

John Fitzgerald Kennedy (1917-1963)

Annual Message to the Congress on the State of the Union

given in person before a joint session on January 14, 1963

Mr. Vice President, Mr. Speaker, Members of the 88th Congress:

I congratulate you all--not merely on your electoral victory but on your selected role in history. For you and I are privileged to serve the great Republic in what could be the most decisive decade in its long history. The choices we make, for good or ill, may well shape the state of the Union for generations yet to come.

5 Little more than 100 weeks ago I assumed the office of President of the United States. In seeking the help of the Congress and our countrymen, I pledged no easy answers. I pledged--and asked--only toil and dedication. These the Congress and the people have given in good measure. And today, having witnessed in recent months a heightened respect for our national purpose and power--having seen the courageous calm of a united people in a perilous hour--and having observed a steady improvement in the opportunities and well-being of our citizens--I can report to you that the
10 state of this old but youthful Union, in the 175th year of its life, is good.

In the world beyond our borders, steady progress has been made in building a world of order. The people of West Berlin remain both free and secure. A settlement, though still precarious, has been reached in Laos. The spearpoint of aggression has been blunted in Viet-Nam. The end of agony may be in sight in the Congo. The doctrine of troika is dead. And, while danger continues, a deadly threat has been removed in Cuba.

15 At home, the recession is behind us. Well over a million more men and women are working today than were working 2 years ago. The average factory workweek is once again more than 40 hours; our industries are turning out more goods than ever before; and more than half of the manufacturing capacity that lay silent and wasted 100 weeks ago is humming with activity.

In short, both at home and abroad, there may now be a temptation to relax. For the road has been long, the burden
20 heavy, and the pace consistently urgent.

But we cannot be satisfied to rest here. This is the side of the hill, not the top. The mere absence of war is not peace. The mere absence of recession is not growth. We have made a beginning--but we have only begun.

Now the time has come to make the most of our gains--to translate the renewal of our national strength into the achievement of our national purpose.

25 II.

America has enjoyed 22 months of uninterrupted economic recovery. But recovery is not enough. If we are to prevail in the long run, we must expand the long-run strength of our economy. We must move along the path to a higher rate of growth and full employment.

For this would mean tens of billions of dollars more each year in production, profits, wages, and public revenues. It
30 would mean an end to the persistent slack which has kept our unemployment at or above 5 percent for 61 out of the past 62 months--and an end to the growing pressures for such restrictive measures as the 35-hour week, which alone could increase hourly labor costs by as much as 14 percent, start a new wage-price spiral of inflation, and undercut our efforts to compete with other nations.

To achieve these greater gains, one step, above all, is essential--the enactment this year of a substantial reduction and
35 revision in Federal income taxes.

For it is increasingly clear--to those in Government, business, and labor who are responsible for our economy's success--that our obsolete tax system exerts too heavy a drag on private purchasing power, profits, and employment. Designed to check inflation in earlier years, it now checks growth instead. It discourages extra effort and risk. It distorts the use of resources. It invites recurrent recessions, depresses our Federal revenues, and causes chronic budget
40 deficits.

Now, when the inflationary pressures of the war and the post-war years no longer threaten, and the dollar commands new respect--now, when no military crisis strains our resources--now is the time to act. We cannot afford to be timid or

slow. For this is the most urgent task confronting the Congress in 1963.

In an early message, I shall propose a permanent reduction in tax rates which will lower liabilities by \$13.5 billion. Of
45 this, \$11 billion results from reducing individual tax rates, which now range between 20 and 91 percent, to a more
sensible range of 14 to 65 percent, with a split in the present first bracket. Two and one-half billion dollars results
from reducing corporate tax rates, from 52 percent--which gives the Government today a majority interest in profits--to
the permanent pre-Korean level of 47 percent. This is in addition to the more than \$2 billion cut in corporate tax
liabilities resulting from last year's investment credit and depreciation reform.

50 To achieve this reduction within the limits of a manageable budgetary deficit, I urge: first, that these cuts be phased
over 3 calendar years, beginning in 1963 with a cut of some \$6 billion at annual rates; second, that these reductions be
coupled with selected structural changes, beginning in 1964, which will broaden the tax base, end unfair or
unnecessary preferences, remove or lighten certain hardships, and in the net offset some \$3.5 billion of the revenue
loss; and third, that budgetary receipts at the outset be increased by \$1.5 billion a year, without any change in tax
55 liabilities, by gradually shifting the tax payments of large corporations to a . more current time schedule. This
combined program, by increasing the amount of our national income, will in time result in still higher Federal
revenues. It is a fiscally responsible program--the surest and the soundest way of achieving in time a balanced budget
in a balanced full employment economy.

