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Last Updated: 10/12/2023

One issue: Whether we will move forward or backward

Stagnation and Sacrifice, or Opportunity and Optimism

Areas: Interest Rates³, Gasoline⁴, Post Office⁵, Wage Guidelines², Unemployment

Problem of Attitude: Lack of Concern, ~~For~~ Inputs in Computer Program

Treat Problems as if they did not involve people.

The federal govt shall not ~~doing~~ anything ^{best left to} the states, and no govt shall do that which is best left to the people

Govt As if people mattered

Diff: C.A. acts as if people weren't important

Intro

Probl. of Attitude

Areas

One difference

Program: 1) Economic Growth 2) Regulatory Reform 3) FrW Control 4) Nat'l Int.
Concl.

Draft
Post Office

1990 1985 1990

Price at 6.7

7.1 7.9 House 2.08
7.6 8.2 Senate 2.63
7.9 8.3 NoWPT 2.92

400,000

380,00

~~30,000~~

1.92 Mbd

840,000

2,900



Government as if People Mattered¹

E.F. Schumacher, the late British economist, wrote a book several years ago subtitled "Economics as if People Mattered." The thesis of the book was that economics had become so complex, with all its complicated models, equations, and theories, that economists had somehow forgotten that economics^{after all,} was^{and} a science about people^{and} how they interact with each other in the marketplace.

Unfortunately, Schumacher's² solution leapt from his premise to that now famous well-known concept of "Small is Beautiful." But while one may ^{object to} ~~disagree~~ with his idea that we would all be better off if we returned to a primitive, low-technology society, it is hard to disagree with his criticism of economics. Indeed, our economic problems may be largely a result of ~~national~~ professors and policymakers forgetting the ~~essential nature~~ ^{prime rule} ~~people-based~~ purpose of economics: that people do matter.

This academic amnesia, however, goes far beyond the failures of a mere social science. We have ~~be~~ now become so civilized that virtually all policy-making at the federal level has been infected with a ^{mechanical} ~~destructive~~ take-it-or-leave-it attitude about the American people. Though we still hear the bleeding-heart phrases about "compassion" or "the poor," all too often, ^{I'm afraid,} ~~I get the impression that~~ those who utter them ~~don't~~ ^{may not} really have any idea what compassion or poverty really is, ^{at all about.} ~~It's not that these people~~ ^{they are evil-minded} ~~policy-makers have turned evil or mean-spirited;~~ rather, they have let the process of government become more important than the people government is supposed to serve ~~the~~

~~the~~ Nowhere is this attitude more prevalent than in the upper ranks of the Carter administration and the Democratic leadership of Congress. Watching their actions over the past

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Three years, I get the impression that they regard the American people as no more than one of the many inputs in their computer programs or their public opinion polls.

It's almost as if they had ~~had~~ rewritten Abraham Lincoln's famous declaration to read that "the government of the ~~g~~ computer, by the public opinion poll, and for our re-election, shall not be folded, spindled, or mutilated."

Now this is a pretty ~~etc~~ serious charge, and I believe it's my responsibility to document it for you. But before I do, let me make one observation. In a campaign such as this, we are always talking about mysterious little things called "issues." But issues are nothing more than the application of a candidate's beliefs about government to specific problems government must confront.

If a candidate holds a philosophy that people ~~matter~~ are important only to the extent they represent "constituencies" or "interest groups," or "votes," then his policies are bound to reflect that. ~~This doesn't mean that person~~ ~~The words he uses may be~~ ~~are~~ ~~unimportant~~ is a mean-spirited ~~individual~~ not at all. His personal values may be just as pure as possible -- and I'm sure that in Jimmy Carter's case, they certainly are. What it does ~~mean~~ reflect, however, is a sadly-mistaken view of government's relationship to its citizens.

This ~~the~~ idea of government by computer models and public opinion polls simply must be changed. To paraphrase Mr. Schumacher, it is time we began running government as if people mattered --

because the truth is, government's only reason for existing is to protect ^{people's} ~~the~~ ability ~~of people~~ ^{to think} to create the kind of life that they ~~the~~ individually want for themselves.

There is, then, but one real issue in the 1980 campaign: which candidate will produce the kind of government which will best allow the American people to improve their lives? More simply, will we move forward, or will we retreat into the past?

I think the choice in 1980 is ~~clear~~ ^{clear}. We now have an administration willing to sacrifice the jobs, the income, the ^{lifestyle} ~~livelihood~~, and the security of our people. # Jimmy Carter says there are no easy solutions, and that our future can be one of only pain, austerity, and "living with less."

Not the unrealistic ^{promises} ~~dreams~~ of an impractical idealist, but a rugged determination to pursue the possible.

I offer instead a new optimism. A life in America ~~can~~ still ~~be~~ the good life. We can have a hopeful future to look forward to. ^{And, above all,} Our people are important. If I can leave my ~~past~~ years as President with one legacy, it would be that we kept these ~~good~~ beliefs foremost in everything we did.

Unfortunately, the Carter administration exhibits a depressing unconcern about the American people's future -- as if the people weren't really that important in the decisions they make. This can be seen most clearly in their attitude toward Americans' standard of living. Almost as if he were preaching to a flock taken in by false gods, Mr. Carter has condemned Americans for "worshipping consumption and self-indulgence." We

are wasteful and extravagant, he says. We have to cut back. We have to learn to "live with less."

Nonsense. Americans aren't self-indulgent. They don't "worship consumption." And they don't need to be preached to ~~about frugality~~ by ~~a man~~ ^{their President} earning \$200,000 a year.

It just seems to me that a government whose main objective is thrashing its people for trying to make ends meet cannot possibly have the best interests of the people in mind.

Even more disturbing is the President's sudden shift in ~~his~~ ^{his} budget priorities. Keeping a careful eye on Senator Kennedy last January, Carter ~~proudly~~ presented his budget, emphasizing programs supposedly designed to assist the poor, such as continued revenue

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sharing and a new youth jobs program. ~~Now~~ ^{But} when Kennedy's campaign began ^{to} collapsing, thus securing Carter's grip on the liberal Democrat vote, the President felt free to reduce these very programs.

Their desirability, however, is not the issue. Rather, the crucial point is that the President's decisions on these programs were apparently based not on their potential benefit to the poor, but upon a cold political calculus, with the poor considered only as a statistic in his public opinion polls.

This philosophy -- that government programs should be used to create a political image rather than to protect people's ability to improve their lives --

Fuel, and just about ~~on~~ everything else, there's hardly ever any money left over for going to a movie or taking a vacation. Even necessities -- such as providing a good college education for the kids or replacing the worn-out living room furniture -- often have to be sacrificed or postponed.

That apparently doesn't bother Mr. Carter very much, though, because he still believes that ^{because the ^{controls} reduced the economy's efficiency,} making people worse off is essential to curing inflation. ^{but it just doesn't work. Even if the controls were fully effective, ^{people} they wouldn't reduce inflation. One study of the controls in 1971-74, for instance, found that they ^{actually} increased the inflation rate by a percentage point.} I think there's a better way. But the first thing we have to realize is that inflation results when there is more money produced than there

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The answer ^{that} begins with including these off-budget federal loans in the regular federal budget, and counting them as federal spending items, as they should be counted. Then we have to make certain there are no federal deficits requiring an excess supply of money to cover them.

Finally, ~~Mr~~ Carter has introduced ~~a couple~~ ^{or increased} ~~several~~ ~~new~~ ~~energy~~ taxes in his ill-fated attempt to balance the budget. The list reads like a who's who in taxation: a 10 cents per gallon gasoline tax; a so-called windfall profits tax that when passed along ^{to consumers} could increase gas prices by as much as another 30 cents per gallon; the

automatic increases in the Social Security tax; the automatic increases in the income tax ~~tax~~^{as} inflation pushes workers into higher tax brackets; the new withholding tax for interest received on savings accounts; and the speed-up of income tax collections. All told, Carter's ^{planned} tax bill will be nearly \$100 billion greater in 1981 than in 1980. That's the equivalent of \$1700 for a family of four.

This is a ^{demoralizing} substantial ~~devastating~~ burden for any family. But some of the taxes will hurt worse than others. The energy taxes could increase the cost of every tank^{ful} of

E. F. Schumacher, the late British economist, wrote a book several years ago subtitled, "Economics As If People Mattered." *In it,* ~~he~~ argued that economics had become so complex, with all its complicated models, equations, and theories, that ~~its practitioners~~ ^{economists} had ~~somehow~~ ^{it} forgotten that ~~economics~~ was, after all, a science about people.

Schumacher concluded that we need to retreat to a primitive, low-technology, "small is beautiful" society.

Unfortunately, Schumacher used this ~~dilemma~~ ^{complexity} to justify ~~his~~ ^{the} now well-known cliché that "Small is Beautiful." But while one may object to his idea that we would all be better off ~~if we in~~ ^{returned to} a primitive, low-technology society, his criticism of economics was right on the mark. ^{Many of our today's nations} ~~It seems that our~~ policy-makers, ^{it seems,} have forgotten the number one rule of economics: that people do matter.

Nowhere is this forgetfulness more prevalent than in the Carter administration. ^{They} ~~Jimmy's~~ ^{apparently} ~~janissaries~~ have been so infected with a take-it-or-leave-it attitude about the American people, that they have let the politics of governing become more important than the people government is supposed to serve. ~~They seem to~~ regard ^{ing} the American people as ^{little} ~~no~~ more than a sterile input in their computer programs or their public opinion polls. It's almost as if they had rewritten Abraham Lincoln's ^{famous} ~~declaration~~ to read that "the government of the computer, by the public opinion poll, and for our re-election, shall not be folded, spindled, or mutilated."

This idea of government by computer models and public opinion polls simply must be changed. ~~It doesn't work.~~ Imagine ^{the folly of} trying to run an automobile on a sparkling paint job alone, while ignoring the motor. Sooner or later, the motor will run down.



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DOCUMENT #3552F
79-08-11 09:51
PAGE 1381
KEY 51030544

SAMBO'S RESTAURANTS, INC.

LOSS ANALYSIS for PERIOD Jan 01, 1979 to Jan 01, 1980 EVALUATION as of Aug 01, 1979

NAME NOT ON FILE

WORKERS' COMPENSATION ACCOUNT

CLAIMANT AND ACCIDENT DESCRIPTION	FILE NUMBER STATE COV. RES DATE OF LOSS	PAID LOSSES	PAID ALLOCATED LOSS EXPENSE	NET OUTSTANDING LOSS RESERVE	INCURRED LOSSES	STATUS
RUCKER, Jerry LADDER SLIPPED INJURY TO LEFT FOOT.	005 346409B Ga MED. N/R Jan 06, 79	49.50			49.50	CWP
WYETT, Carol FELL ON WET FLOOR FELL ON RIGHT KNEE	005 348491B Ga MED. N/R Mar 10, 79	50.00			50.00	

SUMMARY

LINE OF BUSINESS	CLAIM COUNT	PAID LOSSES	PAID ALLOCATED LOSS EXPENSE	NET OUTSTANDING LOSS RESERVE	INCURRED LOSSES
Workers Compensation Medical Only	2	99.50			99.50
TOTAL	2	99.50			99.50

^{yet}
~~But~~ that's just what Jimmy Carter is doing. He has given us all the sparkling phrases and slogans we need, but he has ignored the very motor of our economic system -- the American people. The result is our stagnant, inflation-ridden economy, and there is but one cure. To paraphrase Mr. Schumacher, it is time we began running government as if people mattered, ~~because they do.~~

Government has one responsibility in economic affairs: to protect people's ability to build the kind of life that they want. ~~But a~~ ^{to} And government has failed when people's economic security is endangered, as it is today, by an 18% ~~rate of~~ ^{rate,} inflation, the highest peacetime rate in our ~~nation's~~ history.

