

Price

SOTU  
1st Draft  
1/6/74

In assessing the State of the Union today, we do so at a time that even more than ordinarily is ~~a time of~~ <sup>one of seeming</sup> contradictions.

In the past year, we have confronted an unaccustomed shortage of familiar foods, with consequently sharply rising prices; we have confronted an energy crisis; we have confronted <sup>what was widely proclaimed as</sup> a governmental crisis, as Watergate absorbed so much of the nation's attention. And for many Americans, this has also been a time of searching uncertainty in their views of the future.

Yet at the same time, we have seen our food shortage disappear as suddenly as it appeared -- and now our farmers have reaped their biggest harvests ever; soaring agricultural exports have been a major contributor to the most dramatic improvement in our balance of trade in the last quarter century; and forecasts for 1974 are that <sup>set a new record as</sup> it will ~~be~~ <sup>in the nation's history,</sup> the nation's agriculturally most productive year ~~ever~~, and the most prosperous for the nation's farmers, with prices stabilized at last for the consumer.

The energy crisis is still with us. But strong measures have been taken to deal with it; the American people have responded with the same spirit that has overcome every other crisis in our nation's history; and we are beginning to see that this has, in fact, been a timely ~~warning~~ warning of what we must do to secure our independence and self-sufficiency not only in energy but also in other vital resources, while there is yet time ~~to~~ and opportunity to do so.

And although the front pages of the newspapers, and the evening newscasts on television, have been filled with accounts of the governmental crisis, when we look at the actual accomplishments of 1973 we find quite a different picture.

The longest war in America's history was finally ended~~d~~ -- on terms that met our essential purposes, and in a way that brought our prisoners safely home.

For the first time in a quarter ~~x~~ century, we were able to end the military draft -- and thus lift the cloud of uncertainty from millions of our young men.

Our ~~conflict~~ peaceful contacts with the Peoples' Republic of China continued to expand, and trade ~~between~~ between our two countries was increased tenfold.

Despite the confrontation that took place at the height of the Middle East war -- and in part because of our firm response -- we continued, together with the Soviet Union, to build the foundation for a peaceful relationship between the two most powerful nations of the world. We reached important agreements with the Soviets on prevention of nuclear war, on basic principles for the limitation of strategic nuclear arms, on the peaceful uses of atomic energy, and agriculture, world ocean studies, ~~and~~ transportation.

We moved firmly to meet the energy crisis, establishing the Federal Energy Office, imposing allocation requirements, taking a broad range of executive actions to reduce fuel consumption during the emergency, and ~~x~~ laying the groundwork



Congress passed the Alaska pipeline bill, the 55-mile per hour speed limit, and year-round daylight saving *time*.

for reaching our goal of independence by 1980 ~~in~~ through a national ~~sex~~ capacity for self-sufficiency in energy.

In the war against drug abuse, 1973 saw the rate of new heroin addition dramatically down, drug-related crime down, and Federal treatment facilities substantially increased.

For the first time in \_\_\_\_ years, in 1973 welfare rolls were reduced instead of increased.

In 1973, the Congress took a dramatic first step toward the return of power to the people through special revenue sharing that I proposed three years ago, by passage of the (manpower special revenue sharing) Act of 1973. This not only provides funds to states and localities for a wide range of job training and placement activities; more important, in the long run, it lifts the deadly hand of second-guessing by distant bureaucrats in Washington, and lets local governments tailor their programs to local needs.

In the field of health, Congress took an important new step toward rationalizing the nation's system of delivery of health and encouragement for a network of care services, by providing Federal support ~~for~~ health maintenance organizations

For the elderly, the new Social Security benefits increase I signed into law (earlier this month) will bring the total increase to nearly 70 percent since (1969).'

