State of the Union Address
Ronald Reagan
January 26, 1982

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

Today marks my first State of the Union address to you, a constitutional duty as old as our Republic itself.

President Washington began this tradition in 1790 after reminding the Nation that the destiny of self-government and the "preservation of the sacred fire of liberty" is "finally staked on the experiment entrusted to the hands of the American people." For our friends in the press, who place a high premium on accuracy, let me say: I did not actually hear George Washington say that. But it is a matter of historic record.
But from this podium, Winston Churchill asked the free world to stand together against the onslaught of aggression. Franklin Delano Roosevelt spoke of a day of infamy and summoned a nation to arms. Douglas MacArthur made an unforgettable farewell to a country he loved and served so well. Dwight Eisenhower reminded us that peace was purchased only at the price of strength. And John F. Kennedy spoke of the burden and glory that is freedom.

When I visited this Chamber last year as a newcomer to Washington, critical of past policies which I believed had failed, I proposed a new spirit of partnership between this Congress and this administration and between Washington and our State and local governments. In forging this new partnership for America, we could achieve the oldest hopes of our Republic--prosperity for our nation, peace for the world, and the blessings of individual liberty for our children and, someday, for all of humanity.

It's my duty to report to you tonight on the progress that we have made in our relations with other nations, on the foundation we've carefully laid for our economic recovery, and finally, on a bold and spirited initiative that I believe can change the face of American government and make it again the servant of the people.

Seldom have the stakes been higher for America. What we do and say here will make all the difference to autoworkers in Detroit, lumberjacks in the Northwest, steelworkers in Steubenville who are in the unemployment lines; to black teenagers in Newark and Chicago; to hard-pressed farmers and small businessmen; and to millions of everyday Americans who harbor the simple wish of a safe and financially secure future for their children. To understand the state of the Union, we must look not only at where we are and where we're going but where we've been. The situation at this time last year was truly ominous.

The last decade has seen a series of recessions. There was a recession in 1970, in 1974, and again in the spring of 1980. Each time, unemployment increased and inflation soon turned up again. We coined the word "stagflation" to describe this.

Government's response to these recessions was to pump up the money supply and increase spending. In the last 6 months of 1980, as an example, the money supply increased at the fastest rate in postwar history--13 percent. Inflation remained in double digits, and government spending increased at an annual rate of 17 percent. Interest rates reached a staggering 21.5 percent. There were 8 million unemployed.

Late in 1981 we sank into the present recession, largely because continued high interest rates hurt the auto industry and construction. And there was a drop in productivity, and the already high unemployment increased.

This time, however, things are different. We have an economic program in place, completely different from the artificial quick fixes of the past. It calls for a reduction of the rate of increase in government spending, and already that rate has been cut nearly in half. But reduced spending the first and smallest phase of a 3-year tax rate reduction designed to stimulate the economy and create jobs. Already interest rates are down to 15 3/4 percent, but they must still go lower. Inflation is down from 12.4 percent to 8.9, and for the month of December it was running at an annualized rate of 5.2 percent. If we had not acted as we did, things would be far worse for all Americans than they are today. Inflation, taxes, and interest rates would all be higher.

A year ago, Americans' faith in their governmental process was steadily declining. Six out of 10 Americans were saying they were pessimistic about their future. A new kind of defeatism was heard. Some said our domestic problems were uncontrollable, that we had to learn to live with this seemingly endless cycle of high inflation and high unemployment.

There were also pessimistic predictions about the relationship between our administration and this Congress. It was said we could never work together. Well, those predictions were wrong. The record is clear, and I believe that history will remember this as an era of American renewal, remember this administration as an administration of change, and remember this Congress as a Congress of destiny.

Together, we not only cut the increase in government spending nearly in half, we brought about the largest tax reductions and the most sweeping changes in our tax structure since the beginning of this century. And because we indexed future taxes to the rate of inflation, we took away government's built-in profit on inflation and its hidden incentive to grow larger at the expense of American workers.

Together, after 50 years of taking power away from the hands of the people in their States and local communities, we have started returning power and resources to them.

Together, we have cut the growth of new Federal regulations nearly in half. In 1981 there were 23,000 fewer pages in the Federal Register, which lists new regulations, than there were in 1980. By deregulating oil we've come closer to achieving energy independence and helped bring down the cost of gasoline and heating fuel.

Together, we have created an effective Federal strike force to combat waste and fraud in government. In just 6 months it has saved the taxpayers more than $2 billion, and it's only getting started.

Together we've begun to mobilize the private sector, not to duplicate wasteful and discredited government programs, but to bring thousands of Americans into a volunteer effort to help solve many of America's social problems.

Together we've begun to restore that margin of military safety that ensures peace. Our country's uniform is being worn once again with pride.

Together we have made a New Beginning, but we have only begun.