There is no more important people-based issue ~~in 1980~~ ^{this year} than this: which candidate will do the best job of restoring ~~Americans'~~ ^{Americans'} our people's economic security? More simply, will government permit Americans to improve their lives, or will it force them to fall ~~behind~~ ^{even further?} ~~behind?~~

I think the choice ^{in 1980} is clear. We now have an administration willing to sacrifice the jobs, the income, the lifestyle, and the security of our people. Jimmy Carter ^{tell us} ~~preaches~~ that there are no easy solutions, and that our future can be one of only pain, ~~austerity, and "living with less."~~ ^{austerity,} ~~and sacrifice.~~

^{top 4}
 I offer instead a new optimism. Not the unrealistic promises of an impractical idealist, but a rugged determination to pursue the possible. Life in America still can be the good life. We can have a hopeful future. And, above all, our people are important. If I can leave my years as President with one legacy, it would be that we kept these beliefs foremost in everything we did.



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DOCUMENT #3552F
79-08-11 09:51
PAGE 1379
KEY 51020951

SAMBO'S RESTAURANTS, INC.

LOSS ANALYSIS for PERIOD Jan 01, 1979 to Jan 01, 1980 EVALUATION as of Aug 01, 1979

9010 ATLANTIC BLVD., JACKSONVILLE FL

WORKERS' COMPENSATION ACCOUNT

CLAIMANT AND ACCIDENT DESCRIPTION	FILE NUMBER STATE COV. RES DATE OF LOSS	PAID LOSSES	PAID ALLOCATED LOSS EXPENSE	NET OUTSTANDING LOSS RESERVE	INCURRED LOSSES	STATUS
CARITHERS, Brenda J. SLIPPED ON DAMP FLOOR INJURED FOOT.	051 158612A F1 COMP R/S Feb 04, 79	167.32			167.32	CWP
CARITHERS, Brenda J. SLIPPED ON DAMP FLOOR INJURED FOOT.	051 158612B F1 MED. R/S Feb 04, 79	255.40			255.40	CWP
TOTAL FOR CLAIM	051 158612 F1 R/S Feb 04, 79	422.72			422.72	
REYNOLDS, Emory WASHING DISHES, SOAP ON HIS HAND, WIPED HIS HEAD GOT IN EYE IRRITATED TO EYE.	051 159740B F1 MED. N/R Apr 12, 79	16.00			16.00	

And-I-belie-

~~The 1980 presidential election, in fact, may well be a referendum on these beliefs, because the Carter administration offers just the opposite: a depressing unconcern about the American people's future, ^{I think this demonstrates} ~~which~~ ^{can be seen most clearly in their} ~~attitude toward Americans' standard of living.~~ Almost as if he were preaching to a flock taken in by false gods, ~~Mr. Carter~~ ^{he} has condemned Americans for "worshipping consumption and self-indulgence." We are wasteful and extravagant, he says. We have to cut back. We have to learn to "live with less."~~

Nonsense. Americans aren't self-indulgent. They don't "worship consumption," ^{whatever that is supposed to mean!} And they don't need a daily dose of presidential sermons. It just seems to me that a government whose main objective is thrashing its people for trying ~~just~~ to make ends meet cannot possibly have the people's best interests in mind.

But Mr. Carter says this is just recognizing reality -- simply that we cannot afford to live as well as we have. That may be OK if you're a highly-educated, 28-year-old making \$50,000 a year as a presidential adviser. ^{notes} ~~Margaret Bush Wilson, head of the NAACP.~~ ^{UNACPS says} But it's an utter disaster if you're unskilled, out of work, and living in a ghetto.

Just think for a moment what it must feel like as a young black man or woman, wandering the streets, looking for ^a job that simply ~~don't~~ ^{doesn't} exist. Your jeans have holes in them because you haven't the money to replace them. Your spirit has a hole in it because your lack of skills ~~make-y~~ ^{which may} make you ^{even more skilled workers from} unemployable to firms that have already had to trim their payrolls. You pass a rundown appliance store, and indulge in the rare pleasure of watching a television you've never been able to own.



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DOCUMENT #3552F
79-08-11 09:51
PAGE 1377
KEY 51020944

SAMBO'S RESTAURANTS, INC.

LOSS ANALYSIS for PERIOD Jan 01, 1979 to Jan 01, 1980 EVALUATION as of Aug 01, 1979

2845 UNIVERSITY BLVD, WEST JACKSONVILLE FL

WORKERS' COMPENSATION ACCOUNT

CLAIMANT AND ACCIDENT DESCRIPTION	FILE NUMBER STATE COV. RES DATE OF LOSS	PAID LOSSES	PAID ALLOCATED LOSS EXPENSE	NET OUTSTANDING LOSS RESERVE	INCURRED LOSSES	STATUS
BLAKE, Iris E. FELL WHILE WALKING TO TABLE FRACTURED ELBOW	051 158414A F1 COMP R/S Jan 17, 79	404.55			404.55	CWP
BLAKE, Iris E. FELL WHILE WALKING TO TABLE FRACTURED ELBOW	051 158414B F1 MED. R/S Jan 17, 79	246.84			246.84	CWP
TOTAL FOR CLAIM	051 158414 F1 R/S Jan 17, 79	651.39			651.39	T
SMITH, Alma S. SLIPPED ON FLOOR, FELL INJURED LEFT KNEE & HIP	051 158936A F1 COMP R/S Feb 28, 79	1,848.00		2,172.00	4,020.00	
SMITH, Alma S. SLIPPED ON FLOOR, FELL INJURED LEFT KNEE & HIP	051 158936B F1 MED. R/S Feb 28, 79	1,156.03		2,343.97	3,500.00	
TOTAL FOR CLAIM	051 158936 F1 R/S Feb 28, 79	3,004.03		4,515.97	7,520.00	T

you see

The President ~~is~~ speaking, and ~~syas-~~ ^{he} says ^{that} it's time we all started suffering a little pain for a change.

for the nation to be better off,

Just imagine the emotional devastation such a young man or woman must feel, ^{when their nation's leader tells them their bad condition must become still worse} ~~AND Or-try-to-experience-~~ Or envision the sheer frustration a supposedly upper middle-class family must face when ^{they} ~~it~~ has to choose between a college education for their daughter, or braces for their young son's teeth, ~~much-less~~ with a vacation or replacing worn-out living room furniture totally out-of-the-question. Contrary to what Mr. Carter thinks, I don't believe we can afford not to try to help Americans live better than they have this past decade.

Comp. 2

The most important step the next President can take toward this end is to implement policies which will effectively ~~bring~~ reduce inflation. Mr. Carter has not done this. In fact, he ^{now concedes} ~~admits~~ that despite his latest ~~inflation~~ plan, inflation will be only one-half point lower this year than last. That's a stark admission ~~of that failure if I ever heard one.~~ ^{he has no answers to inflation.}

He does have plenty of soothing words, ^{though} ~~however~~. "Food prices are pretty well stabilized," he told the Washington Post. I wonder when he last visited a supermarket. "Right now," he said, the nation is "in a very calm and peaceful time where people are prosperous and at ease." To quote ^{columnist} William Safire, "What country does (Carter) think he is President of? When the buying power of the average worker plummets by over 7 per cent a year, with the situation worsening, ~~xxxxxx~~ (how) can he smugly call such a time 'prosperous'? With interest rates soaring and markets plunging, (how) can last year's 'malaise' become this year's 'at ease'?"

Soothing words just will not put food on the table, or gasoline in the tank. But ^{perhaps} it would have been better ^{had} if Mr. Carter ~~had~~ stopped



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DOCUMENT #3552F
79-08-11 09:51
PAGE 1376
KEY 51020674

SAMBO'S RESTAURANTS, INC.

LOSS ANALYSIS for PERIOD Jan 01, 1979 to Jan 01, 1980 EVALUATION as of Aug 01, 1979

NAME NOT ON FILE

WORKERS' COMPENSATION ACCOUNT

CLAIMANT AND ACCIDENT DESCRIPTION	FILE NUMBER STATE COV. RES DATE OF LOSS	PAID LOSSES	PAID ALLOCATED LOSS EXPENSE	NET OUTSTANDING LOSS RESERVE	INCURRED LOSSES	STATUS
LUZAEK, Thomas Lawrence CHOPPING LETTUCE WITH FRENCH KNIFE CUT RING FINGER (LEFT) HAND.	051 159544B F1 MED. N/R Apr 18, 79	36.00			36.00	

SUMMARY

LINE OF BUSINESS	CLAIM COUNT	PAID LOSSES	PAID ALLOCATED LOSS EXPENSE	NET OUTSTANDING LOSS RESERVE	INCURRED LOSSES
Workers Compensation Medical Only	1	36.00			36.00
TOTAL	1	36.00			36.00

^{at only}
~~with no more than words.~~ ^{True, ~~can't~~ they can't}
~~They cannot~~ help, but at least they
 can't hurt. ~~But~~ The President's four anti-inflation plans, ^{on the other}
~~however,~~ ^{hand,} have been nothing short of a disaster for the
 American people. ^{The reason is that} In announcing them, he has forgotten the prime
^{rule of} ~~that is~~ running a government, ~~or in running a~~
~~economy,~~ ^{that} people do matter.
~~His~~



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DOCUMENT #3552F
79-08-11 09:51
PAGE 1375
KEY 51020667

SAMBO'S RESTAURANTS, INC.

LOSS ANALYSIS for PERIOD Jan 01, 1979 to Jan 01, 1980 EVALUATION as of Aug 01, 1979

200 S. 3RD ST, NEPTUNE BEACH FL

SUMMARY

LINE OF BUSINESS	CLAIM COUNT	PAID LOSSES	PAID ALLOCATED LOSS EXPENSE	NET OUTSTANDING LOSS RESERVE	INCURRED LOSSES
Workers Compensation Reserve Claims	4	2,043.34		6,675.66	8,719.00
Workers Compensation Medical Only	5	288.50			288.50
General Liability Claims	5	1,006.00	5.00	1,250.00	2,261.00
TOTAL	14	3,337.84	5.00	7,925.66	11,268.50

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surfaces time and again among the Carter administration

policies. I want to ~~4th~~ ^{Four} ~~instances~~ ^{all} part of Mr. Carter's recent anti-inflation programs, ~~that~~ ^{that} convince me that ~~out~~ in my mind ^{is} where this administration ~~cannot~~

~~possibly being~~ running government as if people mattered.
 ~~The~~ ^{Most} distressing ~~aspect of~~ ^{so-called} anti-inflation plan is ~~no~~ ^{First} ~~is~~ Mr. Carter's insistence on ~~creating~~ ^{squeezing the} nation into.

a recession. ~~to "solve" the inflation problem.~~ A recent headline in the Washington Post stated the Carter position quite clearly: ^{is "Carter's goal"} ~~Saying it was to "squeeze~~
 ~~Squeeze Nation into Recession~~ ^{the President} In fact, in his 1980

Economic Report, ~~The President~~ listed as one of his goals an increase in the unemployment rate from ~~about~~ 6.9% to 7.5%.