We made major advances toward preserving and improving the nation's vital transportation links. The Northeast Railroad Restructuring Act, which the Congress passed in the closing

days of its first session, establishes the basis for a healthy, privately-owned and operated rail system to serve the nation's ~~x~~ industrial heartland -- which had been threatened by railroad bankruptcies. The 1973 highway act was a landmark measure that not only made \$20 billion available to continue our highway program, but also, for the first time, made a beginning at opening the Highway Trust Fund for support of mass transit.

Despite the prophecies of doom that were so freely made about the condition of the nation's economy, and despite the continuing need to fight vigilantly against the ~~fx~~ forces of inflation, we find that in terms of actual performance total real output in the first three quarters of 1973 increased by nearly double the average annual rate of increase; ~~xxx~~ total employment registered the biggest jump since World War II, and a larger proportion of Americans over 16 are at work now than ever before; our balance of payments moved from a \$10 billion deficit in 1972 to a \$2 billion surplus in 1973; and real income per capita -- that is, what the average American can actually buy with his ~~x~~ paycheck, after allowing for taxes and inflation -- increased by 5 per cent, or the equivalent of <sup>an extra</sup> two and a half ~~was extra weekly pay~~ weeks' pay.

Now, I have ~~x~~ cited these highlights of 1973's accomplishments not to pretend that everything is rosy. Obviously, it is not. We have continuing problems, continuing needs, that will have to be addressed by this and succeeding sessions of the Congress. Rather, I have cited them to point out that



despite the troubles and strains and uncertainties <sup>we</sup> that have all had to live with, the nation has continued to move forward; it is continuing to move forward; and there is every reason to believe confidently that it will continue to move forward.

I have cited them also as a reminder that the Government of the United States is alive and well in Washington, and doing its job for the people of the United States.

We can deal intelligently with the nation's condition only if we also address the widespread perceptions of its condition.

We all have seen those studies <sup>that have been done in recent years,</sup> that show most Americans feeling things are going just fine in their own lives, and yet convinced that the country as a whole is in terrible trouble, and getting worse.

I suspect this is partly because of the way the news is presented each night on television, and ~~x~~ in the newspapers and on radio as well. The rule seems to be that bad news is news, but good news is not news

But more deeply, ~~the transitions we have been going through in our experience as a nation~~ in both the foreign and ~~domestic~~ domestic fields we have been going through a series of rapid transitions that have shaken old certainties, and required us to learn to think in new ways. ~~The old, comfortable moorings~~ We have been shaken loose from a lot of the ~~old~~, familiar moorings of our beliefs, and many Americans are finding it difficult to locate new moorings.

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For nearly a quarter of a century, we lived with what seemed the certainties of the Cold War -- and even though they were not comfortable certainties, they gave Americans a sense at least of knowing who their friends and their enemies were; it was taken as an article of faith that we could not possibly get along with the Soviets or the Chinese. If it was dangerous, ~~x~~ at least it seemed uncomplicated. But now we find that we are able to reach agreements with the Soviets and the Chinese -- not that we accept their systems or they accept ours, but that we at least accept the necessity of learning to live at peace together in the same world. At the same time, we find ourselves ~~x~~ engaged in sometimes difficult negotiations with our traditional friends; and although the world is safer, it becomes more complicated, perhaps more difficult to understand -- the old certainties are shaken, the old, easy moorings are gone.

Another mooring -- another old certainty -- was the notion that America was and presumably would always be the dominant economic power of the world, and the dollar was the impregnable currency. Now we find other nations moving rapidly to the fore -- not as a result of the failure of American policy, but ~~x~~ rather as a result of its success. We find that we must compete, and to compete we must be competitive; and we find that the old world monetary and trade system must be modernized to meet the new realities of the new world.



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For many Americans, another old certainty was that bigger government was bound to be better government -- that if we just voted enough dollars for enough services, everyone's life would be miraculously improved. We have voted the dollars, but the results have often been disappointing.

We were conditioned to believe that our resources were unlimited, but we find they are not. We were conditioned to believe that cheap, abundant energy was ours for the asking; but suddenly we found it was not there.

