

Ronald Wilson Reagan (1911-2004)

Televised Campaign Address "A Vital Economy: Jobs, Growth, and Progress for Americans"

October 24, 1980

Novelist Thomas Wolfe once wrote of our country, there is "a mighty music" to "the proud, glittering names" of places in America.

During this campaign, I have visited places in America with such proud names, each name synonymous with the growth and progress that once made the American economy the envy of the world.

5 Steubenville and Detroit, Youngstown and Buffalo, Pittsburgh and Seattle, Houston and Hartford and Jersey City and Lima, cities like New York and small towns like Greenville, Illinois—the very sound of these American names evokes a feeling of confidence and strength based upon what Americans have built through hard work.

But in many places the mighty music has been all but silenced. Where once there was the great, confident roar of American progress and growth and optimism, there is now the eerie, ghostly silence of economic stagnation,
10 unemployment, inflation, and despair.

If you are like most Americans, you and your family know the sound of that silence.

You experience it around the dinner table when there is a discussion of how to pay for the children's education.

You experience it in supermarkets when you pick up an item, look at the price, and--placing it back on the shelf--move on.

15 You or a loved one may have personally experienced that silence in the place where you once worked—when it had to shut down.

On street corners of our city neighborhoods it is a silence filled with anger and bitterness; on farms it is a puzzled silence, filled with questions of how things could go so wrong in a land as blessed as ours.

Yes, the mighty music of American economic progress has been all but silenced by four years of Mr. Carter's failures.
20 This election will determine whether the nation and the world will ever again hear that great sound; will determine if the dinner table of your home and the supermarkets of your neighborhood will ever again be places where plans can be made and necessities can be purchased without the gnawing doubt and, yes, fear, brought by Mr. Carter's inflation and unemployment.

Mr. Carter recently was asked by a young woman why our country could not work out a solution to unemployment
25 and inflation.

His response was startling even by the rather extraordinary standards he has set in this campaign. He said:

"You know, people tend to dwell on temporary inconveniences and the transient problems that our nation faces." Unemployment a temporary inconvenience? Inflation a transient problem? These words from an American President?

Recently, he told a group of labor officials his opinion of the coming election. He said:

30 "It's more important than your income. It's more important than the quality of the house that you have. It's more important than the neighborhood where you and your wife might ultimately retire."

Is Mr. Carter's chance of reelection as important as what has been done to your income, your home, your neighborhood, and your family?

Douglas Fraser, President of the United Auto Workers, in a recent interview, was asked about the support I have been
35 getting from union members all across America. Mr. Fraser, an avowed Carter supporter, said:

"There's an absolute correlation between unemployment and Reagan's support among blue-collar workers, including members of our union. . . .And we've been preaching for years that the workers vote their pocketbook. Now, if they

vote their pocketbook this time, we're in trouble. This is the kind of economics that the President told us in May of 1977 at our convention that he would never tolerate. . . unless the people understand. . . this anguish, this feeling of
40 hopelessness, I think our society is going to be in trouble."

Let me remind you that those are the words of someone who publicly supports Mr. Carter. They are an extraordinary indictment of the Carter record and they accurately portray the feelings of many union members and their families, as well as many other Americans.

If this is what one of Mr. Carter's chief supporters thinks of his policies, what should the rest of us think? Mr. Fraser
45 says that if workers vote their pocketbooks in this election, "we", meaning Mr. Carter and his allies, are in trouble. But the problem is that American workers are in trouble now—and if they don't vote their pocketbook, who is going to do it for them?

By the very standards Mr. Carter himself uses to measure presidential failure, he has failed.

He promised to bring inflation down to 4 percent. It's now running at double-digit rates, and hit 18.2 percent earlier
50 this year. The producer price index the past three months has averaged an annual rate of some 13 percent. In fact, between January 1977 and August 1980, consumer prices have risen 42.3 percent.

In the face of all this economic bad news, Mr. Carter has taken to telling voters that things will get better. But today we found the answer to that. The consumer price index released just this morning showed that the cost of living went up to an annual rate of 12.7 percent in September.

55 Inflation is not easing; it is rapidly rising. The double digit punishment of Jimmy Carter is not receding. At this rate it will continue to eat up your incomes, ravage those of you who are retired, and destabilize our entire economy.

No matter what Mr. Carter says, inflation is getting worse.

