

Address Before a Joint Session of the Oklahoma State Legislature in Oklahoma City

March 16, 1982

I thank you for that genuine Oklahoma welcome. Governor Nigh, [Lieutenant] Governor Bernard, Speaker Draper, President York, the minority leaders, the distinguished members of the legislature, and honored guests:

Before I begin my planned remarks this morning, I would like to speak again to the question of controlling nuclear arms, a subject of deep concern to all Americans, to our allies, and to the people of the world. The hope of all men everywhere is peace -- peace not only for this generation but for generations to come. To preserve peace, to ensure it for the future, we must not just freeze the production of nuclear arms, we must reduce the exorbitant level that already exists.

Those who are serious about peace, those who truly abhor the potential for nuclear destruction must begin an undertaking for real arms reduction. President Brezhnev has proposed a unilateral moratorium on further deployment of SS - 20 missiles in Western Europe. Well, I say today, as I said yesterday, and as I made clear on November 18th, a freeze simply isn't good enough, because it doesn't go far enough. We must go beyond a freeze.

Let's consider some facts about the military balance in Europe. The Soviet Union now has 300 brand new SS - 20 missiles with 900 warheads deployed. All can hit targets anywhere in Western Europe. NATO has zero land-based missiles which can hit the U.S.S.R.

When President Brezhnev offers to stop deployments in Western Europe, he fails to mention that these are mobile missiles. It doesn't matter where you put them, since you can move them anywhere you want, including back to Western Europe. And even if east of the Urals, they could still target most of Western Europe.

Our proposal, now on the table in Geneva, is that we not deploy any of the intermediate missiles in Europe, in exchange for Soviet agreement to dismantle what they now have there. And that's fair. That is zero on both sides. And if President Brezhnev is serious about real arms control -- and I hope he is -- he will join in real arms reduction.

Now, I come to you today as an American who shares many of the values for which Oklahomans are known. No other State better exemplifies the American experience than does Oklahoma. People from all over the world came here to claim a bit of land -- their part of America -- and to make a new life. These people confronted the most undeveloped country known to man with optimism, self-pride, and rugged independence.

Edna Ferber's epic "Cimarron" captured this spirit when her hero proclaimed, "Here everything's fresh. It's all to do, and we can do it. There's never been a chance like it in the world."

We can make an . . . empire out of this Oklahoma country. . . ." Well, this is the vitality that captured the imagination of the world; it's the fabric of which Oklahoma and America are made.

The people who settled here not only endured, they triumphed. Some who've never lived in this State often wonder why, with a population of only 3 million, you can produce such great football teams. [Laughter] Well, after overcoming tornadoes, floods, drought, and Oklahoma winters, totin' a ball down a field a hundred yards just isn't such a hard job, even if there are 11 guys in front of you trying to stop you. [Laughter]

Standing here today, it's easy to forget the pessimism -- so uncharacteristic of America -- that swept this country only a short while ago. Two decades of economic folly had brought our people to the edge of despair.

In the closing months of 1980, our once-proud economy was gasping for breath. Inflation had been running at double-digit levels for 2 consecutive years, with no relief in sight. At the same time, unemployment was near 8 million. The savings rate had plummeted to the lowest of any industrial country, and interest rates were the highest that they'd been since the War Between the States -- 21½ percent.

The very character traits that built our country were under attack as never before. Instead of job-creating investment, people put their money into nonproductive inflation hedges. And who could blame them? High taxes and inflation, meanwhile, undermined the incentive to work or save. Quick deals became safer than long-term, economy-building projects.

Oklahoma's State motto, "Labor Conquers All Things," is right on target. Yet, in the last two decades, the last thing our system encouraged was labor progress. And progress ground to a halt.

We couldn't have stayed on the path we were on. You know it, and I know it. With some fine bipartisan cooperation in the Congress, including most of Oklahoma's congressional delegation, we've charted a course that will lead to a better life for all Americans. We've come a long way already.

Federal growth is being brought under control. And with the backing of Republicans and concerned Democrats from Oklahoma, we have cut the rate of annual growth in spending nearly in half.

Ever increasing taxation was bleeding the economy dry. But we've set in place a 3-year tax reduction program that will, if we've got the courage to stick with it, give new life to the economy.

Vice President Bush is directing an energetic attack on excessive Federal regulation that strangles progress at every turn. Already, the number of new pages in the Federal Register, the book which lists new regulations, has been cut by a third. Two hundred million hours of filling out Federal forms and records by individuals, businesses, local officials, and State employees will be eliminated this year. That's the equivalent to 95,000 people working on redtape 40 hours a week for the entire year.