In short, we are finding ~~it~~ it necessary to come to grips with a lot of new realities that require us to think in new ways, and this is always unsettling -- even though in the long run the result may be a better world and a better life for all of us.

This is a time of transition. There have been many other times of transition in our history, but none so complex as this, none that so demands our understanding not merely of the process of change, but of the interrelationships of the various changes that are taking place around us. This understanding, in turn, requires an extraordinary degree of patience -- a willingness to bear for a time the burdens of uncertainty and doubt, of discomfort and dislocation, as we strive to create a structure of society that will support the new realities of the new age we are entering.



The world of tomorrow depends on our actions today.

The dominant fact of life today is the fact of interdependencies, interrelationships -- the fact that no action can be taken in isolation from its consequences

In the past five years, we have been laying the foundation for a complex structure of interrelationships that can make our lives more secure abroad, and more prosperous and peaceful here at home.

That task has not been completed. It will not be completed within the next three years -- but it can be gotten well enough on its way so that its completion will be possible.

It is vital that we keep our eye on these interrelationships; that we not let ourselves be so distracted by the press of current events that we neglect continuing events; that we keep a sense of perspective as to the urgent, the important, and the vital -- as among those <sup>difficulties</sup> that are <sup>1</sup>dismaying but not disastrous; those we can survive and those we could not; those that are merely unpleasant, and those that do threaten to undermine the foundations of our society.

It is also vital that we learn to see things as they are, not merely as we are told that they are, by persons who may have other motives for having us believe they are what they are not.

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The past year has been painful in many respects, not least has been the extent to which it has brought us face to face with the need to confront continuing problems of scarcity. This is a new experience for America -- not new in the sense of individual hardship, but new in the sense of having to recast our thinking in terms of absolute scarcities of materials we had long grown accustomed to thinking of in terms of absolute abundance.

No longer is it enough that we think of ~~how~~ how to organize ourselves to extract more from the earth; we have to think of more carefully using what we extract, and of ~~xxx~~ saving supplies today so they will be available tomorrow.

For many years, America was an island of affluence in a world of want. Now other ~~islands~~ islands of affluence are rising, competing with us for scarce resources, raising their own standards of living and their own levels of expectation -- using more meat and milk and grain, using more minerals, consuming more power.

One of this nation's most remarkable characteristics is its adaptability -- its capacity to adjust to changing circumstances,, and to <sup>turn</sup> ~~thru~~ these do the ultimate advantage of its people. There is no reason to suppose that we will be any less successful in adapting to the new era of scarcities -- in finding substitute materials for those in short supply, in changing our habits to eliminate waste and make more productive use of what we have.



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We need to re-learn a lot of the old virtues of self-sufficiency, independence, initiative, self-reliance, responsibility (individual and community).

This can be ~~an~~ an exciting new era, when we put behind us the wasteful ways of the past 20 years, and learn to exploit our advances in technology while ~~maximizing~~ practicing a new respect for the limits of scarce resources. Just as it's <sup>is</sup> wrong to spend wastefully money that we don't have, leaving the bill for the next generation to pay, so it's <sup>is</sup> wrong to squander ~~a~~ wastefully the resources that the next generation is going to need.

In each of the decisions we make in 1974, we're <sup>must</sup> going ~~to have to~~ think of the needs of the year 2004. It's <sup>would be</sup> wrong to gamble away what we do have on the chance that we <sup>may</sup> ~~will~~ discover what we don't have.

A crusade against waste, and a more discriminating distinction between what's wasteful and what isn't.

The temporary measures needed to get us through the energy crisis are bound to be unfair to some. We can strive to reduce the unfairness, but it's in the nature of any arbitrary system of allocation that it can't be eliminated.

