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GOOD EVENING. I HAD INTENDED TO MAKE SOME REMARKS ABOUT THE PROBLEM OF SOCIAL SECURITY TONIGHT -- BUT THE IMMEDIACY OF CONGRESSIONAL ACTION ON THE TAX PROGRAM, A KEY COMPONENT OF OUR ECONOMIC PACKAGE, HAS TO TAKE PRIORITY. LET ME JUST SAY, HOWEVER, I'VE BEEN DEEPLY DISTURBED BY THE WAY THOSE OF YOU WHO ARE DEPENDENT ON SOCIAL SECURITY HAVE BEEN NEEDLESSLY FRIGHTENED BY SOME OF THE INACCURACIES WHICH HAVE BEEN GIVEN WIDE CIRCULATION.

IT IS TRUE THAT THE SOCIAL SECURITY SYSTEM HAS FINANCIAL PROBLEMS. IT IS ALSO TRUE THAT THESE FINANCIAL PROBLEMS HAVE BEEN BUILDING FOR MORE THAN 20 YEARS -- AND

HANDWRITING FILE

NOTHING HAS BEEN DONE.

I HOPE TO ADDRESS YOU ON THIS ENTIRE SUBJECT IN THE NEAR FUTURE. IN THE MEANTIME, LET ME JUST SAY THIS: I STATED DURING THE CAMPAIGN, AND I REPEAT NOW, I WILL NOT STAND BY AND SEE THOSE OF YOU WHO ARE DEPENDENT ON SOCIAL SECURITY DEPRIVED OF THE BENEFITS YOU HAVE WORKED SO HARD TO EARN. I MAKE THAT PLEDGE TO YOU AS YOUR PRESIDENT. YOU HAVE NO REASON TO BE FRIGHTENED. YOU WILL CONTINUE TO RECEIVE YOUR CHECKS IN THE FULL AMOUNT DUE YOU. IN ANY PLAN TO RESTORE FISCAL INTEGRITY OF SOCIAL SECURITY I PERSONALLY WILL SEE THAT THE PLAN WILL NOT BE AT THE EXPENSE OF YOU WHO ARE NOW DEPENDENT ON YOUR MONTHLY SOCIAL SECURITY CHECKS.

NOW, LET US TURN TO

THE BUSINESS AT HAND.
IT'S BEEN NEARLY 6 MONTHS
SINCE I FIRST REPORTED
TO YOU ON THE STATE OF
THE NATION'S ECONOMY. I'M
AFRAID MY MESSAGE THAT
NIGHT WAS GRIM AND
DISTURBING. I REMEMBER
TELLING YOU WE WERE IN
THE WORST ECONOMIC MESS
SINCE THE GREAT DEPRESSION.
PRICES WERE CONTINUING
TO SPIRAL UPWARD AND
UNEMPLOYMENT WAS REACHING
INTOLERABLE LEVELS AND ALL
BECAUSE GOVERNMENT WAS
TOO BIG AND SPENT TOO MUCH
OF OUR MONEY.

WE'RE STILL NOT OUT
OF THE WOODS, BUT WE'VE
MADE A START. AND WE'VE
CERTAINLY SURPRISED THOSE
LONG-TIME AND SOMEWHAT
CYNICAL OBSERVERS OF THE
WASHINGTON SCENE WHO
LOOKED, LISTENED AND SAID,
"IT CAN NEVER BE DONE.
WASHINGTON WILL NEVER

CHANGE ITS SPENDING
HABITS."

WELL, SOMETHING VERY
EXCITING HAS BEEN
HAPPENING HERE IN
WASHINGTON AND YOU ARE
RESPONSIBLE. YOUR VOICES
HAVE BEEN HEARD.
MILLIONS OF YOU, DEMOCRATS,
REPUBLICANS AND
INDEPENDENTS, FROM EVERY
PROFESSION, TRADE AND
LINE OF WORK, AND FROM
EVERY PART OF THIS LAND;
YOU SENT A MESSAGE THAT
YOU WANTED A NEW
BEGINNING. YOU WANTED TO
CHANGE ONE LITTLE 2-LETTER
WORD. IT DOESN'T SOUND
LIKE MUCH, BUT IT SURE CAN
MAKE A DIFFERENCE CHANGING
"CONTROL BY GOVERNMENT" TO
"CONTROL OF GOVERNMENT."