May I pause just a second to interject a little experience of my own that I knew about before I got there -- I got to do something if it still is going on. But just to show you how ridiculous things can be, there was a fellow there whose job was sitting in a particular department, and all the papers came to his desk. And he looked at them and then initialed them and routed them on to the particular area that they should go to. And one day a classified paper arrived there, but it came to his desk so he looked at it, figured out where it should go, put on his initials, and sent it on its way. Two days later it arrived back at his desk. The note with it said, "You were not supposed to see this. Erase your initials and initial the erasure." [Laughter]

But we think the fundamental problems have been addressed, and the gloom and doomers notwithstanding, our country is ready to move into high gear. Two years ago the American people seemed resigned to high levels of inflation, even during economic downturns. It was called stagflation. Last year we were able to bring the inflation rate down to an annual rate of 8.9 percent and an average of 4.8 percent for the last 3 months. And last month, it was only 3 1/2 percent. Now that drop in inflation meant that an average family of four in Oklahoma with an income of \$22,600 was better off by \$701 in purchasing power. Now this year, even more purchasing power will be saved. In short, we're well on our way to licking inflation, and that's the first big step toward getting the economy back on its feet.

Furthermore, the savings picture is looking better and our main incentives are just coming on line. The interest rates are, of course, significant. Some would have you believe that high interest rates are a policy of this administration. Well, let's set the record straight on that. We inherited those interest rates, rates which were, as I said, running over 21 percent. We've decreased them by more than one-fifth, and that downward trend should continue. We're getting interest rates down, but what we will not do is resort to a quick fix that might unleash runaway inflation again.

Clearly, unemployment remains far too high in too much of the country. Not here. Returning America to steady economic growth is the answer, not quick fixes. And that's what our program is all about, and it will work if we give it time to take hold.

I know how frustrating these times are for so many who are living right on the ragged edge. I grew up in a family in the Great Depression that felt the pain of economic downturns. I saw what unemployment at that time did to my own father. Today, all of us must remain conscious of the suffering behind the statistics. This realization should give us the resolve to get to the heart of our economic ills.

One area of justifiable concern is the deficit. And believe me, we take it as seriously as any problem facing us. But let's recognize why such a huge deficit is projected. It is not, as some would have you believe, a product of our tax cuts. Our program went into effect October 1st, but the American people have yet to experience any real cut in their taxes. So far, we've simply decreased the size of the already scheduled tax increases that were passed in 1977.

During the last 20 years, just about any interest group with a high-sounding purpose and enough funds to hire a lobbyist was able to wangle a commitment of some kind from the Federal Government. Many on Capitol Hill were like that gal in the musical "Oklahoma" who just couldn't say no. [Laughter] The big spenders of the last two decades got us in a terrible fix by

committing us to finance too many things we just can't afford. They always started easy, like a dollar down and pay later, and pay we did. And that's where this deficit came from.

The answer, of course, is reducing government spending. And to that end, I'll talk to anyone with constructive suggestions. I hope to cooperate with the Congress to achieve this. But my first and foremost responsibility is to the American people who are still suffering from the failed policies of the past.

However, let me say this. Bringing down the Federal deficit cannot take priority over the security of the United States. The top priority of the Federal Government is the safety of this country. If the choice must be made between balancing the budget -- and I want to do that -- or national security, I must come down on the side of national security.

Now, I know there are some who disagree with that and what we're doing. But they don't have the information that goes with having this job. I would be irresponsible if I did not present a budget that would restore our ability to defend ourselves.

Another controversial decision was the decontrol of oil. One Senator -- and not from Oklahoma -- predicted that gasoline prices would top out at \$2 a gallon because of that action. Other shrill voices crying doom were heard. Some of the media gleefully reported charges that we were contributing to inflation. But as Mark Twain once said of his reported death, it was greatly exaggerated. As you know, none of the catastrophic predictions came true.

Decontrol set off a stampede of exploration. Right here in Oklahoma, you've set a record for the number of rigs -- 881 -- drilling for new oil and gas last year. Maybe that's why unemployment is lower here than just about anywhere in the country. For the first time in a decade, the oil production of the lower 48 States did not significantly decline last year, and there are signs that production is increasing thanks to our reliance on the "magic of the market."