No one pretends that the way ahead will be easy. In my Inaugural Address last year, I warned that the "ills we suffer have come upon us over several decades. They will not go away in days, weeks, or months, but they will go away... because we as Americans have the capacity now, as
we've had it in the past, to do whatever needs to be done to preserve this last and greatest bastion of freedom."

The economy will face difficult moments in the months ahead. But the program for economic recovery that is in place will pull the economy out of its slump and put us on the road to prosperity and stable growth by the latter half of this year. And that is why I can report to you tonight that in the near future the state of the Union and the economy will be better--much better--if we summon the strength to continue on the course that we've charted.

And so, the question: If the fundamentals are in place, what now? Well, two things. First, we must understand what's happening at the moment to the economy. Our current problems are not the product of the recovery program that's only just now getting underway, as some would have you believe; they are the inheritance of decades of tax and tax and spend and spend.

Second, because our economic problems are deeply rooted and will not respond to quick political fixes, we must stick to our carefully integrated plan for recovery. That plan is based on four commonsense fundamentals: continued reduction of the growth in Federal spending; preserving the individual and business tax reductions that will stimulate saving and investment; removing unnecessary Federal regulations to spark productivity; and maintaining a healthy dollar and a stable monetary policy, the latter a responsibility of the Federal Reserve System.

The only alternative being offered to this economic program is a return to the policies that gave us a trillion-dollar debt, runaway inflation, runaway interest rates and unemployment. The doubters would have us turn back the clock with tax increases that would offset the personal tax rate reductions already passed by this Congress. Raise present taxes to cut future deficits, they tell us. Well, I don't believe we should buy that argument.

There are too many imponderables for anyone to predict deficits or surpluses several years ahead with any degree of accuracy. The budget in place, when I took office, had been projected as balanced. It turned out to have one of the biggest deficits in history. Another example of the imponderables that can make deficit projections highly questionable--a change of only one percentage point in unemployment can alter a deficit up or down by some $25 billion.

As it now stands, our forecast, which we're required by law to make, will show major deficits starting at less than a hundred billion dollars and declining, but still too high. More important, we're making progress with the three keys to reducing deficits: economic growth, lower interest rates, and spending control. The policies we have in place will reduce the deficit steadily, surely, and in time, completely.

Higher taxes would not mean lower deficits. If they did, how would we explain that tax revenues more than doubled just since 1976; yet in that same 6-year period we ran the largest series of deficits in our history. In 1980 tax revenues increased by $54 billion, and in 1980 we had one of our all-time biggest deficits. Raising taxes won't balance the budget; it will encourage more government spending and less private investment. Raising taxes will slow economic growth, reduce production, and destroy future jobs, making it more difficult for those without jobs to find them and more likely that those who now have jobs could lose them. So, I will not ask you to try to balance the budget on the backs of the American taxpayers.

I will seek no tax increases this year, and I have no intention of retreating from our basic program of tax relief. I promise to bring the American people--to bring their tax rates down and to keep them down, to provide them incentives to rebuild our economy, to save, to invest, and together we'll make this economy a mighty engine of freedom, hope, and prosperity again.

Now, the budget deficit this year will exceed our earlier expectations. The recession did that. It lowered revenues and increased costs. To some extent, we're also victims of our own success. We've brought inflation down faster than we thought we could, and in doing this, we've deprived government of those hidden revenues that occur when inflation pushes people into higher income tax brackets. And the continued high interest rates last year cost the government about $5 billion more than anticipated.

We must cut out more nonessential government spending and rout out more waste, and we will continue our efforts to reduce the number of employees in the Federal work force by 75,000.

The budget plan I submit to you on February 8th will realize major savings by dismantling the Departments of Energy and Education and by eliminating ineffective subsidies for business. We'll continue to redirect our resources to our two highest budget priorities--a strong national defense to keep America free and at peace and a reliable safety net of social programs for those who have contributed and those who are in need.

Contrary to some of the wild charges you may have heard, this administration has not and will not turn its back on America's elderly or America's poor. Under the new budget, funding for social insurance programs will be more than double the amount spent only 6 years ago. But it would be foolish to pretend that these or any programs cannot be made more efficient and economical.

The entitlement programs that make up our safety net for the truly needy have worthy goals and many deserving recipients. We will protect them. But there's only one way to see to it that these programs really help those whom they were designed to help. And that is to bring their spiraling costs under control.

Today we face the absurd situation of a Federal budget with three-quarters of its expenditures routinely referred to as "uncontrollable." And a large part of this goes to entitlement programs.

Committee after committee of this Congress has heard witness after witness describe many of these programs as poorly administered and rife with waste and fraud. Virtually every American who shops in a local supermarket is aware of the daily abuses that take place in the food stamp program, which has grown by 16,000 percent in the last 15 years. Another example is Medicare and Medicaid--programs with worthy goals but
whose costs have increased from 11.2 billion to almost 60 billion, more than 5 times as much, in just 10 years.