IN THAT EARLIER
BROADCAST YOU'LL RECALL I
PROPOSED A PROGRAM TO
DRASTICALLY CUT BACK

GOVERNMENT SPENDING IN
THE 1982 BUDGET WHICH
BEGINS OCTOBER 1ST AND
TO CONTINUE CUTTING IN
THE '83 AND '84 BUDGETS.
ALONG WITH THIS I
SUGGESTED AN
ACROSS-THE-BOARD TAX CUT
SPREAD OVER THOSE SAME
3 YEARS AND THE
ELIMINATION OF
UNNECESSARY REGULATIONS
WHICH WERE ADDING
BILLIONS TO THE COST OF
THINGS WE BUY.

ALL THE LOBBYING,
THE ORGANIZED
DEMONSTRATIONS AND THE
CRIES OF PROTEST BY THOSE
WHOSE WAY OF LIFE DEPENDS
ON MAINTAINING
GOVERNMENT'S WASTEFUL WAYS
WERE NO MATCH FOR YOUR
VOICES WHICH WERE HEARD
LOUD AND CLEAR IN THESE
MARBLE HALLS OF
GOVERNMENT.

AND YOU MADE HISTORY WITH YOUR TELEGRAMS, YOUR LETTERS, YOUR PHONE CALLS AND, YES, PERSONAL VISITS TO TALK TO YOUR ELECTED REPRESENTATIVES. YOU REAFFIRMED THE MANDATE YOU DELIVERED IN THE ELECTION LAST NOVEMBER. A MANDATE THAT CALLED FOR AN END TO GOVERNMENT POLICIES THAT SENT PRICES AND MORTGAGE RATES SKYROCKETING, WHILE MILLIONS OF AMERICANS WENT JOBLESS.

BECAUSE OF WHAT YOU DID, REPUBLICANS AND DEMOCRATS IN THE CONGRESS CAME TOGETHER AND PASSED THE MOST SWEEPING CUTBACKS IN THE HISTORY OF THE FEDERAL BUDGET. RIGHT NOW MEMBERS OF THE HOUSE AND SENATE ARE MEETING IN A CONFERENCE COMMITTEE TO RECONCILE THE DIFFERENCES

BETWEEN THE TWO BUDGET CUTTING BILLS PASSED BY THE HOUSE AND THE SENATE. WHEN THEY FINISH, ALL AMERICANS WILL BENEFIT FROM SAVINGS OF APPROXIMATELY \$140 BILLION IN REDUCED GOVERNMENT COSTS OVER THE NEXT 3 YEARS. AND THAT DOESN'T INCLUDE THE ADDITIONAL SAVINGS FROM THE HUNDREDS OF BURDENSOME REGULATIONS ALREADY CANCELLED OR FACING CANCELLATION.

FOR 19 OUT OF THE LAST 20 YEARS THE FEDERAL GOVERNMENT HAS SPENT MORE THAN IT TOOK IN. THERE WILL BE ANOTHER LARGE DEFICIT IN THIS PRESENT YEAR WHICH ENDS SEPTEMBER 30TH. BUT WITH OUR PROGRAM IN PLACE IT WON'T BE QUITE AS BIG AS IT MIGHT HAVE BEEN AND

STARTING NEXT YEAR THE DEFICITS WILL GET SMALLER UNTIL IN JUST A FEW YEARS THE BUDGET CAN BE BALANCED. AND WE HOPE WE CAN BEGIN WHITTILING AT THAT ALMOST \$1 TRILLION DEBT THAT HANGS OVER THE FUTURE OF OUR CHILDREN.

NOW SO FAR I'VE BEEN TALKING ABOUT ONLY ONE PART OF OUR PROGRAM FOR ECONOMIC RECOVERY -- THE BUDGET CUTTING PART. I DON'T MINIMIZE ITS IMPORTANCE. JUST THE FACT THAT DEMOCRATS AND REPUBLICANS COULD WORK TOGETHER AS THEY HAVE, PROVING THE STRENGTH OF OUR SYSTEM, HAS CREATED AN OPTIMISM IN OUR LAND. THE RATE OF INFLATION IS NO LONGER IN DOUBLE-DIGIT FIGURES, THE DOLLAR HAS REGAINED STRENGTH IN THE INTERNATIONAL MONEY

MARKETS, AND BUSINESSMEN AND INVESTORS ARE MAKING DECISIONS WITH REGARD TO INDUSTRIAL DEVELOPMENT, MODERNIZATION AND EXPANSION -- ALL OF THIS BASED ON ANTICIPATION OF OUR PROGRAM BEING ADOPTED AND PUT INTO OPERATION.