Whether ~~such~~ a precession will ^{actually} cure inflation is a question I'll answer in ~~just~~ a moment. But I can

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tell you one thing: those ~~two~~ million ^{Mr. Carter} people ~~who~~
plans to throw out of work
~~are~~ going to lose their jobs certainly are not going
Barry Brownworth, Carter's former director of Carter's Wage and Price Council, says that
reducing inflation by the recession approach would add two million more people to the unemployment rolls.
to be any better off. Just how is ~~he~~ ^{Carter} going to select
~~who~~ the people ^{who will have} to lose their jobs? Sadly, the most likely

victims will be those who need jobs the most -
the poor, minority youths, and the unskilled. These are
the very people who now bear the greatest burden
and ^{if Carter has his way} they will have to bear the burden of unemployment ^{as well}.
of inflation. Can you imagine the devastation to

~~those families who are chosen to serve as the~~
~~shock troops in Mr. Carter's war on inflation?~~

President
I'm not sure the ^{President} knows what it means
to be tossed out of a job, with no where
to go, a family to feed, bills to pay, and
your self-respect as the family breadwinner on

11 8

the line. I think I can appreciate the personal trauma of ~~those facing possible~~ ^{who could lose their jobs} ~~being unemployed~~. I'll ^{always} carry with me ~~always~~ the memory of a Christmas Eve when my brother and I and our parents exchanged our modest gifts-- there was no lighted tree as there had been on Christmases past. I remember watching my father open what he thought was a greeting from his employer. We all watched, and yes, we were hoping it was a bonus check. It was ~~the~~ notice that he no longer had a job. And in those days government ran radio announcements telling workers not to leave home looking for jobs-- there were no jobs. I'll carry with me always the memory

1-13
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Gen Barry Brown, former director of Carter's Wage and Price Council, admits that lowering inflation to single-digit levels ^{by creating a recession} in this way would throw nearly 10 million more people out of work, thus more than doubling the ^{inflation rate} ~~inflation rate~~ ^{unemployment} ~~unemployment~~ rate. And,

of my father sitting there holding that envelope, unable to look at us. I simply cannot and will not stand by ^{for government-created} ~~while inflation~~ and joblessness destroying the dignity of our people.

It's ^{is} ~~is~~ time we elected a President who realizes that the old economics of trading unemployment for lower prices just ~~relief from inflation~~ does not work. I wouldn't trade the jobs of our people for a couple points off the inflation rate ~~anyway~~ even if it did. ~~But the fact is,~~ ^{the recession approach just doesn't work} According to the Congressional Budget Office, ~~is,~~ every percentage point increase in unemployment boosts the federal deficit by \$25 to \$29 billion-- because, with fewer people working, the government loses ^{has to pay out} ~~due to lost~~ tax revenue, because and, more in unemployment ~~and insurance and welfare payments~~ ^{benefits} because fewer ~~people are working~~. And that higher deficit ^{by more than} ~~is~~ \$150 billion.

43 10

would worsen, rather than improves, inflation. Contrary to what ~~it would~~
~~Mr. Carter~~ thinks, only by ^{increasing the number of} ~~creating~~ ~~the~~ permanent new jobs in
~~seem, then, that~~ ~~America!~~ can we bring ^{under control.}
~~the economy~~ would help ~~ease~~ inflation. ~~That's positive~~

impression happens to be correct, and it's a fact
Mr. Carter has yet to realize: jobs are good
for America.

Another of Carter's mistaken ideas is that
inflation can be cured by ~~voluntary~~ ^{arbitrarily holding} down wages
and prices ^{guidelines}. He's simply confused about ~~the~~
cause and effect. Rapidly rising wages and prices
are a symptom -- a result -- of inflation, not
the other way around. And his prescribed ^{medicine --} ~~solution~~
^{his} so-called voluntary wage-price guidelines -- totally
misses the point. One could assume that if

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Jimmy Carter were a doctor treating a man with a ~~102°~~ ^{high} fever, ^{his "cure"} ~~he~~ would ^{be to} ~~instruct~~ ~~the man~~ to immerse ^{the man} ~~himself~~ in an ice bath. ~~for several hours.~~ The ice might lower his skin temperature, but it certainly wouldn't cure the fever, ^{which} ~~That's because the~~ ~~causes the~~ high temperature. The principle ^{in economics} is the same: simply treating the symptoms ^{of inflation} does not cure the disease.

But the guidelines, to the extent they are followed, do manage to make people worse off. ~~The guidelines, are a~~ By holding ^{workers'} ~~people's~~ wage increases below ~~into~~ the rate of inflation, ~~they~~ the guidelines are in themselves an admission of failure.

15 12

After all, inflation is harmful in large part because it reduces the value of people's ~~earnings~~ ~~incomes~~. Their only recourse is to try to keep up with inflation by securing cost-of-living raises. But when government limits the size of those raises, it reduces people's incomes in a different way, but just as severely. Thus, Carter's ^{supposed} cure for inflation is the same ^{and up no} as the ^{The people are better off.} ~~same~~ disease itself -- lower incomes. Right now, for instance, ~~Americans' real incomes~~ ^{worth} are less than they were just a decade ago. ~~that are a decade of on-again, off-again price controls, Americans' incomes~~ ^{would be} ~~Now that may not mean much to those~~ ^{are lower than they were in 1970} people with \$75,000 annual incomes and money to burn. But for the ^{average} ~~poor~~ working men and women in America, that loss of purchasing power can be extremely ^{painful.} ~~frustrating~~. With the high cost of food,

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are goods available for purchase. When this occurs,
it's ~~like~~ ^{just like} millionaires ~~are~~ bidding at an auction --
the prices of the available goods are ^{continually} bid up.

Now it's important to ~~realize~~ ^{note} that the
money in the economy is ~~different~~ not the same
thing as people's incomes. A person's income represents
something he has produced. Thus, one cure for inflation
would be to increase the economy's productivity.

The other required measure is a restraint on
the growth of the money supply, so that ~~those~~

excess dollars aren't floating around in the economy.
Third, ^{while} ~~if~~ Carter has ~~fully~~ stumbled upon one cure for inflation with all eyes on him,
There are several ways to ~~do that~~, however,

and ~~but~~ ^{he} ~~again~~ Mr. Carter has ^{again} chosen the ~~way~~ ^{method}
most harmful to the majority of Americans. His

high interest ~~rate~~^s policy has made the dream of owning a home ^{almost} an impossible dream, ^{with} ~~the most~~ recent estimate is that 95% of Americans ~~are~~ unable to afford ^{even} the median-priced ~~model~~ home. And who ~~can~~ ^{afford it} when mortgage rates are running at 17% and higher?

Think of what these high interest rates ^{also} mean to the ~~the~~ small businessmen and farmers in our country. ~~The ^{imagine} ~~trying to~~ ^{interest} costs are so~~ These ~~are~~ ^{highly} ~~step~~ enterprises typically run high ~~that~~ ^{expanding one's business} - or sometimes close to costs, so that they often ^{must} depend ~~even staying~~ in business ~~other~~ becomes

on loans to pull them through a cash-flow crunch. But when they have to pay 20% ^{if they can even find them,} or more for ~~those~~ loans, ¹ their very survival

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-- not to mention expansion of their businesses --
~~becomes~~ is highly uncertain.

And now Carter has decided to penalize
^{consumers}
~~people~~ who use credit cards. Once again,
~~Carter~~ his answer to inflation is to find
~~someone~~ another group of people to punish.

The fact is,
~~where~~ ~~we~~ ~~are~~ ~~going~~ ~~to~~ ~~reduce~~
^{can}
the excess money supply, ^{without} ~~though~~ ~~don't~~ ~~we~~
drastically cutting back
~~have~~ ~~to~~ ~~reduce~~ the loans available to home
buyers, farmers, small businesses, and consumers.

~~Not~~ ~~is~~ ~~a~~ ~~government~~ ~~run~~ ~~as~~ ~~if~~ ~~people~~ ~~mattered~~.
For example, ~~and~~ yet,
Just listen to these figures. While the Carter
administration preaches its doctrine of pain
and ~~austerity~~ ^{sacrifice}, of high interest rates and

~~20~~ 16

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credit controls, ~~the~~ new federal credit in 1981 will amount to more than \$60 billion. New direct loans by off-budget agencies such as the Federal Financing Bank grew 70% between 1976 and 1979 -- twice the rate of growth in federal spending -- and loan guarantees increased by 108%.

Thus, when Carter tightens up the money supply ~~without~~ while increasing federal credit demand, as the saying goes, "Something's ^{got} ~~has~~ to give." In this case, that something is credit available to the American people, ^{and} the limited supply of loans. ~~Interest rates go up, and~~ ~~we~~ ~~The~~ results in ^{consumer and business} ever-increasing ^{for} interest rates ^{for} consumers and businesses.

~~Anderson/Reynolds papers to Kemp~~

Finally, Carter has dusted off his ^{campaign} pledge to balance the budget, and claims that he will do so in 1981. Don't you believe it. His ^{original} projection for spending this year is already \$40 billion off the mark, and his deficit projection ~~was~~ is ~~really~~ over \$15 billion wrong. On top of that, his so-called "balance" for 1981 is based on ^{absurdly optimistic estimates of the} inflation and interest rates ~~more~~ more than a third lower than what they actually are.

These problems aside, Carter still claims that "this balancing the budget has been brought about not by increases in revenues or taxes, but by reductions in expenditures." His budget director, James McIntyre, says that "this Administration

has not balanced the budget on the backs of the poor." Both statements are out-and-out lies.

Carter has balanced the budget in only one way -- by raising taxes. His proposed spending is down a mere \$4 billion from his first 1981 budget, but projected taxes are up ^{by} ~~more~~ than seven times as much, or \$28 billion. To say he has balanced the budget by cutting spending ^{then,} ~~is~~ a public relations ~~from~~ deception only Jimmy Carter would try to pull off.

But what about the poor? Carter's ~~new~~ collection of new or increased taxes reads like a who's who in taxation, and they will hurt the poor and middle class the most.

First, there's his ~~10¢~~^{cents} ~~per~~ gasoline tax and his so-called windfall profits tax which could boost gasoline prices by another 30¢ per gallon. That ~~better~~^{extra expense} will fall most heavily on those who can ~~least~~ afford it ~~least~~: low-income workers,

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gas by nearly \$10 -- and that's going to hurt most those who can least afford it:

the poor, those who live in cities without adequate mass transit, and residents of rural areas with great distances to ~~drive~~ travel.

They will have no choice but to drive, they will ~~be forced~~ ^{have to} simply ~~be forced~~ ^{have to} pay the higher prices and ^{prices are} sacrifice elsewhere. ~~And this is~~ Moreover, these higher energy prices are a particularly curious remedy for inflation.

Since Carter has contended all along that high energy prices ~~were~~ ^{are inflation's principal} ~~the main~~ cause of inflation.

Second, the automatic ~~the~~ Social Security tax increase ^{will} ~~is~~ going

~~to~~ be a special burden on ~~the~~ working men

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and women and ^{on} small businesses. Workers will find the government taking a still greater share of every paycheck, while ~~small businesses~~ will the cost ^{to employers} of these workers ~~to employers~~ will go up as well. ~~Businesses~~ will ~~be forced~~ ^{have} ~~to respond by~~ ^{slash} ~~cutting~~ their work ^{rolls,} ~~forces,~~ and those ^{workers} with the fewest skills and training -- generally the poor and inner city minority workers, ~~the~~ ^{the very} people most in need of work ~~or~~ will be the most likely to lose their jobs.