Right now, as I speak to you, nearly eight million American men and women are out of work. You or a loved one may be unfortunate enough to be one of them. Their distress is obvious—savings may be destroyed, houses may be lost,
60 and families may go unfed.

As a candidate four years ago, Mr. Carter adopted what he called the "misery index." He added the rate of inflation to the rate of unemployment and for 1976 it totaled 12.5 percent. This was his "misery index" and he suggested that no President has a right to seek reelection with an index of 12.5 percent. Today by his own standard he does not deserve reelection. The misery index is two-thirds higher than it was four years ago—almost 20 percent.

65 Interest rates are again rising. The prime rate was only 6 percent in January 1977. It is 14 percent and rising today. The mortgage rate for new homes was 9 percent in January 1977. It is 13 percent or higher today. It is now estimated that only one in eleven young families can now afford to purchase a home—something that used to be the hallmark of the American dream.

Indeed, of all the sectors of the American economy, few have been hit so hard as housing. In 1979 our housing
70 industry produced 1.7 million units. This year we'll be 500,000 short of that. To meet the real demand for housing, we should be building at least 800,000 more units this year.

When Jimmy Carter took office in 1977 a median priced new home sold for \$47,400. It cost \$306 a month to pay the mortgage on that home. Today that same home would cost \$556 a month—an increase of 81 percent in just over three years.

75 Even Jimmy Carter's Secretary of Housing and Urban Development admitted this last spring, conceding that "for many hardworking people, the American dream is denied because housing is growing beyond their reach."

Productivity has fallen six straight quarters, as America continues to fall further behind our industrial competitors around the world. American workers are ready to compete, but American companies don't have the new plants and equipment for them to do so. More and more American jobs are exported overseas, and new jobs are not being created
80 here at home.

A little more than a week ago the President said we are all better off than we were four years ago. He could have looked at the report of his own economic indicators and learned that in purchasing power the average American is 8

percent poorer than he was four years ago.

Total industrial production grew 10.8 percent in 1976. Total industrial production has fallen 6.7 percent this past year.

85 That's not just a record of economic failure. That is failure on a scale so vast, in dimensions so broad, with effects so devastating, that it is virtually without parallel in American history.

The other day someone said: "The Carter administration is giving failure a bad name." And they haven't just failed last month or last year. They've been failing for four years.

On August 28th of this year Mr. Carter announced his fifth, "new" economic program. After four straight failures, it's
90 no wonder he wanted to wait until after the election and submit it to Congress next year.

Mr. Carter has blamed OPEC for inflation. He's blamed the American people for inflation. He's blamed the Federal Reserve Board for inflation. The symbol of this administration is a finger pointing at someone else.

And on October 14th, after spending most of the first part of the campaign running away from his economic record, he finally made a speech on the economy. And he came up with a new list of who, or what, to blame for inflation.

95 The number one item on his list was, and I quote: "the failure to raise adequate revenues at a time of greatly increased public spending."

What that means in plain English is that he didn't raise our taxes enough.

Now, Mr. Carter has already imposed the two largest tax increases in our nation's history. And by 1981, he will have succeeded in doubling the tax load on the American people—the equivalent of a tax increase on a family of four of
100 more than \$5,000 a year. Now, I'd like to ask him: isn't that enough? Apparently not—according to his economic plan, annual taxes will go up \$86 billion next year alone, and \$500 billion over the next five years.

I would also like to ask him why government spending isn't to blame. He's increased government spending by nearly 60 percent in four years. It is this incredible increase in spending that has caused inflationary deficits—not low taxes. We don't have inflation because we are living too well. We have it because government is living too well.

105 Mr. Carter is acting as if he hasn't been in charge for the past three and a half years; as if someone else ran up nearly \$200 billion in federal red ink; as if someone else was responsible for the largest deficit, including off-budget items, in American history; and, as if someone else was predicting a budget deficit for this fiscal year that began October 1st of \$30 billion or more.

He has other scapegoats for inflation, such as oil price increases. He doesn't explain why Japan and West Germany,
110 who import practically all their oil, don't have our high inflation rates and economies in a state of crisis.

Finally, he blames "the long decline in our productivity growth." I would like to ask him: which President has presided over six straight quarters of falling productivity? Which President by 1981 will have increased the punitive tax burden on our economy by some \$300 billion? Which President has created two new cabinet departments and has increased the burden of federal regulations?

115 In the same speech Mr. Carter went on to misrepresent my economic program. You know, it's one thing when his administration jimmies its own economic figures to make its record look good, but when he starts jimmying my figures, it's going too far.

