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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection:** SPEECHWRITING, WHITE HOUSE OFFICE OF:  
Research Office Records

**Archivist:** kdb

**File Folder:** Economic Speech Before a Joint Session of the Congress  
4/28/81 · OA 13638

**Date:** 1/24/97

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	from Kenneth L. Khachigian to the President, re attached copy of speech	4/25/81	P5 CB 12/21/00

### RESTRICTION CODES

**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].
- C. Closed in accordance with restrictions contained in donor's deed of gift.

**Freedom of Information Act - [5 U.S.C. 552(b)]**

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-5 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

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(Khachigian)

April 23, 1981  
First Draft

PRESIDENT REAGAN'S ADDRESS TO A JOINT SESSION OF THE CONGRESS  
April 28, 1981

20 pages, mcaffrey/  
minis p. 6-7  
Style p. 40  
p. p. 139, 2-18-81

Mr. Speaker, Mr. President, distinguished Members of the Congress, honored guests, and fellow citizens.

S. 4-23-81, p. 1 9pm  
CON RECY PROGRAM  
2-18-81  
p. p. 39

I have come to speak to you tonight about our economic program and why I believe it is essential that the Congress approve this package which I believe will restore the vitality to our industrial machine.

WP, p. 372, 3-30-81  
style p. 75, 46  
US, 4-23-81, p. 1  
Am Reagan  
Bill Address Congress  
WP 4-24-81, p. 1  
Joint Session det

First, however, and due to events of the past few weeks, will you permit me to digress for a moment from the all-important subject of why we must bring Government spending under control and reduce taxes. I would like to say a few words directly to those of you who are watching and listening tonight.

creates press  
briefing 4-1-81  
5-11-81, p. 4 12:30  
p. p. 372, 3-30-81

This is the only way I know to express to you on behalf of Nancy and myself our appreciation for your messages, your flowers, and, most of all, your prayers -- not only for me but for those others who fell beside me.

Editorial, 3-31-81  
The Shootings  
WP, 3-31-81, p. 11  
across the country  
here is anger  
mingled with fear  
and prayer

The warmth of your words, the expression of friendship and, yes, love, meant more to us than you can ever know. You have given us a memory we'll treasure forever. And you've provided the answer to those few voices that were raised saying that what happened was evidence that ours is a sick society.



The society we heard from is made up of millions of compassionate Americans and their children, from college age to kindergarten.

Style p. 184  
4-15-81  
left's maiden  
night meets all  
expectations  
3-31-81 p. 1+8  
eagan wounded  
by assassin's  
bullet

Sick societies don't produce men like the two who recently returned from outer space. Sick societies don't produce young men like Secret Service Agent Tim McCarthy who placed his body between mine and the man with the gun simply because he felt that's what his duty called for him to do.

3-31-81 p. 1+8  
eagan wounded  
by assassin's  
bullet

Sick societies don't produce dedicated police officers like Tom Delahanty or able and devoted public servants like Jim Brady. Sick societies don't make people like us so proud to be Americans and so very proud of all of our citizens.

Now, let's talk about getting spending and inflation under control and cutting your taxes.

4-23-81, p. 1 notes  
acted both new  
on 4-27-81  
type p. 55, 48, 39, 25

Mr. Speaker and Senator Baker, I want to thank you for your cooperation in helping to arrange this Joint Session of the Congress. I won't be speaking to you very long tonight, but I asked for this meeting because the urgency of our joint mission has not changed. Thanks to some very fine people, my health is much improved, but we cannot say the same for the health of our economy.

The fundamental nature of our economic mess has not changed.



ACTS ON FILE  
7-31, p. 837-37  
4 to 4-28:  
week short  
of six months  
type p. 184, 46

It has been <sup>almost</sup> six months since the election that charged all of us in this Government with the task of restoring our economy. But let us review where we have come in these six months.

DI release 4-23-81  
March 1981 figures  
able 2.6 mo 11.4%  
type p. 75, 40  
CON IND, p. 30, 481  
3.29/6 mos.  
erited by Perry  
Quick, CEA, X5680  
type p. 181, 184

Inflation, measured by the consumer price index, has continued at annual double-digit rates.

Mortgage interest rates have averaged 13 percent for the last six months, preventing 9 out of 10 people from buying new homes.

CON. IND 4-81  
March figures  
1,764,006 p. 11  
type p. 184

There are still <sup>almost</sup> eight million people unemployed.

Productivity <sup>growth</sup> in these six months has continued to drop by a rate of      percent.

Weidenbaum  
has and  
rewriting

There have been SIX thousand business failures in this period.

18 weekly news  
release 4-20-81  
type p. 184

Six months is long enough. The American people now want us to act, and not in half measures. They demand -- and they have earned -- a full and comprehensive effort to clean up our economic mess.

type p. 184

That opportunity begins with the Federal budget. The budgetary actions taken by the Congress over the next few days will determine how we respond to the message of last November 4.

type p. 44 36, 39  
ACTS ON FILE  
7-31, p. 837-39

For the last few months, you and I have enjoyed a relationship based on extraordinary cooperation. We have communicated in a spirit of candor, openness and mutual respect. Tonight, as our decision day nears, and as the

330 1/2  
Steve Conrad

Style p. 40

House of Representatives weighs its alternatives, I wish to address you in the same spirit.

White Paper from 1-21-81, Differences between House Budget Committee and the Bipartisan Sub. style p. 48, 184, 25, 75, Am Coll Dict p. 133

The House will be voting on two different measures to deal with the economy. One is the measure offered by the House Budget Committee. The other is a bipartisan measure -- the Gramm-Latta substitute.

VE 4-22-81, p. 1, 5 Economic Program style p. 75

We embrace and fully support the Gramm-Latta measure -- one which will achieve all the essential aims of controlling Government spending, building a national defense second to none, and guiding a growing economy.

style p. 46

We must state our opposition to the measure offered by the House Budget Committee.

JP, 4-7-81, p. 1, 5 Democrats offer own cuts list style p. 25

It appears that we have two alternatives. However, there are, truly, no more alternatives left. The House Budget Committee measure quite simply falls far too short of the essential actions that we must take. For example:

MB White Paper 1-21-81 Differences between H&S Budget Committee approved legislation and bipartisan substitute JP, 4-7-81, p. 1, 5 Democrats offer own cuts list style p. 184, 25

-- The House Budget Committee measure plans to spend \$141 billion more over the next three years than does the bipartisan substitute.

MB white paper 1-21-81 Differences between 2 plans style p. 184 m. coll. Dict. p. 133

-- The House Budget Committee measure regrettably cuts nearly \$7 billion in essential defense (budget authority in FY 1982) dollars spending -- spending required to restore America's national security.

MB White Paper 1-21-81 Differences between 2 plans style p. 25 MB facts revealed by Ed Dale 11/4/77

-- The House Budget Committee proposal does not provide enough tax relief to American taxpayers --

MB white paper 1-21-81 Differences between 2 plans style p. 25

X  
X  
XX  
X

NO FACTSHEET  
DNES VS RR  
ROOSAL 4-7-81  
Bob Turner cea  
5052 - Ed Dale  
me 24747  
white paper  
-2-21 Differences  
between 2 plans  
style p. 25  
FACTS  
written by  
Ed Dale 24747

it would take from the people \$147 billion more than the proposal we have endorsed.

-- The House Budget Committee measure does not cut inflation as fast, will not sufficiently stimulate savings and investment, and assumes higher interest rates in 1982.

Let us cut through the fog for a moment. The answer to a government that's too big is to stop feeding its growth. The outrageous deficits of the past few years and the massive national debt which we accumulated are central ingredients to the Government's diet. Well, it's time to change the diet.

But, the option offered by the House Budget Committee only takes half steps. It will leave spending too high and taxes too high. It will cut the defense budget too much and not create the kind of economic growth we must have.

Tonight I renew my call for us to work as a team -- to join in cooperation so that we find answers which solve all of our economic problems and not just some.

The comprehensive program for economic recovery that I have outlined to you over the past few weeks is, I deeply believe, the only answer we have left. Balancing the budget, reducing taxes, providing relief from overregulation, and working toward stable monetary growth are interwoven measures which will ensure that we have addressed each of the severe dislocations which threaten our economic future.

Reagan - Carter > 147  
Jones - Carter >

Reagan - Jones 202

Prop vs. current law  
prop vs. prop.  
will be different

style p. 26, 50, 46  
CON. RECV. PROGRAM  
1-18-81, p. 12-15  
FY82 BUDGET  
REVISIONS BOOK  
p. 28-29, Table 12

4-7-81, PA1, A5  
Democrats offer  
own cut deal  
style p. 25, 51

5, 4-23-81, p. 1, 4pm  
p. 1136, 2-18-81

CON RECV PROGRAM  
1-18-81, Sect III, p. 1  
style p. 37



And we can do all those things if we but muster the will to do them.

When I took the oath of office, I pledged loyalty to only one special interest group -- to "We the People."

Those people -- neighbors and friends; shopkeepers and laborers; farmers and craftsmen -- do not have infinite patience. Some 80 years ago, Teddy Roosevelt wrote these instructive words in his first message to the Congress: "The American people," he said, "are slow to wrath, but when their wrath is once kindled, it burns like a consuming flame."

Perhaps that kind of wrath will be deserved if our answer to these serious problems is to repeat the mistakes of the past. The old and comfortable way is to shave a little here and add a little there. Well, that's not acceptable any more.

The one sure way to continue the inflationary squeeze is to fall back into the predictable patterns of old economic practices.

Isn't it time that we tried something new?

P, p. 5, 1-20-81  
Inauguration  
ath of office not  
still in Newel,  
not Ap, p. 5 has  
lowercase  
P, p. 2, 1-20-81  
inaugural address  
org. Record, 123-01  
82; Pres. Quotations,  
8, Messages and  
papers, p. 6643  
style p. 179, 39

X

? Some?

?  
✓

AP, 4-15-81, p. 14  
craft maiden  
expectation;  
NASA press kit  
1-81 p. 1 press kit  
type p. 184

Just two weeks ago, I joined millions of my fellow Americans in marveling at the magic historical moment that John Young and Bob Crippen created in their spaceship Shuttle Columbia.

NY, 4-7-81 Science Times, p. 2  
type p. 184

The last manned effort was <sup>almost</sup> ~~six~~ years ago, and I remembered how, over the years, we had all come to expect technological precision of our men and machines. Each amazing achievement became commonplace, until the next new challenge was raised.

NASA Press Release  
81, p. 1-3  
Brad Morman - NASA PA  
753-8341  
type p. 179, 1528

With the space shuttle, we tested our ingenuity once again -- moving beyond the accomplishments of the past

into the promise and uncertainty of the future. Thus, we not only planned to send up a 122-foot aircraft, 170 miles into space, but also intended to make it maneuverable and return it to earth -- landing <sup>90 Stone Island</sup> ~~tons~~ tons of ~~exotic metals~~ technology delicately on ~~the~~ <sup>a dry lake</sup> bed.

NASA Press Release  
81, p. 1  
multiple forms of  
Carl Sandburg  
1982, Washington  
nominant by night

The space shuttle raised our expectations once more. It started us dreaming again. "The republic is a dream," wrote Carl Sandburg. "Nothing happens unless first a dream."

That's what makes us Americans different. We always reach for a new spirit and aim at a higher goal. We're courageous and determined. We're unafraid and bold.

Tonight, I think this is what the American people expect of us once again. We're expected to take up our

NY, 4-23-81, p. 1  
reason to address  
the Congress

196,000  
98'14 to DS

own great challenge -- to reach beyond the commonplace and not to fall short for lacking creativity.

We have much greatness before us. We can restore our economic strength and build opportunities like none we've ever had before.

All we need to do is act.

All we need to have is faith.

All we need to begin with is a dream that we can do better than before.

Thank you and good night.

45, 4-23-81, p. 1, 9pm  
Reason to Address  
the Congress

✓

(Khachigian)

mpc 4/24/81gm

April 24, 1981

Second Draft

PRESIDENT REAGAN'S ADDRESS TO A JOINT SESSION OF THE CONGRESS  
April 28, 1981

Protocol, McCallister  
Innis, p. 6-7  
Style p 40  
pp, p. 130, 2-18-81

Mr. Speaker, Mr. President, distinguished Members of the Congress, honored guests, and fellow citizens.

ws, 4-23-81, p. 1, 9pm  
Econ Recy Program  
2-18-81  
Style p. 37

I have come to speak to you tonight about our economic recovery program and why I believe it is essential that the Congress approve this package which I believe will lift the crushing burden of inflation off of our citizens and restore the vitality to our industrial machine.

pp, p. 372, 3-30-81  
Style p. 75, 46  
ws, 4-23-81, p. 1, 9pm  
wp, 4-24-81, p. 1  
JE Session set

First, however, and due to events of the past few weeks, will you permit me to digress for a moment from the all-important subject of why we must bring Government spending under control and reduce tax rates. I would like to say a few words directly to those of you who are watching and listening tonight.

Speakers Press  
Briefing 4-1-81  
p. 11-13, p. 4, 12:13pm  
pp, p. 372, 3-30-81

This is the only way I know to express to you on behalf of Nancy and myself our appreciation for your messages, your flowers, and, most of all, your prayers -- not only for me but for those others who fell beside me.

The warmth of your words, the expression of friendship and, yes, love, meant more to us than you can ever know. You have given us a memory we'll treasure forever. And you've provided the answer to those few voices that were raised saying that what happened was evidence that ours is a sick society.

WP Editorial, 3-31-81  
"The Shootings",  
WP, 3-31-81, p. 91  
Across the country  
there is anger  
mingled with fear  
and prayer

The society we heard from is made up of millions of compassionate Americans and their children, from college age to kindergarten.

Sick societies don't produce men like the two who recently returned from outer space. Sick societies don't produce young men like Secret Service Agent Tim McCarthy who placed his body between mine and the man with the gun simply because he felt that's what his duty called for him to do.

Sick societies don't produce dedicated police officers like Tom Delahanty or able and devoted public servants like Jim Brady. Sick societies don't make people like us so proud to be Americans and so very proud of all of our citizens.

Now, let's talk about getting spending and inflation under control and cutting your tax rates.

Mr. Speaker and Senator Baker, I want to thank you for your cooperation in helping to arrange this Joint Session of the Congress. I won't be speaking to you very long tonight, but I asked for this meeting because the urgency of our joint mission has not changed. Thanks to some very fine people, my health is much improved, but we cannot say the same for the health of our economy.

The fundamental nature of our economic mess has not changed.

It has been half a year since the election that charged all of us in this Government with the task of restoring our

Speakers Press  
Briefing 4-1-81  
p. 11-13, p. 4, 12/3m  
1st grade class  
Cards downstairs  
(large) in center  
corridor  
Style p. 184  
WP 4-15-81  
Craight's maiden  
flight meets all  
expectations  
WP 3-31-81, p. 1+8,  
Reagan wounded  
by assassin's  
bullet

WP 3-31-81, p. 18,  
Reagan wounded  
by assassin's bullet

WS 4-23-81, p. 1 notes  
Reacted both men  
for OK 9pm 4-27-81  
Style p. 55, 48, 39, 25

FACTS ON FILE  
1-7-80, p. 837-39  
Lesson 11-4-80  
mos, 3 weeks  
style p. 46



economy. But let us review where we have come in these six months.

Inflation over this period, as measured by the Consumer Price Index, has continued at a double-digit rate.

Mortgage interest rates have averaged almost 15 percent for the last six months, preventing families across America from buying homes.

There are still almost 8 million people unemployed.

The average worker's hourly earnings, after adjusting for inflation, are lower today than they were six months ago.

There have been 6,000 business failures in this period.

Six months is long enough. The American people now want us to act, and not in half measures. They demand -- and they have earned -- a full and comprehensive effort to clean up our economic mess.

Because of the extent of our economy's sickness, we know that the cure will not come quickly, and that even with our package, progress will come in inches and feet, not miles. But to fail to act will delay even longer -- and more painfully -- the cure which must come.

That cure begins with the Federal budget. And the budgetary actions taken by the Congress over the next few days will determine how we respond to the message of last November 4.