~~Pushing people~~ into higher tax brackets also reduces ~~our economy's~~ productivity. Since ~~the number of jobs~~, by reducing ~~brackets~~ ^{will harm} ~~low and middle income earners~~ ^{by forcing them} ~~to pay~~ ~~taxes~~

taxes ~~drains~~ once reserved for the Rockefeller. In fact, at ~~the present~~ ^{the present} pace, a poverty family could be paying half of each extra dollar they earn ~~within~~ just a few years.

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people get to keep so little of any extra income they earn, ~~the total~~ ^{neither} the burden of working longer hours nor the risk of starting or expanding a business are ~~not~~ worth it. And with fewer goods produced, there are fewer jobs available, and more inflation.

~~Finally!~~
~~After adding to withholding of savings from~~
~~interest~~ ~~our already saving~~ ~~still further.~~
~~with our~~ ~~our savings rate already~~ ~~one of the lowest in the world~~ ~~is our~~
~~have the lowest savings rate in more than~~
30 years ~~and~~ ^{lessen} this proposal will only ~~worsen~~
~~that trend.~~ In so doing, it will greatly
~~reduce~~ the amount of money available to

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businesses for creating new jobs, and to the housing industry for building new homes. ^{Again,} ~~Again,~~
 ~~low and middle income~~ ^{wind up} ~~the people~~ ^{families will} wind up as the losers.
 ~~the people are~~ the losers.

All told, Carter's planned tax bill will be nearly \$100⁹ billion greater in 1981 than in 1980.

That's the equivalent of an additional \$1700^{tax} for a family of four. ^{And} if that's not balancing the budget on the backs of the poor, I don't know what is.

Contrast, then, Jimmy Carter's dismal ~~the~~ record of anti-inflation proposals with his rhetoric, and you'll find that the biggest lie of all is his statement last month that the Democratic party "will win in November" because they "believe in

love and compassion and concern."

Is it "love" that plans to force millions of poor ^{and unskilled workers} ~~people~~ out of ~~their jobs~~? Is it "compassion" that would boost ^{already back-breaking} taxes still higher? Or is it "concern" that would fail to provide any realistic hope of ending inflation? ~~I don't~~

I say that the Leadership in Washington has forgotten even the meaning of "love and compassion and concern," and I think it is time for ^a new Leadership administration to take charge -- an administration committed to running government as if people mattered.

But how can you balance the budget, cut taxes, and increase ~~the~~ defense spending

And the first step in doing so is to offer an effective program that will control inflation, without making the people pay the penalty. For its ~~doing so~~. [The Republican alternative is to balance the budget by reducing taxes. Jimmy Carter says it can't be done. He is wrong. In fact, the House Republican leadership has introduced an alternative ^{balanced} budget for 1981 with spending \$14 billion lower than the Carter budget, taxes \$32 billion lower, and defense spending higher than the meager Carter increase. However, the most important feature of the Republican budget is that it is brought into balance without eliminating or incapacitating those programs most necessary to the poor.

Of course, ~~if I had drawn up the budget.~~
~~I am sure that,~~ there are ^{probably} ~~some~~ budget
 items ^{even in this budget that} I would ~~have~~ reduced further, ^{with possibly} others
 I would ~~leave~~ intact. That's the point ^{is}, however,
~~is~~ that it can be done: inflation can be
 controlled without penalizing the ^{American} people.

The remedy, in two simple steps, is
 to get the economy moving again,
 and to get the ^{specifically} government under control.

Let me explain how my administration would
^{implement} ~~work~~ toward these goals.

First, we must make a ^{vigorous} ~~bold~~ ~~commitment~~
commitment to economic growth through
reductions in tax rates. This is, it should be
 noted, the exact opposite of the Carter policy.

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Treasury Secretary Miller says that for now, "the President is prepared to withstand any effort to reduce taxes." Budget director McIntyre declares that for at least the next several months, ~~use~~ the administration "oppose(s) any tax reduction." And Federal Reserve Chairman Volcker says the nation must be "very cautious about when and if taxes should be reduced."

There ~~is~~ ^{adamant} ~~men~~ ^{stems from} opposition to tax reduction for two ~~serious~~ ^{misconceptions:} ~~reasons~~ one, that people are greedy and don't deserve tax cuts; and two, that tax reduction would aggravate inflation. ~~by increasing the deficit.~~

The main reason for tax rate cuts is not just

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to give people a tax break, although that's certainly important. Rather, it is to stimulate productivity ~~right~~ and create jobs.

Right now, tax rates are so high, ~~that~~ and hence the extra after-tax income so low, that people ~~then~~ ~~less~~ ~~the~~ ~~low~~ ~~the~~ ~~after-tax income~~ makes

~~the risk of~~ starting a new business or expanding an existing business is not worth the risk, and working overtime or at a second job is not worth the effort. ~~because the after-tax~~

As a result, ^{the economy produces} fewer goods and services. ~~as~~ But

if the money supply increases, as it has under President Carter, then there are vastly more dollars bidding for ^{even} fewer goods, and, ^{like} ~~as in the~~ ~~case of~~ millionaires bidding at an auction, prices have

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Nowhere to go but up. The answer, then, is to both control the supply of money, and increase the production of goods. ~~He explained~~
~~On other occasions how the money supply~~ I'll deal with the money supply shortly. But note that tax reductions, by creating more -- not fewer -- jobs, increased the production of goods ~~and services,~~ and thereby ~~fighting~~ ^{attacks} inflation directly. ~~The second~~ ^{the second} ~~scare tactic, though,~~ ^{scare tactic, though,} yet even those who agree with this approach, ~~are~~ ^{is} that my ^{across-the-board} three-year tax rate reduction would increase the deficit and thus boost inflation. Not so. ~~This method~~ ^{Across-the-board tax reductions have} ~~was~~ ^{been} tried four times in this century -- the last time under President Kennedy -- and every

time the government ended up with more
 revenue, not less. The reason was that
 economic activity and the number of jobs
^{were} so increased, ^{so} greatly expanding the tax base,
~~so~~ that even at the lower rates, ^{the} government
 was better off. There is no reason this
 would not happen again. In fact, my proposal
 would just barely offset ^{automatic} tax increases that
 will ~~be~~ are already programmed. ^{anyway, so even if there were no} Nonetheless, to
^{revenue feedback, the deficit would not increase} ~~rise~~.
 ensure that ~~there are no~~ inflationary
 expectations are not ~~not~~ ^{not} increased, my first
 budget will show a balance of receipts
 and expenditures -- even with the tax cuts --
 as the House Republican leadership has proven to be possible.

Second, we must make a vigorous
commitment to reducing federal regulation. Economist
 Murray Wiedentbaum estimates that regulation imposes
 an extra \$100 billion burden on the economy--
 and the effect on jobs and productivity is
 the same as if the government had
~~imposed~~ ~~an~~ enacted an extra \$100 billion in taxes.
 According to ^{every} the liberal National Center for Economic Alternatives,
~~this~~ ^{the regulatory} burden falls most heavily on small businesses,
 which produced fully 99% of the private
 sector jobs and over half of the inventions
 in recent years. The result, again, is less
 productivity, ~~less~~ production, and consequently
 more inflation.

A serious approach to reducing federal

regulation ~~require~~ should include the following steps:

One, include the ^{economic} cost of ~~comp~~ all federal regulations as tax-and-spending items in the ^{federal} budget, so ^{that} these costs can no longer be hidden.

Two, require a cost-benefit analysis for every set of regulations before ~~any~~ ^{they} regulation can take effect; any regulation whose ~~benefit~~ cost exceed its benefits should not be ~~implemented~~ ^{permitted to} stand.

Three, ^{restructure regulations to make them more cost-effective. For instance, the Occupational Safety and Health Administration, or OSHA, would probably be more effective as an agency designed to assist businesses in upgrading safety and health standards, with appropriate penalties for noncompliance, rather than as a watchdog, effecting federal procurements, as it is now.} allow universal congressional veto over all federal regulations.

These two measures, ^{tax and regulatory reduction--} ~~By~~ ^{would greatly} stimulating American productivity, and ^{would} create ^{thousands of new} jobs, ^{By so dramatically} ~~would~~ serve the ~~first~~ goal of getting the economy moving again, ^{they would} be an important new means of reducing inflation.

At the same time, however, we ~~must~~ ^{also} get the government under control, ^{doing} something ~~else~~ ^{also} this administration has ~~almost totally~~ ^{also} failed to do. ^{as well} To accomplish this objective,

First, we must bring the money supply under control. This requires that off-budget federal loans, ^{and loan guarantees} be counted ~~as part of~~ ^{as} the ^{federal} budget, rather than disguised in hidden accounts. ^{Doing so would allow} ~~us to~~ ^{that budget, including both} ~~we can~~ ^{the unified} rapidly bring ~~this~~ ^{that budget, including both} budget -- ~~including~~ ^{spending plus and} these ~~federal~~ ^{loan activity} loans -- into balance as well.

^{Moreover,} ~~At the same time,~~ I would instruct the ~~Federal Reserve~~ ^{authorities} to print only as many dollars as are necessary to maintain the value of our currency. ^{It is time we abandoned that worn-out and dangerous} ~~no more, no less~~ ^{idea} of trying to inflate our way to prosperity.

Second, we must adopt a systematic ~~method for~~ ^{method for} eliminating fraud and waste from federal ~~programs~~ ^{spending}. There are many ~~legitimate~~ ^{legitimate} federal ~~programs~~ ^{functions}, including a number of programs for the poor, the elderly, and the unemployed, and ~~we cannot~~ ^{we must not} ~~must not~~ ^{no one} wants to undermine them. However, there is no excuse for ~~the~~ ^{the} fraud -- estimated at up to \$50 billion -- and ~~the~~ ^{the} sheer waste -- impossible to calculate, but perhaps even greater -- which permeates these and all other federal programs. Being compassionate simply does not require ^{one} to condone abuse or carelessness. ~~in administration~~ In fact, by increasing efficiency and saving money, ~~possibly~~ ^{possibly} ~~to be used~~ ^{payments,} ~~for~~ ^{more realistic} ~~increased~~ ^{benefits} effective fraud and waste control can actually lead to greater compassion.

Unfortunately, the Carter administration's ~~approach~~
to ~~fraud and~~ continues to tolerate this ^{massive} fraud and waste ^{almost} ~~has~~
^{if it were an essential part of federal spending}.
in federal programs. In many cases, its ^{agency} inspectors
are, ~~by design~~ ^{agency} employees and thus
General have ~~become~~ little more than political extensions
of the agency ^{they are supposed to ~~watch~~ monitor.} ^{it has been} ^{discharged that}
^{is} ~~objective~~ In fact, in some cases, ~~the~~
Inspectors have actually ^{discouraged} ~~discouraged~~ investigations of fraud and

waste.

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in all fields of business and management, ^{And} make these better procedures available, ~~one of the first steps I intend~~
^{composed of professionals} would use a method following a method we used
citizen task forces to successfully in California, create volunteer
needed changes to go into the agencies of government and recommend

The key to eliminating this misspending is to place ~~the~~ ^{systematic} investigative responsibility outside the agencies being investigated, preferably in ^{Congress's} the General Accounting Office. This Office should then submit reports to the President and Congress, certifying ^{specific} areas of fraud and waste. To ensure correction of the misspending, the President should be ^{permitted} ~~able~~ to rescind funding to those specific areas, up to the amount of certification, subject to congressional ^{reinstatement} ~~override~~ ^{override}, of course. In this way, the President could force fiscal discipline on the agencies, compelling them to adopt better management procedures. ~~And~~ Though we ^{surely} could not ~~expect to~~ eliminate all ^{federal} fraud and waste, ~~with these two innovations, we would certainly~~ ^{allow us} ~~it~~ ^{by a} significantly reduce it ^{significantly} ~~amount~~.