This net reduction in tax liabilities of \$10 billion will increase the purchasing power of American families and
60 business enterprises in every tax bracket, with greatest increase going to our low-income consumers. It will, in
addition, encourage the initiative and risk-taking on which our free system depends--induce more investment,
production, and capacity use--help provide the 2 million new jobs we need every year--and reinforce the American
principle of additional reward for additional effort.

I do not say that a measure for tax reduction and reform is the only way to achieve these goals.

65 --No doubt a massive increase in Federal spending could also create jobs and growth--but, in today's setting, private
consumers, employers, and investors should be given a full opportunity first.

--No doubt a temporary tax cut could provide a spur to our economy--but a long run problem compels a long-run
solution.

70 --No doubt a reduction in either individual or corporation taxes alone would be of great help--but corporations need
customers and job seekers need jobs.

--No doubt tax reduction without reform would sound simpler and more attractive to many--but our growth is also
hampered by a host of tax inequities and special preferences which have distorted the flow of investment.

75 --And, finally, there are no doubt some who would prefer to put off a tax cut in the hope that ultimately an end to the
cold war would make possible an equivalent cut in expenditures--but that end is not in view and to wait for it would be
costly and self-defeating.

In submitting a tax program which will, of course, temporarily increase the deficit but can ultimately end it--and in
recognition of the need to control expenditures--I will shortly submit a fiscal 1964 administrative budget which, while
allowing for needed rises in defense, space, and fixed interest charges, holds total expenditures for all other purposes
below this year's level.

80 This requires the reduction or postponement of many desirable programs, the absorption of a large part of last year's
Federal pay raise through personnel and other economies, the termination of certain installations and projects, and the
substitution in several programs of private for public credit. But I am convinced that the enactment this year of tax
reduction and tax reform overshadows all other domestic problems in this Congress. For we cannot for long lead the
cause of peace and freedom, if we ever cease to set the pace here at home.

85 III.

Tax reduction alone, however, is not enough to strengthen our society, to provide opportunities for the four million
Americans who are born every year, to improve the lives of 32 million Americans who live on the outskirts of
poverty.

The quality of American life must keep pace with the quantity of American goods.

90 This country cannot afford to be materially rich and spiritually poor.

Therefore, by holding down the budgetary cost of existing programs to keep within the limitations I have set, it is both possible and imperative to adopt other new measures that we cannot afford to postpone.

These measures are based on a series of fundamental premises, grouped under four related headings:

First, we need to strengthen our Nation by investing in our youth:

95 --The future of any country which is dependent upon the will and wisdom of its citizens is damaged, and irreparably damaged, whenever any of its children is not educated to the full extent of his talent, from grade school through graduate school. Today, an estimated 4 out of every 10 students in the 5th grade will not even finish high school--and that is a waste we cannot afford.

--In addition, there is no reason why one million young Americans, out of school and out of work, should all remain
100 unwanted and often untrained on our city streets when their energies can be put to good use.

--Finally, the overseas success of our Peace Corps volunteers, most of them young men and women carrying skills and ideas to needy people, suggests the merit of a similar corps serving our own community needs: in mental hospitals, on Indian reservations, in centers for the aged or for young delinquents, in schools for the illiterate or the handicapped. As the idealism of our youth has served world peace, so can it serve the domestic tranquility.

105 Second, we need to strengthen our Nation by safeguarding its health:

--Our working men and women, instead of being forced to beg for help from public charity once they are old and ill, should start contributing now to their own retirement health program through the Social Security System.

--Moreover, all our miracles of medical research will count for little if we cannot reverse the growing nationwide shortage of doctors, dentists, and nurses, and the widespread shortages of nursing homes and modern urban hospital
110 facilities. Merely to keep the present ratio of doctors and dentists from declining any further, we must over the next 10 years increase the capacity of our medical schools by 50 percent and our dental schools by 100 percent.

--Finally, and of deep concern, I believe that the abandonment of the mentally ill and the mentally retarded to the grim mercy of custodial institutions too often inflicts on them and on their families a needless cruelty which this Nation should not endure. The incidence of mental retardation in this country is three times as high as that of Sweden, for
115 example--and that figure can and must be reduced.

Third, we need to strengthen our Nation by protecting the basic rights of its citizens:

--The right to competent counsel must be assured to every man accused of crime in Federal court, regardless of his means.

--And the most precious and powerful right in the world, the right to vote in a free American election, must not be
120 denied to any citizen on grounds of his race or color. I wish that all qualified Americans permitted to vote were willing to vote, but surely in this centennial year of Emancipation all those who are willing to vote should always be permitted.