A RECENT POLL SHOWS THAT WHERE A YEAR-AND-A-HALF AGO ONLY 24 PERCENT OF OUR PEOPLE BELIEVED THINGS WOULD GET BETTER, TODAY 46 PERCENT BELIEVE THEY WILL. TO JUSTIFY THEIR FAITH WE MUST DELIVER THE OTHER PART OF OUR PROGRAM. OUR ECONOMIC PACKAGE IS A CLOSELY KNIT, CAREFULLY CONSTRUCTED PLAN TO RESTORE AMERICA'S ECONOMIC STRENGTH AND PUT OUR NATION BACK ON THE ROAD TO PROSPERITY. EACH PART

OF THIS PACKAGE IS VITAL. IT CANNOT BE CONSIDERED PIECEMEAL. IT WAS PROPOSED AS A PACKAGE AND IT HAS BEEN SUPPORTED AS SUCH BY THE AMERICAN PEOPLE, ONLY IF THE CONGRESS PASSES ALL OF ITS MAJOR COMPONENTS DOES IT HAVE ANY REAL CHANCE OF SUCCESS. THIS IS ABSOLUTELY ESSENTIAL IF WE ARE TO PROVIDE INCENTIVES AND MAKE CAPITAL AVAILABLE FOR THE INCREASED PRODUCTIVITY REQUIRED TO PROVIDE REAL, PERMANENT JOBS FOR OUR PEOPLE.

AND LET US NOT FORGET THAT THE REST OF THE WORLD IS WATCHING AMERICA CAREFULLY TO SEE HOW WE WILL ACT AT THIS CRITICAL MOMENT. I HAVE RECENTLY RETURNED FROM A SUMMIT MEETING WITH WORLD LEADERS

IN OTTAWA, CANADA, AND THE MESSAGE I HEARD FROM THEM WAS QUITE CLEAR -- OUR ALLIES DEPEND ON A STRONG AND ECONOMICALLY SOUND AMERICA AND THEY ARE WATCHING EVENTS IN THIS COUNTRY, PARTICULARLY THOSE SURROUNDING OUR PROGRAM FOR ECONOMIC RECOVERY, WITH CLOSE ATTENTION AND GREAT HOPES. IN SHORT, THE BEST WAY TO HAVE A STRONG FOREIGN POLICY ABROAD IS TO HAVE A STRONG ECONOMY AT HOME.

THE DAY AFTER TOMORROW -- WEDNESDAY -- THE HOUSE OF REPRESENTATIVES WILL BEGIN DEBATE ON TWO TAX BILLS AND ONCE AGAIN THEY NEED TO HEAR FROM YOU. I KNOW THAT DOESN'T GIVE YOU MUCH TIME, BUT A GREAT DEAL IS AT STAKE.

A FEW DAYS AGO I WAS VISITED HERE IN THE OFFICE

BY A DEMOCRATIC
CONGRESSMAN FROM ONE OF
OUR SOUTHERN STATES.
HE'D BEEN BACK IN HIS
DISTRICT AND ONE DAY ONE
OF HIS CONSTITUENTS ASKED
HIM WHERE HE STOOD ON OUR
ECONOMIC RECOVERY PROGRAM
I'D OUTLINED IN THAT
EARLIER BROADCAST,
PARTICULARLY THE TAX CUT.
WELL, THE CONGRESSMAN,
WHO HAPPENS TO BE A
STRONG LEADER IN SUPPORT
OF OUR PROGRAM, REPLIED AT
SOME LENGTH WITH A
DISCUSSION OF THE
TECHNICAL POINTS INVOLVED,
BUT ALSO MENTIONED A FEW
RESERVATIONS HE HAD ON
CERTAIN POINTS. THE
CONSTITUENT, A FARMER,
LISTENED POLITELY UNTIL
HE'D FINISHED AND THEN
SAID, "DON'T GIVE ME AN
ESSAY. WHAT I WANT TO
KNOW IS ARE YOU FOR 'EM

OR AGIN 'EM?"