Third, we must ^{establish} ~~have~~ ^{greater} presidential spending control ^{over spending}. Typically, Congress can attach special-interest spending items to bills the President is certain to sign, thus ensuring approval of the

Special interest spending as well. This wasteful porkbarrelling can be stopped with a presidential item veto, in which ~~each~~ every spending item is examined on its merits alone, and is individually subject to ~~the regular~~ presidential ~~veto~~ ^{disapproval}. ~~The~~ ^{In fact,} process has worked well ~~as~~ at the state

The item veto ~~has~~ has, in fact, been used to good effect at the state level for many years. For instance, while I was Governor of California, we vetoed \$16 billion in excess spending, much ~~by~~ ^{by} use of the item veto. Legal ~~scholar~~ ^{scholar} ~~Louis Koenig~~ The tool would help to ~~an~~ ^{promote} fiscal responsibility at the federal level to an even greater extent, without damaging necessary programs.

To become fully automatic, however, a federal item veto probably would require a constitutional amendment, which I would ~~support~~ ^{support} actively ~~work for~~. Until such an amendment

is approved, however, I will veto any ^{overall} ~~aggregate~~ spending bill unless it contains appropriate clauses permitting the President to veto individual spending items **contained within bill.**

Fourth, we must establish greater popular control ^{over} ~~of~~ spending and other federal actions. No longer should voters be held hostage to Congressmen and Presidents who say one thing on the campaign trail, then change their ~~mind~~ ^{mind} ~~positions~~ when elected. Proposition 13 in California, along with other tax and spending limitation measures approved in several states in 1978 and 1979, ~~do~~ have demonstrated the effectiveness of state initiative procedures which allow voters to go above the heads of recalcitrant politicians. I support the creation of a national initiative process for dealing with legislative issues at the federal level.

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It is ^{on} time government began trusting the people to vote on the issues, not just politicians. ^{government by} ~~on future~~ must consider ^{government by} ~~more special interests~~ ^{functional} interests. ^{By} investing the people with this initiative power ^{in particular,} at the ~~national~~ ^{state} level, we will ~~strike~~ create the national constituency necessary to ensure ~~that~~ that federal spending is reasonably controlled. Moreover, by ~~allowing~~ permitting people a direct ^{voice} in the ~~running~~ ^{initiative} of government, the process should encourage both consumer and business confidence, which is an important element in restoring economic stability.

This, then, is what I believe to be the most effective and systematic program for bringing inflation under control. The goals are simply stated. We have to get the economy moving again, and we have to get the government under control.

But no longer can we depend upon the vague promises of a President to "do something" if elected -- or ^{if} re-elected. Our economic plight is too ~~great~~ ^{severe}. And the threat to our peoples

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jobs, their ~~income~~^{earnings}, ~~lifestyle~~, and their standard of living is too ~~small~~^{great}. It is time ~~to~~^{for government} ~~put~~ stop playing ~~its~~ fiscal games, and to get its house in order.

My commitment to restoring economic growth and fiscal responsibility is ~~outlined~~^{contained} in the six steps I have outlined. There ~~are~~ is the same commitment Thomas Jefferson made when he was inaugurated ~~as~~^{President} nearly two decades ago. He declared that the need for "a wise and frugal government, which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government..."

We need the same kind of government ~~today~~^{today} - a government which will look after the legitimate needs of its citizens, but one which,

Ladies and gentlemen.

The 1970s ^{STEP} were the end of an era. After a decade of ~~leisurely~~ ^{and protest} self-criticism, we ~~have~~ ^{could} finally ~~managed~~ ^{could} to put the tragedy of Vietnam behind us. America ~~could~~ ^{finally} removed its ~~black~~ ^{from a} shroud of ~~despair~~ ^{of despair} and ~~got moving~~ ^{turned} again ^{to} with the job of providing hope ~~for~~ ^{for} its people.

Unfortunately, ^{that shroud of despair has again descended upon us.} we've gotten sidetracked. America is ~~at war~~ ^{one} ~~at least that's what the President told us a couple of Aprils ago.~~ ~~again.~~ ^{that promises to be as} ~~spiritually~~ ^{financially disruptive} ~~exhausting~~ ^{prior conflicts, such as} painful and as ~~morally bankrupt~~ ^{as} many of our ~~coldest~~ ^{battles} in Vietnam. But the ~~war~~ ^{this time will be fought not in the}

rice paddies of Southeast Asia, but in the streets and homes of the United States. ~~And the aim is the defeat of not some~~ ^{communist guerrillas,} ~~supposedly~~ ^{supposedly} ~~rebels called~~ ^{rebels called} the Viet Cong, but ~~some~~ ^{mysterious} ~~inplaceable~~ ^{inplaceable} Goliath called CPUSA.

^{LTC} The "Battle for Oil," the "moral equivalent of war," ^{or} the "energy crisis." Call it what you will: But ~~Unless~~ ^{Unless} we adopt a winning strategy now, we will be forced to accept an energy "Peace With Honor" ~~that~~ ^{that} ~~will be no more than the moral~~ ^{equivalent of defeat.}

^{And just such} a defeat, you will recall, is what the United States suffered in Vietnam. ^{But} ~~As~~ ^{that} ~~inglorious as the loss was~~ ^{diplomatically} ~~however,~~ ^{war's} the greatest immorality ~~of that war~~ ^{that} was that our government ^{die} ~~sent~~ ^{really} more than 50,000 troops to their death without ever attempting ~~to win.~~ ^{to win.} ~~Our policy-makers asked our young men to~~ ~~fight~~ ~~and die, while they debated how~~ ~~not~~ ~~to defend the~~ ~~country.~~ The result was a decade of despair and dissent, with the protest march as ~~our~~ ^{national} national symbol.

^{Now} If you haven't noticed, the protest march has returned. In October, thousands of people flocked to the streets in 100 cities to ~~declare~~ ^{against} ~~high energy prices.~~ ^{and well they should} ~~we're~~

been in a permanent state of energy crisis since 1973, ^{during which time} gasoline prices have nearly tripled, and fuel shortages of one kind or another have become almost commonplace. It is a deplorable situation. ~~A situation which a moral government would~~ ^{ing} ~~do everything it is its power to make the situation more~~ ^{possible help its citizens meet the} ~~bearable~~ ^{for its citizens}. Instead, ~~our leaders are forcing American energy consumers to the front, asking us to be its shock troops in its ill-fated battle.~~ ^{government is} ~~We are being told to drive less, pay more, tighten belts, heat less, and wear cardigan sweaters, all in the name of noble sacrifice,~~ ^{drafting} ~~while the government fights back with D-C-T, E-S-C, E-M-P, and a~~ ^{without even attempting to win.} ~~variety of rather rare solutions to the crisis.~~ ^{which it is not seriously}

^{selfless} ~~This acceleration of policies is foredoomed. It only condemns the U. S. energy consumer to intermittent shortages, tight supplies, and ever-increasing fuel prices. It cannot--and should not--be tolerated.~~ ^{present government programs}

^{dwindling domestic fuel supplies} Our nation is not being brought to its knees by global forces beyond our control. ~~or resources~~ Rather, it is being threatened by the impotence of a national politics which refuses now -- as it has long refused -- to let go of the past and assume the responsibilities of the present and future.

Those responsibilities are clear: to ensure that America can provide adequate domestic energy supplies at stable long-run prices. Any policy which fails to meet these goals does not serve the interests of the American people.

Current U. S. energy policy does not meet these goals. ~~The proposed remedies are even worse. They will make us even more dependent on OPEC oil. They are, in short, more of the same kind of "solutions" that have made the energy crisis~~ ^{such a real} ~~as distasteful and distressing~~ ^{Americans} part of every ~~life.~~

It is this ^{crisis} ~~dilemma~~ that ^{has} ~~this crisis~~
 It was this ~~crisis~~ that President Carter attacked most
 and stridently throughout his
 vigorously in his first years in office. Unfortunately, his
 administration ^{has} badly misanalyzed ^{and mismanaged} the problem, and brought ^{bringing}
 forth proposals that ^{have, would have,} ~~would do,~~ more harm than good. Even ~~his~~ ^{Mr. Carter's}
 few "victories" have given Americans little cause for hope:

"In 1977, Mr. Carter created the ~~xxxxxxx~~ 20,000-employee
 Department of Energy, ^{or DOE,} out of a ^{best line} ~~string~~ of other federal agencies
 which had failed to ^{solve} ~~end~~ the energy crisis. Thus, America was
 presented with a ^{bigger and more expensive} ~~larger than life~~ version ^{of previous failures} ~~of the government~~
 the faulty premise that ^{these earlier} ~~previous~~ efforts had suffered from too
 little federal ^{authority} ~~direction~~. The establishment of DOE proved that
 the federal government could create ~~a xxxxxxxx~~ massive
 energy bureaucracy ^{was created} ~~in~~ ~~from~~ next to nothing ~~is~~ in less than
 four years, without ever addressing the real causes of the crisis.

The Department's price ~~is~~ tag of \$11 billion, by the way, amounts
 to ^{a tax of} ~~about~~ 10 cents ^{on} ~~for~~ every gallon of gasoline you or I ~~buy~~ ^{consume} ~~and~~
 is ^{more than the} ~~the~~ ^{Mr. Carter} ~~amount taken is~~ ^{profit by the oil companies.}

"In 1978, ~~he~~ signed the ~~xxx~~ natural gas "deregulation"
 bill, which created 23 different categories of natural gas, and
 actually extended price controls, for the first time, to gas produced
 and sold within the same state.

"In 1979, he started the process of oil price decontrol,
 but ~~xxxxxxx~~ ~~he~~ has threatened "punitive ^{action} ~~measures~~ ^{against} of the oil industry - including
^{reimposing controls -} if Congress does not approve a windfall profits tax. ^{Moreover,} ~~Thus,~~ Mr.
 Carter retains for at least another two years ^{a price control system which has} as many as seventeen
^{different} categories of oil, which, ^{and according to} Harvard ~~energy~~ ~~economist~~ Robert Stebauch
~~xxxxxxxxx~~ ~~concluded~~ in Energy Future, "has fostered a chaotic,
 confusing, and expensive ~~xbureaucratic~~ monster."

"Mr. Carter has retained the system of ^{fuel} ~~gasoline~~ allocation,
 and has ^{recently} ~~now~~ secured authority to institute a gasoline rationing plan.

Have these ever-expanding controls solved America's energy crisis?

The sad fact is that they have not. The crisis, ^{really} ~~in fact~~, began with a 1954 Supreme Court decision which imposed price controls on natural gas, and was ~~made worse~~ ^{intensified the imposition of} by oil price controls imposed in 1971. ^{have} These ~~controls~~ held U. S. fuel prices artificially low, ^{of oil and gas} ~~resulting in the~~ which led to overutilization ~~by energy consumers~~ and a drastic reduction in producers' incentive to drill for ~~oil and~~ ^{the fuels} ~~gas~~ ^{fossil} or to develop alternative energy sources.

The result ^{of those controls} was predictable to all but those who refused to ^{accept} ~~believe in~~ economic reality. Domestic oil and gas output has declined ^{FL & J} ~~every~~ year since oil price controls were imposed.