Waste and fraud are serious problems. Back in 1980 Federal investigators testified before one of your committees that "corruption has permeated virtually every area of the Medicare and Medicaid health care industry." One official said many of the people who are cheating the system were "very confident that nothing was going to happen to them." Well, something is going to happen. Not only the taxpayers are defrauded, the people with real dependency on these programs are deprived of what they need, because available resources are going not to the needy, but to the greedy.

The time has come to control the uncontrollable. In August we made a start. I signed a bill to reduce the growth of these programs by $44 billion over the next 3 years while at the same time preserving essential services for the truly needy. Shortly you will receive from me a message on reforms we intend to install--some new, but others long recommended by your own congressional committees. I ask you to help make these savings for the American taxpayer.

The savings we propose in entitlement programs will total some $63 billion over 4 Years and will, without affecting social security, go a long way toward bringing Federal spending under control.

But don't be fooled by those who proclaim that spending cuts will deprive the elderly, the needy, and the helpless. The Federal Government will still subsidize 95 million meals every day. That's one out of seven of all the meals served in America. Head Start, senior nutrition programs, and child welfare programs will not be cut from the levels we proposed last year. More than one-half billion dollars has been proposed for minority business assistance. And research at the National Institute of Health will be increased by over $100 million. While meeting all these needs, we intend to plug unwarranted tax loopholes and strengthen the law which requires all large corporations to pay a minimum tax.

I am confident the economic program we've put into operation will protect the needy while it triggers a recovery that will benefit all Americans. It will stimulate the economy, result in increased savings and provide capital for expansion, mortgages for homebuilding, and jobs for the unemployed.

Now that the essentials of that program are in place, our next major undertaking must be a program--just as bold, just as innovative--to make government again accountable to the people, to make our system of federalism work again.

Our citizens feel they've lost control of even the most basic decisions made about the essential services of government, such as schools, welfare, roads, and even garbage collection. And they're right. A maze of interlocking jurisdictions and levels of government confronts average citizens in trying to solve even the simplest of problems. They don't know where to turn for answers, who to hold accountable, who to praise, who to blame, who to vote for or against. The main reason for this is the overpowering growth of Federal grants-in-aid programs during the past few decades.

In 1960 the Federal Government had 132 categorical grant programs, costing $7 billion. When I took office, there were approximately 500, costing nearly a hundred billion dollars--13 programs for energy, 36 for pollution control, 66 for social services, 90 for education. And here in the Congress, it takes at least 166 committees just to try to keep track of them.

The growth in these Federal programs has--in the words of one intergovernmental commission--made the Federal Government "more pervasive, more intrusive, more unmanageable, more ineffective and costly, and above all, more (un)accountable." Let's solve this problem with a single, bold stroke: the return of some $47 billion in Federal programs to State and local government, together with the means to finance them and a transition period of nearly 10 years to avoid unnecessary disruption.

I will shortly send this Congress a message describing this program. I want to emphasize, however, that its full details will have been worked out only after close consultation with congressional, State, and local officials.

Starting in fiscal 1984, the Federal Government will assume full responsibility for the cost of the rapidly growing Medicaid program to go along with its existing responsibility for Medicare. As part of a financially equal swap, the States will simultaneously take full responsibility for Aid to Families with Dependent Children and food stamps. This will make welfare less costly and more responsive to genuine need, because it'll be designed and administered closer to the grass roots and the people it serves.

In 1984 the Federal Government will apply the full proceeds from certain excise taxes to a grass roots trust fund that will belong in fair shares to the 50 States. The total amount flowing into this fund will be $28 billion a year. Over the next 4 years the States can use this money in either of two ways. If they want to continue receiving Federal grants in such areas as transportation, education, and social services, they can use their trust fund money to pay for the grants. Or to the extent they choose to forgo the Federal grant programs, they can use their trust fund money on their own for those or other purposes. There will be a mandatory pass-through of part of these funds to local governments.

By 1988 the States will be in complete control of over 40 Federal grant programs. The trust fund will start to phase out, eventually to disappear, and the excise taxes will be turned over to the States. They can then preserve, lower, or raise taxes on their own and fund and manage these programs as they see fit.

In a single stroke we will be accomplishing a realignment that will end cumbersome administration and spiraling costs at the Federal level while we ensure these programs will be more responsive to both the people they're meant to help and the people who pay for them.
Hand in hand with this program to strengthen the discretion and flexibility of State and local governments, we're proposing legislation for an experimental effort to improve and develop our depressed urban areas in the 1980's and '90s. This legislation will permit States and localities to apply to the Federal Government for designation as urban enterprise zones. A broad range of special economic incentives in the zones will help attract new business, new jobs, new opportunity to America's inner cities and rural towns. Some will say our mission is to save free enterprise. Well, I say we must free enterprise so that together we can save America.