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By turning an energy shortage into an energy crisis, the ~~sudden~~ sudden shot-off of oil supplies from the Middle East brought the nation face-to-face with the need to adjust to an age of scarcities. This is going to be one of the dominant realities of the decade ahead: and we had better prepare ourselves now to deal with it. As more and more nations ~~x~~ have grown more and more rich, as living standards have risen in Europe and Asia as well as here in America, there is more and more demand for more and more natural resources -- and this demand has been growing more rapidly than production, in some case<sup>s</sup>, and than the development of alternatives in others. As we look toward the 1980s, we can see the prospect of shortages in ~~xx~~ increasingly scarce and irreplaceable minerals -- and we had best turn our minds to what we shall do without these, or with only limited quantities of them.

It is not a matter of assessing blame, or scourging ourselves for the wasteful ways of a time when it seemed that nature would yield up an infinity of whatever it was that we wanted. It is a matter, rather, of calmly assessing what the needs are going to be and what the resources to meet those needs are going to be, not only in the next decade but in the



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centuries to come. If we are to be true to the trust of future generations, we must move now to shift ~~x~~ in the direction of those materials, and those sources of energy, that are either renewable or reusable or, like the energy from sun and wind, a continuing part of the cosmic scheme of nature.

This is not a matter that can be dealt ~~xw~~ with in a year, or a decade, or by a single, sweeping "program." It is not a matter that can ~~a~~ be dealt with exclusively, or even primarily, by government. It will take all of us, in all nations, and ~~w~~ it will take a long process of readjustment in our thinking, and in the way we approach our own balance with the world and the universe we live in.

1/6/74

*Evans*

*14*

A modern nation depends absolutely on the availability of sufficient energy resources to meet its industrial and other needs.

In terms of energy resources, America is the world -'s most abundantly supplied nation; but we also are the greatest energy-consuming nation in the world -- and our consumption has been rising rapidly. Therefore, we need urgently to expand our capacity to produce energy -- and especially those clean forms of energy that also meet our environmental needs.

There are compromises that we must make in the short run, while we achieve self-sufficiency in clean ~~en~~ energy for the long run.

One of these compromises must be a temporary relaxation of certain environmental<sup>a</sup> standards -- not in the sense of a return to the careless ways that were common before we reached our new environmental awareness, but rather in the sense of proceeding less rapidly toward the new standards that we all recognize are necessary for the longer term. Environmental standards cannot any longer be the absolute that we serve before all other needs; they must be weighed in the balance along with other needs and other values.

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(One of the first needs in the new session of Congress is

~~energy: need~~ <sup>it</sup> for prompt action on the priority energy bills now before congress; ~~actions that were taken in the first session (alaska pipeline, daylight saving, 55 mph)~~ will help, but ~~further action vital~~. <sup>There were</sup> recognize the difficulties in getting agreement on an acceptable bill in closing days of the first session, but <sup>we</sup> must get on with it in opening days of second session. <sup>It is</sup> Vital, however, that we not fall into the trap of taking short-term measures that will only make the longer-term problem worse, as would ~~measures that~~ punitive measures that would discourage rather than ~~encourage~~ encourage the enormous investment necessary if our fuel needs in the 1980s are to be met. This investment can only come out of profits, and it would be suicidal to fall into the demagogic trap of using oil company profits as a scapegoat for our energy ills.

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(The <sup>station</sup> admin has proposed a windfall profits tax carefully designed to eliminate ~~price~~ profiteering, but at the same time to encourage investment. This is the approach we must take; might win some applause now, but it the demagogic approach would guarantee a worse fuel shortage in the years ahead.

X

Proved to here.



[Project Independence]

The American people are rightly concerned about assuring an adequate supply of energy. They also are rightly concerned about maintaining ~~the strength~~ the strength of our economy the security of ~~the economy~~ the level of -- about their jobs, their income, and the ~~the~~ price of the goods and services they buy.

In allocating energy resources during the ~~period~~ period of shortage, it has been our policy, ~~to~~ to the maximum extent possible, to put the fuel where the jobs are -- to cut back at the level of the individual ~~consumer~~ consumer, so that supplies will be adequate to keep ~~our farms and industries~~ our farms and industries running, and to keep America's workers on the job and to maintain the production of goods and services for all of our people.