Discoveries of natural gas peaked ^{when the 1954} ~~at the same time as the 1954~~ ^{controls} Supreme Court decision began to diminish real new contract natural gas prices. ^{Similarly, J. Even} Patricia Starratt, former special assistant in the

Federal Energy Administration, ^{has admitted} ~~observed~~ that the natural gas shortages of the early and mid-1970s were "the direct result of the reduction in the rate of natural gas ~~discoveries~~ ^{which} during the 1960s," ~~and this low level of natural gas exploration and discovery~~ "was due to the" (natural gas) price ~~max~~ ceilings. ~~In fact,~~ ^{the} number of drilling rigs operating in the United States declined 12 per cent in the first six months following ~~xxxxxxx~~ ¹⁹⁷⁸ passage of Mr. Carter's natural gas act.

~~Thus~~ ^{increasingly} ~~the result xxxxxx that the U. S. began to rely heavily on~~ ^{with the decrease in domestic supplies} oil imports from OPEC, which is dominated by the Middle East oil producers. ^{in fact, I} ~~We xxx~~ import almost twice as much oil ~~xx~~ now as we did ^{that we} right before the 1973 embargo. Imports account for nearly one-half of the oil we use.

^{Yet,} ~~Who's to blame? Is it the consumers? That's the answer you'll~~ ^{you'd think consumers were to blame for the fact} ~~get if you listen to the White House;~~ ^{Simply} ~~But that's not the conclusion~~ ^{case.} ~~you'll draw if you examine the facts. U. S. consumption of oil~~ ^{ster} has increased less than 20% in the last seven years; ⁱⁿ the seven years before that, oil consumption ~~increased~~ went up more than 40%.

From 1973 to 1976, gasoline demand rose at less than half the rate it had in the previous two decades, ^{and} in 1978, gasoline demand rose only 2 percent, less than ^{one} third as fast as ~~it rose~~ in 1977, ^{and} less than in almost every other industrialized country. ^{Moreover,} The Energy Department admits that American industry has become 10 to 15 percent more efficient ~~xxxxxxx~~ in its use of energy ~~x~~ since 1974. ^{the blame lies with the government, not the consumer.} We import more oil now, but it ~~is~~ not ~~x~~ the energy consumer's fault.

^{Thus the controls, which} The blame must ~~be~~ primarily to federal price controls, which ^{have forced} have significantly impeded U. S. production of oil and gas, ^{a study} by two MIT economists showed that in 1977, U. S. energy ~~xxxx~~ imports were three and one-half times greater than they would have been had there been no federal price controls.

~~The result is ~~xxxxxx~~ American dependence on OPEC. ~~xxxx~~ Allowing this ~~xxxxxxxxxx~~ to continue is ~~xxx~~ a risky proposition indeed. The Harvard Energy Project concluded that "(f)or the industrial nations to continue to depend on Middle Eastern oil in the way current trends indicate means heavy reliance on a region of high political tension and risk...Dependence reinforces the twin vulnerabilities -- interruption of supplies and major price increases.~~

^{Because of our heavy dependence on oil imports,} OPEC ~~thus~~ has the U. S. economy in a vice-grip. It can extract ~~xxxxxxx~~ virtually ^{any} whatever price it wants for its oil, because it knows ~~xx~~ ^{price} ~~current~~ controls prevent the U. S. from producing enough of its own energy to ^{allow} ~~afford~~ us ^{to} the luxury of saying "no" to higher-^{ever} priced OPEC ^{oil} ~~prices~~. ^{Even} ~~What's worse, higher OPEC prices translate directly into higher prices for American consumers.~~ John O'Leary, ^{the} ~~the~~ ^{formerly} only recently ~~xxxxxxxxx~~ ~~resigned~~ ^{as} number two man in Mr. Carter's Energy Department, conceded that the Congress and the Executive branch ~~xxxxx~~ "have been enormously short-sighted and have placed this country at the mercy of OPEC."

~~What's worse, higher OPEC prices translate directly into higher~~

Moreover, because of OPEC's grip on ~~the~~ ^{the} economy, ~~our Panoply of energy price controls - oil, gasoline and natural gas -~~ ^{Our Panoply of energy price controls - oil, gasoline and natural gas -} ~~prices for American consumers. Price controls, for all their~~ ^{prices for American consumers. Price controls, for all their} supposed value, have been ~~totally~~ ineffective in holding down ~~consumer~~ ^{consumer} prices. ~~For example,~~ ^{For example,} gasoline prices have ~~gone up~~ ^{by} nearly ~~threetimes~~ ^{tripled} since 1973, and ~~have~~ climbed 55 per cent ~~in~~ the first six months of this ~~xxx~~ year, ~~despite the existence of a complex and comprehensive set~~ ^{despite the existence of a complex and comprehensive set} of price controls. ~~Natural gas prices, soared three times as much~~ ^{Natural gas prices, soared three times as much} as prices at the wellhead, in spite of ~~xxxxxx~~ two decades of ~~price controls.~~ ^{Further,} U. S. motorists are paying considerably more for gasoline than our neighbors in Canada, who have not ~~have~~ had the "protection" of price ceilings and allocations. ~~Natural gas prices~~ ^{Similarly,} to the consumer ~~scared~~ ^{have risen} three times as much as prices at the wellhead, in spite of two decades of price controls.

Nor have the Department of Energy and its ~~allocation formulas~~ ^{of the} helped soften the impact of the energy crisis. ~~DOE's own Office~~ ^{DOE's own Office} of Competition ~~concedes~~ ^{admits} that "in almost every case...regulation has compounded many problem arising from imperfect market structures," yet DOE continues promulgating more and more regulations, ~~for instance,~~ ^{for instance,} ~~it has~~ ^{it has} such ~~as these~~ ^{as these} many different rules, ~~books~~ ^{which} alone governing gasoline allocation. ^{fill this many books.} [Displays rule books],

~~In fact,~~ ^{In fact,} these allocation rules were the primary cause of the gas lines in many cities last spring. ~~Let me repeat that~~ ^{Let me repeat that} ~~Note this carefully.~~ ^{Note this carefully.} By ~~The~~ ^{the} Department of Energy's own admission, ~~its~~ ^{its} allocation formulas were chiefly responsible for the gas lines. ~~A Department of Energy study conceded~~ ^{And they haven't denied it.} that "an historically based allocation process can never completely reflect current patterns of demand." ~~For example,~~ ^{For example,} James Schlesinger, ~~the top man~~ ^{the top man} in the Department, ~~admitted that~~ ^{admitted that} "There would be no lines if there were no price and allocation controls."

Yet the Department ~~persisted~~ ^{continues persists} in applying the controls, which, as Schlesinger explained, "put gasoline where the cars are not." Studies found that the agency allocated too much fuel to priority users, and too little to fast-growing urban areas. Its formulas

But this shortage has not been DOE's only failure. The Department of Energy has so badly mishandled the Strategic Petroleum Reserve Project -- ^a ~~that's the~~ program to store extra oil in abandoned salt mines to ^{help meet any} ~~soften the blow of a future~~ ^{oil crisis} ~~embargo~~ -- that it had to ~~completely~~ ^{stop} ~~halt~~ the project, several months behind schedule and only about a third finished. ^{Among other things,} ~~The reason:~~ The Department has provided ~~no~~ way to recover the oil once ~~it was~~ ^{is} pumped into the salt mines; ~~there~~ will not even be ^{any} emergency pumps in place for at least several more months.

DOE has also ~~increased~~ ^{forced} heating oil prices ^{up} in the Northeast, by compelling companies to stockpile an excess of the fuel. And it has required that heating oil ~~and~~ for the winter and middle distillates for farmers be kept in primary storage tanks rather than distributed to areas where the fuels are needed. According to projections prepared by a congressional subcommittee, these actions could result in shortfalls at the local level of as much as one-fifth of the total stock of fuels. Such shortages are not to be taken lightly. In the winter of 1977, natural gas shortages -- ~~caused by~~ ^{resulting from an inadequate supply} ~~caused by~~ ^{of} ~~distortions in the market~~ ~~xx brought on by natural~~ ^{due to} gas price controls -- ~~caused~~ forced 1.2 million workers out of their factories jobs when gas was diverted from ~~industry~~ to fuel-starved homes. These workers lost more than \$600 million in wages.

Why have these past efforts ~~xx~~ failed so dismally? After all, they seem like they should work. If energy prices are going up, it seems like price controls ~~should~~ ^{down} hold them ~~steady~~. If there are shortages of fuel, it seems like a federal allocation system ~~shxx~~ ^{would} place fuel where it's needed. If the energy crisis grows worse, it seems

like a more comprehensive agency ^{solve it.} ~~would cut through the difficulties.~~

What seems to be right, however, as history ~~has~~ forcefully demonstrated, is not always what is right. In fact, U. S. energy policy has failed precisely because these seductive solutions have been 180 degrees opposite to ~~what the market has demanded~~ ^{or solved,} ~~those~~ ^{Our} measures which would have averted the crisis. ~~U. S.~~ energy policy has discouraged domestic production, ^{and} crippled small independent oil and gas producers; ^{has created} ~~and destroyed~~ price ~~instability~~. ~~U. S. energy policy has,~~ ^{it has} on the other hand, subsidized the big oil companies and foreign oil imports.

Now, it's a universally accepted rule of economics that you get less of what you discourage, and more of what you subsidize. Hence, America has received lower domestic energy production, ~~fewer~~ ^{fewer} ~~struggling~~ independent producers, and sharply ~~rising~~ ^{higher} prices. We have ~~been~~ ^{also imported} ~~burdened~~ by ever-~~growing~~ ^{more} oil ~~imports~~ from OPEC, and ~~we~~ have ensured that the profits of the big oil companies keep going up, ~~more~~ ^{more} ~~than~~ ^{than} ~~relative to those of the independents.~~ ^{Such as our own,} ~~in some cases astronomically.~~ Any ~~kind of~~ policy which gives ~~us~~ ^{is} ~~of less~~ ^{less} of what we need, and more of what we don't need, ~~makes no sense at all~~ ^{But} ~~and should be reversed.~~ ^{We} need more domestic production, more small independents, and stable fuel prices, ~~we don't need~~ ^{not} greater oil imports and increasing ~~dominance of the energy market~~ ^{of energy crisis,} by the big oil companies. After nearly a decade, policies which offer only more of the same will not do.

Yet look at what our nation's leaders are proposing. ~~Are they~~ ^{Though they may} ~~encouraging~~ ^{Speak of} ~~holding out the offering~~ more domestic production and ~~stabilizing~~ ^{one must look beyond} stable energy prices? ~~They may say they are,~~ ^{If you do,} but ~~let's~~ ^{you'll see} ~~look beyond~~ their ~~lefty~~ rhetoric. You'll see only more of the same -- more federal agencies, more controls on ~~the~~ ^{the} energy ~~producers~~ ^{and} prices and producers, and more mandatory conservation. In short, more of the same ~~policies~~ ^{policies} which have brought us shortages, high prices, foreign imports, and dominance of the energy market by Big Oil.

at the administration's ~~current~~ energy policy, starting with

Let's look ~~first~~ at Mr. Carter's supposed decontrol of ~~oil~~ of energy prices. Mr. Carter ^{He} talks a good ~~g~~ policy, but what he has ^{achieved} ~~proposed~~ is anything but decontrol. Oil prices won't be freed from controls until 1981 under ^{the} Mr. Carter's plan, ^{which is only a slight acceleration of the 1981 expiration date} until 1981 but ~~under current law~~ controls ~~would have expired then anyway~~. His natural gas deregulation actually ^{ed} ~~extends~~ ^{the} controls to ~~all of~~ ^{entire} the natural gas market, and keeps them in force until 1985. And ^{as I mentioned earlier} ~~he~~ has refused to use his ^{stop} ~~power~~ ^{authority} to eliminate price controls on gasoline.