Some will also say our States and local communities are not up to the challenge of a new and creative partnership. Well, that might have been true 20 years ago before reforms like reapportionment and the Voting Rights Act, the 10-year extension of which I strongly support. It's no longer true today. This administration has faith in State and local governments and the constitutional balance envisioned by the Founding Fathers. We also believe in the integrity, decency, and sound, good sense of grass roots Americans.

Our faith in the American people is reflected in another major endeavor. Our private sector initiatives task force is seeking out successful community models of school, church, business, union, foundation, and civic programs that help community needs. Such groups are almost invariably far more efficient than government in running social programs.

We're not asking them to replace discarded and often discredited government programs dollar for dollar, service for service. We just want to help them perform the good works they choose and help others to profit by their example. Three hundred and eighty-five thousand corporations and private organizations are already working on social programs ranging from drug rehabilitation to job training, and thousands more Americans have written us asking how they can help. The volunteer spirit is still alive and well in America.

Our concern for equal rights for women is firm and unshakable. We launched a new Task Force on Legal Equity for Women and a Fifty States Project that will examine State laws for discriminatory language. And for the first time in our history, a woman sits on the highest court in the land.

So, too, the problem of crime--one as real and deadly serious as any in America today. It demands that we seek transformation of our legal system, which overly protects the rights of criminals while it leaves society and the innocent victims of crime without justice.

We look forward to the enactment of a responsible clean air act to increase jobs while continuing to improve the quality of our air. We're encouraged by the bipartisan initiative of the House and are hopeful of further progress as the Senate continues its deliberations.

So far, I've concentrated largely, now, on domestic matters. To view the state of the Union in perspective, we must not ignore the rest of the world. There isn't time tonight for a lengthy treatment of social--or foreign policy, I should say, a subject I intend to address in detail in the near future. A few words, however, are in order on the progress we've made over the past year, reestablishing respect for our nation around the globe and some of the challenges and goals that we will approach in the year ahead.

At Ottawa and Cancun, I met with leaders of the major industrial powers and developing nations. Now, some of those I met with were a little surprised that I didn't apologize for America's wealth. Instead, I spoke of the strength of the free marketplace system and how that system could help them realize their aspirations for economic development and political freedom. I believe lasting friendships were made, and the foundation was laid for future cooperation.

In the vital region of the Caribbean Basin, we're developing a program of aid, trade, and investment incentives to promote self-sustaining growth and a better, more secure life for our neighbors to the south. Toward those who would export terrorism and subversion in the Caribbean and elsewhere, especially Cuba and Libya, we will act with firmness.

Our foreign policy is a policy of strength, fairness, and balance. By restoring America's military credibility, by pursuing peace at the negotiating table wherever both sides are willing to sit down in good faith, and by regaining the respect of America's allies and adversaries alike, we have strengthened our country's position as a force for peace and progress in the world.

When action is called for, we're taking it. Our sanctions against the military dictatorship that has attempted to crush human rights in Poland--and against the Soviet regime behind that military dictatorship--clearly demonstrated to the world that America will not conduct "business as usual" with the forces of oppression. If the events in Poland continue to deteriorate, further measures will follow.

Now, let me also note that private American groups have taken the lead in making January 30th a day of solidarity with the people of Poland. So, too, the European Parliament has called for March 21st to be an international day of support for Afghanistan. Well, I urge all peace-loving peoples to join together on those days, to raise their voices, to speak and pray for freedom.

Meanwhile, we're working for reduction of arms and military activities, as I announced in my address to the Nation last November 18th. We have proposed to the Soviet Union a far-reaching agenda for mutual reduction of military forces and have already initiated negotiations with them in Geneva on intermediate-range nuclear forces. In those talks it is essential that we negotiate from a position of strength. There must be a real incentive for the Soviets to take these talks seriously. This requires that we rebuild our defenses.

In the last decade, while we sought the moderation of Soviet power through a process of restraint and accommodation, the Soviets engaged in an unrelenting buildup of their military forces. The protection of our national security has required that we undertake a substantial program to enhance our military forces.
We have not neglected to strengthen our traditional alliances in Europe and Asia, or to develop key relationships with our partners in the Middle East and other countries. Building a more peaceful world requires a sound strategy and the national resolve to back it up. When radical forces threaten our friends, when economic misfortune creates conditions of instability, when strategically vital parts of the world fall under the shadow of Soviet power, our response can make the difference between peaceful change or disorder and violence. That's why we've laid such stress not only on our own defense but on our vital foreign assistance program. Your recent passage of the Foreign Assistance Act sent a signal to the world that America will not shrink from making the investments necessary for both peace and security. Our foreign policy must be rooted in realism, not naivete or self-delusion.

A recognition of what the Soviet empire is about is the starting point. Winston Churchill, in negotiating with the Soviets, observed that they respect only strength and resolve in their dealings with other nations. That's why we've moved to reconstruct our national defenses. We intend to keep the peace. We will also keep our freedom.