The remarkable ~~strength~~ <sup>performance</sup> of the economy during 1973, in the face of all the challenges it faced, not only shows how ~~strong~~ <sup>basically</sup> the economy is.

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### Suggestions on Economy for State of the Union

The American economy has shown its great strength in the past year. In a year when our own food production was held down by bad weather we have helped the rest of the world to survive even greater food shortages. We are withstanding, and will continue to withstand, an embargo on the supply of a vital product, oil, from the major exporting countries. At the same time, the economy is continuing to provide a rising real standard of living.

The experience of the past year not only shows how strong the American economy is. (It also shows how important is the continued growth of that strength. For rich as we are and productive as we are, the American economy is going to be strained throughout this decade by the demands placed upon it.

The achievement of a capacity for self-sufficiency in energy will be one added demand upon the American economy. Even if we were not determined to achieve our independence in energy we would have to count on energy becoming more expensive. As the worldwide demand for energy expands we would all have to resort to more costly sources. We would have to use more and more of our labor, capital and technology to produce more oil

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at home or to earn the foreign exchange with which to pay for imports. To reach a position in a short period -- by 1980 -- where we <sup>can</sup> ~~could~~ meet our essential needs from secure sources, will be even more expensive, although absolutely necessary.

The needs of national defense will be another major demand upon the economy. We can no longer count on the real burden of defense declining, as it has been doing in recent years. To achieve the military forces needed for our national security in a world where others are prepared to devote a large part of their growing capacity to surpassing us militarily, will require that we also turn more of our resources to defense.

Improving our environment will place additional large burdens upon the economy in the decade ahead. Huge investments, private and public, will be needed if we are to produce the goods and services the American people expect while at the same time cleaning up the air and water. Concern for the environment calls for more economic growth, so that we can afford these investments, rather than less economic growth as is sometimes suggested.

Most important, it is clear that the American people want and expect a steady and significant increase of their real incomes, and this requires a steady and significant increase of real output. This expectation is now

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embodied in a pattern of strongly rising wage rates, and failure to match these increases with rising real incomes will cause persistent inflation.

These conditions reemphasize the traditional goals of economic policy, to increase the rate at which the economy grows and productivity increases. This is ~~not to deny the importance of other objectives, especially of making the economy more stable and of reducing poverty.~~ But the more general goal of economic strength now has a priority which it might not have seemed to have five or ten years ago.

This focus on economic growth has several implications for economic policy.

*First,*  
1. We must return as soon as possible to free markets and free prices as ~~the basic system for organizing and invigorating the economy.~~  
There are times when departure from this principle is necessary, as we saw in 1971. But our experience has ~~only~~ confirmed the value of free markets in getting things produced. The engine of growth and efficiency is the effort and initiative of millions of Americans, and it is the free price system that turns the engine on. In recognition of this principle we must follow the path ~~on which we~~ <sup>are</sup> ~~now are,~~ <sup>on, which is</sup> to remove price and wage controls from the American economy in an orderly and <sup>sustainably</sup> durable way.

*Further*  
 A major requirement for adequate economic growth ~~in the future~~  
~~ahead~~ will be a high rate of savings available for private investment. The  
 savings required to finance development of new energy sources and the  
~~adaptation of our capital stock to new environmental standards~~ along with  
 normal investment in housing and in business plant and equipment will be  
 enormous. The least the Government can do to assist in this process would  
 be to avoid absorbing any of the country's saving in financing unnecessary  
 government deficits. There will be times <sup>when economic conditions</sup> ~~in the fluctuation of the economy~~  
~~make~~ <sup>when</sup> deficits are inevitable and helpful. But it should be our goal to  
 balance the budget when the economy is operating at a high level, and  
 preferably to run a surplus which will increase the funds available for  
 private investment.