I APPRECIATE THE GENTLEMAN'S SUPPORT AND SUGGEST HIS QUESTION IS A MESSAGE YOUR OWN REPRESENTATIVE SHOULD HEAR. LET ME ADD THOSE REPRESENTATIVES HONESTLY AND SINCERELY WANT TO KNOW YOUR FEELINGS. THEY GET PLENTY OF INPUT FROM THE SPECIAL INTEREST GROUPS, THEY'D LIKE TO HEAR FROM THEIR HOMEFOLKS.

LET ME EXPLAIN WHAT THE SITUATION IS AND WHAT IS AT ISSUE. WITH OUR BUDGET CUTS WE PRESENTED A COMPLETE PROGRAM OF REDUCTION IN TAX RATES. AGAIN, OUR PURPOSE WAS TO PROVIDE INCENTIVE FOR THE INDIVIDUAL, INCENTIVES FOR BUSINESS TO ENCOURAGE PRODUCTION AND HIRING OF THE UNEMPLOYED AND TO

FREE UP MONEY FOR
INVESTMENT.

OUR BILL CALLS FOR A
5 PERCENT REDUCTION IN THE
INCOME TAX RATES BY
OCTOBER 1ST, A 10 PERCENT
REDUCTION BEGINNING
JULY 1, 1982, AND ANOTHER
10 PERCENT CUT A YEAR
LATER -- A 25 PERCENT
TOTAL REDUCTION OVER
3 YEARS. BUT THEN TO
ENSURE THE TAX CUT IS
PERMANENT WE CALL FOR
INDEXING THE TAX RATES
IN 1985, WHICH MEANS
ADJUSTING THEM FOR
INFLATION. AS IT IS
NOW, IF YOU GET A COST
OF LIVING RAISE INTENDED
TO KEEP YOU EVEN WITH
INFLATION, YOU FIND THAT
THE INCREASE IN THE
NUMBER OF DOLLARS YOU GET
MAY VERY LIKELY MOVE YOU
INTO A HIGHER TAX BRACKET
AND YOU WIND UP POORER

THAN YOU WERE. THIS IS CALLED BRACKET CREEP.

BRACKET CREEP IS AN INSIDIOUS TAX. LET ME GIVE AN EXAMPLE. IF YOU EARNED \$10,000 A YEAR IN 1972, BY 1980 YOU HAD TO EARN \$19,700 JUST TO STAY EVEN WITH INFLATION. BUT THAT'S BEFORE TAXES. COME APRIL 15TH, YOU FIND YOUR TAX RATES HAVE INCREASED 30 PERCENT. IF YOU'VE BEEN WONDERING WHY YOU DON'T SEEM AS WELL OFF AS YOU WERE A FEW YEARS BACK, IT'S BECAUSE GOVERNMENT MAKES A PROFIT ON INFLATION. IT GETS AN AUTOMATIC TAX INCREASE WITHOUT HAVING TO VOTE ON IT. WE INTEND TO STOP THAT.

TIME WON'T ALLOW ME TO EXPLAIN EVERY DETAIL, BUT OUR BILL INCLUDES JUST ABOUT EVERYTHING TO

HELP THE ECONOMY. WE
REDUCE THE MARRIAGE
PENALTY, THAT UNFAIR TAX
THAT HAS A WORKING HUSBAND
AND WIFE PAY MORE TAX THAN
IF THEY WERE SINGLE. WE
INCREASE THE EXEMPTION
ON THE INHERITANCE (OR
ESTATE) TAX TO \$600,000 SO
THAT FARMERS AND
FAMILY-OWNED BUSINESSES
DON'T HAVE TO SELL THE
FARM OR STORE IN THE
EVENT OF DEATH JUST TO
PAY THE TAXES. MOST
IMPORTANT WE WIPE OUT THE
TAX ENTIRELY FOR A
SURVIVING SPOUSE. NO
LONGER, FOR EXAMPLE, WILL
A WIDOW HAVE TO SELL THE
FAMILY SOURCE OF INCOME
TO PAY A TAX ON HER
HUSBAND'S DEATH. THERE
ARE DEDUCTIONS TO
ENCOURAGE INVESTMENT AND
SAVINGS. BUSINESS GETS
REALISTIC DEPRECIATION ON