We have made pledges of a new frankness in our public statements and worldwide broadcasts. In the face of a climate of falsehood and misinformation, we've promised the world a season of truth—the truth of our great civilized ideas: individual liberty, representative government, the rule of law under God. We've never needed walls or minefields or barbed wire to keep our people in. Nor do we declare martial law to keep our people from voting for the kind of government they want.

Yes, we have our problems; yes, we're in a time of recession. And it's true, there's no quick fix, as I said, to instantly end the tragic pain of unemployment. But we will end it. The process has already begun, and we'll see its effect as the year goes on.

We speak with pride and admiration of that little band of Americans who overcame insuperable odds to set this nation on course 200 years ago. But our glory didn't end with them. Americans ever since have emulated their deeds.

We don't have to turn to our history books for heroes. They're all around us. One who sits among you here tonight epitomized that heroism at the end of the longest imprisonment ever inflicted on men of our Armed Forces. Who will ever forget that night when we waited for television to bring us the scene of that first plane landing at Clark Field in the Philippines, bringing our POW’s home? The plane door opened and Jeremiah Denton came slowly down the ramp. He caught sight of our flag, saluted it, said, "God bless America," and then thanked us for bringing him home.

Just 2 weeks ago, in the midst of a terrible tragedy on the Potomac, we saw again the spirit of American heroism at its finest—the heroism of dedicated rescue workers saving crash victims from icy waters. And we saw the heroism of one of our young government employees, Lenny Skutnik, who, when he saw a woman lose her grip on the helicopter line, dived into the water and dragged her to safety.

And then there are countless, quiet, everyday heroes of American who sacrifice long and hard so their children will know a better life than they've known; church and civic volunteers who help to feed, clothe, nurse, and teach the needy; millions who've made our nation and our nation's destiny so very special—unsung heroes who may not have realized their own dreams themselves but then who reinvest those dreams in their children. Don't let anyone tell you that America's best days are behind her, that the American spirit has been vanquished. We've seen it triumph too often in our lives to stop believing in it now.

A hundred and twenty years ago, the greatest of all our Presidents delivered his second State of the Union message in this Chamber. "We cannot escape history," Abraham Lincoln warned. "We of this Congress and this administration will be remembered in spite of ourselves." The "trial through which we pass will light us down, in honor or dishonor, to the latest (last) generation."

Well, that President and that Congress did not fail the American people. Together they weathered the storm and preserved the Union. Let it be said of us that we, too, did not fail; that we, too, worked together to bring America through difficult times. Let us so conduct ourselves that two centuries from now, another Congress and another President, meeting in this Chamber as we are meeting, will speak of us with pride, saying that we met the test and preserved for them in their day the sacred flame of liberty—this last, best hope of man on Earth.

God bless you, and thank you.

NOTE: The President spoke at 9 p.m. in the House Chamber at the Capitol. He was introduced by Thomas P. O'Neill, Jr., Speaker of the House of Representatives. The address was broadcast live on nationwide radio and television.

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State of the Union Address
Ronald Reagan
January 25, 1983

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

This solemn occasion marks the 196th time that a President of the United States has reported on the State of the Union since George Washington first did so in 1790. That's a lot of reports, but there's no shortage of new things to say about the State of the Union. The very key to our success has been our ability, foremost among nations, to preserve our lasting values by making change work for us rather than against us.
I would like to talk with you this evening about what we can do together—not as Republicans and Democrats, but as Americans—to make tomorrow's America happy and prosperous at home, strong and respected abroad, and at peace in the world.

As we gather here tonight, the state of our Union is strong, but our economy is troubled. For too many of our fellow citizens—farmers, steel and auto workers, lumbermen, black teenagers, working mothers—this is a painful period. We must do everything in our power to bring their ordeal to an end. It has fallen to us, in our time, to undo damage that was a long time in the making, and to begin the hard but necessary task of building a better future for ourselves and our children.

We have a long way to go, but thanks to the courage, patience, and strength of our people, America is on the mend.

But let me give you just one important reason why I believe this—it involves many members of this body.

Just 10 days ago, after months of debate and deadlock, the bipartisan Commission on Social Security accomplished the seemingly impossible. Social security, as some of us had warned for so long, faced disaster. I, myself, have been talking about this problem for almost 30 years. As 1983 began, the system stood on the brink of bankruptcy, a double victim of our economic ills. First, a decade of rampant inflation drained its reserves as we tried to protect beneficiaries from the spiraling cost of living. Then the recession and the sudden end of inflation withered the expanding wage base and increasing revenues the system needs to support the 36 million Americans who depend on it.

When the Speaker of the House, the Senate majority leader, and I performed the bipartisan—or formed the bipartisan Commission on Social Security, pundits and experts predicted that party divisions and conflicting interests would prevent the Commission from agreeing on a plan to save social security. Well, sometimes, even here in Washington, the cynics are wrong. Through compromise and cooperation, the members of the Commission overcame their differences and achieved a fair, workable plan. They proved that, when it comes to the national welfare, Americans can still pull together for the common good.