For the last few months, you and I have enjoyed a relationship based on extraordinary cooperation. We have

Style p. 184  
FACTS ON FILE  
11-7-80, p. 837-39  
5 mos 3 weeks  
(11-4 to 4/28)

CPI Index, 4-23-81  
March 81 figures  
Table 2: 6 mo = 11.4%

Style p. 75, 40  
ECON IND, p. 28, 4/81  
13.29% / 6 mo on the  
verified Perry  
Quick, p. 1, 2/80

Style p. 181, 184  
LAT, 4-17-81  
INDUSTRY STUDY

95% of American  
families can't afford  
60K mortgage: Michael  
S. Michra, Chief  
Economist / Nat'l Home  
Builders Association

ECON IND, 4-23-81 March  
figures 7,764,000, p. 11  
Style p. 184

ECON IND 4/23/81  
March figures  
p. 15 / CPI release  
p. 1, 4/23/81  
Reviewed by Tom  
Kunham-OMB X 5084

Style p. 177, 184  
DUN/BARDSTREET WEEKLY  
FAILURES, 4-13-81,  
W-23, NO. 14; verified  
by Steve O'Connell,  
CEA, X5052

ECON RECY PROGRAM  
2-18-81

Style p. 44, 38, 39  
FACTS ON FILE  
7-80, p. 837-39

4-23-81, p. 1, 9pm  
Style p. 48

communicated in a spirit of candor, openness and mutual respect. Tonight, as our decision day nears, and as the House of Representatives weighs its alternatives, I wish to address you in the same spirit. The Senate Budget Committee has just today voted out a bill that is in all major respects consistent with the program we have proposed. Now we look forward to favorable action on the Senate floor. But the more immediate test involves the House of Representatives.

Senate Budget Committee 724-0642  
Joe Johnson - May  
Plan to vote on it Tuesday

Style p. 48, 55  
OMB white paper 4-20-81 Differences between the Budget Committee and the bipartisan substitute  
Style p. 48, 184, 25, 75  
Am. Coll. Dict. p. 133

The House will soon be voting on two different measures to deal with the economy. One is the measure offered by the House Budget Committee. The other is a bipartisan measure -- the Gramm-Latta substitute.

WP 4-22-81, p. 1, 5  
Economic Program  
Style p. 75 4th  
Econ Recy Program 2-18-81 4-pgs

We embrace and fully support the Gramm-Latta measure -- one which will achieve all the essential aims of controlling Government spending and reducing the tax burden, building a national defense second to none, and stimulating economic growth and creating millions of new jobs.

4-7-81, p. 1, 5  
removes office  
w/ cuts list

We must state our opposition to the measure offered by the House Budget Committee.

Style p. 25  
OMB White Paper 4-20-81 Differences between the Budget Committee and bipartisan substitute  
Style p. 25

It appears that we have two alternatives. However, there are, truly, no more alternatives left. The House Budget Committee measure quite simply falls far too short of the essential actions that we must take. For example, in the next three years:

OMB white paper 4-20-81 Differences between HBC proposal and bipart. Sub.  
Style p. 25, 184

- The House Budget Committee measure projects spending \$141 billion more than does the bipartisan substitute.

\* Put note to RR to watch this in case there is no vote.

OMB white paper  
4-20-81 Differences  
between 2 proposals  
Reviewed by Ed Dale/  
OMB, X 4747; Bob  
Turner/CEA, '5052  
Style p. 25, 184

-- The House Budget Committee measure regrettably cuts over \$14 billion in essential defense funding -- funding required to restore America's national security.

OMB white paper  
4-20-81 Differences  
between 2 proposals  
Reviewed by Ed  
Dale/OMB, X 4747;  
Bob Turner/CEA,  
X 5052  
Style p. 25, 184

-- The House Budget Committee proposal does not provide enough, or the right kind of, tax relief to American taxpayers -- it would take from the people \$147 billion more than the proposal we have endorsed and would not provide the kinds of tax changes we need if taxpayers are to have adequate incentives for saving and working.

OMB white paper  
4-20-81, Differences  
between 2 proposals  
Reviewed by Ed Dale/  
OMB, X 4747; Bob  
Turner/CEA, '5052  
Style p. 25

-- The House Budget Committee measure will not cut inflation as fast, and will not sufficiently stimulate savings and investment.

Let us cut through the fog for a moment. The answer to a government that's too big is to stop feeding its growth. Government spending has been growing faster than the economy itself. The massive national debt which we accumulated is the result of the Government's rich spending diet. Well, it's time to change the diet and to change it in the right way.

Style p. 46, 50  
F782 Budget  
Revisions Book  
p. 28-29, Table 12

But, the option offered by the House Budget Committee only takes half steps. It will leave spending too high and tax rates too high. It will cut the defense budget too much. And, by attempting to reduce the deficit through higher taxes, it will not create the kind of economic growth and the new jobs we must have.

UP, 4-7-81, p. A1175  
Democrats offer  
we cut deal  
Style p. 25, 36  
OMB white paper  
4-20-81, Differences  
between 2 proposals





WS, 4-23-81, p. 1, 9pm  
PP, p. 136, 2-18-81

Tonight I renew my call for us to work as a team -- to join in cooperation so that we find answers which will begin to solve all our economic problems and not just some.

ECON RECV PROGRAM  
2-18-81, FY82  
Budget Revisions  
Book 3-10-81  
PP, p. 30 2-18-81  
Address to Congress

The economic recovery package that I have outlined to you over the past few weeks is, I deeply believe, the only answer we have left. Reducing the growth of spending, cutting marginal tax rates, providing relief from overregulation, and following a non-inflationary and predictable monetary policy are interwoven measures which will ensure that we have addressed each of the severe dislocations which threaten our economic future.

ECON RECV PROGRAM  
2-18-81, Sect III, p. 1  
Style p. 107

These policies will make our economy stronger, and the stronger economy will balance the budget -- something we believe we can achieve by 1984. The unacceptable alternative path to a balanced budget is to raise the tax burden higher, and the economy is already weakened by the present tax burden.

ECON RECV PROGRAM  
p. 12 2-18-81  
Style p. 36

And we can do all those things if we but muster the will and commitment to do them.

PP, p. 5, 1-20-81  
Inauguration  
oath of office  
not in style  
manual - but PP  
'5 has it  
overcast

When I took the oath of office, I pledged loyalty to only one special interest group -- to "We the people." Those people -- neighbors and friends; shopkeepers and laborers; farmers and craftsmen -- do not have infinite patience. Some 80 years ago, Teddy Roosevelt wrote these instructive words in his first message to the Congress:

PP, p. 2 1-20-81  
Inaugural address  
orig Record 12-03-01  
823 Presidential  
quotations, p. 8  
messages and  
speeches, p. 6643  
Style p. 179 39

"The American people," he said, "are slow to wrath, but when



Strike p. 28, 179  
NASA Press Release  
4-22-81  
weight p. 9; 196, 500lbs.  
upon landing)  
NASA Press Release  
4/81, p. 3

Complete Poems of  
Carl Sandburg,  
p. 282, Washington  
Monument by site

Space Shuttle News  
Reference - NASA  
Sect III, p. 5  
made mostly  
of aluminum

US, 4-23-81 p. 1, 9pm  
Random Dict. p. 271

technology

X  
Ken

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on a remote dry lake bed.

The Space Shuttle raised our expectations once more.  
It started us dreaming again. "The republic is a dream,"  
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dream."

That's what makes us Americans different. We always  
reach for a new spirit and aim at a higher goal. We're  
courageous and determined. We're unafraid and bold.

Tonight, I think this is what the American people  
expect of us once again. We're expected to take up our own  
great challenge -- to reach beyond the commonplace and not  
to fall short for lacking creativity.

We have much greatness before us. We can restore our  
economic strength and build opportunities like none we've  
ever had before.

All we need to begin with is a dream that we can do  
better than before.

All we need to have is faith.

All we need to do is act.

Thank you and good night.

4/23/81, p. 1, 9pm

THE WHITE HOUSE

WASHINGTON

April 24, 1981

MEMORANDUM FOR THE PRESIDENT

FROM: KENNETH L. KHACHIGIAN 

SUBJECT: Joint Session Speech

Here are materials for your speech before the Congress next Tuesday.

It reflects our conversation of last Friday as well as the comments of OMB, CEA, Treasury and Senior Staff.

I'll be here over the weekend should you want to review any changes -- or if you would like additional data.

All of us on the speechwriting staff -- researchers and secretaries -- want you to know we're very happy to be back in the business of sending you materials!

(Khachigian)

April 24, 1981  
Second Draft

PRESIDENT REAGAN'S ADDRESS TO A JOINT SESSION OF THE CONGRESS  
April 28, 1981

Mr. Speaker, Mr. President, distinguished Members of the Congress, honored guests, and fellow citizens..

I have come to speak to you tonight about our economic recovery program and why I believe it is essential that the Congress approve this package which I believe will lift the crushing burden of inflation off of our citizens and restore the vitality to our industrial machine.

First, however, and due to events of the past few weeks, will you permit me to digress for a moment from the all-important subject of why we must bring Government spending under control and reduce tax rates. I would like to say a few words directly to <sup>(ALL OF YOU & TO)</sup> those ~~of you~~ who are watching and listening tonight.

This is the only way I know to express to you on behalf of Nancy and myself our appreciation for your messages, your flowers, and, most of all, your prayers -- not only for me but for those others who fell beside me.

The warmth of your words, the expression of friendship and, yes, love, meant more to us than you can ever know. You have given us a memory we'll treasure forever. And you've provided the answer to those few voices that were raised saying that what happened was evidence that ours is a sick society.

The society we heard from is made up of millions of compassionate Americans and their children, from college age to kindergarten.

Sick societies don't produce men like the two who recently returned from outer space. Sick societies don't produce young men like Secret Service Agent Tim McCarthy who placed his body between mine and the man with the gun simply because he felt that's what his duty called for him to do.

Sick societies don't produce dedicated police officers like Tom Delahanty or able and devoted public servants like Jim Brady. Sick societies don't make people like us so proud to be Americans and so very proud of all of our citizens.

Now, let's talk about getting spending and inflation under control and cutting your tax rates.

Mr. Speaker and Senator Baker, I want to thank you for your cooperation in helping to arrange this Joint Session of the Congress. I won't be speaking to you very long tonight, but I asked for this meeting because the urgency of our joint mission has not changed. Thanks to some very fine people, my health is much improved, <sup>It like to be able to</sup> ~~but we cannot say the~~ <sup>say that WITH REGARD TO</sup> ~~same for~~ the health of our economy.

~~But~~ The fundamental nature of our economic mess has not changed.

It has been half a year since the election that charged all of us in this Government with the task of restoring our

economy. ~~But let us review~~ Where <sup>we</sup> have come in these six months?

Inflation ~~over this period~~, as measured by the Consumer Price Index, has continued at a double-digit rate.

Mortgage interest rates have averaged over 13 percent for <sup>TAPSE</sup> ~~the last~~ six months, preventing families across America from buying homes.

There are still almost 8 million people unemployed.

The average worker's hourly earnings, after adjusting for inflation, are lower today than they were six months ago **AND**

There have been 6,000 business failures, ~~in this period~~.

Six months is long enough. The American people now want us to act, and not in half measures. They demand -- and they have earned -- a full and comprehensive effort to clean up our economic mess.

Because of the extent of our economy's sickness, we know that the cure will not come quickly, and that even with our package, progress will come in inches and feet, not miles. But to fail to act will delay even longer -- and more painfully -- the cure which must come.

That cure begins with the Federal budget. And the budgetary actions taken by the Congress over the next few days will determine how we respond to the message of last November 4.

For the last few months, you and I have enjoyed a relationship based on extraordinary cooperation. We have

communicated in a spirit of candor, openness and mutual respect. Tonight, as our decision day nears, and as the House of Representatives weighs its alternatives, I wish to address you in ~~that~~ same spirit. The Senate Budget Committee has just today voted out a bill that is in all major respects consistent with the program we have proposed. Now we look forward to favorable action on the Senate floor. But the more immediate test involves the House of Representatives.

The House will soon be voting on two different measures to deal with the economy. One is the measure offered by the House Budget Committee. The other is a bipartisan measure -- the Gramm-Latta substitute.

*ON BEHALF OF THE ADMIN. LET ME SAY WE*  
~~We~~ embrace and fully support the Gramm-Latta measure -- one which will achieve all the essential aims of controlling Government spending and reducing the tax burden, building a national defense second to none, and stimulating economic growth and creating millions of new jobs.

*AT THE SAME TIME HOWEVER I MUST*  
~~We must~~ state our opposition to the measure offered by the House Budget Committee.

It appears that we have two alternatives. However, there are, truly, no more alternatives left. The House Budget Committee measure quite simply falls far too short of the essential actions that we must take. For example, in the next three years:

- The ~~House Budget~~ Committee measure projects spending \$141 billion more than does the bipartisan substitute.

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~~ST~~  
-- ~~The House Budget Committee measure~~ regrettably cuts over \$14 billion in essential defense funding -- funding required to restore America's national security.

~~ST~~  
-- ~~The House Budget Committee proposal~~ does not provide enough, or the right kind of, tax relief to American taxpayers -- it would take from the people \$147 billion more than the proposal we have endorsed and would not provide the kinds of tax changes we need if taxpayers are to have adequate incentives for saving and working.

~~In short the~~  
-- ~~The House Budget Committee measure~~ will not cut inflation as fast, and will not sufficiently stimulate savings and investment.

Let us cut through the fog for a moment. The answer to a government that's too big is to stop feeding its growth. Government spending has been growing faster than the economy itself. The massive national debt which we accumulated is the result of the Government's rich spending diet. Well, it's time to change the diet and to change it in the right way.

— ~~Insert No. 1~~ —

~~But,~~ The option offered by the House Budget Committee ~~only takes half steps.~~ It will leave spending too high and tax rates too high. It will cut the defense budget too much. And, by attempting to reduce the deficit through higher taxes, it will not create the kind of economic growth and the new jobs we must have.

Let us not overlook the fact that ~~the private sector~~ ~~man or woman~~ creates ~~more than 80% of all the new jobs and employs more than half our work force.~~ One across the board tax cut for a 3 year period will give them much of the stability they need to

Jeff  
Carson  
15096  
Mike  
McKee  
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Check



THE WHITE HOUSE  
WASHINGTON

\* Ken  
you might want  
to check this out.

Insert # 1 - PAGE 5

I know the tax portion of our package is of concern to ~~many~~<sup>some</sup> of you. Let me make a few points I feel have been overlooked. First of all it should be looked at as an ~~to~~ integral part of the entire package not something separate and apart from the budget reductions, the regulatory relief and the monetary restraints.

\* But probably the most common misconception is that we are proposing to reduce govt. revenues to less than govt. has been receiving. This is not true. Actually we are discussing how much of a tax increase should be imposed on the taxpayer.

A gigantic tax increase has been built into the system for 1982 ~~AND~~ BEYOND  
We are proposing ~~no~~ nothing more than a reduction of that increase.

The people have a right to know that even with our plan they will be paying more in taxes.

*go forward with expansion plans calling for additional employees.*

Tonight I renew my call for us to work as a team -- to join in cooperation so that we find answers which will begin to solve all our economic problems and not just some.

The economic recovery package that I have outlined to you over the past few weeks is, I deeply believe, the only answer we have left. Reducing the growth of spending, cutting marginal tax rates, providing relief from overregulation, and following a non-inflationary and predictable monetary policy are interwoven measures which will ensure that we have addressed each of the severe dislocations which threaten our economic future.

These policies will make our economy stronger, and the stronger economy will balance the budget -- something we believe we can achieve by 1984. The unacceptable alternative path to a balanced budget is to raise the tax burden higher, ~~but our~~ ~~and the~~ economy is already weakened by the present tax burden *and could be destroyed if that burden is increased too much.*

~~And we can do all those things if we but muster the will and commitment to do them.~~

When I took the oath of office, I pledged loyalty to only one special interest group -- to "We the people." Those people -- neighbors and friends; shopkeepers and laborers; farmers and craftsmen -- do not have infinite patience. Some 80 years ago, Teddy Roosevelt wrote these instructive words in his first message to the Congress: "The American people," he said, "are slow to wrath, but when

their wrath is once kindled, it burns like a consuming flame."