What our nation needs—what the American people want—is a humane economy, one that sees them not as interchangeable parts to whom unemployment is a "temporary inconvenience" but as individual human beings and
120 members of families with feelings, hopes, and dreams. Earlier this year, Vice President Mondale summed up unforgettably the approach of the Carter administration toward the economic suffering of millions. He said, speaking of inflationary problems, "We think what we're doing now will be using unemployment for a while. We know that."

I don't think the American people want an administration that talks about unemployment as something to be "used" against Americans. You don't "use" the suffering of human beings—you alleviate that suffering.

125 Tonight I want to share with you my vision of an economy that works for the people and doesn't seek to use them for policies made in Washington.

My plan, as I outlined in a speech in Chicago last month, is rooted in a strategy for economic growth, a program that sees the American economic system as it is—a huge, complex, dynamic system—that can work if the American people get a chance to work.

130 Tonight, because of time limits, I can't go into the same detail I did in Chicago but I want you to know that I stand by the specific points I made in that speech. At the heart of that strategy for economic growth are eight major steps:

1. We must keep the rate of growth of government spending at reasonable and prudent levels.
2. We must reduce personal income tax rates and accelerate and simplify depreciation schedules for business in an orderly, systematic way to provide incentives to work, savings, investment, and productivity.
- 135 3. We must review regulations that affect the economy, and change or eliminate them to encourage economic growth.
4. We must establish a stable, sound, and predictable monetary policy.
5. We must promote the export of American products abroad.
6. We must revitalize American industry.
- 140 7. We must adopt an energy policy that will allow our economy to grow, and our standard of living to rise.
8. And we must restore confidence by following a consistent national economic policy that does not change from month to month.

One of the most critical elements of my economic program is the control of government spending. Billions of dollars of waste, extravagance, fraud, and abuse in federal agencies simply are being ignored, for all practical purposes, by
145 the Carter administration.

Let me give you one example—and there are, sadly, many—to show you what happens to the dollars you send to Washington.

A couple of years ago one of the worst scandals in the history of the federal government broke out in the General Services Administration, the agency that buys government supplies and manages federal property.

150 There were more than 130 indictments, and GSA auditors estimated they were looking for \$100 million lost to fraud and another \$130 million lost to mismanagement every year.

Mr. Carter's answer to all of this was politics-as-usual. The GSA mess is still not cleaned up and the men who tried to clean it up are no longer in the GSA.

Let me make a pledge to you tonight: If you give me the opportunity, I will put the corruption fighters back in charge
155 at GSA to finish the job they started, and that goes for every department, agency, and bureau in the executive branch.

I am confident that we can squeeze at least 2 percent out of what otherwise would be spent in fiscal year 1981, adding 2 percent the next year, and so on, up to 7 percent by fiscal year 1985. And that is a modest projection.

Actually, I believe we can do even better. My goal will be spending reductions of 10 percent by fiscal year 1984.

I will appoint men and women in key positions who share my belief that it is the government and not the people that
160 must cut back in spending. And I will work with citizens' task forces that will examine every department and agency.

This strategy for spending control does not require slashing necessary programs. To the contrary, I will defend the integrity of the Social Security system and work to improve those programs which provide for the disadvantaged and those in need.

The second major element of my economic program is a tax rate reduction plan. This plan calls for an across-the-
165 board 10 percent reduction in personal income tax rates in each of the next three years. After that, we will index tax rates so that inflation doesn't force taxpayers into higher tax brackets.

Jimmy Carter says this can't be done. In fact, he says it shouldn't be done. He favors the current crushing tax burden because it fits into his philosophy of government as the dominating force in American economic life.

Official projections of the Congressional Budget Office show that by fiscal year 1985, if the current rates of taxation
170 are still in effect, federal tax revenues will rise to over one trillion dollars a year. In 1981, the increase will take \$86 billion more than government took this year.

The President says my proposed reduction of tax rates would be inflationary. Well, let me ask him a simple question in economics. Why is it inflationary if you keep more of your earnings and spend them the way you want to, but it isn't inflationary if he takes them and spends them the way he wants to?

175 The fact is this program will give us a balanced budget by 1983, and possibly by 1982.

We also need faster, less complex depreciation schedules for business. Outdated depreciation schedules now prevent many industries from modernizing their plants. Faster depreciation would allow these companies to generate more capital internally, permitting them to make the investment necessary to create new jobs, to help workers become more productive, and to become more competitive in world markets.