Tonight, I'm especially pleased to join with the Speaker and the Senate majority leader in urging the Congress to enact this plan by Easter.

There are elements in it, of course, that none of us prefers, but taken together it performs a package that all of us can support. It asks for some sacrifice by all—the self-employed, beneficiaries, workers, government employees, and the better-off among the retired—but it imposes an undue burden on none. And, in supporting it, we keep an important pledge to the American people: The integrity of the social security system will be preserved, and no one's payments will be reduced.

The Commission's plan will do the job; indeed, it must do the job. We owe it to today's older Americans and today's younger workers. So, before we go any further, I ask you to join with me in saluting the members of the Commission who are here tonight and Senate Majority Leader Howard Baker and Speaker Tip O'Neill for a job well done. I hope and pray the bipartisan spirit that guided you in this endeavor will inspire all of us as we face the challenges of the year ahead.

Nearly half a century ago, in this Chamber, another American President, Franklin Delano Roosevelt, in his second State of the Union message, urged America to look to the future, to meet the challenge of change and the need for leadership that looks forward, not backward.

"Throughout the world," he said, "change is the order of the day. In every nation economic problems long in the making have brought crises to (of) many kinds for which the masters of old practice and theory were unprepared." He also reminded us that "the future lies with those wise political leaders who realize that the great public is interested more in Government than in politics."

So, let us, in these next 2 years—men and women of both parties, every political shade—concentrate on the long-range, bipartisan responsibilities of government, not the short-range or short-term temptations of partisan politics.

The problems we inherited were far worse than most inside and out of government had expected; the recession was deeper than most inside and out of government had predicted. Curing those problems has taken more time and a higher toll than any of us wanted. Unemployment is far too high. Projected Federal spending—if government refuses to tighten its own belt—will also be far too high and could weaken and shorten the economic recovery now underway.

This recovery will bring with it a revival of economic confidence and spending for consumer items and capital goods—the stimulus we need to restart our stalled economic engines. The American people have already stepped up their rate of saving, assuring that the funds needed to modernize our factories and improve our technology will once again flow to business and industry.

The inflationary expectations that led to a 21 1/2-percent interest prime rate and soaring mortgage rates 2 years ago are now reduced by almost half. Leaders have started to realize that double-digit inflation is no longer a way of life. I misspoke there. I should have said "lenders."

So, interest rates have tumbled, paving the way for recovery in vital industries like housing and autos.

The early evidence of that recovery has started coming in. Housing starts for the fourth quarter of 1982 were up 45 percent from a year ago, and housing permits, a sure indicator of future growth, were up a whopping 60 percent.

We're witnessing an upsurge of productivity and impressive evidence that American industry will once again become competitive in markets at home and abroad, ensuring more jobs and better incomes for the Nation's work force. But our confidence must also be tempered by realism and patience. Quick fixes and artificial stimulants repeatedly applied over decades are what brought us the inflationary disorders that we've now paid such a heavy price to cure.

The permanent recovery in employment, production, and investment we seek won't come in a sharp, short spurt. It'll build carefully and
steadily in the months and years ahead. In the meantime, the challenge of government is to identify the things that we can do now to ease the massive economic transition for the American people.

The Federal budget is both a symptom and a cause of our economic problems. Unless we reduce the dangerous growth rate in government spending, we could face the prospect of sluggish economic growth into the indefinite future. Failure to cope with this problem now could mean as much as a trillion dollars more in national debt in the next 4 years alone. That would average $4,300 in additional debt for every man, woman, child, and baby in our nation.

To assure a sustained recovery, we must continue getting runaway spending under control to bring those deficits down. If we don't, the recovery will be too short, unemployment will remain too high, and we will leave an unconscionable burden of national debt for our children. That we must not do.

Let's be clear about where the deficit problem comes from. Contrary to the drumbeat we've been hearing for the last few months, the deficits we face are not rooted in defense spending. Taken as a percentage of the gross national product, our defense spending happens to be only about four-fifths of what it was in 1970. Nor is the deficit, as some would have it, rooted in tax cuts. Even with our tax cuts, taxes as a fraction of gross national product remain about the same as they were in 1970. The fact is, our deficits come from the uncontrolled growth of the budget for domestic spending.

During the 1970's, the share of our national income devoted to this domestic spending increased by more than 60 percent, from 10 cents out of every dollar produced by the American people to 16 cents. In spite of all our economies and efficiencies, and without adding any new programs, basic, necessary domestic spending provided for in this year's budget will grow to almost a trillion dollars over the next 5 years.

The deficit problem is a clear and present danger to the basic health of our Republic. We need a plan to overcome this danger—a plan based on these principles. It must be bipartisan. Conquering the deficits and putting the Government's house in order will require the best effort of all of us. It must be fair. Just as all will share in the benefits that will come from recovery, all would share fairly in the burden of transition. It must be prudent. The strength of our national defense must be restored so that we can pursue prosperity and peace and freedom while maintaining our commitment to the truly needy. And finally, it must be realistic. We can't rely on hope alone.