Perhaps that kind of wrath will be deserved if our answer to these serious problems is to repeat the mistakes of the past. The old and comfortable way is to shave a little here and add a little there. Well, that's not acceptable any more. I think this great and historic Congress knows that that way is no longer acceptable.

The one sure way to continue the inflationary squeeze is to fall back into the predictable patterns of old economic practices.

Isn't it time that we tried something new?

Just two weeks ago, I joined millions of my fellow Americans in marveling at the magic historical moment that John Young and Bob Crippen created in their Space Shuttle Columbia.

The last manned effort was almost 6 years ago, and I remembered how, over the years, we had all come to expect technological precision of our men and machines. Each amazing achievement became commonplace, until the next new challenge was raised.

With the Space Shuttle, we tested our ingenuity once again -- moving beyond the accomplishments of the past into the promise and uncertainty of the future. Thus, we not only planned to send up a 122-foot aircraft, 170 miles into space, but also intended to make it maneuverable and return

it to Earth -- landing 98 tons of exotic metals delicately on a remote dry lake bed.

~~The Space Shuttle~~ <sup>DID MORE THAN PROVE OUR TECHNOLOGICAL ABILITIES, IT</sup> raised our expectations once more; ~~It~~ started us dreaming again. "The republic is a dream," wrote Carl Sandburg. "Nothing happens unless first a dream."

That's what makes us Americans different. We <sup>HAVE</sup> always reach~~ed~~ for a new spirit and aim~~ed~~ at a higher goal. We've ~~BEEN~~ courageous and determined, ~~we're~~ unafraid and bold. WHO AMONG US WANTS TO BE ~~IT~~ TO SAY WE NO LONGER HAVE THOSE QUALITIES? THAT WE MUST LIMP ALONG DOING THE SAME THINGS THAT HAVE ~~US~~ BROUGHT US OUR PRESENT MISERY? I BELIEVE THE PEOPLE YOU DO REPRESENT expect of us once again. We're expected to take up our own ARE READY TO CHART A NEW COURSE. THEY LOOK TO US TO MEET THE great challenge -- to reach beyond the commonplace and not ~~to~~ fall short for lacking creativity OR COURAGE.

We have much greatness before us. We can restore our economic strength and build opportunities like none we've ever had before.

As CARL SANDBURG SAID  
All we need to begin with is a dream that we can do better than before.

All we need to have is faith.

All we need to do is act, AND THAT DREAM WILL COME TRUE.  
When ~~you~~ you allowed me to speak to you here in  
Thank you and good night.

these chambers before I told you I wanted this program for ec. recovery to be ours - yours and mine. I think the Gramm-Leach-Bliley bipartisan bill has achieved that purpose.

Thank you and good night.

THE WHITE HOUSE  
WASHINGTON

April 25, 1981

MEMORANDUM FOR THE PRESIDENT

FROM: KENNETH L. KHACHIGIAN

Here is a clean copy of your edited version of the Joint Session speech. I checked out your tax insert with Norm Ture, and he says the facts therein are correct.

A few other points:

(1) There will be one more limited circulation of the speech on Monday -- just to make sure we've not overlooked something. That will enable us to make technical corrections.

(2) Max Friedersdorf would like you to delete references to the "Gramm-Latta" bill and refer to it, instead, as the bipartisan substitute measure. The reason for this is that Gramm is being targeted by the House Democratic leadership, and using his name might put him in an uncomfortable position. And when the bill is submitted on the House floor, it will be done so by Del Latta, not Phil Gramm.

(3) Also, per Max Friedersdorf's suggestion -- there is only one element now missing from this draft and that is a bouquet to the Congress. He rightfully points out that they have been very cooperative in many respects and that no legislation has ever moved this quickly up there. It would be very helpful to your cause to let them know quite specifically how much they have done to keep the ball rolling. You will note on the bottom of page three, I've marked an "insert A" at which I propose the following language:

"Because of this cooperation we have come a long distance in less than three months. I want to thank the Leadership of <sup>the</sup> Congress for helping in setting a fair timetable for consideration of my recommendations. And committee chairmen on both sides of the aisle have called prompt and thorough hearings."

Then, the next sentence, beginning "We have also . . ." would start a new paragraph. Everything else would remain the same.

*Congress  
Historical  
Ceremonies*

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*control*  
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*serious for*  
*New Homes*

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*has been 3 months*  
*since release of*  
*program, ECON REC*  
*Program, 2-18-81*  
*pp. p. 130, 2-18-81*  
*style p. 29*

*new*

*x*

*ok*

THE WHITE HOUSE

WASHINGTON

April 24, 1981

MEMORANDUM FOR THE PRESIDENT

FROM: KENNETH L. KHACHIGIAN 

SUBJECT: Joint Session Speech

Here are materials for your speech before the Congress next Tuesday.

It reflects our conversation of last Friday as well as the comments of OMB, CEA, Treasury and Senior Staff.

I'll be here over the weekend should you want to review any changes -- or if you would like additional data.

All of us on the speechwriting staff -- researchers and secretaries -- want you to know we're very happy to be back in the business of sending you materials!

PRESIDENT REAGAN'S ADDRESS TO A JOINT SESSION OF THE CONGRESS  
April 28, 1981

Mr. Speaker, Mr. President, distinguished Members of the Congress, honored guests, and fellow citizens...

I have come to speak to you tonight about our economic recovery program and why I believe it is essential that the Congress approve this package which I believe will lift the crushing burden of inflation off of our citizens and restore the vitality to our industrial machine.

First, however, and due to events of the past few weeks, will you permit me to digress for a moment from the all-important subject of why we must bring Government spending under control and reduce tax rates. I would like to say a few words directly to <sup>(All of you & to)</sup> those ~~of you~~ who are watching and listening tonight.

This is the only way I know to express to you on behalf of Nancy and myself our appreciation for your messages, your flowers, and, most of all, your prayers -- not only for me but for those others who fell beside me.

The warmth of your words, the expression of friendship and, yes, love, meant more to us than you can ever know. You have given us a memory we'll treasure forever. And you've provided the answer to those few voices that were raised saying that what happened was evidence that ours is a sick society.

The society we heard from is made up of millions of compassionate Americans and their children, from college age to kindergarten.

Sick societies don't produce men like the two who recently returned from outer space. Sick societies don't produce young men like Secret Service Agent Tim McCarthy who placed his body between mine and the man with the gun simply because he felt that's what his duty called for him to do.

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people, my health is much improved, <sup>It like to be able to</sup> ~~but we cannot say the~~

<sup>say I just WITH REGARD TO</sup> ~~base~~ for the health of our economy.

<sup>BUT</sup> The fundamental nature of our economic mess has not changed.

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Inflation ~~over this period~~, as measured by the Consumer Price Index, has continued at a double-digit rate.

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Arch/Kean  
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- ~~The House Budget Committee~~ <sup>ST</sup> measure regrettably cuts over \$14 billion in essential defense funding -- funding required to restore America's national security.
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— Incent No. 1 —

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Mike  
Nickie  
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Check

THE WHITE HOUSE  
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\* Ken  
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Insert # 1 - PAGE 5

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FHBB release 4881  
Terms on conventional  
Home mortgages  
nat'l avg. for  
all major lenders:  
Commitment rates  
and lending policy  
25 year maturity  
6 mo avg = 14.87%  
verified by Perry  
Quirk KEA 5680  
and John Auster  
at Treasury  
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Hobcock  
Council

Jack  
Stein  
Rm 136

He who is afraid  
of them should  
fear, not gather  
flowers.

ok

House of Representatives weighs its alternatives, I wish to address you in that same spirit. The Senate Budget Committee has just today voted out a bill that is in all major respects consistent with the program we have proposed. Now we look forward to favorable action on the Senate floor. But the more immediate test involves the House of Representatives.

The House will soon be voting on two different measures to deal with the economy. One is the measure offered by the House Budget Committee. The other is a bipartisan measure -- the Gramm-Latta substitute.

On behalf of the Administration, let me say we embrace and fully support the Gramm-Latta measure -- one which will achieve all the essential aims of controlling Government spending and reducing the tax burden, building a national defense second to none, and stimulating economic growth and creating millions of new jobs.

At the same time, however, I must state our opposition to the measure offered by the House Budget Committee.

It appears that we have two alternatives. However, there are, truly, no more alternatives left. The House Budget Committee measure quite simply falls far too short of the essential actions that we must take. For example, in the next three years:

- The Committee measure projects spending \$141 billion more than does the bipartisan substitute.

- It regrettably cuts over \$14 billion in essential defense funding -- funding required to restore America's national security.
- It does not provide enough, or the right kind of, tax relief to American taxpayers -- it would take from the people \$147 billion more than the proposal we have endorsed and would not provide the kinds of tax changes we need if taxpayers are to have adequate incentives for saving and working.
- In short, the Committee measure will not cut inflation as fast, and will not sufficiently stimulate savings and investment.

Let us cut through the fog for a moment. The answer to a government that's too big is to stop feeding its growth. Government spending has been growing faster than the economy itself. The massive national debt which we accumulated is the result of the Government's rich spending diet. Well, it's time to change the diet and to change it in the right way.

I know the tax portion of our package is of concern to new some of you. Let me make a few points I feel have been overlooked. First of all, it should be looked at as an integral part of the entire package, not something separate and apart from the budget reductions, the regulatory relief and the monetary restraints.

Econ Recy Program  
1-18-81, p. 14  
Econ Recy Program  
1-18-81, p. 1

ok

new ↓

Style p. 46

OMB Executive Briefing Book on Econ Program 4-81 p. 18

But probably the most common misconception is that we are proposing to reduce government revenues to less than what government has been receiving. This is not true. Actually, we are discussing how much of a tax increase should be imposed on the taxpayer.

X  
X

A gigantic tax increase has been built into the system for 1982 and beyond. We are proposing nothing more than a reduction of that increase.

The people have a right to know that even with our plan they will be paying more in taxes.

The option offered to the House Budget Committee will leave spending too high and tax rates too high. It will cut the defense budget too much. And, by attempting to reduce the deficit through higher taxes, it will not create the kind of economic growth and the new jobs we must have.

new ↓

Holly medent - AA at SBA 653-6822 Pamphlet 'FACTS ABOUT Sm. BUSINESS IN THE U.S. SBA Style p. 181, 75, 184 Econ Recy Program 2-18-81, p. 14

us not overlook the fact that the small, independent business man or woman creates more than 80% of all the new jobs and employs more than half our work force. Our across-the-board tax cut for a 3-year period will give them much of the stability they need to go forward with expansion plans calling for additional employees.

XX

X

Tonight I renew my call for us to work as a team -- to join in cooperation so that we find answers which will begin to solve all our economic problems and and not just some.

The economic recovery package that I have outlined to you over the past few weeks is, I deeply believe, the only

answer we have left. Reducing the growth of spending, cutting marginal tax rates, providing relief from over-regulation, and following a non-inflationary and predictable monetary policy are interwoven measures which will ensure that we have addressed each of the severe dislocations which threaten our economic future.

These policies will make our economy stronger, and the stronger economy will balance the budget -- something we believe we can achieve by 1984. The unacceptable alternative path to a balanced budget is to raise the tax burden higher, but our economy is already weakened by the present tax burden and could be destroyed if that burden is increased too much.

When I took the oath of office, I pledged loyalty to only one special interest group -- to "We the people." Those people -- neighbors and friends; shopkeepers and laborers; farmers and craftsmen -- do not have infinite patience. Some 80 years ago, Teddy Roosevelt wrote these instructive words in his first message to the Congress: "The American people," he said, "are slow to wrath, but when their wrath is once kindled, it burns like a consuming flame."

Perhaps that kind of wrath will be deserved if our answer to these serious problems is to repeat the mistakes of the past. The old and comfortable way is to shave a little here and add a little there. Well, that's not acceptable any more. I think this great and historic Congress knows that that way is no longer acceptable.

The one sure way to continue the inflationary squeeze is to fall back into the predictable patterns of old economic practices.

Isn't it time that we tried something new?

Just two weeks ago, I joined millions of my fellow Americans in marveling at the magic historical moment that John Young and Bob Crippen created in their Space Shuttle Columbia.

Style p. 81  
The last manned effort was almost 6 years ago, and I remembered how, over the years, we had all come to expect technological precision of our men and machines. Each amazing achievement became commonplace, until the next new challenge was raised.

With the Space Shuttle, we tested our ingenuity once again -- moving beyond the accomplishments of the past into the promise and uncertainty of the future. Thus, we not only planned to send up a 122-foot aircraft, 170 miles into space, but also intended to make it maneuverable and return it to Earth -- landing 98 tons of exotic ~~metals~~ <sup>technology</sup> delicately on a remote dry lake bed. X

The Space Shuttle did more than prove our technological abilities, it raised our expectations once more; started us dreaming again. "The republic is a dream," wrote Carl Sandburg. "Nothing happens unless first a dream."

That's what makes us Americans different. We have always reached for a new spirit and aimed at a higher goal.

revised ↓

We've been courageous and determined, unafraid and bold. Who among us wants to be first to say we no longer have those qualities? That we must limp along doing the same things that have brought us our present misery. I believe the people you and I represent are ready to chart a new course. They look to us to meet the great challenge -- to reach beyond the commonplace and not fall short for lacking creativity or courage.

We have much greatness before us. We can restore our economic strength and build opportunities like none we've ever had before.

As Carl Sandburg said, all we need to begin with is a dream that we can do better than before.

All we need to have is faith.

All we need to do is act, and that dream will come true.

When you allowed me to speak to you here in these chambers before, I told you I wanted this program for economic recovery to be ours -- yours and mine. I think the Gramm-Latta bipartisan bill has achieved that purpose.

Thank you and good night.

Complete Poems of Carl Sandburg p. 282 Washington Monument by night

pp. p. 130, 2-18-81 Econ Recy Program pp. p. 136 2-18-81 pp. 4-22-81, p. 1, 5 Economic Program Sept. p. 75, 37

5, 4/23/81, p. 1, 9pm

X

ok



(Whachigian)

April 27, 1981  
Fourth Draft

170-182

PRESIDENT REAGAN'S ADDRESS TO A JOINT SESSION OF THE CONGRESS  
April 28, 1981

Mr. Speaker, Mr. President, distinguished Members of the Congress, honored guests, and fellow citizens:

I have come to speak to you tonight about our economic recovery program and why I believe it is essential that the Congress approve this package which I believe will lift the crushing burden of inflation off of our citizens and restore the vitality to our industrial machine.

First, however, and due to events of the past few weeks, will you permit me to digress for a moment from the all-important subject of why we must bring Government spending under control and reduce tax rates. I would like to say a few words directly to all of you and to those who are watching and listening tonight.

This is the only way I know to express to you on behalf of Nancy and myself our appreciation for your messages, your flowers, and, most of all, your prayers -- not only for me but for those others who fell beside me.

The warmth of your words, the expression of friendship and, yes, love, meant more to us than you can ever know. You have given us a memory we'll treasure forever. And you've provided the answer to those few voices that were raised saying that what happened was evidence that ours is a sick society.

The society we heard from is made up of millions of compassionate Americans and their children, from college age to kindergarten.

Sick societies don't produce men like the two who recently returned from outer space. Sick societies don't produce young men like Secret Service Agent Tim McCarthy who placed his body between mine and the man with the gun simply because he felt that's what his duty called for him to do.

Sick societies don't produce dedicated police officers like Tom Delahanty or able and devoted public servants like Jim Brady. Sick societies don't make people like us so proud to be Americans and so very proud of all of our citizens.

Now, let's talk about getting spending and inflation under control and cutting your tax rates.

Mr. Speaker and Senator Baker, I want to thank you for your cooperation in helping to arrange this Joint Session of the Congress. I won't be speaking to you very long tonight, but I asked for this meeting because the urgency of our joint mission has not changed.

Thanks to some very fine people, my health is much improved. I'd like to be able to say that with regard to the health of our economy. But the fundamental nature of our economic mess has not changed.



It has been half a year since the election that charged all of us in this Government with the task of restoring our economy. Where have we come in these 6 months?

Inflation, as measured by the Consumer Price Index, has continued at a double-digit rate.

Mortgage interest rates have averaged almost 15 percent for these 6 months, preventing families across America from buying homes.

There are still almost 8 million people unemployed.