2 There are two ways to keep the Federal budget in balance. One  
 is by holding expenditures under tight restraint; another is by raising taxes.  
 It is no longer possible to talk of keeping expenditures low. Expenditures  
 for next year will exceed \$300 billion, and they will undoubtedly be higher  
 in <sup>future</sup> ~~subsequent~~ years. But it is <sup>vital that we do all that we can to</sup> ~~possible and important to talk about checking~~  
 the growth of Federal spending, in order to avoid tax increases which  
 weaken the incentive to work and invest and which withdraw private funds  
 that could go into investments that would promote economic growth.



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The sheer arithmetic of the Federal budget is staggering. It crossed the \$100 ~~bill~~ billion mark in 19(62). It crossed the \$200 billion mark in 19(71). It will cross the \$300 billion ~~x~~ mark in <sup>1975</sup>~~19(75)~~. This is a tripling in just (13) years. And practically all of that, outside the defense portion, is in payment for the costs of programs enacted by past Congresses,

which have become what in budget jargon are called "uncontrollables" -- that is, programs in which ~~we~~ we have no discretion as the the level of expenditure; programs that establish entitlements according to law that simply have to ~~be~~ be paid as people become entitled to the services they represent.

If present trends continue, the budget will cross ~~the~~ the \$500 billion mark in 197\_\_ -- just \_\_ budgets from now.

One thing this very clearly means is that if we are to find the money for new programs to address new needs, we have got to weed out old programs that address old needs no longer urgent. We have got to get away from the habits of regarding any program once ~~a~~ established as somehow permanent and unassailable. We have got to be prepared to accept change in the way we spend our Federal dollars, just as we accept change in every ~~other~~ aspect of our national life.



In the course of any year, the most important choices to be made are those of which tasks should be addressed now and which addressed later. For we cannot do everything at once; and the most seductive siren-call in politics is the false promise that we can. If we heed that false promise, we attempt everything and accomplish nothing.

Common sense, and our common experience, teach us that this is true in our individual lives; it is equally true in the life of a nation.

In 1974, the time has come to place two items in particular high on our domestic agenda.

One of these is the establishment of a new national system of health insurance, to guard all American families against the ~~ravages of financial~~ financial ravages of catastrophic illness, and to ~~the~~ make the rising costs of even ordinary medical care bearable -- but to do this by building on the strengths of our private system of health care, not by ~~destroying~~ destroying that ~~the~~ system in order to ~~substitute~~ substitute Federal control at a staggering Federal cost.

(Health plan.)

The second matter of ~~the~~ particular urgency in 1974 is to make ~~the~~ dramatic further progress in rationalizing our nation's transportation system.

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~~transportation~~ --my  
for Transportation System  
invented.

Present regulatory patterns are rooted in the days, before trucks and airplanes and buses had even been of railroad monopoly -- yet today one of the principal facts of life, in terms of the nation's transportation system, is that the railroads are fighting for their continued existence as a part of that system. The old regulatory patterns are hopelessly outmoded, counterproductive and destructive in their effect. It can be fairly be said that ~~because~~ because of this, government is killing the railroads -- whereas in any reasonable pattern of public policy, the national interest requires that we save the railroads.

It is vital that we loosen the reins of this regulation, that we modernize it, to meet modern conditions, and also that we recognize the importance of mass transit as part of an integrated transportation system. Separate financing of highways and mass transit has led to an overemphasis on highways and a starving of mass transit facilities -- and ironically, those who have suffered have been not only the users of mass transit, but users of the highways too. Every passenger who takes the ~~bus~~ subway instead of his car not only saves fuel; he also lessens congestion on our crowded streets, eases traffic pile-ups, and lessens the need for new highway <sup>and maintenance</sup> construction. Thus those who benefit from mass transit construction are not only the mass transit riders, but drivers of cars and trucks as well -- and so it makes sense to allow

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the Highway Trust Fund to be used both for highways and for mass transit.

Thus, I shall propose legislation both to update our regulatory practices and so unshackle the nation's railroads from the stifling hand of government, and ~~xxx~~ also to create *a single, comprehensive urban transportation assistance fund* ~~a Single Urban Fund~~ rather than the restricted highway trust fund we now have.