With these guiding principles in mind, let me outline a four-part plan to increase economic growth and reduce deficits.

First, in my budget message, I will recommend a Federal spending freeze. I know this is strong medicine, but so far, we have only cut the rate of increase in Federal spending. The Government has continued to spend more money each year, though not as much more as it did in the past. Taken as a whole, the budget I'm proposing for the fiscal year will increase no more than the rate of inflation. In other words, the Federal Government will hold the line on real spending. Now, that's far less than many American families have had to do in these difficult times.

I will request that the proposed 6-month freeze in cost-of-living adjustments recommended by the bipartisan Social Security Commission be applied to other government-related retirement programs. I will, also, propose a 1-year freeze on a broad range of domestic spending programs, and for Federal civilian and military pay and pension programs. And let me say right here, I'm sorry, with regard to the military, in asking that of them, because for so many years they have been so far behind and so low in reward for what the men and women in uniform are doing. But I'm sure they will understand that this must be across the board and fair.

Second, I will ask the Congress to adopt specific measures to control the growth of the so-called uncontrollable spending programs. These are the automatic spending programs, such as food stamps, that cannot be simply frozen and that have grown by over 400 percent since 1970. They are the largest single cause of the built-in or structural deficit problem. Our standard here will be fairness, ensuring that the taxpayers' hard-earned dollars go only to the truly needy; that none of them are turned away, but that fraud and waste are stamped out. And I'm sorry to say, there's a lot of it out there. In the food stamp program alone, last year, we identified almost $1.1 billion in overpayments. The taxpayers aren't the only victims of this kind of abuse. The truly needy suffer as funds intended for them are taken not by the needy, but by the greedy. For everyone's sake, we must put an end to such waste and corruption.

Third, I will adjust our program to restore America's defenses by proposing $55 billion in defense savings over the next 5 years. These are savings recommended to me by the Secretary of Defense, who has assured me they can be safely achieved and will not diminish our ability to negotiate arms reductions or endanger America's security. We will not gamble with our national survival.

And fourth, because we must ensure reduction and eventual elimination of deficits over the next several years, I will propose a standby tax, limited to no more than 1 percent of the gross national product, to start in fiscal 1986. It would last no more than 3 years, and it would start only if the Congress has first approved our spending freeze and budget control program. And there are several other conditions also that must be met, all of them in order for this program to be triggered.

Now, you could say that this is an insurance policy for the future, a remedy that will be at hand if needed but only resorted to if absolutely necessary. In the meantime, we'll continue to study ways to simplify the tax code and make it more fair for all Americans. This is a goal that every American who's ever struggled with a tax form can understand.

At the same time, however, I will oppose any efforts to undo the basic tax reforms that we've already enacted, including the 10-percent tax break coming to taxpayers this July and the tax indexing which will protect all Americans from inflationary bracket creep in the years ahead.

Now, I realize that this four-part plan is easier to describe than it will be to enact. But the looming deficits that hang over us and over America's future must be reduced. The path I've outlined is fair, balanced, and realistic. If enacted, it will ensure a steady decline in deficits, aiming toward a balanced budget by the end of the decade. It's the only path that will lead to a strong, sustained recovery. Let us follow that path together.
No domestic challenge is more crucial than providing stable, permanent jobs for all Americans who want to work. The recovery program will provide jobs for most, but others will need special help and training for new skills. Shortly, I will submit to the Congress the Employment Act of 1983, designed to get at the special problems of the long-term unemployed, as well as young people trying to enter the job market. I'll propose extending unemployment benefits, including special incentives to employers who hire the long-term unemployed, providing programs for displaced workers, and helping federally funded and State-administered unemployment insurance programs provide workers with training and relocation assistance. Finally, our proposal will include new incentives for summer youth employment to help young people get a start in the job market.

We must offer both short-term help and long-term hope for our unemployed. I hope we can work together as we did last year in enacting the landmark Job Training Partnership Act. Regulatory reform legislation, a responsible clean air act, and passage of enterprise zone legislation will also create new incentives for jobs and opportunity.

One of out of every five jobs in our country depends on trade. So, I will propose a broader strategy in the field of international trade--one that increases the openness of our trading system and is fairer to America's farmers and workers in the world marketplace. We must have adequate export financing to sell American products overseas. I will ask for new negotiating authority to remove barriers and to get more of our products into foreign markets. We must strengthen the organization of our trade agencies and make changes in our domestic laws and international trade policy to promote free trade and the increased flow of American goods, services, and investments.

Our trade position can also be improved by making our port system more efficient. Better, more active harbors translate into stable jobs in our coalfields, railroads, trucking industry, and ports. After 2 years of debate, it's time for us to get together and enact a port modernization bill.