The average worker's hourly earnings, after adjusting for inflation, are lower today than they were 6 months ago and there have been over 6,000 business failures.

Six months is long enough. The American people now want us to act, and not in half measures. They demand -- and they have earned -- a full and comprehensive effort to clean up our economic mess.

Because of the extent of our economy's sickness, we know that the cure will not come quickly, and that even with our package, progress will come in inches and feet, not miles. But to fail to act will delay even longer -- and more painfully -- the cure which must come.

That cure begins with the Federal budget. And the budgetary actions taken by the Congress over the next few days will determine how we respond to the message of last November 4.

*That message was very simple. Our government is too big & IT spends too much. ~~It does too much~~ And it's time to get it under control and bring ~~within its means just like we have to.~~*

For the last few months, you and I have enjoyed a relationship based on extraordinary cooperation. Because of this cooperation we have come a long distance in less than 3 months. I want to thank the leadership of the Congress for helping in setting a fair timetable for consideration of my recommendations. And committee chairmen on both sides of the aisle have called prompt and thorough hearings.

We have also communicated in a spirit of candor, openness and mutual respect. Tonight, as our decision day nears, and as the House of Representatives weighs its alternatives, I wish to address you in that same spirit. *Under the leadership of Chairman Bill Demarco,* The Senate Budget Committee has just today voted out a bill that is in all major respects consistent with the program we have proposed. Now we look forward to favorable action on the Senate floor. But, an equally crucial test involves the House of Representatives.

The House will soon be *(choosing between)* ~~voting on~~ two different measures to deal with the economy. One is the measure offered by the House Budget Committee. The other is a bipartisan measure -- a substitute introduced by Congressmen Phil Gramm of Texas and Del Latta of Ohio.

On behalf of the Administration, let me say we embrace and fully support that bipartisan substitute. It will achieve all the essential aims of controlling Government spending and reducing the tax burden, building a national

defense second to none, and stimulating economic growth and creating millions of new jobs.

At the same time, however, I must state our opposition to the measure offered by the House Budget Committee.

It may appear that we have two alternatives. In reality, however, there are no more alternatives left. The Committee measure quite simply falls far too short of the essential actions that we must take. For example, in the next 3 years:

- The Committee measure projects spending \$141 billion more than does the bipartisan substitute.
- It regrettably cuts over \$14 billion in essential defense funding -- funding required to restore America's national security.

*insert*  
*(A)*

-- It does not provide enough, or the right kind of, tax relief to American taxpayers -- it would take from the people \$147 billion more than the proposal we have endorsed and would not provide the kinds of tax changes we need if taxpayers are to have adequate incentives for saving and working.

*insert*  
*(B)*

-- In short, the Committee measure will not cut inflation as fast, and will not sufficiently stimulate savings and investment.

Let us cut through the fog for a moment. The answer to a government that's too big is to stop feeding its growth. Government spending has been growing faster than the economy itself. The massive national debt which we accumulated is

INSERT A

It adheres to the failed policy of trying to balance the budget on the taxpayer's back. It would increase tax payments by over a third -- adding up to a staggering quarter trillion dollars. Federal taxes would increase 12 percent each year. Taxpayers would be paying a larger share of their income to Government in 1984 than at present.

INSERT B

In short, the Committee measure reflects an echo of the past rather than a benchmark for the future. High taxes and excess spending growth created our present economic mess; more of the same will not cure the hardship, anxiety and discouragement it has imposed on the American people.

the result of the Government's rich spending diet. Well, it's time to change the diet and to change it in the right way. ~~And it's time to say: No more short cuts; no more quick fixes; and no more inevitable red ink.~~

I know the tax portion of our package is of concern to some of you. Let me make a few points I feel have been overlooked. First of all, it should be looked at as an integral part of the entire package, not something separate and apart from the budget reductions, the regulatory relief and the monetary restraints.

~~Our economic program relies on the vigorous interaction of people's savings that are invested so businesses can grow and produce more jobs. And business expansion in turn offers new opportunities and incentives for our working people to earn more money and increase their standard of living. Tax rate cuts are the golden thread which binds our people to this economic system. They cannot be left out.~~

Probably the most common misconception is that we are proposing to reduce Government revenues to less than what Government has been receiving. This is not true. Actually, the discussion has to do with how much of a tax increase should be imposed on the taxpayer in 1982. A gigantic tax increase has been built into the system. We are proposing nothing more than a reduction of that increase.

The people have a right to know that even with our plan they will be paying more in taxes, but not as much more.

It will take our full 3-year <sup>10 years</sup> tax rate reduction just to hold the line on taxes, to provide tax reductions for individual taxpayers, and jobs for millions of our fellow citizens.

The option offered by the House Budget Committee will leave spending too high and tax rates too high. At the same time it cuts the defense budget too much. And, by attempting to reduce the deficit through higher taxes, it will not create the kind of strong economic growth and the new jobs we must have. Let us not overlook the fact that the small, independent business man or woman creates more than 80 percent of all the new jobs and employs more than half our work force. Our across-the-board cut in tax rates for a 3-year period will give them much of the incentive and promise of stability they need to go forward with expansion plans calling for additional employees.

Tonight I renew my call for us to work as a team -- to join in cooperation so that we find answers which will begin to solve all our economic problems and not just some.

The economic recovery package that I have outlined to you over the past few weeks is, I deeply believe, the only answer we have left. Reducing the growth of spending, cutting marginal tax rates, providing relief from overregulation, and following a non-inflationary and predictable monetary policy are interwoven measures which will ensure



that we have addressed each of the severe dislocations which threaten our economic future.

These policies will make our economy stronger, and the stronger economy will balance the budget -- which we are committed to do by 1984. ~~The unacceptable alternative path to a balanced budget is to raise the tax burden even higher, but our economy is already weakened by the present tax burden and could be destroyed if that burden is increased too much.~~

When I took the oath of office, I pledged loyalty to only one special interest group -- "We the people." Those people -- neighbors and friends; shopkeepers and laborers; farmers and craftsmen -- do not have infinite patience. Some 80 years ago, Teddy Roosevelt wrote these instructive words in his first message to the Congress: "The American people," he said, "are slow to wrath, but when their wrath is once kindled, it burns like a consuming flame."

Perhaps that kind of wrath will be deserved if our answer to these serious problems is to repeat the mistakes of the past. The old and comfortable way is to shave a little here and add a little there. Well, that's not acceptable any more. I think this great and historic Congress knows that that way is no longer acceptable.

The one sure way to continue the inflationary spiral is to fall back into the predictable patterns of old economic practices.

Isn't it time that we tried something new?

When you allowed me to speak to you here in these Chambers before, I told you I wanted this program for economic recovery to be ours -- yours and mine. I think the bipartisan substitute bill has achieved that purpose. It moves us toward restored economic vitality.

Just two weeks ago, I joined millions of my fellow Americans in marveling at the magic historical moment that John Young and Bob Crippen created in their Space Shuttle Columbia.

The last manned effort was almost 6 years ago, and I remembered how, over the years, we had all come to expect technological precision of our men and machines. Each amazing achievement became commonplace, until the next new challenge was raised.

With the Space Shuttle, we tested our ingenuity once again -- moving beyond the accomplishments of the past into the promise and uncertainty of the future. Thus, we not only planned to send up a 122-foot aircraft, 170 miles into space, but also intended to make it maneuverable and return it to Earth -- landing 98 tons of exotic metals delicately on a remote dry lake bed.

The Space Shuttle did more than prove our technological abilities, it raised our expectations once more; it started us dreaming again. "The republic is a dream," wrote Carl Sandburg. "Nothing happens unless first a dream."

That's what makes us Americans different. We have always reached for a new spirit and aimed at a higher goal. We've been courageous and determined, unafraid and bold. Who among us wants to be first to say we no longer have those qualities? That we must limp along doing the same things that have brought us our present misery. I believe the people you and I represent are ready to chart a new course. They look to us to meet the great challenge -- to reach beyond the commonplace and not fall short for lack of creativity or courage. Someone has said: "He who would have nothing to do with thorns must never attempt to gather flowers."

We have much greatness before us. We can restore our economic strength and build opportunities like none we've ever had before.

As Carl Sandburg said, all we need to begin with is a dream that we can do better than before.

All we need to have is faith,  
All we need to do is act, and that dream will come true.  
Thank you and good night.

*and the time for action is now.*

It does not offer a real alternative despite its packaging.

The Committee measures project a continuation of excessive spending growth -- \$184 billion <sup>or</sup> ~~en~~ nearly 9 percent annually over the next three years. That's a recipe with a sure result: high taxes, more deficits and continued stagflation.

It ignores the mandate of last November for new priorities: while increasing domestic spending by \$86 billion over the next three years, it reduces vitally needed funding authority for defense by \$14 billion.

It adheres to the failed policy of trying to balance the budget on the taxpayer's back. ~~Despite rhetoric about a tax cut, here are the facts.~~

*insert*  
→ It  
by over a third -- adding up to  
~~The Committee resolution would increase tax payments by a staggering quarter trillion dollars over the next three years.~~ Federal taxes would increase 12 percent each year. Taxpayers would be paying a larger share of their income to government in 1984 than at present.

*insert*  
B  
In short, the Committee measure reflects an echo of the past rather than a benchmark for the future. High taxes and excess spending growth created our present economic mess; more of the same will not cure the hardship, anxiety and discouragement it has imposed on the American people.

research

(Khachigian) *MP 4/28/81 am*

April 27, 1981  
Fourth Draft

PRESIDENT REAGAN'S ADDRESS TO A JOINT SESSION OF THE CONGRESS  
April 28, 1981

Mr. Speaker, Mr. President, distinguished Members of the Congress, honored guests, and fellow citizens.

I have come to speak to you tonight about our economic recovery program and why I believe it is essential that the Congress approve this package which I believe will lift the crushing burden of inflation off of our citizens and restore the vitality to our industrial machine.

First, however, and due to events of the past few weeks, will you permit me to digress for a moment from the all-important subject of why we must bring Government spending under control and reduce tax rates. I would like to say a few words directly to all of you and to those who are watching and listening tonight.

This is the only way I know to express to you on behalf of Nancy and myself our appreciation for your messages, your flowers, and, most of all, your prayers -- not only for me but for those others who fell beside me.

The warmth of your words, the expression of friendship and, yes, love, meant more to us than you can ever know. You have given us a memory we'll treasure forever. And you've provided the answer to those few voices that were raised saying that what happened was evidence that ours is a sick society.

PROTOCOL by McCaffrey and Innis p. 6-7  
PP, p. 130, 2-18-81  
Cyril p. 10

NEUILL SCHEDULING  
MEMO 4/24/81 9pm  
ECON PPT / PROGRAM  
2-15-81  
Style p. 29  
CPI release 4-23-81  
March figures p. 1

PP, p. 372, 3-30-81  
assassination attempt  
Style p. 75, 46  
WP 4-24-81, p. 1  
JT. session Set  
(televised); Neuell  
Scheduling memo  
(4/24/81) for 9pm

Speakers press  
Briefing 4-1-81  
P. 4, 11-13, 12, 13pm  
PP, p. 372, 3-30-81  
name 3 others hurt

WP editorial  
3-31-81 "The Shoppings"  
WP 3-31-81, p. 1  
Across the Country  
there is an old  
mangled with  
feared phrase

ok  
✓

Speakes Press  
Briefing 4-1-81,  
4-4-81, 12:30pm  
5th grade class  
Cards downstairs  
in center corridor  
sent in by radio  
stations, towns,  
etc. w/ thousands  
of names on them  
tape p 184  
4-15-81 Craft's  
maiden voyage meets  
all expectations  
4-31-81, p. 1+8,  
Reagan wounded  
by assailant's  
bullet (Tim 1531)

The society we heard from is made up of millions of  
compassionate Americans and their children, from college  
age to kindergarten.

Sick societies don't produce men like the two who  
recently returned from outer space. Sick societies don't  
produce young men like Secret Service Agent Tim McCarthy  
who placed his body between mine and the man with the gun  
simply because he felt that's what his duty called for him  
to do.

PP, p. 372, 3-30-81  
4-3-81, p. 1+8,  
Reagan wounded  
by assailant's  
bullet

Sick societies don't produce dedicated police officers  
like Tom Delahanty or able and devoted public servants like  
Jim Brady. Sick societies don't make people like us so  
proud to be Americans and so very proud of all of our  
citizens.

PT news release  
March figures 4/23/81

Now, let's talk about getting spending and inflation  
under control and cutting your tax rates.

4-23-81, p. 1 notes  
washed both men  
at 9am 4-27-81  
tape p. 55, 48, 39, 25  
can said length 20  
0-12 minutes

Mr. Speaker and Senator Baker, I want to thank you for  
your cooperation in helping to arrange this Joint Session  
of the Congress. I won't be speaking to you very long  
tonight, but I asked for this meeting because the urgency  
of our joint mission has not changed.

PP, p. 429, 4-11-81  
statement upon  
leaving hospital  
news release with  
note by Murry  
Leidenbaum on  
PT news for  
Nash, 4/23/81

Thanks to some very fine people, my health is much  
improved. I'd like to be able to say that with regard  
to the health of our economy. But the fundamental nature  
of our economic mess has not changed.

dy

FACTS ON FILE  
11-7-80, p. 837-89  
Election 11-4-80  
5 mos. 3 weeks  
Style p. 46, 181  
CPI news release  
4/23/81 March figures  
6 mos. = 11.4%  
Table 2  
Style p. 75, 40  
FBI/BB news release  
4-8-81, p. 2, Table 1,  
Oct-March: 14.87%  
Verified by Perry  
Quirk/CEN X5080,  
John Outen/Treasury,  
E66-5944

It has been half a year since the election that charged all of us in this Government with the task of restoring our economy. Where have we come in these 6 months?

Inflation, as measured by the Consumer Price Index, has continued at a double-digit rate.

Mortgage interest rates have averaged almost 15 percent for these 6 months, preventing families across America from buying homes.

There are still almost 8 million people unemployed.

The average worker's hourly earnings, after adjusting for inflation, are lower today than they were 6 months ago and there have been over 6,000 business failures.

Six months is long enough. The American people now want us to act, and not in half measures. They demand -- and they have earned -- a full and comprehensive effort to clean up our economic mess.

Because of the extent of our economy's sickness, we know that the cure will not come quickly, and that even with our package, progress will come in inches and feet, not miles. But to fail to act will delay even longer -- and more painfully -- the cure which must come.

That cure begins with the Federal budget. And the budgetary actions taken by the Congress over the next few days will determine how we respond to the message of last November 4.

INDUSTRY STUDY SAYS  
95% of American  
families can afford  
60K mortgage  
ECON IND, 4-23-81,  
p. 1, March figures  
7,764,000; consistent  
for over 6 months  
Style p. 184, 181, 179  
ECON IND, 4-23-81  
March figures, p. 15/  
CPI release, p. 1  
4-23-81 verified  
by Jim Burnham/  
CEA X5084  
DUN/BRADSTREET WEEKLY  
FAILURES, 4-13-81, W-23  
NO. 14, verified by  
Steve O'Connell, CEA  
X5052  
Style p. 183, 12:16

ECONOMY Program  
2-18-81

Style p. 44, 36, 39  
WP 4/28/81, p. 1  
"Fresh momentum  
given to Reagan's  
austerity budget"  
states votes to  
come this week  
on early vote  
Election day, FACTS  
ON FILE, 11-7-81,  
p. 837-839  
Style p. 181, 12.9.c

ok

PP p.1, 1-20-81  
Inauguration  
almost 3 mos.  
Style p. 181, 39  
less than 3 months  
since release of  
econ Recy Program  
2-18-81  
Verified by Max  
Friedenberg X2230

For the last few months, you and I have enjoyed a relationship based on extraordinary cooperation. Because of this cooperation we have come a long distance in less than 3 months. I want to thank the leadership of the Congress for helping in setting a fair timetable for consideration of my recommendations. And committee chairmen on both sides of the aisle have called prompt and thorough hearings.