EQUIPMENT AND MACHINERY,
AND THERE ARE TAX BREAKS
FOR SMALL AND INDEPENDENT
BUSINESSES WHICH CREATE
80 PERCENT OF ALL NEW JOBS.
THIS BILL ALSO PROVIDES
MAJOR CREDITS TO THE
RESEARCH AND DEVELOPMENT
INDUSTRY -- THESE CREDITS
WILL HELP SPARK THE HIGH
TECHNOLOGY BREAKTHROUGHS
THAT ARE SO CRITICAL TO
AMERICA'S ECONOMIC
LEADERSHIP IN THE WORLD.
THERE ARE ALSO ADDED
INCENTIVES FOR SMALL
BUSINESSES INCLUDING A
PROVISION THAT WILL LIFT
MUCH OF THE BURDEN OF
COSTLY PAPERWORK THAT
GOVERNMENT HAS IMPOSED
ON SMALL BUSINESS.

IN ADDITION, THERE
IS SHORT-TERM BUT
SUBSTANTIAL ASSISTANCE
FOR THE HARD-PRESSED
THRIFT INDUSTRY AS WELL AS
REDUCTIONS IN OIL TAXES

THAT WILL BENEFIT NEW OR
INDEPENDENT OIL PRODUCERS
AND MOVE OUR NATION A
STEP CLOSER TO ENERGY
SELF-SUFFICIENCY.

OUR BILL IS, IN SHORT,
THE FIRST REAL TAX CUT FOR
EVERYONE IN ALMOST 20 YEARS.

NOW WHEN I FIRST
PROPOSED THIS -- AND
INCIDENTALLY IT HAS NOW
BECOME A BIPARTISAN
MEASURE CO-AUTHORED BY
REPUBLICAN BARBER CONABLE
AND DEMOCRAT KENT HANCE --
THE DEMOCRATIC LEADERSHIP
SAID A TAX CUT WAS OUT OF
THE QUESTION. IT WOULD
BE WILDLY INFLATIONARY.
THAT WAS BEFORE MY
INAUGURATION.

THEN YOUR VOICES BEGAN
TO BE HEARD AND SUDDENLY
IN FEBRUARY THE
LEADERSHIP DISCOVERED A
1-YEAR TAX CUT WAS
FEASIBLE. WE KEPT ON

PUSHING OUR 3-YEAR TAX CUT AND BY JUNE THE OPPOSITION FOUND THAT A 2-YEAR TAX CUT MIGHT WORK. NOW IT'S JULY AND THEY FIND THEY COULD EVEN GO FOR A THIRD YEAR CUT PROVIDED THERE WAS A TRIGGER ARRANGEMENT THAT WOULD ONLY ALLOW IT TO GO INTO EFFECT IF CERTAIN ECONOMIC GOALS HAD BEEN MET BY 1983.

BUT BY HOLDING THE PEOPLE'S TAX REDUCTION HOSTAGE TO FUTURE ECONOMIC EVENTS, THEY WILL ELIMINATE THE PEOPLE'S ABILITY TO PLAN AHEAD. SHOPKEEPERS, FARMERS AND INDIVIDUALS WILL BE DENIED THE CERTAINTY THEY MUST HAVE TO BEGIN SAVING OR INVESTING MORE OF THEIR MONEY. AND ENCOURAGING MORE SAVINGS AND INVESTMENT IS PRECISELY WHAT WE NEED MOST TO REBUILD OUR

ECONOMY.

THERE IS ALSO A LITTLE SLEIGHT OF HAND IN THAT TRIGGER MECHANISM. THE COMMITTEE BILL ENSURES THAT THE 1983 DEFICIT WILL BE \$6.5 BILLION GREATER THAN THEIR OWN TRIGGER REQUIRES. AS IT STANDS NOW THE DESIGN OF THEIR OWN BILL WILL NOT MEET THE TRIGGER THEY HAVE PUT IN. THEREFORE, THE THIRD YEAR TAX CUT WILL AUTOMATICALLY NEVER TAKE PLACE.

IF I COULD PARAPHRASE A WELL-KNOWN STATEMENT BY WILL ROGERS THAT HE HAD NEVER MET A MAN HE DIDN'T LIKE -- I'M AFRAID WE HAVE SOME PEOPLE AROUND WHO NEVER MET A TAX THEY DIDN'T HIKE.