Education, training, and retraining are fundamental to our success as are research and development and productivity. Labor, management, and government at all levels can and must participate in improving these tools of growth. Tax policy, regulatory practices, and government programs all need constant reevaluation in terms of our competitiveness. Every American has a role and a stake in international trade.

We Americans are still the technological leaders in most fields. We must keep that edge, and to do so we need to begin renewing the basics--starting with our educational system. While we grew complacent, others have acted. Japan, with a population only about half the size of ours, graduates from its universities more engineers than we do. If a child doesn't receive adequate math and science teaching by the age of 16, he or she has lost the chance to be a scientist or an engineer. We must join together--parents, teachers, grass roots groups, organized labor, and the business community--to revitalize American education by setting a standard of excellence.

In 1983 we seek four major education goals: a quality education initiative to encourage a substantial upgrading of math and science instruction through block grants to the States; establishment of education savings accounts that will give middle and lower-income families an incentive to save for their children's college education and, at the same time, encourage a real increase in savings for economic growth; passage of tuition tax credits for parents who want to send their children to private or religiously affiliated schools; a constitutional amendment to permit voluntary school prayer. God should never have been expelled from America's classrooms in the first place.

Our commitment to fairness means that we must assure legal and economic equity for women, and eliminate, once and for all, all traces of unjust discrimination against women from the United States Code. We will not tolerate wage discrimination based on sex, and we intend to strengthen enforcement of child support laws to ensure that single parents, most of whom are women, do not suffer unfair financial hardship. We will also take action to remedy inequities in pensions. These initiatives will be joined by others to continue our efforts to promote equity for women.

Also in the area of fairness and equity, we will ask for extension of the Civil Rights Commission, which is due to expire this year. The Commission is an important part of the ongoing struggle for justice in America, and we strongly support its reauthorization. Effective enforcement of our nation's fair housing laws is also essential to ensuring equal opportunity. In the year ahead, we'll work to strengthen enforcement of fair housing laws for all Americans.

The time has also come for major reform of our criminal justice statutes and acceleration of the drive against organized crime and drug trafficking. It's high time that we make our cities safe again. This administration hereby declares an all-out war on big-time organized crime and the drug racketeers who are poisoning our young people. We will also implement recommendations of our Task Force on Victims of Crime, which will report to me this week.

American agriculture, the envy of the world, has become the victim of its own successes. With one farmer now producing enough food to feed himself and 77 other people, America is confronted with record surplus crops and commodity prices below the cost of production. We must strive, through innovations like the payment-in-kind crop swap approach and an aggressive export policy, to restore health and vitality to rural America. Meanwhile, I have instructed the Department of Agriculture to work individually with farmers with debt problems to help them through these tough times.

Over the past year, our Task Force on Private Sector Initiatives has successfully forged a working partnership involving leaders of business, labor, education, and government to address the training needs of American workers. Thanks to the Task Force, private sector initiatives are now underway in all 50 States of the Union, and thousands of working people have been helped in making the shift from dead-end jobs and low-demand skills to the growth areas of high technology and the service economy. Additionally, a major effort will be focused on encouraging the expansion of private community child care. The new advisory council on private sector initiatives will carry on and extend this vital work of encouraging private initiative in 1983.

In the coming year, we will also act to improve the quality of life for Americans by curbing the skyrocketing cost of health care that is becoming an unbearable financial burden for so many. And we will submit legislation to provide catastrophic illness insurance coverage for older Americans.
Professor Michael S. Hart was the originator of the Project Gutenberg-tm concept of a library of electronic works that could be freely shared with anyone. For forty years, he produced and distributed Project Gutenberg-tm eBooks with only a loose network of volunteer support.

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President Ronald Reagan delivered his State of the Union address to a joint session of Congress. He talked about the values of work, family, religion and freedom. He set out several objectives: take steps to stabilize the economy, attack social problems through education and other means, make use of the global economic revolution, and budget for international security. He also spoke out against what he called "abortion on-demand." The speech was interrupted many times by applause. State of the Union Address Ronald Reagan January 25, 1988 ...more. Get A Copy. Amazon.

Reagan became involved in politics during his work for G.E. and switched from the Democratic Party to the Ronald Wilson Reagan was the 40th President of the United States (1981–1989) and the 33rd Governor of California (1967–1975). Born in Illinois, Reagan moved to Los Angeles in the 1930s, where he became an actor, president of the Screen Actors Guild (SAG), and a spokesman for General Electric. Reagan became involved in politics during his work for G.E. and switched from the Democratic Party to the Republican Party in 1962. Thank you very much. Mr. Speaker, Mr. President, distinguished members of Congress, honored guests and fellow citizens. May I congratulate all of you who are members of this historic 100th Congress of the United States of America. In this 200th anniversary year of our Constitution, you and I stand on the shoulders of giants—men whose words and deeds put wind in the sails of freedom.