Newell scheduling  
memo 4/24/81, 9pm  
WP, 4-28-81, p.1  
Fresh Momentum  
given to Reagan's  
austerity budget  
Style p. 48, 25  
Senate Budget  
Committee 224-0412  
plan to vote on  
it Tuesday 4/28  
Leo Titus, Senate  
Budget Committee  
5pm, 4-28-81  
vote 15-6  
Verified by Max  
Friedenberg X2230

We have also communicated in a spirit of candor, openness and mutual respect. Tonight, as our decision day nears, and as the House of Representatives weighs its alternatives, I wish to address you in that same spirit. The Senate Budget Committee has just today voted out a bill that is in all major respects consistent with the program we have proposed. Now we look forward to favorable action on the Senate floor. But, an equally crucial test involves the House of Representatives.

SMB WHITE PAPER  
DIFFERENCES Between  
Hse Budget Committee  
and bipartisan sub,  
Style p. 25, 48, 184  
WP, 4-28-81, p.1  
Fresh Momentum  
given to  
Reagan's  
austerity  
budget  
CAPITOL DIRECTORY  
Feb. 1981 pick out  
by Chamber of  
Commerce  
WP, 4-22-81, p.1, 5  
Economic Program  
Style p. 40, Am.  
Soll. Dict. p. 133  
Style p. 33, 46, 50  
WP, 4-22-81, p.1, 5  
Economic Program  
article table of  
iam in. approval)

The House will soon be voting on two different measures to deal with the economy. One is the measure offered by the House Budget Committee. The other is a bipartisan measure -- a substitute introduced by Congressmen Phil Gramm of Texas and Del Latta of Ohio.

WP, p. 120, 2-18-81  
address to Congress  
on Economic Prog  
econ Recy Program  
2-18-81, p.1  
major aims  
WP, 4-22-81, p.1  
Lagan back plan

On behalf of the Administration, let me say we embrace and fully support that bipartisan substitute. It will achieve all the essential aims of controlling Government spending and reducing the tax burden, building a national

Handwritten initials or mark.



defense second to none, and stimulating economic growth and creating millions of new jobs.

At the same time, however, I must state our opposition to the measure offered by the House Budget Committee.

It may appear that we have two alternatives. In reality, however, there are no more alternatives left. The Committee measure quite simply falls far too short of the essential actions that we must take. For example, in the next 3 years:

- The Committee measure projects spending \$141 billion more than does the bipartisan substitute.
- It regrettably cuts over \$14 billion in essential defense funding -- funding required to restore America's national security.
- It does not provide enough, or the right kind of, tax relief to American taxpayers -- it would take from the people \$147 billion more than the proposal we have endorsed and would not provide the kinds of tax changes we need if taxpayers are to have adequate incentives for saving and working.
- In short, the Committee measure will not cut inflation as fast, and will not sufficiently stimulate savings and investment.

Let us cut through the fog for a moment. The answer to a government that's too big is to stop feeding its growth. Government spending has been growing faster than the economy itself. The massive national debt which we accumulated is

pp. p. 130, 2-18-81  
 Address to Congress  
 on Economic Plan  
 Econ Recy Program  
 2-18-81, p. 1-3

wp, 4-7-81, p. 1, 5  
 Democrats offer  
 own cut that  
 quotes Stockman  
 disapproval  
 Style p. 25, 184

wp 4-28-81, p. 1  
 Fresh momentum  
 given to Reagan's  
 austerity budget  
 (says there are  
 alternatives)

4/7/81, wp, p. 1  
 Democrats offer  
 own cut last

Style p. 18, 39, 184  
 OMB White Paper  
 4-20-81 Differences  
 between HBC  
 proposal and bipart  
 substitute, p. 1

Amcol Dict, p. 133  
 OMB white paper  
 4-20-81 Diff. between  
 HBC proposal and  
 bipartisan substitute  
 p. 1 lists 1-yr cut  
 FD Dale - OMB (X4747)  
 Glenn Schade - OMB  
 (X3700) and Bob Turner  
 (X5052) talked  
 and agreed \$14.8  
 billion for 3 yrs

Style p. 187, 50, 184  
 OMB white paper 4-20-81  
 Differences between HBC  
 proposal and bipartisan  
 substitute p. 2. Verified  
 by Ed Dale (OMB) X4747,  
 Bob Turner (CEA) X5052

Style p. 39  
 OMB white paper 4-20-81  
 Differences between HBC  
 proposal and bipartisan  
 substitute, p. 2. Verified  
 by Ed Dale (OMB) X4747,  
 Bob Turner (CEA) X5052

Style p. 26, 50  
 ECON RECY PROGRAM  
 2-18-81, p. 12-13  
 deficits

FY82 Budget  
 Revisions Book  
 p. 28-29, Table 12

X

X

ok

style p. 46  
ECON RECY PROGRAM  
1-18-81, p. 12-13  
deficit

the result of the Government's rich spending diet. Well, it's time to change the diet and to change it in the right way.

ECON RECY PROGRAM  
1-18-81, SECT IV  
style p. 36  
ECON RECY PROGRAM  
1-18-81, p. 1-3  
U. H. to change tax  
plan, 4/17/81, WP  
don't back off on  
our cuts Regressive  
1/15/81, WP

I know the tax portion of our package is of concern to some of you. Let me make a few points I feel have been overlooked. First of all, it should be looked at as an integral part of the entire package, not something separate and apart from the budget reductions, the regulatory relief and the monetary restraints.

ECON RECY PROGRAM  
1-18-81, p. 1-3

Our economic program relies on the vigorous interaction of people's savings that are invested so businesses can grow and produce more jobs. And business expansion in turn offers new opportunities and incentives for our working people to earn more money and increase their standard of living. Tax rate cuts are the golden thread which binds our people to this economic system. They cannot be left out.

ECON RECY PROGRAM  
1-18-81, p. 14-17

Probably the most common misconception is that we are proposing to reduce Government revenues to less than what Government has been receiving. This is not true. Actually, the discussion has to do with how much of a tax increase should be imposed on the taxpayer in 1982. A gigantic tax increase has been built into the system. We are proposing nothing more than a reduction of that increase.

THE EXECUTIVE  
BRIEFING BOOK ON  
POLICY, 4-81, p. 118  
edited by Ed Dale  
MO 24747 and  
Tom Twa (Treasury  
st. Secy for Tax Policy)  
06-5744  
style p. 46

The people have a right to know that even with our plan they will be paying more in taxes but not as much more.

THE EXECUTIVE  
BRIEFING BOOK ON  
POLICY, 4-81, p. 118

John

OMB Executive  
Briefing Book on  
Econ Policy 4-81, p. 18  
revised by Ed Dale  
(OMB) 4/7/81 and  
Wormtore (Treasury)  
Style p. 181, 75

It will take our full 3-year tax rate reduction just to hold the line on taxes, to provide tax reductions for individual taxpayers, and jobs for millions of our fellow citizens.

WP, 4-7-81, p. A1, 5  
Democrats offer  
own cut list  
SMB, White Paper 4/81  
Differences between HBC  
proposal and bi-part.  
substitute p. 172  
Style p. 25, 36

The option offered by the House Budget Committee will leave spending too high and tax rates too high. At the same time it cuts the defense budget too much. And, by attempting to reduce the deficit through higher taxes, it will not create the kind of strong economic growth and the new jobs we must

SBA Brochure "FACTS  
About Small Businesses  
and the U.S. SBA, 2-81  
p. 4  
Style p. 184, 75, 181  
ECON RECY Program  
2-18-81, p. 4-17

have. Let us not overlook the fact that the small, independent business man or woman creates more than 80 percent of all the new jobs and employs more than half our work force. Our across-the-board cut in tax rates for a 3-year period will give them much of the incentive and promise of stability they need to go forward with expansion plans calling for additional employees.

General scheduling  
memo 4/24/81 - gmt  
P. 1, p. 136, 2-18-81  
Ad. Address to Congress  
ECON RECY Program

Tonight I renew my call for us to work as a team -- to join in cooperation so that we find answers which will begin to solve all our economic problems and not just some.

ECON RECY Program  
2-18-81  
FY 82 Budget  
revisions book  
3-10-81  
Ad. Address to Congress  
2-18-81, pp. p. 136  
ECON RECY Program  
2-18-81, Sect III, p. 1  
Style 107, Dict. p. 392

The economic recovery package that I have outlined to you over the past few weeks is, I deeply believe, the only answer we have left. Reducing the growth of spending, cutting marginal tax rates, providing relief from overregulation, and following a noninflationary and predictable monetary policy are interwoven measures which will ensure

X  
OK

that we have addressed each of the severe dislocations which threaten our economic future.

These policies will make our economy stronger, and the stronger economy will balance the budget -- which we are committed to do by 1984. The unacceptable alternative path to a balanced budget is to raise the tax burden even higher, but our economy is already weakened by the present tax burden and could be destroyed if that burden is increased too much.

When I took the oath of office, I pledged loyalty to only one special interest group -- "We the people." Those people -- neighbors and friends; shopkeepers and laborers; farmers and craftsmen -- do not have infinite patience. Some 80 years ago, Teddy Roosevelt wrote these instructive words in his first message to the Congress: "The American people," he said, "are slow to wrath, but when their wrath is once kindled, it burns like a consuming flame."

Perhaps that kind of wrath will be deserved if our answer to these serious problems is to repeat the mistakes of the past. The old and comfortable way is to shave a little here and add a little there. Well, that's not acceptable any more. I think this great and historic Congress knows that that way is no longer acceptable.

The one sure way to continue the inflationary spiral is to fall back into the predictable patterns of old economic practices.

ECON RECY Program  
P. 12, 2-18-81  
Stage p. 36

ECON RECY Program  
2-19-81, p. 14-17

PP, P. 5, 1-20-81  
Inauguration  
Cath of office not  
in bk, but pp has  
it lower case  
PP, P. 2, 1-20-81  
Inaugural Address  
Cong. Record, 12-03-01  
P. 82, Presidential  
quotations, p. 8,  
messages and papers,  
p. 66-43  
Stage p. 181, 39

Stage p. 39

CON IND, 4-23-81  
2.24 Changes in  
Consumer Prices  
972 - present

V  
ok

Isn't it time that we tried something new?

When you allowed me to speak to you here in these Chambers before, I told you I wanted this program for economic recovery to be ours -- yours and mine. I think the bipartisan substitute bill has achieved that purpose. It moves us toward restored economic vitality.

Just two weeks ago, I joined millions of my fellow Americans in marveling at the magic historical moment that John Young and Bob Crippen created in their Space Shuttle Columbia.

The last manned effort was almost 6 years ago, and I remembered how, over the years, we had all come to expect technological precision of our men and machines. Each amazing achievement became commonplace, until the next new challenge was raised.

With the Space Shuttle, we tested our ingenuity once again -- moving beyond the accomplishments of the past into the promise and uncertainty of the future. Thus, we not only planned to send up a 122-foot aircraft, 170 miles into space, but also intended to make it maneuverable and return it to Earth -- landing 98 tons of exotic metals delicately on a remote dry lake bed.

The Space Shuttle did more than prove our technological abilities, it raised our expectations once more; it started us dreaming again. "The republic is a dream," wrote Carl Sandburg. "Nothing happens unless first a dream."

p. 130, 2-18-81  
address to Congress  
type p. 37  
p. 136, 2-18-81  
address to Congress  
2-22-81, WP p. 15  
Economic Program  
Wall Dict p. 133

4-15-81, p. 1, 4  
eff to maiden flight  
sets all expectations;  
weeks exactly  
type p. 181  
asa Press Release  
8L p. 1

YT, 4-7-81, p. C2  
Vance Times  
edited by Brad  
Marshall/NASA-PA  
55-8341  
type p. 181  
m. Coll. Dict, p. 269

asa Press Release  
81, p. 1-3, 4-22-81  
ST-Flight News  
release p. 122

asa Press Release  
22-81, p. 6  
length (22.17 feet)  
9 (miles 69.5-171.5)  
confirmed by  
rad Marman/NASA  
755-8341

asa press release  
81, p. 1-3  
type p. 181, 75, 28

asa Press Release  
81, p. 1  
4-15-81, p. 1, 5  
sets maiden flight  
sets all expectations  
inspire poems of  
at Sandburg, p. 282  
Washington monument  
p. night

X

Ken  
X

ok

That's what makes us Americans different. We have always reached for a new spirit and aimed at a higher goal. We've been courageous and determined, unafraid and bold. Who among us wants to be first to say we no longer have those qualities? That we must limp along doing the same things that have brought us our present misery. I believe the people you and I represent are ready to chart a new course. They look to us to meet the great challenge -- to reach beyond the commonplace and not fall short for lack of creativity or courage. Someone has said: He who would have nothing to do with thorns must never attempt to gather flowers.

We have much greatness before us... We can restore our economic strength and build opportunities like none we've ever had before.

As Carl Sandburg said, all we need to begin with is a dream that we can do better than before.

All we need to have is faith.

All we need to do is act, and that dream will come true.

Thank you and good night.

Am. Coll. Dict. p. 269  
 Some book of  
 Quotations by  
 Burton Stevenson  
 p. 1709:10  
 Pilgrimage, Fables:  
 The Lymant  
 Physician

Complete poems of  
 Carl Sandburg  
 1282, Washington  
 Monument by  
 night - referring  
 to quote on p. 9

Small scheduling  
 memo, 4/21/51 - 9pm



\* Either drop quote marks or correct wording to the following:

"He that plants thorns must never expect to gather roses."

✓ 6/2

THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE UNTIL 9:00 pm EDT

APRIL 28, 1981

TEXT OF THE ADDRESS  
BY THE PRESIDENT TO A  
JOINT SESSION OF THE CONGRESS

I have come to speak to you tonight about our economic recovery program and why I believe it is essential that the Congress approve this package which I believe will lift the crushing burden of inflation off of our citizens and restore the vitality to our industrial machine.

First, however, and due to events of the past few weeks, will you permit me to digress for a moment from the all-important subject of why we must bring Government spending under control and reduce tax rates. I would like to say a few words directly to all of you and to those who are watching and listening tonight.

This is the only way I know to express to you on behalf of Nancy and myself our appreciation for your messages, your flowers, and most of all, your prayers -- not only for me but for those others who fell beside me.

The warmth of your words, the expression of friendship and, yes, love, meant more to us than you can ever know. You have given us a memory we'll treasure forever. And you've provided the answer to those few voices that were raised saying that what happened was evidence that ours is a sick society.

The society we heard from is made up of millions of compassionate Americans and their children, from college age to kindergarten.

Sick societies don't produce men like the two who recently returned from outer space. Sick societies don't produce young men like Secret Service Agent Tim McCarthy who placed his body between mine and the man with the gun simply because he felt that's what his duty called for him to do.

Sick societies don't produce dedicated police officers like Tom Delahanty or able and devoted public servants like Jim Brady. Sick societies don't make people like us so proud to be Americans and so very proud of all of our citizens.

Now, let's talk about getting spending and inflation under control and cutting your tax rates.

Mr. Speaker and Senator Baker, I want to thank you for your cooperation in helping to arrange this Joint Session of the Congress. I won't be speaking to you very long tonight, but I asked for this meeting because the urgency of our joint mission has not changed.

Thanks to some very fine people, my health is much improved. I'd like to be able to say that with regard to the health of our economy. But the fundamental nature of our economic mess has not changed.

It has been half a year since the election that charged all of us in this Government with the task of restoring our economy. Where have we come in these 6 months?

MORE

Inflation, as measured by the Consumer Price Index, has continued at a double-digit rate.

Mortgage interest rates have averaged almost 15 percent for these 6 months, preventing families across America from buying homes.

There are still almost 8 million people unemployed.

The average worker's hourly earnings, after adjusting for inflation, are lower today than they were 6 months ago and there have been over 6,000 business failures.

Six months is long enough. The American people now want us to act, and not in half measures. They demand -- and they have earned -- a full and comprehensive effort to clean up our economic mess.

Because of the extent of our economy's sickness, we know that the cure will not come quickly, and that even with our package, progress will come in inches and feet, not miles. But to fail to act will delay even longer -- and more painfully -- the cure which must come.

That cure begins with the Federal budget. And the budgetary actions taken by the Congress over the next few days will determine how we respond to the message of last November 4.

That message was very simple. Our Government is too big and it spends too much.

For the last few months, you and I have enjoyed a relationship based on extraordinary cooperation. Because of this cooperation we have come a long distance in less than 3 months. I want to thank the leadership of the Congress for helping in setting a fair timetable for consideration of my recommendations. And committee chairmen on both sides of the aisle have called prompt and thorough hearings.