The last administration's moral equivalent of war, which depended on government planning, bureaucracy, and regulation, gave us higher prices and shortages. Decontrol unleashed the competitive powers of the marketplace and gave us more supply, more conservation, and lower prices. We've reduced our imports by nearly half.

Those who credit the world oil glut for stable energy prices miss the point. Unleashing our domestic oil industry and continued conservation by the American people have helped create this favorable world energy situation.

Oil control -- or decontrol, was just a first step; other energy issues remain. The phase-in of complete decontrol of natural gas is one. I believe that, ultimately, decontrol would be good for the American people. In the meantime, we plan to move forward with the elimination of energy and the Energy Department and to further reduce the regulatory burden on energy producers.

One issue which required compromise, perhaps more than I'd have liked, was the windfall profits tax. Political reality prevented its elimination, but let me point out that our tax reform package, with the strong support of Senator Don Nickels and others in your delegation, did eliminate this

tax for a great many royalty owners and independent producers. And there are 200,000 royalty owners and 5,000 independent producers running 66,000 stripper wells in the State of Oklahoma alone.

While we're talking about taxes, I'd like to mention a tax that I've always considered especially repugnant. It severely threatens survival of the family farm and the family-owned business. We didn't get the inheritance tax totally abolished, but I am proud to say that our tax bill did eliminate the inheritance tax for surviving spouses and raised the exemption on farms from \$175,000 to \$600,000 by 1987.

Now, few if any have been harder hit by the cost-price squeeze than American farmers. I am happy that we have helped stabilize their energy costs, and we're doing our best to open new markets for their products. The last thing they need is a tax that prevents them from passing on their farms to their family. I applaud your efforts to rid your State of this onerous tax on widows and farming families.

Washington has been on a several-decade taxing spree, usurping tax sources that might better be left to local and State governments. In the last 5 years, between 1976 and 1981, Federal taxes doubled, and Federal deficits increased to almost record levels.

One of your native sons, Will Rogers, had a lot to say about taxes. If he were alive today, one wonders what he would think, considering that he said that taxes were too high back in the 1930's. He said, "Lord, the money we do spend on government." And Will said, "It's not one bit better than the government we got for one-third the money 20 years ago." [Laughter] Well, this is once we can really say, "You can say that again."

The tax increase of these last 20 years, however, is a symptom of a far greater problem than Will Rogers knew. During the last two decades, we witnessed a centralization of power and authority totally alien to the American way. It has undermined the system of checks and balances and the division of powers that have long protected the freedom of our people.

Today, our citizens are far removed from those who make decisions that dramatically affect their lives. Often individuals are confronted with edicts issued thousands of miles away by people for whom no one has ever voted. This isn't freedom. It is not democracy. And it does not work.

The time is long overdue for honest men and women at all levels of government to begin a dialog about reversing this power flow. We must bring government back to the people.

Now, this is not a partisan issue, although some would use that tactic in order to distract us from our task. I believe that those who try to undercut or ignore this issue do so at their own peril. The people are justifiably frustrated and angry. A few years ago, they felt the same way about taxes. When the politicians didn't act, grassroots activity -- like Proposition 13 in California and Proposition 2 1/2 in Massachusetts -- swept across America.

Undoubtedly, there are those who honestly believe that it's better to centralize power in Washington. They theorize that central planning is more efficient. With all due respect to that

opinion, after nearly half a century of big government waste and blundering, it's kind of hard to take their argument seriously.

Others who oppose a transfer of authority back to the States claim the States are unable or unwilling to handle the responsibility. But isn't this just a nice way of saying that State governments are filled with heartless incompetence?

During my years as Governor of California, I found State and local government to be in the hands of conscientious people who are certainly more in tune with the desires and needs of local citizens than the Federal Government, 3,000 miles away, could possibly be, no matter how compassionate and well-intentioned it might be.

The argument, of course, is also made that it's easier to affect the Congress than a State legislature, that Congress is more responsive, or so they say. Well, that seems rather odd. It suggests that influencing 535 elected officials in Washington -- men and women who must be concerned about the entire country -- is easier than getting the attention of 149 legislators in Oklahoma City.

Well, after listening to that, one gets the impression that someone isn't being candid. Perhaps some oppose federalism not because the States are incompetent, but because they're too efficient; not because they're unresponsive, but because they're too responsible.

The truth may be that special interest groups enjoy dealing with unelected officials with the power to hand out tax money -- officials far removed from localities, and all collected in one place, not in 50. It's the lack of responsiveness to the people paying the bill that makes this relationship with the Federal bureaucracy so attractive.

