed forces when the economy was weak. But our economy is strong and we're attracting the best people in history. If 1979 Air Force retention rates had continued, three out of four pilots would have left the service after their first tours. In 1983, better than three out of four stayed in.

Recruiting, morale, readiness, and performance are up because we're giving our men and women in uniform better pay and equipment. Something else is just as important. By guarding peace from the tip

of Alaska to the shores of Lebanon to the DMZ, by first rescuing, then leaving the island of Grenada to freely decide its future, our soldiers inspire us as a force for freedom, not tyranny; for democracy, not despotism; and yes, for peace, not conquest.

The promise of peace depends upon our willingness to carry forward this bipartisan approach to our national security. 1983 was a banner year for political courage at home and abroad. NATO has been tested by intimidation, but the alliance held firm, and today we're committed as ever to deterrence and dialogue.

In the Far East, we strengthened our partnerships with our friends in Japan and Korea. The West has no greater asset than the willingness of free and determined people to work together. And we are -- in arms control negotiations and defense, technology transfer and international economic issues, and in the search for peaceful solutions to regional problems.

Violence frustrates the people of the Middle East. But here, too, there is hope. We draw confidence from the political courage of President Gemayel, the hard work of our diplomats, the good help from our moderate Arab friends, the cooperative efforts of the Multinational Peacekeeping Force, and our unbreakable bonds of friendship with our long-time ally, Israel. The forces of moderation will not abandon their effort.

In our own hemisphere, 27 of 35 countries are now democracies, or in transition. Argentina has just completed a dramatic return. I mentioned the proud people of Grenada have regained their future. Citizens of El Salvador still struggle to secure theirs. And Nicaraguans are pressuring that regime to stop persecuting the church, press, labor, and business. With the cooperation and

statesmanship of the Congress, with steadfast diplomacy, and the support of our regional partners, democracy and human dignity will triumph.

We must do more to spread the message of democracy. Please help us modernize the Voice of America's outdated equipment, so truth can be heard in every corner of the world.

Finally, I want to try to speak to the citizens of the Soviet Union tonight. I hope my words will not be censored, because they carry the message all of us hold close to our hearts -- our dream for peace.

It's true we have had serious differences with your government for many years. But can we not remember that our sons and daughters have never fought each other in war? I assure you, if we Americans have our way, we never will.

We are people of peace because we have known the terrible trauma of human suffering. I have lived through four wars in my lifetime. So I speak to you not just as President of the United States, but also as a husband, a father, and a grandfather. Too many Soviets and Americans have already shed blood; too many graves have been filled; too many hearts have been overcome with grief. There can be only one sane policy -- for your country and for mine -- to preserve our precious civilization in this modern age: A nuclear war cannot be won and must never be fought.

No other truth stands so tall. The only value in our two nations possessing nuclear weapons is to make sure they can't be used -- ever. I know I speak for our peoples when I say our dream is to see the day when nuclear weapons will be banished from the face of the Earth.

A wise, revered American President, Dwight Eisenhower, who fought by your side in World War II, once said, "The essential struggle is not merely man against man, or nation against nation. It is man against war." That struggle is our challenge.

Tonight, I can send no stronger signal than to ask Soviet representatives to return to the bargaining table. If you want peace, if you will negotiate in good faith, then there will be peace. The United States does not fear compromise. We want to go forward, in small steps or large. And we are ready to share with you the advantages we enjoy in the West. We can come together in faith and friendship to build a safer world, a far better world, for our children and our children's children. And the whole world would rejoice. Let us make peace.

Some days, when life seems hard and the future is tumbling down on us, we reach for something to hold onto -- for values that sustain us, a friend who will help us, a hero who inspires us. And sometimes we find a person who gives us all three, and that's when we remember what it means to be Americans.

How do we thank a hero like Captain Keith Lucas? On the morning of October 25, he led his platoon into an enemy position on the island of Grenada. Approaching the landing zone, he sustained mortal wounds from enemy fire. But he landed safely, discharged the combat assault soldiers, and then, realizing his aircraft was disabled, remained in the cockpit, permitting the evacuation of his fellow crew members, and the continuation and success of the mission.

Distinguished Flying Cross awarded posthumously. Greater love hath no man than to lay down his life for a friend.

Everyday Americans who are taken from us don't usually make headlines or the network news. But that does not diminish one bit the gifts of nobility and quiet courage those heroes give America. We lost such a man recently to a crippling 10-year disease.

He was Winfield Schuster, former publisher and community leader from Douglas, Massachusetts. His daughter said, my father believed in patriotism, responsibility, and loyalty, and he demonstrated these virtues every day of his life. He was a sentimental man; he loved to be kissed; he was not afraid to say, I love you; he was not afraid to cry. He got and gave more joy at Christmas than any man, woman, or child.

Optimism and confidence were the core of his existence. He wanted to live forever, but he would gladly have given his life to preserve and protect the freedom he so cherished. The assault on his body was relentless. Yet he never complained; he accepted. A challenge was what he loved most. And to the very end, he challenged death and he struggled for life. He always fought the good fight, he finished the race, he kept the faith.