We have also communicated in a spirit of candor, openness, and mutual respect. Tonight, as our decision day nears, and as the House of Representatives weighs its alternatives, I wish to address you in that same spirit.

The House will soon be choosing between two different measures to deal with the economy. One is the measure offered by the House Budget Committee. The other is a bipartisan measure -- a substitute introduced by Congressmen Phil Gramm of Texas and Del Latta of Ohio.

On behalf of the Administration, let me say we embrace and fully support that bipartisan substitute. It will achieve all the essential aims of controlling Government spending and reducing the tax burden, building a national defense second to none, and stimulating economic growth and creating millions of new jobs.

At the same time, however, I must state our opposition to the measure offered by the House Budget Committee.

It may appear that we have two alternatives. In reality, however, there are no more alternatives left. The Committee measure quite simply falls far too short of the essential actions that we must take. For example, in the next three years:

- The Committee measure projects spending \$141 billion more than does the bipartisan substitute.
- It regrettably cuts over \$14 billion in essential defense funding -- funding required to restore America's national security.

MORE



- It adheres to the failed policy of trying to balance the budget on the taxpayer's back. It would increase tax payments by over a third -- adding up to a staggering quarter trillion dollars. Federal taxes would increase 12 percent each year. Taxpayers would be paying a larger share of their income to Government in 1984 than at present.
- In short, the Committee measure reflects an echo of the past rather than a benchmark for the future. High taxes and excess spending growth created our present economic mess; more of the same will not cure the hardship, anxiety, and discouragement it has imposed on the American people.

Let us cut through the fog for a moment. The answer to a government that's too big is to stop feeding its growth. Government spending has been growing faster than the economy itself. The massive national debt which we accumulated is the result of the Government's rich spending diet. Well, it's time to change the diet and to change it in the right way.

I know the tax portion of our package is of concern to some of you. Let me make a few points I feel have been overlooked. First of all, it should be looked at as an integral part of the entire package, not something separate and apart from the budget reductions, the regulatory relief, and the monetary restraints.

Probably the most common misconception is that we are proposing to reduce Government revenues to less than what Government has been receiving. This is not true. Actually, the discussion has to do with how much of a tax increase should be imposed on the taxpayer in 1982. A gigantic tax increase has been built into the system. We are proposing nothing more than a reduction of that increase.

The people have a right to know that even with our plan they will be paying more in taxes, but not as much more.

The option offered by the House Budget Committee will leave spending too high and tax rates too high. At the same time it cuts the defense budget too much. And, by attempting to reduce the deficit through higher taxes, it will not create the kind of strong economic growth and the new jobs we must have. Let us not overlook the fact that the small, independent business man or woman creates more than 80 percent of all the new jobs and employs more than half our work force. Our across-the-board cut in tax rates for a 3-year period will give them much of the incentive and promise of stability they need to go forward with expansion plans calling for additional employees.

Tonight I renew my call for us to work as a team -- to join in cooperation so that we find answers which will begin to solve all our economic problems and not just some.

The economic recovery package that I have outlined to you over the past few weeks is, I deeply believe, the only answer we have left. Reducing the growth of spending, cutting marginal tax rates, providing relief from overregulation, and following a non-inflationary and predictable monetary policy are interwoven measures which will ensure that we have addressed each of the severe dislocations which threaten our economic future.

These policies will make our economy stronger, and the stronger economy will balance the budget -- which we are committed to do by 1984.

When I took the oath of office, I pledged loyalty to only one special interest group -- "We the people." Those people -- neighbors and friends, shopkeepers and laborers, farmers and craftsmen -- do not have infinite patience. Some 80 years ago, Teddy Roosevelt wrote these instructive words in his first message to the Congress: "The American people," he said, "are slow to wrath, but when their wrath is once kindled, it burns like a consuming flame."

Perhaps that kind of wrath will be deserved if our answer to these serious problems is to repeat the mistakes of the past. The old and comfortable way is to shave a little here and add a little there. Well, that's not acceptable any more. I think this great and historic Congress knows that that way is no longer acceptable.

The one sure way to continue the inflationary spiral is to fall back into the predictable patterns of old economic practices.

Isn't it time that we tried something new?

When you allowed me to speak to you here in these Chambers before, I told you I wanted this program for economic recovery to be ours -- yours and mine. I think the bipartisan substitute bill has achieved that purpose. It moves us toward restored economic vitality.

Just two weeks ago, I joined millions of my fellow Americans in marveling at the magic historical moment that John Young and Bob Crippen created in their Space Shuttle Columbia.

The last manned effort was almost six years ago, and I remembered how, over the years, we had all come to expect technological precision of our men and machines. Each amazing achievement became commonplace, until the next new challenge was raised.

With the Space Shuttle, we tested our ingenuity once again -- moving beyond the accomplishments of the past into the promise and uncertainty of the future. Thus, we not only planned to send up a 122-foot aircraft, 170 miles into space, but also intended to make it maneuverable and return it to Earth -- landing 98 tons of exotic metals delicately on a remote dry lake bed.

The Space Shuttle did more than prove our technological abilities, it raised our expectations once more; it started us dreaming again. "The republic is a dream," wrote Carl Sandburg. "Nothing happens unless first a dream."

That's what makes us Americans different. We have always reached for a new spirit and aimed at a higher goal. We've been courageous and determined, unafraid and bold. Who among us wants to be first to say we no longer have those qualities? That we must limp along doing the same things that have brought us our present misery. I believe the people you and I represent are ready to chart a new course. They look to us to meet the great challenge -- to reach beyond the commonplace and not fall short for lack of creativity or courage. Someone has said: He who would have nothing to do with thorns must never attempt to gather flowers.

We have much greatness before us. We can restore our economic strength and build opportunities like none we've ever had before.

As Carl Sandburg said, all we need to begin with is a dream that we can do better than before.

All we need to have is faith, and that dream will come true.

All we need to do is act, and the time for action is now.

Thank you and good night.

research

THE WHITE HOUSE

WASHINGTON

April 23, 1981

MEMORANDUM FOR:

THE VICE PRESIDENT  
EDWIN MEESE III  
DONALD T. REGAN  
DAVID STOCKMAN  
JAMES A. BAKER III  
MICHAEL K. DEEVER  
MURRAY WEIDENBAUM  
RICHARD ALLEN  
MARTIN ANDERSON  
ELIZABETH H. DOLE  
MAX FRIEDERSDORF  
DAVID GERGEN  
EDWIN L. HARPER  
LYN NOFZICER  
LARRY SPEAKES  
RICHARD S. WILLIAMSON  
RICHARD G. DARMAN  
CRAIG FULLER

FROM:

KENNETH L. KHACHIGIAN

SUBJECT:

President Reagan's Address to a  
Joint Session of Congress

Attached herewith a draft of the President's remarks before a Joint Session on the economic program. I would appreciate receiving your written comments by 11:00 a.m., Friday, April 24, 1981. Please send these comments to me in Room 100, Old Executive Office Building. I would appreciate your not phoning-in these comments.

Thank you.

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM

DATE: 4/24/81

TO: STEPHEN STUDDERT \*\*\*\*\*  
FROM: GREGORY J. NEWELL  
SUBJ: APPROVED PRESIDENTIAL ACTIVITY.

PLEASE IMPLEMENT THE FOLLOWING AND SUBMIT BRIEFING  
PAPER AND REMARKS TO RICHARD DARMAN BY 3:00 P.M.  
OF THE PRECEDING DAY.

MEETING: Address Joint Session of the Congress.

DATE: Tuesday, April 28

TIME: 9:00 pm

DURATION:

LOCATION: The Capitol

REMARKS REQUIRED: Yes

MEDIA COVERAGE: Coordinate with Press Office

FIRST LADY PARTICIPATION: Yes

\*\*\*\*\* Coordinate with Max Friedersdorf.

cc: J. Brady  
M. Brandon  
J. Canzeri  
R. Darman  
M. Deaver  
E. Dole  
H. Donaldson  
M. Evans  
D. Fischer  
J. Fitzgerald  
M. Friedersdorf  
C. Fuller  
D. Gergen  
C. Gerrard  
K. Khachigian  
P. McCoy  
L. Speakes  
S. Studdert  
R. Williamson  
WHCA Audio/Visual, Operations

THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

April 23, 1981

The Consumer Price Index for March was released this morning showing prices rising between February and March at a relatively modest annual rate of 7.5%. However, the March level is up 10.5% over a year earlier. Murray Weidenbaum, Chairman of the President's Council of Economic Advisers had the following response to these figures:

"The CPI report for March is good news, and I hope that it can be repeated in the months ahead. But we can't be satisfied with an inflation rate of 10-1/2 percent over the past year. The basic conditions which have led to the high underlying rate of inflation and poor productivity performance of the past several years remain with us, and there is little evidence they can be corrected by merely continuing to follow the policies of the past."

###



The Washington Star/Bernie Boston  
First Lady Nancy Reagan beams as her husband receives a standing ovation from Congress as he arrives for his speech. Beside her is Mrs. Howard Baker, wife of the Senate majority leader.

ROCKVILLE CENTRE, N.Y. (UPI) -- EIGHT-YEAR-OLD PETER SWEENEY SLEPT AS HIS GET WELL LETTER WAS READ ALOUD ON NATIONAL TELEVISION BY PRESIDENT REAGAN. IT BROUGHT DOWN THE HOUSE.

"DEAR MR. PRESIDENT, I HOPE YOU GET WELL QUICK -- OR YOU MIGHT HAVE TO MAKE A SPEECH IN YOUR PAJAMAS," HE WROTE IN THE LETTER READ BY REAGAN TO A JOINT SESSION OF CONGRESS LAST NIGHT.

IT BROUGHT THUNDEROUS LAUGHTER AND APPLAUSE.

BUT BACK AT THE SECOND GRADER'S HOME, NO ONE KNEW WHAT HAPPENED UNTIL TELEPHONES BEGAN RINGING.

PETER SWEENEY SR., A POLICEMAN, TOLD UPI THE WHOLE FAMILY MISSED THE READING. SWEENEY WAS READING A BOOK TO HIS SON EDWARD, 3, AND IT WAS WELL PAST PETER'S BEDTIME.

SWEENEY FELT IF PETER WERE AWAKENED AND TOLD ABOUT HIS BIG MOMENT, "HE WOULDN'T BE ABLE TO GO BACK TO SLEEP."

UPI 04-29-81 09:27 AED

# Democrats Offer Own Cuts List

4/7/81 - By Helen Dewar  
Washington Post Staff Writer

*Budget  
Cuts*

House Democratic leaders yesterday proposed an alternative to President Reagan's economic program that embraces three-fourths of Reagan's proposed spending cuts but keeps at least some money flowing into numerous Democratic-authored social programs that Reagan had marked for extinction.

David A. Stockman, Reagan's budget director, promptly labeled it "unacceptable," and House Republicans, angling for support from Democratic conservatives, prepared to go to the mat for their president.

The Democratic program anticipates less of a tax cut than Reagan wants and, as a result, a smaller deficit than Reagan projects — holding out the hope of a balanced budget next year, a year before Reagan has said it would be possible under his program.

It proposes to restore more than \$7 billion of the money that Reagan would cut next year from social programs, rescuing agencies like the Legal Services Corporation and Economic Development Administration from the bureaucratic graveyard and adding at least a little more money for everything from the arts to veterans' benefits.

Education, nutrition, job training and social services would be among the major gainers. The Democrats also would not "cap" Medicaid for the poor.

Money for social spending would be recouped in part from the huge increase in defense spending that was recommended by Reagan. The Demo-

See CUTS, A5, Col. 1

*much smaller*

# House Democrats Offer Alternative to Reagan's Proposed Budget Cuts

## BUDGET COMPARISON

### CUTS, From A1

cratic proposal would cut \$4.3 billion from military outlays but still leave the Pentagon with a 21 percent increase in spending authority next year. The Democrats also anticipate \$4.8 billion in savings from greater governmental efficiency and \$2.8 billion less in debt payments because of the smaller deficit.

Using economic and spending assumptions different from those the administration used, the Democrats figure their spending program for fiscal 1982 will cost \$4.3 billion less than Reagan's: \$713.5 billion rather than \$717.8 billion. Reagan had calculated his budget at \$695 billion, but the Democrats said this was based on too optimistic a view of the economy.

Largely because their tax cut would cost \$38 billion in contrast to the \$54.6 billion price tag they put on Reagan's, the Democrats calculate their deficit at \$24.6 billion — contrasted with \$54.6 billion for the Reagan deficit. Reagan calculates his deficit at \$45 billion.

The program — a politically fine-tuned document aimed at attracting conservatives with a slimmed-down deficit while nailing down liberals with more money for social programs — was announced by House Budget Committee Chairman James R. Jones (D-Okla.) and hailed as a "fairness package" by House Speaker Thomas P. O'Neill Jr. (D-Mass.).

But it drew quick fire from the ranking Republican on the Budget Committee, Rep. Delbert Latta (R-Ohio), a down-the-line supporter of the Reagan program. It is a "high-tax budget," protested Latta, complaining also that it would "dismantle" Reagan's economic program.

Jones' proposal represents the Democrats' best — and probably only — shot at modifying Reagan's budget. The Republican-controlled Senate virtually rubber-stamped Reagan's plan last week, brushing aside all Democratic efforts to restore funds that Reagan would cut. While the House is still

under Democratic control, it has a bipartisan right-of-center majority, with Democratic conservatives holding the balance of power.

Budget Committee member Leon E. Panetta (D-Calif.) said he expects that all Democrats on the committee with the "possible exception" of conservative Rep. Phil Gramm (D-Tex.) will go along with the Jones alternative, which would ensure its success in the heavily Democratic committee. But Panetta was less sure about the House floor, saying it depended on the degree of active support by Democratic conservatives. And Gramm, a leader among the conservative Democrats, said later he will oppose the Jones alternative unless it is changed.

Bowing to the popularity of Reagan's budget-cutting program in Congress, Jones swallowed many of Reagan's budget cuts whole, ranging from proposed savings of \$3.6 billion from ending the large public service jobs program to \$50 million in savings from eliminating the Solar Energy and Conservation Bank. The \$122-a-month minimum Social Security payment would be ended for all new recipients in 1982 and for everyone in 1983, as would one of two cost-of-living increases received by federal retirees every year in their pensions. The Democrats would reduce water-project funding even more than the administration wants.

But for most programs that Reagan would scrap or slash heavily the Democrats proposed at least a little more money, in some cases just enough to keep the programs alive.

They would save the Legal Services Corporation and the Economic Development Administration but at reduced spending levels. They would reject the cap on Medicaid payments to states, which Reagan proposed in order to save \$1 billion.

Among other things, they would add \$1.1 billion for child nutrition, \$650 million for food stamps, \$850 million for low income fuel assistance, \$300 million for veterans' health care, \$150 million for preventive medical care, \$450 million for job training, \$150

million for trade adjustment assistance, \$600 million for social services, \$300 million for coal miners' black lung benefits (offset by increased charges for mine operators), \$300 million for Conrail, \$650 million for educational programs and college loans and \$200 million for Amtrak. They would put back 75,000 of the 85,000 units of subsidized housing that Reagan proposed to cut.

For the education, health and social service programs that Reagan would consolidate into block grants, they proposed less of a cutback in spending — about 10 percent instead of 20 to 25 percent, according to O'Neill.

In some cases, the Democrats proposed more cuts than Reagan did. For instance, they proposed funding the Strategic Petroleum Reserve at a level of \$1.5 billion, less than half the \$3.9 billion that Reagan proposed. The Senate had cut the reserve's funding by \$3 billion. The House Democrats also proposed to cut \$1.8 billion by eliminating the July 5.3 percent pay raise for the military. They would cut revenue sharing by \$100 million, double Reagan's proposed savings of \$100 million from user charges for pleasure boats and plan for \$200 million in savings from lower Medicare hospital costs.

The House Budget Committee intends to complete action on the proposal this week, and House floor action is expected late this month. House-Senate differences will be ironed out in conference. Then the two houses will still have to act on scores of bills carrying out the budget.

Stockman, Reagan's budget director, called a news conference late yesterday to challenge many of Jones' numbers. Stockman called the Jones budget "a very artful package," but concluded that it would be "unacceptable" to the Reagan administration.