THEIR TAX PROPOSAL, SIMILAR IN A NUMBER OF WAYS TO OURS, BUT

DIFFERING IN SOME VERY VITAL PARTS, WAS PASSED OUT OF THE HOUSE WAYS AND MEANS COMMITTEE, AND FROM NOW ON I'LL REFER TO IT AS THE COMMITTEE BILL AND OURS AS THE BIPARTISAN BILL. THEY WILL BE THE BILLS TAKEN UP WEDNESDAY.

THE MAJORITY LEADERSHIP CLAIMS THEIRS GIVES A GREATER BREAK TO THE WORKER THAN OURS AND IT DOES -- THAT IS, IF YOU'RE ONLY PLANNING TO LIVE 2 MORE YEARS. THE PLAIN TRUTH IS, OUR CHOICE IS NOT BETWEEN TWO PLANS TO REDUCE TAXES, IT IS BETWEEN A TAX CUT OR A TAX INCREASE. THERE IS BUILT INTO OUR PRESENT SYSTEM, INCLUDING PAYROLL SOCIAL SECURITY TAXES AND THE BRACKET CREEP I'VE MENTIONED, A 22 PERCENT TAX INCREASE

OVER THE NEXT 3 YEARS.

((--TURN TO SIDE--))

THE COMMITTEE BILL OFFERS

A 15 PERCENT CUT OVER

2 YEARS; OUR BIPARTISAN

BILL GIVES A 25 PERCENT

REDUCTION OVER 3 YEARS.

AS YOU CAN SEE BY THIS

CHART -- THERE IS THE

22 PERCENT TAX INCREASE

LINE. THEIR CUT IS

BELOW THAT LINE BUT OURS

WIPES OUT THAT INCREASE

WITH A LITTLE TO SPARE.

AND THERE IT IS,

AS YOU CAN SEE, THE RED

COLUMN, THE 15 PERCENT

TAX CUT, STILL LEAVES

YOU WITH AN INCREASE.

THE GREEN COLUMN IS OUR

BIPARTISAN BILL WHICH

WIPES OUT THE TAX

INCREASE AND GIVES YOU

AN ONGOING CUT.

INCIDENTALLY, THEIR

CLAIM THAT CUTTING TAXES

FOR INDIVIDUALS FOR AS

MUCH AS 3 YEARS AHEAD IS RISKY RINGS A LITTLE HOLLOW WHEN YOU REALIZE THAT THEIR BILL CALLS FOR BUSINESS TAX CUTS EACH YEAR FOR 7 YEARS AHEAD.

IT RINGS EVEN MORE HOLLOW WHEN YOU CONSIDER THE FACT THE MAJORITY LEADERSHIP ROUTINELY ENDORSES FEDERAL SPENDING BILLS THAT PROJECT YEARS INTO THE FUTURE, BUT OBJECTS TO A TAX BILL THAT WILL RETURN YOUR MONEY OVER A 3 YEAR PERIOD.

((--TURN--))

HERE IS ANOTHER CHART WHICH ILLUSTRATES WHAT I SAID ABOUT THEIR GIVING A BETTER BREAK IF YOU ONLY INTEND TO LIVE FOR 2 MORE YEARS. THEIR TAX CUT -- SO-CALLED -- IS THE DOTTED LINE, OURS IS

THE SOLID LINE. AS YOU CAN SEE, IN AN EARNING BRACKET OF \$20,000 THEIR TAX CUT IS SLIGHTLY MORE GENEROUS THAN OURS -- FOR THE FIRST 2 YEARS -- THEN, AS YOU CAN SEE, THEIR TAX BILL (THE DOTTED LINE) STARTS GOING UP...& UP...& UP, ON THE OTHER HAND, IN OUR BIPARTISAN BILL, THE SOLID LINE -- OUR TAX CUT -- KEEPS GOING DOWN AND THEN STAYS DOWN PERMANENTLY. THIS IS TRUE OF ALL EARNING BRACKETS, NOT JUST THE \$20,000 LEVEL WE'VE USED AS AN EXAMPLE.

THIS RED SPACE BETWEEN THE 2 LINES IS THE TAX MONEY THAT WILL REMAIN IN YOUR POCKETS IF OUR BILL PASSES AND IT'S THE AMOUNT THAT WILL LEAVE YOUR POCKETS IF THEIR

TAX BILL IS PASSED.