I believe that given the resources and flexibility, the State and local governments can more efficiently handle programs that have rightfully belonged under their authority all along.

Working out details for such a change of direction is never easy. Perhaps a starting point for the dialog can be the broad proposal that I outlined during my State of the Union message. Briefly, it suggests the transfer of 45 categorical programs to the States, along with the funding sources and authority to manage them. The list includes everything from education to community development, from transportation to social services.

What I've described as the centerpiece of the federalism initiative is the almost dollar-for-dollar swap of the two largest areas of welfare. The Federal Government would take on the cost of Medicaid and, in exchange, the States would assume the responsibility and authority for Aid to Families with Dependent Children and food stamps.

Now, this suggestion seems more than fair, considering that Medicaid's expected high growth is so great that AFDC and food stamps, on the other hand, which will not increase so quickly, will allow more of your tax resources to be devoted to that as time goes on. Now, we don't claim this proposal is perfect. Two centuries ago, Samuel Johnson, one of the wisest English philosophers

of his day, observed that ``Nothing will ever be attempted if all possible objections must first be overcome."

Our federalism plan is not airtight or infallible; it is designed to serve as a basis for discussion. We can certainly work out the details and meet the concerns that you may have here in Oklahoma. Already, I've met with a host of State and local officials, and much to the pundits' surprise, our meetings have been frank and productive. Mayor Jim Inhofe of Tulsa has been especially supportive. I look forward to working with Jim and with other Oklahomans during this sorting-out process, so that what is finally submitted is not my plan but is, instead, our plan.

Those who sincerely doubt that States have the capability to reassume their rightful role often point to incidents of mistakes or corruption uncovered at the State level. Well, I suggest that such disclosures and subsequent corrections are evidence that the system is working. When all you're hearing is good news, that's the time you should start to worry and wonder.

Certainly, taking government further away from the people is no solution. Instead, we must tap the innovation and creativity of our people that is just waiting to be brought into play. I can think of few better States that demonstrate America's potential than Oklahoma.

Recently, when Federal funds were cut for a glass-enclosed botanical garden in Oklahoma City, private business rushed forward with more than \$5 million to complete the project. One of your Congressmen, Mickey Edwards, has told me about the Opportunities Industrialization Center, a former CETA program now generating private support in order to provide training for those who lack marketable skills.

That Oklahomans are willing to shoulder the cost of worthwhile programs is no surprise. Helping one another is instinctive in a frontier State. Your programs relating to the elderly, like the Foster Grandparents and the RSVP programs, are especially praiseworthy in this regard.

My friend from California, Bill Banowski, can't say enough good things about you folks. Recently you've raised almost \$65 million, mostly from the private sector, to be used for an energy center at the University of Oklahoma. Upon completion, it will make that university a world leader in energy-related study. Similarly, Oklahoma State University is known for its outstanding contributions to the science of agriculture. In these two areas of utmost importance to the well-being of America -- energy and agriculture -- Oklahoma is setting the pace.

There are those who claim the spirit that built America is dead. They suggest that the traditional values of family, of neighbor helping neighbor, of pride in work and country are things of the past. Well, let them look to Oklahoma.

I appreciate having this opportunity to speak with you during the 75th year of your statehood. And it's not true that I was in the original land rush. [Laughter] I don't get too many chances to be around someone or something that's older than I am. [Laughter]

Your parents and grandparents knew that statehood was something of which to be proud. They weren't satisfied with being a territory of the Federal Government, and I don't think that you are

either. Working together, and with God's help, we can rebuild a Federal system created by proud and independent pioneers. Together we can ensure that our children can be just as proud, independent, and free as those who came before us -- free in this federation of sovereign States.

Thank you, and God bless you.

Note: The President spoke at 11:05 a.m. in the Capitol.

Following his address, the President returned to the Skirvin Hotel, where he spoke by phone with Governors William G. Milliken of Michigan and James A. Rhodes of Ohio, whose States have been affected recently by severe storms and flooding. The flood area includes portions of southern Michigan, northern Ohio, and northern Indiana.

On departing Oklahoma, Air Force One flew over Bartlesville so that the President could view the damage caused by tornadoes which struck the area the previous day. The President then stopped in Fort Wayne, Ind., where he was met by Ohio Governor Rhodes, Governor Robert D. Orr of Indiana, and Mayor Winfield Moses of Fort Wayne. The President visited several sites in the flood area and spoke with local residents. He then returned to Washington and arrived at the White House late in the afternoon.