Stockman said three aspects of the Jones budget were particularly "objectionable": the cuts it proposes in defense spending, which Stockman said would reduce actual readiness; the delay and dilution Jones implicitly proposed for tax cuts, and "questionable" savings to finance restorations of some social welfare programs.

Stockman said some of the savings Jones proposes to make would never materialize. He also opposed any restoration of the cuts Reagan has proposed in social welfare programs, saying any new savings that are found should be applied to reducing the deficit further.

	Reagan reestimated	Jones recommendation	Difference
<b>Outlays</b> .....	<b>717.80</b>	<b>713.50</b>	<b>-4.30</b>
<b>Revenues</b> .....	<b>667.40</b>	<b>688.90</b>	<b>+21.50</b>
<b>Deficit</b> .....	<b>-50.45</b>	<b>-24.60</b>	<b>-25.85</b>
National defense.....	194.10	189.75	-4.35
International affairs.....	11.00	11.00	
General science space and technology.....	7.00	7.05	+0.05
Energy.....	9.50	6.70	-2.80
National resources and environment.....	12.70	12.35	-0.35
Agriculture.....	5.15	5.10	-0.05
Commerce and housing credit.....	4.25	4.30	+0.05
Transportation.....	20.65	21.05	+0.40
Community and regional development.....	9.35	9.50	+0.15
Education, training, employment and social services.....	26.60	29.40	+2.80
Health.....	73.80	74.45	+0.65
Income security.....	243.85	247.55	+3.70
Veterans benefits and services.....	23.60	23.45	-0.15
Administration of justice.....	4.35	4.55	+0.20
General government.....	4.95	4.90	-0.05
General purpose fiscal assistance.....	6.45	6.20	-0.25
Interest.....	93.00	90.10	-2.90
Allowances.....	1.70	0.70	-1.00
Undistributed offsetting receipts.....	-34.20	-34.60	-0.40

ALL FIGURES, BILLIONS OF DOLLARS, OUTLAYS, FISCAL '82

## Tiger Victim: 'How Is That Kitty Cat Who Bit Me?'

MARYVILLE, Tenn., April 6 (UPI) — A five-year-old boy who was mauled by a Bengal tiger named "Lillie" at a crowded flea market said, "Jesus must have been watching over me," his mother says.

Joseph Anthony Vaughn underwent surgery Saturday at University of Tennessee hospital for what were called "serious" bites to the head and neck. He was reported in fair condition.

"The tiger just cut loose and attacked the little boy," said Blount County Sher-

iff L.B. Sutton. It took six people — including the boy's father — to pry the 10-month-old tiger's jaws apart and pull the animal away.

The boy's mother said the boy was in good spirits. "The first thing he asked after he came out of surgery was, 'How is that kitty cat who bit me?'" she said.

The man who was walking the 200-pound tiger, Gerald Cox, 29, of Rochelle, Ill., was charged Saturday night with aggravated assault. Sutton said the tiger was part of a carnival at the flea market.



VOL. CXXX... No. 44,926

*Rep-Demo Budget Fight*  
**REAGAN BACKS PLAN  
ON BUDGET BY GROUP  
OF HOUSE DEMOCRATS**

**GOAL IS TO DIVIDE OPPOSITION**

*4/22/81 NYT*  
**President, in Discussion on Radio,**

**Says He's 'Feeling Great and  
Getting Along Just Fine'**

By **STEVEN R. WEISMAN**

*Special to The New York Times*

WASHINGTON, April 21 — President Reagan, in a move aimed at dividing Democrats in Congress on the budget issue, today embraced a \$689 billion spending program for next fiscal year that is being advanced by conservative Democrats in the House of Representatives.

Although some Administration officials earlier supported the conservative Democrats' alternative to the President's own plan, Mr. Reagan had made no comment on it until today. His official endorsement, in fact, came to light by accident, when Mr. Reagan became a surprise participant in a radio program in Beaver Falls, Pa.

The President has been spending this week making telephone calls to key Democrats in Congress and this morning attempted to reach Representative Eugene V. Atkinson, a Pennsylvania Democrat. Mr. Atkinson, who at the time was appearing on a call-in program on station WBVP in Beaver Falls, returned the President's call, then persuaded him to go on the air.

**'Getting Along Just Fine'**

"This was a surprise," Mr. Reagan said of his suddenly joining the program. He then praised Mr. Atkinson, saying, "He's been most supportive, which proves that Democrats and Republicans can get along on things that are good for the country."

Mr. Reagan also assured his listeners that he was "feeling great and getting along just fine."

The President's words, spoken in vigorous fashion, were the first to be heard by the public since Mr. Reagan was shot in the chest in an assassination attempt March 30. He also used the occasion to express "a thank you for all the support and help that the people have put in, particularly these last three weeks and one day."

**An Appeal to the 'Swing' Votes**

As for the original purpose of Mr. Reagan's call, Mr. Atkinson said on the air that the alternative economic package put forward in the House by conservative Democrats had been "suggested as a compromise" and he said he would indeed support it.

"Oh, well, I think that's just great," Mr. Reagan replied, a reaction that White House officials said reflected an endorsement.

The Pennsylvania Democrat thus became a symbol of the President's emerging strategy with Congress, which is to appeal mainly to a group of about 40 conservative Democrats who are seen as the "swing" votes for one of two economic packages that will be considered

# REAGAN BACKS PLAN BY GROUP IN HOUSE

Continued From Page A1

House floor after the members return from their Easter recess next week.

The President's package consists of \$695 billion in spending next year and a three-year cut in personal income taxes. The \$715 billion package that was approved before the Easter recess by the Democratic-controlled House Budget Committee contains only a one-year tax cut and less military spending and more spending on social programs than proposed by the Administration.

A separate \$689 billion package was defeated in the committee. But its backers, a group of Republicans and conservative Democrats led by Representatives Phil Gramm, a Texas Democrat, and Delbert L. Latta, an Ohio Republican, hope to bring it to the House floor next week.

Under the debate restrictions imposed by the Rules Committee, Mr. Reagan's original package is not to be considered on the floor. Therefore the Gramm-Latta resolution became the Reagan Administration's best vehicle for getting passed in the House something that was close to its proposal.

Another part of Mr. Reagan's strategy was apparent today when seven Republican Governors and one conservative Democratic Governor met with the President at the White House and then appeared in the briefing room to call for support for the President's efforts.

"These Governors all represent areas with a high number of 'swing' members of Congress," a White House official said, explaining that the Governors would now telephone the Congressmen themselves to lobby for the Gramm-Latta package.

Gov. William Clements of Texas, a Republican, was blunt when asked how he was going to persuade the members to support Mr. Reagan.

**A Little Arm-Twisting**

"I'm going to twist their arm," he said, arousing laughter in agreement from the other Governors, Fob James of Alabama, the lone Democrat, and David C. Treen of Louisiana, Dick Thornburgh of Pennsylvania, James A. Rhodes of Ohio, Robert D. Orr of Indiana, Pierre S. du Pont 4th of Delaware and Frank D. White of Arkansas.

The differences between the conservative Democrats' proposal and Mr. Reagan's own original proposal are considered minor by the White House.

"We're not compromising," one official said. "This is a bipartisan package that incorporates our cuts, and it is the best vehicle for us in the House."

Nevertheless, the package contains some provisions that have been questioned by David A. Stockman, director of the Office of Management and Budget.

For example, it proposes \$6.1 billion in savings that Mr. Stockman has said were unrealistic. These include paying for the stockpiling of oil by borrowing instead of direct expenditure, and presuming \$1 billion in collections from oil companies for past overcharges to consumers.

It also contains about \$1 billion in additional spending that Mr. Reagan had wanted to cut back, including money for veterans, economic development and vocational education.

Representative James R. Jones, an Oklahoma Democrat who is chairman of the House Budget Committee, has been trying to win support for his own proposal, which would add \$12 billion in spending to Mr. Reagan's original plan.

Mr. Jones has found that many conservative Democrats want more spending for the military. On the other side, however, liberal Democrats have said they would oppose Mr. Jones's measure if it increased military spending.

THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

April 28, 1981

ADDRESS OF THE PRESIDENT  
TO A JOINT SESSION OF CONGRESS

The U.S. Capitol Building,  
Washington, D.C.

9:05 P.M. EDT

THE PRESIDENT: You wouldn't want to talk me into an encore, would you? (Laughter.)

Mr. Speaker, Mr. President, distinguished Members of the Congress, honored guests and fellow citizens, I have no words to express my appreciation for that greeting. (Applause.)

I have come to speak to you tonight about our economic recovery program and why I believe it's essential that the Congress approve this package, which I believe will lift the crushing burden of inflation off of our citizens and restore the vitality to our economy and our industrial machine.

First, however, and due to events of the past few weeks, will you permit me to digress for a moment from the all-important subject of why we must bring government spending under control and reduce tax rates. I would like to say a few words directly to all of you and to those who are watching and listening tonight, because this is the only way I know to express to all of you on behalf of Nancy and myself our appreciation for your messages and flowers and most of all your prayers, not only for me but for those others who fell beside me.

The warmth of your words, the expression of friendship and, yes, love, meant more to us than you can ever know. You have given us a memory that we'll treasure forever. And you've provided an answer to those few voices that were raised saying that what happened was evidence that ours is a sick society.

The society we heard from is made up of millions of compassionate Americans and their children, from college age to kindergarten.

As a matter of fact, as evidence of that I have a letter with me. The letter came from Peter Sweeney. He's in the second grade in the Riverside School in Rockville Centre, and he said, "I hope you get well quick or you might have to make a speech in your pajamas." (Laughter. Applause.)

He added a postscript. "P.S. If you have to make a speech in your pajamas, I warned you." (Laughter.)

Well, sick societies don't produce men like the two who recently returned from outer space. Sick societies don't produce young men like Secret Service Agent Tim McCarthy, who -- (applause) --

MORE

placed his body between mine and the man with the gun simply because he felt that's what his duty called for him to do.

Sick societies don't produce dedicated police officers like Tom Delahanty -- (applause) -- or able and devoted public servants like Jim Brady -- (applause.) Sick societies don't make people like us so proud to be Americans and so very proud of our fellow citizens.

Now, let's talk about getting spending and inflation under control and cutting your tax rates. Mr. Speaker and Senator Baker, I want to thank you for your cooperation in helping to arrange this Joint Session of the Congress. I won't be speaking to you very long tonight, but I asked for this meeting because the urgency of our joint mission has not changed.

Thanks to some very fine people, my health is much improved. I'd like to be able to say that with regard to the health of the economy.

It's been half a year since the election that charged all of us in this government with the task of restoring our economy. Where have we come in this six months? Inflation, as measured by the Consumer Price Index, has continued at a double-digit rate. Mortgage interest rates have averaged almost 15 percent for these six months, preventing families across America from buying homes. There are still almost eight million unemployed. The average worker's hourly earnings after adjusting for inflation are lower today than they were six months ago and there have been over six thousand business failures. Six months is long enough. The American people now want us to act and not in half-measures. They demand -- and they've earned a full and comprehensive effort to clean up our economic mess. Because of the extent of our economy's sickness, we know that the cure will not come quickly and that even with our package, progress will come in inches and feet, not in miles. But to fail to act will delay even longer, and more painfully, the cure which must come. And that cure begins with the federal budget. And the budgetary actions taken by the Congress over the next few days will determine how we respond to the message of last November 4th. That message was very simple. Our government is too big and it spends too much. (Applause.)

MORE

Let us cut through the fog for a moment. The answer to a government that's too big is to stop feeding its growth. Government spending has been growing faster than the economy itself. The massive national debt which we accumulated is the result of the government's high spending diet. Well, it's time to change the diet and to change it in the right way. (Applause.)

I know the tax portion of our package is of concern to some of you. Let me make a few points that I feel have been overlooked. First of all, it should be looked at as an integral part of the entire package, not something separate and apart from the budget reductions, the regulatory relief, and the monetary restraints. Probably the most common misconception is that we are proposing to reduce government revenues to less than what the government has been receiving. This is not true. Actually, the discussion has to do with how much of a tax increase should be imposed on the taxpayer.

Now, I know that over the recess in some informal polling some of your constituents have been asked which they'd rather have, a balanced budget or a tax cut, and with the common sense that characterizes the people of this country, the answer, of course, has been, "a balanced budget." But may I suggest, with no inference that there was wrong intent on the part of those who asked the question, the question was inappropriate for the situation. Our choice is not between a balanced budget and a tax cut. Properly asked, the question is, "Do you want a great big raise in your taxes this coming year or, at the worst, a very little increase with the prospect of tax reduction and a balanced budget down the road a ways?" With the common sense that the people have already shown, I'm sure we all know what the answer to that question would be.

A gigantic tax increase has been built into the system. We propose nothing more than a reduction of that increase. The people have a right to know that even with our plan they will be paying more in taxes, but not as much more as they will without it. (Applause.)

The option, I believe, offered by the House Budget Committee, will leave spending too high and tax rates too high. At the same time, I think it cuts the defense budget too much, and by attempting to reduce the deficit through higher taxes it will not create the kind of strong economic growth and the new jobs that we must have.

Let us not overlook the fact that the small independent businessman or woman creates more than 80 percent of all the new jobs and employs more than half of our total work force. Our across-the-board cut in tax rates for a three-year period will give them much of the incentive and promise of stability they need to go forward with expansion plans calling for additional employees.

MORE

For the last few months, you and I have enjoyed a relationship based on extraordinary cooperation. Because of this cooperation we've come a long distance in less than three months. I want to thank the leadership of the Congress for helping in setting a fair timetable for consideration of our recommendations. And committee chairmen on both sides of the aisle have called prompt and thorough hearings.

We have also communicated in a spirit of candor, openness, and mutual respect. Tonight, as our decision day nears, and as the House of Representatives weighs its alternatives, I wish to address you in that same spirit.

The Senate Budget Committee, under the leadership of Pete Domenici, has just today voted out a budget resolution supported by Democrats and Republicans alike that is in all major respects consistent with the program that we have proposed. (Applause.)

Now, we look forward at favorable action on the Senate floor but an actually crucial test involves the House of Representatives. The House will soon be choosing between two different versions or measures to deal with the economy. One is the measure offered by the House Budget Committee. The other is a bipartisan measure -- a substitute introduced by Congressmen Phil Gramm of Texas and Del Latta of Ohio.

On behalf of the administration, let me say that we embrace and fully support that bipartisan substitute. (Applause.) It will achieve all the essential aims of controlling government spending, reducing the tax burden, building a national defense second to none, and stimulating economic growth and creating millions of new jobs.

At the same time, however, I must state our opposition to the measure offered by the House Budget Committee.

It may appear that we have two alternatives. In reality, however, there are no more alternatives left. The Committee measure quite simply falls far too short of the essential actions that we must take. For example, in the next three years, the Committee measure projects spending \$141 billion more than does the bipartisan substitute; It regrettably cuts over \$14 billion in essential defense spending -- funding required to restore America's national security. It adheres to the failed policy of trying to balance the budget on the taxpayer's back. It would increase tax payments by over a third -- adding up to a staggering quarter of a trillion dollars. Federal taxes would increase 12 percent each year. Taxpayers would be paying a larger share of their income to government in 1984 than they do at present. In short, that measure reflects an echo of the past rather than a benchmark for the future. High taxes and excess spending growth created our present economic mess; more of the same will not cure the hardship, anxiety, and discouragement it has imposed on the American people.

MORE

With the Space Shuttle we tested our ingenuity once again, moving beyond the accomplishments of the past into the promise and uncertainty of the future. Thus, we not only plan to send up a 122-foot aircraft, 170 miles into space, but we also intended to make it maneuverable and return it to earth, landing 98 tons of exotic metals delicately on a remote dry lakebed.

The Space Shuttle did more than prove our technological abilities. It raised our expectations once more. It started us dreaming again.

The poet Carl Sandburg wrote, "The Republic is a dream. Nothing happens unless first a dream." And that's what makes us, as Americans, different. We've always reached for a new spirit and aimed at a higher goal. We've been courageous and determined, unafraid and bold. Who among us wants to be first to say, "We no longer have those qualities," that we must limp along, doing the same things that have brought us our present misery?