I TAKE NO PLEASURE
IN SAYING THIS, BUT THOSE
WHO WILL SEEK TO DEFEAT
OUR CONABLE-HANCE
BIPARTISAN BILL AS
DEBATE BEGINS WEDNESDAY
ARE THE ONES WHO HAVE
GIVEN US FIVE
QUOTE-UNQUOTE "TAX CUTS"
IN THE LAST 10 YEARS,
BUT OUR TAXES WENT UP
\$400 BILLION IN THOSE
SAME 10 YEARS.

THE LINES ON THESE
CHARTS SAY A LOT ABOUT
WHO'S REALLY FIGHTING FOR
WHOM. ON THE ONE HAND,
YOU SEE A GENUINE AND
LASTING COMMITMENT TO THE
FUTURE OF WORKING
AMERICANS. ON THE OTHER,
JUST ANOTHER EMPTY PROMISE.
THOSE OF US IN THE
BIPARTISAN COALITION WANT
TO GIVE THIS ECONOMY
AND THE FUTURE OF THIS

NATION BACK TO THE PEOPLE,
BECAUSE PUTTING PEOPLE
FIRST HAS ALWAYS BEEN
AMERICA'S SECRET WEAPON.
THE HOUSE MAJORITY
LEADERSHIP SEEMS LESS
CONCERNED WITH PROTECTING
YOUR FAMILY BUDGET, THAN
WITH SPENDING MORE ON
THE FEDERAL BUDGET.

OUR BIPARTISAN TAX
BILL TARGETS THREE-QUARTERS
OF ITS TAX RELIEF TO
MIDDLE-INCOME WAGE
EARNERS, WHO PRESENTLY
PAY ALMOST THREE-QUARTERS
OF THE TOTAL INCOME TAX.
IT ALSO THEN INDEXES THE
TAX BRACKETS TO ENSURE
THAT YOU CAN KEEP THAT
TAX REDUCTION IN THE YEARS
AHEAD. THERE ALSO IS,
AS I SAID, ESTATE TAX
RELIEF THAT WILL KEEP
FAMILY FARMS AND
FAMILY-OWNED BUSINESSES
IN THE FAMILY. AND THERE
ARE PROVISIONS FOR

PERSONAL RETIREMENT PLANS
AND INDIVIDUAL SAVINGS
ACCOUNTS.

BECAUSE OUR BIPARTISAN
BILL IS SO CLEARLY DRAWN
AND BROADLY BASED IT
PROVIDES THE KIND OF
PREDICTABILITY AND
CERTAINTY THAT THE
FINANCIAL SEGMENTS OF OUR
SOCIETY NEED TO MAKE
INVESTMENT DECISIONS
THAT STIMULATE
PRODUCTIVITY AND MAKE OUR
ECONOMY GROW.

EVEN MORE IMPORTANT --
IF THE TAX CUT GOES TO YOU,
THE AMERICAN PEOPLE, IN
THE THIRD YEAR -- THAT
MONEY RETURNED TO YOU WON'T
BE AVAILABLE TO THE
CONGRESS TO SPEND. AND
THAT IN MY VIEW IS WHAT
THIS WHOLE CONTROVERSY
COMES DOWN TO: ARE YOU
ENTITLED TO THE FRUITS OF
YOUR OWN LABOR OR DOES
GOVERNMENT HAVE SOME

PRESUMPTIVE RIGHT TO SPEND
AND SPEND AND SPEND.

I'M ALSO CONVINCED
OUR BUSINESS TAX CUT IS
SUPERIOR TO THEIRS,
BECAUSE IT IS MORE
EQUITABLE, AND IT WILL DO
A MUCH BETTER JOB
PROMOTING THE SURGE IN
INVESTMENT WE SO BADLY
NEED TO REBUILD OUR
INDUSTRIAL BASE.

THERE IS SOMETHING
ELSE I WANT TO TELL YOU.
OUR BIPARTISAN COALITION
WORKED OUT A TAX BILL WE
FELT WOULD PROVIDE
INCENTIVE AND STIMULATE
PRODUCTIVITY, THUS
REDUCING INFLATION AND
PROVIDING JOBS FOR THE
UNEMPLOYED. THAT WAS OUR
GOAL.