180 Another vital part of this strategy concerns government regulations which work against rather than for the interests of the people. No one argues with the intent of regulations dealing with health, safety, and clean air and water. But we must carefully re-examine our regulatory structure to assess to what degree regulations have cost jobs and economic growth. There should and will be a thorough and systematic review of the thousands of federal regulations that affect the economy.

185 Along with spending control, tax reform, and deregulations, a sound, stable, and predictable monetary policy is essential to restoring economic health. The Federal Reserve Board is, and should remain, independent of the Executive Branch of government. But the President must nominate those who serve on the Federal Reserve Board. My appointees would share my commitment to restoring the value and stability of the American dollar.

The federal government can also take a greater role in promoting American exports. I have suggested that we revise
190 Export-Import Bank rules to assist in the export of automobiles. The government should also work to break down foreign barriers to our exports.

We must also revitalize American industry by exploring areas of patent law reform which would encourage increased innovation and inventing.

Finally, we must adopt an energy policy which will enhance our economic growth. We must implement a balanced
195 energy program that will encourage prudent energy conservation, along with increased domestic energy production.

As soon as possible, we must end federal price, production, and allocation controls, which have discouraged energy production, and accelerate the leasing of federal lands. When fiscally possible, we must remedy the disincentive effects of the so-called windfall profits tax. Finally, we should streamline and reform regulations which block the use of coal and safe nuclear power, and we should encourage the development of alternative fuels, such as solar and
200 biomass.

Finally, let me say something about one part of the American economic life that represents what I mean by a humane economy—the American home. Your home transcends mere economics. It is part of your life, not just a part of the economy.

The people—especially the young people—of this country should not have to suffer a continued housing crisis. An
205 administration committed to a housing policy that puts workers back to work, lenders back to making home loans, and young couples and all the people of this country into better housing—that kind of administration can turn the housing picture around.

As soon as fiscally possible, I will ask Congress to increase the amount of savings account income exempt from taxation, to encourage Americans to increase their savings and generate new capital for home loans.

210 And we'll explore some new ways of financing housing, and of stimulating housing rehabilitation in the neighborhoods of our large cities.

All of these specific steps, taken together, make up a comprehensive strategy. Instead of the on-again and off-again policies of Mr. Carter, I think we must have one coherent program that we can stick with.

Thus, what I am proposing is a strategy which encompasses many elements—none of which can do the job alone, but all of which together can get it done.

This strategy would depend on the will of the people to regain control of their government.

Throughout this campaign, I've been saying that the economy concerns more than mere statistics—it concerns people, families, human hopes, and human suffering.

Each American family has its own story about what the Carter economy has done. But the other day I came across a story that sums up what the American people have been through. The story is all the more poignant because it concerns a child's disappointment.

It appeared in the Fort Wayne, Indiana, News-Sentinel and concerns a Fort Wayne fifth grader named Andrea Baden who wanted to buy a pair of roller skates. So, in the great American tradition, she saved her allowance until she had the money to buy them.

Andrea put it this way: "When I went back to the store the price had gone up. I saved more money but when I got back again, the price had gone up again. It's just not fair."

That's right, Andrea: What Mr. Carter has done to this country's economy just isn't fair. It just isn't right.

But Andrea has learned something as a fifth grader that Mr. Carter seems to have forgotten or not to have learned at all: inflation hurts people. It hurts when you want to buy a pair of roller skates—and it hurts when adults have to buy food and pay for heating and other necessities. It hurts older Americans who suffer unimaginably from what inflation does to the fixed incomes. And unemployment hurts even more.

This election is going to determine what kind of country Andrea Baden and millions of other American children are going to grow up in. Will it be a country in which everything keeps on going up in price, and jobs are harder to find and keep? Or will it be a country where, because of our efforts, beginning in January of 1981, savings will mean something, prices will be stable, and there will be jobs for people who want to work?

I would like very much to do something about that lack of fairness to hard-working Americans and, Andrea, to thrifty Americans like you.

I need your help, your support, and your prayers. But first of all, I need your commitment, your hope, and your belief in this great nation's ability to begin again.

It just hasn't been fair or easy for any of us for the past four years.

I think the time has come for fair play for Americans. If you agree, together we can have a new beginning, for ourselves and for our children.

Thank you and good night.

(3864 words)

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