I believe that the people you and I represent are ready to chart a new course. They look to us to meet the great challenge, to reach beyond the commonplace and not fall short for lack of creativity or courage.

Someone, you know, has said that he who would have nothing to do with thorns must never attempt to gather flowers. Well, we have much greatness before us. We can restore our economic strength and build opportunities like none we've ever had before.

As Carl Sandburg said, "All we need to begin with is a dream that we can do better than before."

All we need to have is faith and that dream will come true.

All we need to do is act and the time for action is now.

Thank you. Good night. (Applause.)

END

9:26 P.M. EDT

Tonight, I renew my call for us to work as a team -- to join in cooperation so that we find answers which will begin to solve all our economic problems and not just some of them.

The economic recovery package that I've outlined to you over the past weeks is, I deeply believe, the only answer that we have left. Reducing the growth of spending, cutting marginal tax rates, providing relief from overregulation, and following a non-inflationary and predictable monetary policy are interwoven measures which will ensure that we have addressed each of the severe dislocations which threaten our economic future.

These policies will make our economy stronger, and the stronger economy will balance the budget which we're committed to do by 1984. (Applause.)

When I took the oath of office, I pledged loyalty to only one special interest group -- "We the people." Those people -- neighbors and friends, shopkeepers and laborers, farmers and craftsmen, do not have infinite patience.

As a matter of fact, some 80 years ago, Teddy Roosevelt wrote these instructive words in his first message to the Congress. "The American people are slow to wrath, but when their wrath is once kindled, it burns like a consuming flame." Well, perhaps that kind of wrath will be deserved if our answer to these serious problems is to repeat the mistakes of the past. The old and comfortable way is to shave a little here and add a little there. Well, that's not acceptable any more. I think this great and historic Congress knows that way is no longer acceptable. (Applause.) I think you've shown that you know the one sure way to continue the inflationary spiral is to fall back into the predictable patterns of old economic practices. Isn't it time that we tried something new? (Applause.)

When you allowed me to speak to you here in these Chambers a little earlier, I told you that I wanted this program for economic recovery to be ours -- yours and mine. I think the bipartisan substitute bill has achieved that purpose. It moves us toward an economic vitality.

Just two weeks ago, you and I joined millions of our fellow Americans in marveling at the magic historical moment that John Young and Bob Crippen created in their Space Shuttle Columbia.

The last manned effort was almost six years ago, and I remembered how, on this more recent day, how, over the years, how we had all come to expect technological precision of our men and machines. And each amazing achievement became commonplace, until the next new challenge was raised.

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REAGAN-SCENE

WASHINGTON (AP) -- IMPORTANT AS HIS ECONOMIC PACKAGE IS TO HIM, RONALD REAGAN ALSO HAD SOMETHING ELSE TO TELL THE AMERICAN PEOPLE TUESDAY IN HIS FIRST PUBLIC APPEARANCE SINCE HE WAS SHOT. IT BOILS DOWN TO: I'M OKAY. YOU'RE OKAY.

JUST BEING BACK, IN AN EMOTIONAL APPEARANCE BEFORE A CONGRESS PRIMED TO SHAKE THE RAFTERS IN ITS WELCOME, DEMONSTRATED THE FIRST PART.

REAGAN'S WIDE-OPEN SMILE, HIS AW-SHUCKS WAVE AND THE DRAMA OF MAKING A SPEECH TO CONGRESS FOUR WEEKS AND A DAY AFTER A GUNMAN AIMED A PISTOL AT HIM WAS DESIGNED, FIRST OF ALL, TO REASSURE THE NATION THAT ITS 70-YEAR-OLD WOUNDED PRESIDENT IS BACK IN GOOD HEALTH.

THE SECOND PART OF THE MESSAGE WAS REAGAN'S IDEA. NO SPEECHWRITER PUT THE THOUGHTS IN HIS MOUTH, NO COMMITTEE DECIDED THEY'D BE GOOD P.R. THE PRESIDENT HAD WRITTEN THEM DOWN IN LONG-HAND, ON A SHEET OF YELLOW LEGAL PAPER, WHEN HE FIRST TALKED WITH HIS ADVISERS ON APRIL 17 ABOUT THE SPEECH.

"THE WARMTH OF YOUR WORDS, THE EXPRESSION OF FRIENDSHIP AND, YES, LOVE, MEANT MORE TO US THAN YOU CAN EVER KNOW," THE PRESIDENT SAID. "YOU HAVE GIVEN US A MEMORY WE'LL TREASURE FOREVER."

AND HIS PRAISE FOR THE AMERICAN PEOPLE WAS HIGH:

"YOU'VE PROVIDED THE ANSWER TO THOSE FEW VOICES THAT WERE RAISED SAYING THAT WHAT HAPPENED WAS EVIDENCE THAT OURS IS A SICK SOCIETY," REAGAN SAID. "THE SOCIETY WE HEARD FROM IS MADE UP OF MILLIONS OF COMPASSIONATE AMERICANS AND THEIR CHILDREN FROM COLLEGE AGE TO KINDERGARTEN."

REAGAN'S OPENING WORDS, THE INTRODUCTION THAT SETS THE MOOD, REMAINED UNCHANGED THROUGH THREE DRAFTS OF A SPEECH THAT A REAGAN SPEECHWRITER SAID "IS CLOSING THE CIRCLE" ON THE PRESIDENT'S PUSH FOR HIS ECONOMIC PACKAGE.

REAGAN TALKED ABOUT THE COUNTRY'S ECONOMIC PROBLEMS IN A SPEECH ON FEB. 5 AND FOLLOWED THAT UP TWO WEEKS LATER BY OFFERING THE PROGRAM HE CONSIDERS TO BE THE BEST SOLUTION. TUESDAY NIGHT, HIS SPEECH WAS A CALL TO ADOPT "THE CURE WHICH MUST COME."

"THIS IS THE CULMINATION OF EVERYTHING," SAID AN ADVISER WHO DIDN'T WANT HIS NAME USED. "IT'S THE LOGICAL CONCLUSION TO A PLAN BEGUN ON INAUGURATION DAY OF GIVING CLOSE COOPERATION WITH CONGRESS ALL THE WAY THROUGH THE ECONOMIC PACKAGE."

AP-WX-04-28-81 1525EDT



THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE UNTIL 9:00 pm EDT

APRIL 28, 1981

TEXT OF THE ADDRESS  
BY THE PRESIDENT TO A  
JOINT SESSION OF THE CONGRESS

I have come to speak to you tonight about our economic recovery program and why I believe it is essential that the Congress approve this package which I believe will lift the crushing burden of inflation off of our citizens and restore the vitality to our industrial machine.

First, however, and due to events of the past few weeks, will you permit me to digress for a moment from the all-important subject of why we must bring Government spending under control and reduce tax rates. I would like to say a few words directly to all of you and to those who are watching and listening tonight.

This is the only way I know to express to you on behalf of Nancy and myself our appreciation for your messages, your flowers, and most of all, your prayers -- not only for me but for those others who fell beside me.

The warmth of your words, the expression of friendship and, yes, love, meant more to us than you can ever know. You have given us a memory we'll treasure forever. And you've provided the answer to those few voices that were raised saying that what happened was evidence that ours is a sick society.

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Now, let's talk about getting spending and inflation under control and cutting your tax rates.

Mr. Speaker and Senator Baker, I want to thank you for your cooperation in helping to arrange this Joint Session of the Congress. I won't be speaking to you very long tonight, but I asked for this meeting because the urgency of our joint mission has not changed.

Thanks to some very fine people, my health is much improved. I'd like to be able to say that with regard to the health of our economy. But the fundamental nature of our economic mess has not changed.

It has been half a year since the election that charged all of us in this Government with the task of restoring our economy. Where have we come in these 6 months?

MORE

Inflation, as measured by the Consumer Price Index, has continued at a double-digit rate.

Mortgage interest rates have averaged almost 15 percent for these 6 months, preventing families across America from buying homes.

There are still almost 8 million people unemployed.

The average worker's hourly earnings, after adjusting for inflation, are lower today than they were 6 months ago and there have been over 6,000 business failures.

Six months is long enough. The American people now want us to act, and not in half measures. They demand -- and they have earned -- a full and comprehensive effort to clean up our economic mess.

Because of the extent of our economy's sickness, we know that the cure will not come quickly, and that even with our package, progress will come in inches and feet, not miles. But to fail to act will delay even longer -- and more painfully -- the cure which must come.

That cure begins with the Federal budget. And the budgetary actions taken by the Congress over the next few days will determine how we respond to the message of last November 4.

That message was very simple. Our Government is too big and it spends too much.

For the last few months, you and I have enjoyed a relationship based on extraordinary cooperation. Because of this cooperation we have come a long distance in less than 3 months. I want to thank the leadership of the Congress for helping in setting a fair timetable for consideration of my recommendations. And committee chairmen on both sides of the aisle have called prompt and thorough hearings.

We have also communicated in a spirit of candor, openness, and mutual respect. Tonight, as our decision day nears, and as the House of Representatives weighs its alternatives, I wish to address you in that same spirit.

The House will soon be choosing between two different measures to deal with the economy. One is the measure offered by the House Budget Committee. The other is a bipartisan measure -- a substitute introduced by Congressmen Phil Gramm of Texas and Del Latta of Ohio.

On behalf of the Administration, let me say we embrace and fully support that bipartisan substitute. It will achieve all the essential aims of controlling Government spending and reducing the tax burden, building a national defense second to none, and stimulating economic growth and creating millions of new jobs.

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- The Committee measure projects spending \$141 billion more than does the bipartisan substitute.
- It regrettably cuts over \$14 billion in essential defense funding -- funding required to restore America's national security.

MORE

- It adheres to the failed policy of trying to balance the budget on the taxpayer's back. It would increase tax payments by over a third -- adding up to a staggering quarter trillion dollars. Federal taxes would increase 12 percent each year. Taxpayers would be paying a larger share of their income to Government in 1984 than at present.
- In short, the Committee measure reflects an echo of the past rather than a benchmark for the future. High taxes and excess spending growth created our present economic mess; more of the same will not cure the hardship, anxiety, and discouragement it has imposed on the American people.

Let us cut through the fog for a moment. The answer to a government that's too big is to stop feeding its growth. Government spending has been growing faster than the economy itself. The massive national debt which we accumulated is the result of the Government's rich spending diet. Well, it's time to change the diet and to change it in the right way.

I know the tax portion of our package is of concern to some of you. Let me make a few points I feel have been overlooked. First of all, it should be looked at as an integral part of the entire package, not something separate and apart from the budget reductions, the regulatory relief, and the monetary restraints.

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The people have a right to know that even with our plan they will be paying more in taxes, but not as much more.

The option offered by the House Budget Committee will leave spending too high and tax rates too high. At the same time it cuts the defense budget too much. And, by attempting to reduce the deficit through higher taxes, it will not create the kind of strong economic growth and the new jobs we must have. Let us not overlook the fact that the small, independent business man or woman creates more than 80 percent of all the new jobs and employs more than half our work force. Our across-the-board cut in tax rates for a 3-year period will give them much of the incentive and promise of stability they need to go forward with expansion plans calling for additional employees.

Tonight I renew my call for us to work as a team -- to join in cooperation so that we find answers which will begin to solve all our economic problems and not just some.

The economic recovery package that I have outlined to you over the past few weeks is, I deeply believe, the only answer we have left. Reducing the growth of spending, cutting marginal tax rates, providing relief from overregulation, and following a non-inflationary and predictable monetary policy are interwoven measures which will ensure that we have addressed each of the severe dislocations which threaten our economic future.

These policies will make our economy stronger, and the stronger economy will balance the budget -- which we are committed to do by 1984.

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Isn't it time that we tried something new?

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As Carl Sandburg said, all we need to begin with is a dream that we can do better than before.

All we need to have is faith, and that dream will come true.

All we need to do is act, and the time for action is now.

Thank you and good night.

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THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE UNTIL 9:00 pm EDT

APRIL 28, 1981

TEXT OF THE ADDRESS  
BY THE PRESIDENT TO A  
JOINT SESSION OF THE CONGRESS

I have come to speak to you tonight about our economic recovery program and why I believe it is essential that the Congress approve this package which I believe will lift the crushing burden of inflation off of our citizens and restore the vitality to our industrial machine.

First, however, and due to events of the past few weeks, will you permit me to digress for a moment from the all-important subject of why we must bring Government spending under control and reduce tax rates. I would like to say a few words directly to all of you and to those who are watching and listening tonight.

This is the only way I know to express to you on behalf of Nancy and myself our appreciation for your messages, your flowers, and most of all, your prayers -- not only for me but for those others who fell beside me.

The warmth of your words, the expression of friendship and, yes, love, meant more to us than you can ever know. You have given us a memory we'll treasure forever. And you've provided the answer to those few voices that were raised saying that what happened was evidence that ours is a sick society.

The society we heard from is made up of millions of compassionate Americans and their children, from college age to kindergarten.

Sick societies don't produce men like the two who recently returned from outer space. Sick societies don't produce young men like Secret Service Agent Tim McCarthy who placed his body between mine and the man with the gun simply because he felt that's what his duty called for him to do.

Sick societies don't produce dedicated police officers like Tom Delahanty or able and devoted public servants like Jim Brady. Sick societies don't make people like us so proud to be Americans and so very proud of all of our citizens.

Now, let's talk about getting spending and inflation under control and cutting your tax rates.

Mr. Speaker and Senator Baker, I want to thank you for your cooperation in helping to arrange this Joint Session of the Congress. I won't be speaking to you very long tonight, but I asked for this meeting because the urgency of our joint mission has not changed.

Thanks to some very fine people, my health is much improved. I'd like to be able to say that with regard to the health of our economy. But the fundamental nature of our economic mess has not changed.

It has been half a year since the election that charged all of us in this Government with the task of restoring our economy. Where have we come in these 6 months?

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Inflation, as measured by the Consumer Price Index, has continued at a double-digit rate.

Mortgage interest rates have averaged almost 15 percent for these 6 months, preventing families across America from buying homes.

There are still almost 8 million people unemployed.

The average worker's hourly earnings, after adjusting for inflation, are lower today than they were 6 months ago and there have been over 6,000 business failures.

Six months is long enough. The American people now want us to act, and not in half measures. They demand -- and they have earned -- a full and comprehensive effort to clean up our economic mess.

Because of the extent of our economy's sickness, we know that the cure will not come quickly, and that even with our package, progress will come in inches and feet, not miles. But to fail to act will delay even longer -- and more painfully -- the cure which must come.

That cure begins with the Federal budget. And the budgetary actions taken by the Congress over the next few days will determine how we respond to the message of last November 4.

That message was very simple. Our Government is too big and it spends too much.

For the last few months, you and I have enjoyed a relationship based on extraordinary cooperation. Because of this cooperation we have come a long distance in less than 3 months. I want to thank the leadership of the Congress for helping in setting a fair timetable for consideration of my recommendations. And committee chairmen on both sides of the aisle have called prompt and thorough hearings.

We have also communicated in a spirit of candor, openness, and mutual respect. Tonight, as our decision day nears, and as the House of Representatives weighs its alternatives, I wish to address you in that same spirit.

The House will soon be choosing between two different measures to deal with the economy. One is the measure offered by the House Budget Committee. The other is a bipartisan measure -- a substitute introduced by Congressmen Phil Gramm of Texas and Del Latta of Ohio.

On behalf of the Administration, let me say we embrace and fully support that bipartisan substitute. It will achieve all the essential aims of controlling Government spending and reducing the tax burden, building a national defense second to none, and stimulating economic growth and creating millions of new jobs.

At the same time, however, I must state our opposition to the measure offered by the House Budget Committee.

It may appear that we have two alternatives. In reality, however, there are no more alternatives left. The Committee measure quite simply falls far too short of the essential actions that we must take. For example, in the next three years:

- The Committee measure projects spending \$141 billion more than does the bipartisan substitute.
- It regrettably cuts over \$14 billion in essential defense funding -- funding required to restore America's national security.

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- It adheres to the failed policy of trying to balance the budget on the taxpayer's back. It would increase tax payments by over a third -- adding up to a staggering quarter trillion dollars. Federal taxes would increase 12 percent each year. Taxpayers would be paying a larger share of their income to Government in 1984 than at present.
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