Yet ~~price~~ ^{as I mentioned earlier} controls are no solution to the energy crisis. Rather, they are ~~the~~ ^{its} primary cause of the crisis. Even the Harvard Energy Project -- whose report served as the ~~base~~ basis for much of Sen. Edward Kennedy's own energy plan -- ^q concedes that "the system of price regulation is highly irrational." In fact, price controls ^{diminish} ~~eliminate~~ competition in the energy market by crippling the small independents. The controls apply to energy produced at the wellhead, and it is the independents who drill 90 per cent of the exploratory wells. The major oil companies' domestic operations are largely refining and marketing -- nearly 60 percent of all U. S. refinery runs are controlled by the eight largest oil companies. ~~And~~ ^{And} a 1977 study by the Rand Corporation found that in one year price controls transferred as much as four billion dollars from the oil producers, ^{who} ~~which~~ includes those 10,000 independents, to the refiners. Price controls also ^{effectively} subsidize foreign oil imports, ^{since controls only apply to domestic oil} Economist Arnold Safer points out that "the entitlements system program, in effect, gives any company that imports OPEC oil \$2.50 (a barrel) for absolutely nothing." And, ^{because} ~~keep in~~ ^{of their financial advantages} mind that it is the big oil companies which do most of the overseas exploitation for oil. ~~Is it any wonder that U. S. oil imports keep increasing?~~

A second ^{Failure} ~~failure~~ of ~~the~~ federal energy policy is the tax system. U. S. companies doing business abroad, ^{which is in energy} ~~in energy~~, that's mainly the big oil companies ^{foreign taxes - effectively} ~~can~~ deduct what are actually royalties from their U. S. income taxes. ^{instead of treating them as a business expense} ~~For Big Oil, that's a subsidy of \$1.2 billion a year~~ ^{Since most overseas exploration is undertaken by the larger oil companies, this amounts to a} ~~a subsidy that only increases foreign imports.~~ ^{for Big Oil -}

^{However} Yet the administration ^{third policy failure involves a} ~~is pinning its hopes on~~ a tax revision that would have an even more devastating ^{effect} ~~effect~~ on domestic production and the independents -- the windfall profits tax. And if you think the prospect of the tax has got Big Oil running scared, you'd better look again. ~~at least one big oil company has endorsed the tax~~ ^{the independents - not Big Oil - which are providing the most vigorous opposition to the tax.}

It's easy to understand why. The windfall ~~profits~~ tax will ^{reach most of} ~~cripple~~ the independents, but will hardly affect Big Oil, since as much as 85 to 95 percent of the majors' profits come from overseas operations,

which will not be touched by the tax.

The windfall profits tax will also hurt consumers. One estimate is that it will ~~cost~~ ^{deprive} the U. S. domestic ^{oil} production of oil equal to one ~~sixth~~ ^{of} of our imports, what we now import. ^{which will cost consumers} Because the tax thus takes

away so much of the production incentive from decontrol, ~~the only effect~~ ^{the tax's} thing it will ~~be to~~ ^{raise} prices to the consumer -- and keep them up.

^{One must realize that only the people pay taxes.} The federal government will reap as much as \$173 billion from decontrol in the next decade from ~~the~~ ^{at least} the regular corporate income tax. ^{to federal coffers.} The Carter

windfall profits tax will add ^{at least} another \$138 billion. That's an added tax on consumers of \$310 billion -- more than \$1,000 for every man, woman and child in America -- and the administration is offering only a couple of billion dollars ^{back} about one percent of the federal government's own windfall ~~rebates~~ ^{in rebates}. It is at best hypocritical, and at worst downright ^{honest} ~~dishonest~~ ^{deceitful} for an administration that bleats so piously about the alleged windfalls of the oil companies, to keep more than 90 per cent of the windfall ^{so-called} for its ^{fat's} own use. ^{Then}

And what will the government do with the proceeds from this tax on the independents and the consumers? For one thing, it's embarking on a massive synthetic fuels scheme that promises to be one of the biggest federal boondoggles in history. Even by the President's own optimistic figures it would take an investment of \$35,000 to produce one barrel of synthetic oil a day, ^{more than 15 times} ~~more than 2,000~~ times the cost of a barrel of imported oil. And at best ~~that~~ ^{that} oil, once produced, will cost more than twice the price of imported fuel.

But ^{Further} you can throw all your cost estimates out the window if you ^{can't} ~~can't~~ even develop ^{in any} the synthetic fuels. The fact is, no synthetic fuels process in the United States ~~has~~ ^{has} yet progressed beyond the pilot stage. The President is asking us to stake our entire energy future on a fuel technology that has not even been shown to be commercially viable. In fact, the government's first attempt to build a coal liquefaction plant was ~~stopped~~ ^{stopped} precisely because more pilot-plant work was needed.

~~What is worse is that~~ ^{also} an all-out push for synfuels could ~~wreck~~ ^{destroy} the environment in the West. Production of synfuels would ^{draw huge amounts of} precious water from two of the nation's most water-starved regions -- the Colorado River Basin and the Northern Great Plains. ^{Even} using the synfuels may not be safe. Coal-liquids are thought to contain cancer-causing agents, while shale processing would create toxic fumes. And the President's own Council on Environmental Quality warns that synthetic fuels generate up to twice as much carbon dioxide as do

Further,
But the tax ~~will~~ have a ~~significant~~ *significant and damaging* effect on the independents, who earn most of their income from sales of fuels at the wellhead, ~~which is~~ *such a large fraction of* the only thing the tax plan will tax. By taking ~~about half of the~~ *will not* independents' ~~after corporate-tax~~ income, the windfall profits tax greatly reduced ~~the profitability of the independents.~~ The independents ~~would~~ thus find it far more difficult to secure financing for their exploratory wells; ~~but the~~ *in contrast* ~~oil~~ big oil companies, which depend on internal financing and established lines of credit, ~~would~~ *will* not face such difficulties. Moreover, since most independents are taxed as individuals, and not as corporations like the major oil companies, ~~they are in a higher marginal tax credit bracket.~~ The windfall profits tax thus ~~would~~ *will* leave independents with only about ~~11 cents~~ *half as much* of each dollar of profits, while Big Oil, ~~would be left with~~ *as* ~~twice as much.~~

conventional fossil fuels.

Thus, the synfuels program is bound to soak American taxpayers for billions of dollars for an unproven technology to produce ~~almost no~~ ^{little} ~~energy~~ fuel at double the cost of current energy, and do great ~~environmental~~ damage in the process. ^{to the environment and local sovereignty} Who is going to benefit from this scheme? Certainly not the energy consumer. ^{will cost us all plenty. But} The small independent ~~won't be helped either,~~ ^{oil producers who will} since he'll be paying the windfall profits tax to finance the synfuels program. No, as in the case of the other federal energy regulations, it is Big Oil which will benefit from synfuels the most. Just listen to the names of some of the companies that ~~own~~ ^{will} own the resources destined to ~~be~~ ^{be} turned into ~~x~~ synfuels: Exxon, Gulf Oil, Union Oil, Conoco, Mobil, Shell, and Texaco. Again, federal policy-makers seek to benefit Big Oil at the expense of the consumer and the independent oil producers.

And to push these synthetic fuels projects through, without regard to the environment, the President ^{Proposes yet another ill-considered program -} plans to create an Energy Mobilization Board, or EMB. But the plan's fundamental flaw ~~is this~~ -- so obvious that I'm surprised the President didn't see it -- is this: if some projects are pushed to the head of the line, then other, perhaps ~~even~~ ^{more} important, projects, will be even further delayed. All the EMB does is rearrange ~~bureaucratic incompetence.~~ ^{If environmental controls are arbitrarily impeding energy development, they should be eliminated or modified. But it makes no sense to create yet another government bureaucracy to untangle the mess created by the other ones.} The ~~Board~~ ^{Board} will provide almost no help to anyone -- except, of course, the Big Oil companies, whose resources will be called into use, with federal subsidies, at the expense of the environment.

Another ~~poisonous~~ ^{distressing} proposal floating around in Washington is that the U. S. should station troops ~~in~~ ^{for example,} the Mideast to protect the flow of oil to the West. Defense Secretary Harold Brown has said that "we'll take any action that's appropriate, including the use of military force." Now there may be some conceivable justifications for deploying ~~of~~ ^{in a genuine emergency} U. S. troops, but sending in the Marines just to demonstrate the national macho certainly is not one of them.

Finally, ^{this administration more than any other has promoted} there is this idea of mandatory conservation and allocation. All of these ~~impotent rationing~~ ^{is aside} ~~as~~ Mr. Carter's moralistic protestations to the contrary, all these impotent rationing schemes are designed to do is "share the shortage," rather than relieve it. ^{One of the most seductive ideas is} ~~for instance,~~ ^{which I am totally opposed to} gasoline rationing, except in times of war or national emergency. At any other time rationing is a cruel hoax on those who live in cities with ~~inadequate~~ ^{out} public transportation, those who live in ~~rural~~ ^{areas} states, and ~~the~~ ^{would not be able to} the poor, who ~~cannot~~ ^{the extra price} afford to pay two or three times the normal cost of gasoline to purchase additional ration coupons in the so-called "white market." ^{also apply} These arguments ~~apply~~ just as forcefully to the ridiculous idea of imposing an additional 50 cent

or one dollar tax on every gallon of gasoline, which would provide the government with yet another windfall at taxpayer expense.

I disagree even more emphatically with the more restrictive mandatory conservation plans -- such as temperature controls in public or private buildings or requiring people to give up driving one day a week. The reported assertion by Agriculture Secretary Bob Bergland that farm families should stop their "frivolous" trips to town is a travesty. The government has no moral right to exercise such arbitrary controls over its people;

That doesn't mean I'm against conservation -- not at all. I believe that every energy consumer should use ^{energy} ~~that~~ wisely, and should not waste it. In this sense, the Carter Administration's institution of conservation tax credits was a ^{worthwhile} ~~remarkably good~~ innovation. ^{it leaves} ~~That's~~ because the decision as to how to conserve ~~must be~~ left with the individual -- ^{who is the} only he knows person.

It is hardly the place of federal bureaucrats to tell the rest of us what is "frivolous."

who knows

And this is the fundamental flaw in all forms of mandatory conservation —

how and how much he can cut back. Federal bureaucrats in Washington D. C. ^{const} ^{intelligently} have no way of adapting mandatory rules to fit ~~all~~ the countless variations in circumstances from Los Angeles to Atlanta, or from ^{Anchorage} ~~Alaska~~ to New York.

^{more importantly,} The overwhelming fact is that it is no energy policy ^{to} simply ~~to~~ say "use less energy." This idea that "the cheapest barrel of oil is the one not used" is pure demagoguery. America did not conserve its way to greatness. ^{Energy is such an important part of our lifestyle and our economy that} And while it may be possible to decouple energy ^{the only way to substantially cut back on consumption is to lower our standard of living. That} use and economic growth temporarily through conservation, ~~and we cannot~~ ^{means less economic growth, less income, and less jobs. And at a time when even the middle class} do so permanently. Millions of Americans already have a ^{is struggling to meet its monthly bills, adults even for out of our workers cannot find a job,} minimal standard of living, and we must not blithely condemn them or their ^{less income and} children to ~~this fate~~ ^{your jobs would be worse than an energy shortage.} permanent ~~loss~~ through moralistic ~~x~~ federal policies.