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The oil boycott has demonstrated dramatically the need for the United States to move ~~&~~ vigorously forward toward energy self-sufficiency; but at the same time, it has also demonstrated dramatically the interdependence of nations in an increasingly interdependent world.

In the past five years, we have laid a solid foundation for a structure of peace in the world; in the next three years, we must not only press forward with the building of that structure of peace; we must also lay alongside it <sup>an equally</sup> ~~the~~ solid foundation <sup>for</sup> of a structure of peaceful prosperity among the world's nations.

America can continue to prosper only in a world in which the complex interdependencies among nations are rationalized and recognized.

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INT &amp; C

~~We have been building a structure of peace; now~~  
~~we must move forward with the building, alongside it, of~~  
~~a structure of peaceful prosperity in the world.~~ We cannot  
be an island of prosperity in a sea of ~~xx~~ hostile rivalries;  
the world's nations are too interdependent, the world's  
economies too interconnected. Neither can any other nation  
find its way to a stable prosperity in isolation, or in  
conflict with its trading partners. *In That common need*  
*like the prospect for a common endeavor to meet that*  
~~We must have a world trade and monetary system~~ *need*  
that is fair to all, and that works -- and we must have a  
set of rules and procedures that are adhered to, that insulate  
the flow of vital materials from the rivalries of international  
politics.

(Pick up flanagan insert)

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As we look to the longer-term future, the  
prosperity of our economy will mean nothing; the abundance  
of energy will mean nothing; the quality of our social  
services will mean nothing; unless we succeed in maintaining  
the peace of the world.

insert  
A

This means that we must continue to maintain  
the strength of our defense establishment at a level sufficient  
to deter those who might be tempted by our weakness to break  
the peace.-- and in next year's budget I am asking \$\_\_ billion  
for defense, an increase of \$\_\_ billion over this year's  
expenditures. This is not waste, or extravagance; this repre-  
sents the vital sinew that enables us to keep the peace and  
to keep our freedom.

This means also that we must keep our alliances  
strong; that as we improve relations with those who have been  
our adversaries, we also draw closer the bonds of unity ~~among~~  
with those who have been our friends. ~~Toward this~~ Toward this  
end, we have been engaged in intensive discussions with our  
partners in Europe, and with Japan, with the objective of  
agreeing on a new and strengthened basis for partnership  
in the ~~xx~~ future. (Material on status of negotiations.)

Maintaining the peace also means drawing out  
the ~~poison~~ poison from those points of tension that have  
repeatedly threatened the world with war -- most particularly,  
and most urgently, from the Middle East. (Status.)



1  
used  
P-27

(if he gives the address on jan 22, will be 1st anniversary of lbj's death; if on jan 23, first anniversary of viet peace accord)

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Above all, the world's hopes for a lasting peace depend on continuing the momentum toward a more stable ~~xxxx~~ relationship ~~xx~~ between the United States and the Soviet Union.

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A year and a half ago, on May 28, 1972, -rom a small table in the Green Room of the Kremlin, I spoke directly to the people of the Soviet Union. -- <sup>he</sup> te first time a President of the United States had ever done so. In that address, I said:

"Through al l the page s of history, through all the centuries, the world's people have struggled to be free from fear, whether fear of the elements ~~of fear~~ or fear of hunger or fear of their own rulesrs or fear of their neighbors in other countries. And yet, time and again, people have vanquished the source of one fear only to fall prey to another.

"Let our goal now be a world free of fear. A world in which nation will no longer prey upon nation, <sup>in</sup> un which human energies will be turedned away from production for war and toward more production for peace, away from conquest

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and toward invention, development, creation. A world in which together we can establish that peace which is more than the absence of war, which enables man to pursue those higher goals that the spirit yearns for."

This, I believe, is what all of us want, more than anything else. In these past five years we have laid the foundation for such a peace. ~~There are still~~ In the next three years, I pledge to you the last ounce of devotion toward the continued building of such a peace.