OUR OPPONENTS IN THE
BEGINNING DIDN'T WANT A
TAX BILL AT ALL. WHAT IS
THE PURPOSE BEHIND THEIR

CHANGE OF HEART? THEY'VE
PUT A TAX PROGRAM TOGETHER
FOR ONE REASON ONLY, TO
PROVIDE A POLITICAL
VICTORY FOR THEMSELVES.
NEVER MIND THAT IT WON'T
SOLVE THE ECONOMIC
PROBLEMS CONFRONTING OUR
COUNTRY. NEVER MIND THAT
IT WON'T GET THE WHEELS
OF INDUSTRY TURNING AGAIN
OR ELIMINATE THE INFLATION
WHICH IS EATING US ALIVE.
THIS IS NOT THE TIME FOR
POLITICAL FUN AND GAMES.
THIS IS THE TIME FOR A
NEW BEGINNING.

I ASK YOU NOW TO PUT
ASIDE ANY FEELINGS OF
FRUSTRATION OR
HELPLESSNESS ABOUT OUR
POLITICAL INSTITUTIONS
AND JOIN ME IN THIS
DRAMATIC BUT RESPONSIBLE
PLAN TO REDUCE THE
ENORMOUS BURDEN OF
FEDERAL TAXATION ON YOU

AND YOUR FAMILY.

DURING RECENT MONTHS,
MANY OF YOU HAVE ASKED
WHAT YOU CAN DO TO HELP
MAKE AMERICA STRONG AGAIN.
I URGE YOU AGAIN TO
CONTACT YOUR SENATORS
AND CONGRESSMEN, TELL
THEM OF YOUR SUPPORT FOR
THIS BIPARTISAN PROPOSAL,
TELL THEM YOU BELIEVE
THIS IS AN UNEQUALLED
OPPORTUNITY TO HELP
RETURN AMERICA TO
PROSPERITY AND MAKE
GOVERNMENT AGAIN THE
SERVANT OF THE PEOPLE.

IN A FEW DAYS, THE
CONGRESS WILL STAND AT
THE FORK OF TWO ROADS.

ONE ROAD IS ALL TOO
FAMILIAR TO US. IT
LEADS -- ULTIMATELY --
TO HIGHER TAXES. IT
MERELY BRINGS US FULL
CIRCLE BACK TO THE
SOURCE OF OUR ECONOMIC

PROBLEMS -- WHERE THE GOVERNMENT DECIDES THAT IT KNOWS BETTER THAN YOU WHAT SHOULD BE DONE WITH YOUR EARNINGS, AND, IN FACT, HOW YOU SHOULD CONDUCT YOUR LIFE.

THE OTHER ROAD PROMISES TO RENEW THE AMERICAN SPIRIT. IT'S A ROAD OF HOPE AND OPPORTUNITY. IT PLACES THE DIRECTION OF YOUR LIFE BACK IN YOUR HANDS -- WHERE IT BELONGS.

I HAVE NOT TAKEN YOUR TIME THIS EVENING MERELY TO ASK YOU TO TRUST ME. INSTEAD, I ASK YOU TO TRUST YOURSELVES. THAT'S WHAT AMERICA IS ALL ABOUT. OUR STRUGGLE FOR NATIONHOOD, OUR UNRELENTING FIGHT FOR FREEDOM, OUR VERY EXISTENCE -- THESE HAVE ALL RESTED ON THE ASSURANCE THAT YOU MUST BE FREE TO

SHAPE YOUR LIFE AS YOU ARE
BEST ABLE TO -- THAT NO
ONE CAN STOP YOU FROM
REACHING HIGHER OR TAKE
FROM YOU THE CREATIVITY
THAT HAS MADE AMERICA
THE ENVY OF MANKIND.

ONE ROAD IS TIMID
AND FEARFUL.

THE OTHER BOLD AND
HOPEFUL.

IN THESE 6 MONTHS,
WE HAVE DONE SO MUCH
AND HAVE COME SO FAR.
IT HAS BEEN THE POWER OF
MILLIONS OF PEOPLE LIKE
YOU WHO HAVE DETERMINED
THAT WE WILL MAKE AMERICA
GREAT AGAIN. YOU HAVE
MADE THE DIFFERENCE UP
TO NOW. YOU WILL MAKE
THE DIFFERENCE AGAIN.

LET US NOT STOP
NOW.

THANK YOU. GOD BLESS
YOU AND GOOD NIGHT.