^{In fact,} The NAACP has said it best: "...we cannot accept the notion that our people are best served by a policy based upon the inevitability of energy shortage and the need for government to allocate an ever-diminishing supply among competing interests." **I wholeheartedly agree.**

Where, then, can we turn? If price controls, windfall profits taxes, synthetic fuels, and Energy Mobilization Board, troops in the Mideast, and mandatory conservation are ~~so~~ ^{more} ineffective and ~~counterproductive~~ counterproductive, can there be any answers? There certainly can be, and don't let anyone else try to tell you otherwise. Not only are there far more effective solutions to the energy problem, there are ^{far} more equitable ones as well.

Any fair and useful national energy policy must meet ~~five~~ ^{five} criteria: First, it must focus on oil and natural gas for the short-term. No other energy source holds out the promise of providing substantial boosts in energy supplies ^{swiftly} ~~before 1985~~.

Second, ~~irvins~~ a national energy policy must be broad-based. It must provide for effective and safe use of all potential energy sources -- from nuclear and coal to the exotics like solar.

Third, a national energy policy must ensure competition in the

energy market.

Fourth, it must increase domestic production.

Fifth, it must eliminate subsidies to foreign oil imports and foreign production.

Sixth, it must increase domestic production.

As I've made clear earlier on

Current energy policies fail to meet these criteria. On the whole, they subsidize the big oil companies and foreign oil imports. They discourage the small independents, domestic production, stable prices, and prudent conservation.

The only effective answer is to adopt a Domestic Energy Production Policy, one that will foster competition, discourage foreign oil imports, and encourage domestic production. Greater energy production is necessary to keep our economy growing, and economic growth provides the one hope for ending inflation, for restoring America's strength in the world economy, and for providing jobs and a better standard of living for all our citizens, in particular for the poor and unemployed.

Though there are a wide range of actions consonant with a Domestic Energy Production Policy, I will mention what I believe are the seven most important.

First, we must establish within the Antitrust Division of the Justice Department a special Energy Antitrust Unit. It makes no sense for a government to bleat about windfall profits if it will not do what it is necessary and objective investigation as to whether there are true "windfalls" and if so, what to eliminate their source. ~~xxxxx~~ The energy industry is dominated in many ways by the large oil companies. Some of this dominance is the result of efficiency, *much of it is* ~~some~~ the result of *perverse* ~~counterproductive~~ federal rules, and some a consequence of monopolistic practices. *Unfortunately, it is very* ~~The big oil companies~~ *difficult to determine which practices, if any, are monopolistic. In establishing a special Energy Unit, I* ~~may or may not be reaping undeserved profits at the expense of the~~ *will charge the Justice Department with a special responsibility to investigate this special industry,* ~~consumer, but we will never know until we conduct a thorough~~ *In particular, I will* ~~charge the Justice Department order an immediate examination of industry structure. As President, I will order an~~ *and continuing* ~~immediate survey of the industry by the new Energy Antitrust Unit, with~~ *energy structure,* ~~special attention to the possible monopolistic effects of vertical~~ *and horizontal* ~~integration and of energy companies owning more than one kind of energy~~

source. ~~Where antitrust action is warranted, I will pursue such~~
~~action~~ the antitrust laws are ^{found to} being violated, I will pursue such
~~antitrust~~ remedial action vigorously. There can be no solution to the
 energy crisis unless markets are allowed to operate competitively.

The effects of decontrol on the energy market are even more dramatic. Charles Phelps and Rodney Smith of the Rand Corporation concluded that decontrol would not raise prices to the consumer because ~~it~~ ^{it} would merely ~~reduce the profits of~~ ^{transfer income from the} refineries (most of which are ~~owned~~ ^{run} by Big Oil) ~~and increase the profits of~~ ^{to the} producers. Even the Carter administration admits that decontrol would add no more than \$ 4 or 5 cents ~~per~~ a gallon to gasoline, ^{more,} and ~~as~~ we become less dependent on OPEC oil through decontrol, prices will stabilize, something they will never do if we continue ~~to increase foreign oil~~ ^{our dependence on OPEC} ~~imports.~~

But to soften the impact of any price increases that might occur from decontrol, ~~Expenditures for~~ ^{and} ~~from~~ ^{begin to} past price increases which have occurred because of CPEC price boosts, I propose the following. Even without the windfall profits tax, decontrol will provide the federal government with up to \$173 billion over the next decade, as a result of higher ^{tax} collections from the regular corporate income tax. I propose to use this entire sum to provide ~~across-the-board~~ ^{and business} tax cuts to individual taxpayers, and fuel price adjustment grants to those who do not pay taxes. The program will ~~expire~~ ^{continue until} prices ~~stabilize~~ ^{begin to}, and if additional federal revenues from decontrol vanish, ~~at which time~~ ^{at which time}

Decontrol ^{will} ~~will~~ also have an important effect on fuel supplies. In the United States, there is as much as 1,000 years of natural ~~gas remaining, and on the outer Continental Shelf alone, the U. S. Geological Survey says the oil industry should be able to recover twice as much oil as it has produced in its entire history.~~ The key is providing the incentive to develop these supplies. Decontrol provides the ~~the~~ incentive. One estimate, unchallenged by the Department of Energy, is that decontrol would provide an extra 2 billion barrels of oil a day by 1985. According to a Department of the Interior study, ~~that~~ deregulation of natural gas would increase production by more than 100 per cent in a decade.

Finally, decontrol will ~~increase~~ ^{flow} increase competition in the energy industry, because its benefits ~~flow~~ ^{flow} mainly to the independents whose primary source of income is the sale of oil and gas at the wellhead. *By strengthening the independents, decontrol will help stabilize prices even more quickly.* Third, we must ~~adopt~~ ^{adopt} a ~~tax~~ ^{tax} policy which encourages domestic energy production and conservation. This tax policy should include:

*Elimination of the foreign tax credit for oil companies, which is ~~only~~ a \$1.2 ~~xxx~~ billion subsidy to foreign imports.

*Opposition to the windfall profits tax, which is a tax on ~~independents~~ independents and the consumer.

*Reduction in the tax on capital, through such methods as accelerated depreciation and ~~as~~ further reductions in the capital gains tax. U. S. ~~xxx~~ energy producers need ~~as much as 25 billion in~~ ^{as much as 25 billion in} capital in ~~the next three years~~ ^{just} the next three years ~~to finance~~ ^{to finance} needed growth of domestic energy sources. Capital expansion is also necessary for conservation, ~~as~~ ^{for} only by replacing old gas-guzzling plants with new, more efficient ones can industry reduce energy use by a great deal. As Daniel Yergin of the Harvard Energy project explained, "While low economic growth reduces absolute energy consumption in the short term, it must eventually be replaced by a

could save over twenty per cent of industrial energy use, but complex regulations discourage ~~xx~~ potential industrial cogenerators from even attempting ^{to implement} ~~this~~ ^{such} this energy-saving technique. ~~if~~ ^{those} ~~which~~ ^{must be examined, and} ~~xxxxxx~~ ^{if they provide no} ~~impede production and conservation, and have no~~ other offsetting benefits, ~~must be~~ eliminated.

Fifth, we must ensure the safe use of coal and nuclear power in the short term. Both these sources hold the promise of significant amounts of energy production, but ~~they~~ ^{they} are hampered by technological problems -- coal is dirty, nuclear is ^{potentially dangerous.} ~~feared because of potential~~ ~~xxxx radiation dangers.~~ ^{Fortunately,} ~~but many of~~ these problems can be overcome. We ~~must~~ ^{must therefore} have no choice but to use these sources -- ~~and, in turn, coal~~ ^{to} ~~and nuclear can~~ help close our fuel gap. But above all we must employ every federal effort ~~to ensure~~ that these fuels are used safely.

Sixth, we must eliminate the roadblocks to synthetic fuel use in the middle term. We don't need a federal corporation to produce synthetic fuels. ~~xx~~ Paul Joskow and Robert Pindyck of MIT point out, ^{that} "as (synthetic fuels) become economical, they will be produced by private firms with or ~~x~~without a program of federal subsidies." In fact, of the thirty-six proposed synthetic fuels projects identified by the Bureau of Mines in mid-1976, oil and gas companies sponsored twenty-two; ^{in fact,} ~~but~~ many of the delays in developing the technology have been the result of federal regulations. ^{For instance,} ~~excess~~ ^{has} regulation killed three oil shale projects in Colorado, ~~xxxxxx~~ and federal ~~author~~ regulatory authorities have hindered the commercialization of synthetic natural gas by refusing to let the producers charge an adequate price. ~~Also, where technical problems exist -- and there are many -- the Federal government should be in the forefront of sponsoring research to eliminate these problems with synthetic fuels.~~

Seventh, we must develop an energy vision for the long term. This vision should include the clean, abundant ~~xxxxxx~~ energy sources such as solar energy, fusion, and hydrogen. All of these sources are

hased by severe technological problems at present, but each of them offers the hope of unlimited, clean fuel. ^{In fact, the greatest support for} ~~We must support vigorous~~ ^{these research fuels will come from another element of our program - the} ~~federal efforts to move all of these exotic techniques from the~~ ^{elimination of price controls on oil and natural gas. By ending artificially low fossil} ~~drawing board to commercialization~~ ^{fuel prices, these new technologies will soon become commercially viable.}

The policy I have presented tonight -- a ^{Domestic} Energy Production Policy -- ^{offers,} I believe, the best hope of providing adequate ~~xxxxx~~ domestic energy supplies at stable prices ~~both now and~~ ^{throughout the} ~~rest of the~~ ^{coming} century and beyond. The policy fulfills the five criteria: ^{it} focuses on oil and natural gas for the short term; ^{it} emphasizes a wide-range of energy technologies; ^{it increases domestic production; and} ^{it} ensures competition in the energy market; ^{it} eliminates subsidies to foreign ~~production~~ oil imports and oil production. ~~and it increases domestic production.~~ ^{energy} In short, this is a policy all Americans can live -- and live well -- with.

~~For~~ This is a policy which is fair and effective. It emphasizes supply rather than sacrifice. ~~It~~ ^{It} promises hope rather than ~~hopelessness.~~ ^{And} ~~It~~ provides the kind of energy future we can all look forward to.

But at the ~~same time,~~ ^{it needs} this policy calls out for your support, for ~~It~~ cannot be implemented by one man; ~~But~~ it can be implemented by a nation committed to a bright -- ~~xxxxxxx~~ rather than a despondent -- future.

Let's not make the same mistake we've made in the past, ^{and} ~~is~~ of ^{it's} ~~calling~~ a war then not attempting to win. ^{Our} Current energy policy is doomed to defeat, and ~~can~~ ^{only} be sustained by ~~continued~~ calls to sacrifice. ^{in the face of increasing prices and spreading shortages.} I don't ~~think~~ ^{believe} it's time for our national leadership to give up on energy when the American people ~~are~~ ^{little people} ~~are~~ ready for a bold offensive. They want to win this time, ~~and I do, too.~~ ^{And I do, too.} ~~And~~ ^{So} ~~I~~ If this is indeed an energy war, as our President tells us it is, then, ~~by the strength of our~~ ^{spirit,} let's win it.