With giants like Winfield Schuster and Keith Lucas, how can we not believe in the goodness and greatness of America? And knowing what they gave, are we prepared to say they sacrificed in vain? Are we not willing to do what is right to preserve the dream of America, the last, best hope of man on Earth? Americans have never been quitters; we're not about to start now.

Carl Sandburg wrote, "I see America, not in the setting sun of a black night of despair. I see America in the crimson light of a rising sun fresh from the burning, creative hand of God. I see great days ahead for men and women of vision."

I've never been more convinced than I am tonight that America's best days, and democracy's best days, lie ahead. We're just beginning, and together we are a powerful force for good. We have it within us to perform great deeds. We can take freedom's next step -- and we will. We will carry on the traditions of a proud and worthy people who have brought light where there was darkness, heat where there was only cold, medicines where there was sickness and disease, food where there was hunger, wealth where humanity was living in squalor, and peace where there was only death and bloodshed.

Let those who come after say of us, in their time, they did everything that could be done: They kept us free, they fought the good fight, they finished the race, they kept the faith.

Thank you very much, God bless you, and may God bless America.

THE WHITE HOUSE
WASHINGTON

*Put in 500
file*

December 5, 1983

MEMORANDUM FOR MIKE DEEVER

FROM:

DAVE GERGEN *DG*

SUBJECT:

1984 State of the Union

The primary message, in my view, ought to be very simple: the state of the union is getting better and under RR's continued leadership, will get better still.

A good thematic vehicle for that message is to separate the decade of the 70s from that of the 80s. In the 70s, we accumulated an enormous burden of problems as the result of failed policies that dated way back into the past. The economy was a mess, as inflation soared to peacetime highs, interest rates went through the roof, and recession followed upon recession with deepening intensity. Families were sent reeling. At the same time, American authority overseas was steadily declining as the Soviets and their surrogates expanded their influence from Afghanistan to the Caribbean, and as the Western alliances were weakened. In short, the 70s left us a bitter legacy.

In the 1980s, by sharp contrast, we are no longer creating problems but solving them step-by-step. We are reversing the downward spiral. We set to work three years ago on the economy as our first and foremost priority. Today, as the result of bipartisan successes in cutting taxes and reigning in runaway spending, we see inflation cut by two thirds and interest rates cut in half. We are bouncing out of recession and men and women are finding jobs at near record rates. Families are sticking together more and there is a renewed belief in traditional family values. Just as importantly, America's adversaries now see renewed strength and determination in the West. The deterioration in our military preparedness has been halted, and we are better able to keep the peace today than only three years ago. From Central America to the Middle East, we have successfully demonstrated a new resolve. In the face of Soviet intimidation, we have moved forward as an alliance with deployment of new weapons that will strengthen European security. Today, America is not only closer to prosperity but we have greatly enhanced the prospects for long-term peace and freedom.

Sure, many daunting problems remain. Too many still need work, deficits loom large, arms talks are difficult, etc. But America can now face its future with renewed confidence that it can overcome the challenges before it. We have not just endured the difficulties of the past; we have prevailed. Our greatest need now is to stay on course, gradually, calmly, clearing away the rest of the debris of the 70s and building a much better world for our children the rest of this century.

As we have over the past three years, we must build not just for today but for the long-term. This Congress in 1984 has an opportunity -- and yes, a responsibility -- to act on measures that will carry us far into the future. (Succinct discussion follows, avoiding a long laundry list of measures but hitting the high spots).

-- To sustain the recovery: we need to curtail spending growth, enact the line item veto, pass a balanced budget amendment, move toward simplified taxation, etc.

-- To improve the quality of life: we need to pass legislation for strengthening the family, for enterprise zones, tuition tax credits, the environment (and education), etc., and we need to chart out new frontiers in space.

-- To strengthen prospects for peace: we need X, Y, and Z.

Our agenda is still long, our tasks still enormous. But (returning to a central theme) we have already shown in these past few years that we now have the capacity and the will to make the 80s one of the most creative and memorable decades of the century. The pessimists are still among us, but they are in retreat, their numbers dwindling.

In every difficult age, the times call forth new leadership, new vision, new action. In this age, we see those new leaders stepping forward in towns and cities across the nation -- the heroes that RR spoke of in his inaugural address who are transforming the American economy and restoring the American spirit. (RR might cite three - four examples). It is their spirit that we celebrate as the new year begins, and it is to them that we must dedicate our efforts in Washington in the weeks and months ahead.

Notes:

-- If RR were to cite a few stories of authentic heroes that he likes to talk about -- say, a volunteer leader, an outstanding black principal, an unusual blue collar worker (ethnic), a senior citizen, etc. -- that would not only make it a more interesting, Reaganesque speech but would also draw press attention to the people. They would be good offsets to the Democratic attacks that are sure to come.

-- We all agree that this speech should lift a piece of the curtain on the second term. I don't know what the 5-year project group is producing, but it might be helpful to see if they have any particular thoughts at this time.

-- Now that the announcement speech seems so closely tied in time to the State of the Union, we obviously need to resolve how the speeches would fit together.

-- Oh, yes, the State of the Union Address should be oral.

cc: Baker
Darman
Duberstein
Fuller
McManus
Svahn
Elliott
Kimmett
Oglesby
Rollins