Fourth, we need to strengthen our Nation by making the best and the most economical use of its resources and facilities:

125 --Our economic health depends on healthy transportation arteries; and I believe the way to a more modern, economical choice of national transportation service is through increased competition and decreased regulation. Local mass transit, faring even worse, is as essential a community service as hospitals and highways. Nearly three-fourths of our citizens live in urban areas, which occupy only 2 percent of our land--and if local transit is to survive and relieve the congestion of these cities, it needs Federal stimulation and assistance.

130 --Next, this Government is in the storage and stockpile business to the melancholy tune of more than \$ 16 billion. We must continue to support farm income, but we should not pile more farm surpluses on top of the \$7.5 billion we already own. We must maintain a stockpile of strategic materials, but the \$8.5 billion we have acquired--for reasons

both good and bad--is much more than we need; and we should be empowered to dispose of the excess in ways which will not cause market disruption.

135 --Finally, our already overcrowded national parks and recreation areas will have twice as many visitors 10 years from now as they do today. If we do not plan today for the future growth of these and other great natural assets--not only parks and forests but wildlife and wilderness preserves, and water projects of all kinds--our children and their children will be poorer in every sense of the word.

These are not domestic concerns alone. For upon our achievement of greater vitality and strength here at home hang
140 our fate and future in the world: our ability to sustain and supply the security of free men and nations, our ability to command their respect for our leadership, our ability to expand our trade without threat to our balance of payments, and our ability to adjust to the changing demands of cold war competition and challenge.

We shall be judged more by what we do at home than by what we preach abroad. Nothing we could do to help the developing countries would help them half as much as a booming U.S. economy. And nothing our opponents could do
145 to encourage their own ambitions would encourage them half as much as a chronic lagging U.S. economy. These domestic tasks do not divert energy from our security--they provide the very foundation for freedom's survival and success,

IV.

Turning to the world outside, it was only a few years ago--in Southeast Asia, Africa, Eastern Europe, Latin America,
150 even outer space--that communism sought to convey the image of a unified, confident, and expanding empire, closing in on a sluggish America and a free world in disarray. But few people would hold to that picture today.

In these past months we have reaffirmed the scientific and military superiority of freedom. We have doubled our efforts in space, to assure us of being first in the future. We have undertaken the most far-reaching defense improvements in the peacetime history of this country. And we have maintained the frontiers of freedom from Viet-
155 Nam to West Berlin.

But complacency or self-congratulation can imperil our security as much as the weapons of tyranny. A moment of pause is not a promise of peace. Dangerous problems remain from Cuba to the South China Sea. The world's prognosis prescribes, in short, not a year's vacation for us, but a year of obligation and opportunity.

Four special avenues of opportunity stand out: the Atlantic Alliance, the developing nations, the new Sino-Soviet
160 difficulties, and the search for worldwide peace.

V.

First, how fares the grand alliance? Free Europe is entering into a new phase of its long and brilliant history. The era of colonial expansion has passed; the era of national rivalries is fading; and a new era of interdependence and unity is taking shape. Defying the old prophecies of Marx, consenting to what no conqueror could ever compel, the free
165 nations of Europe are moving toward a unity of purpose and power and policy in every sphere of activity.

For 17 years this movement has had our consistent support, both political and economic. Far from resenting the new Europe, we regard her as a welcome partner, not a rival. For the road to world peace and freedom is still long, and there are burdens which only full partners can share--in supporting the common defense, in expanding world trade, in aligning our balance of payments, in aiding the emergent nations, in concerting political and economic policies, and in
170 welcoming to our common effort other industrialized nations, notably Japan, whose remarkable economic and political development of the 1950's permits it now to play on the world scene a major constructive role.

No doubt differences of opinion will continue to get more attention than agreements on action, as Europe moves from independence to more formal interdependence. But these are honest differences among honorable associates--more real and frequent, in fact, among our Western European allies than between them and the United States. For the unity
175 of freedom has never relied on uniformity of opinion. But the basic agreement of this alliance on fundamental issues continues.

The first task of the alliance remains the common defense. Last month Prime Minister Macmillan and I laid plans for a new stage in our long cooperative effort, one which aims to assist in the wider task of framing a common nuclear defense for the whole alliance.

180 The Nassau agreement recognizes that the security of the West is indivisible, and so must be our defense. But it also recognizes that this is an alliance of proud and sovereign nations, and works best when we do not forget it. It recognizes further that the nuclear defense of the West is not a matter for the present nuclear powers alone--that France will be such a power in the future--and that ways must be found without increasing the hazards of nuclear diffusion, to increase the role of our other partners in planning, manning, and directing a truly multilateral nuclear force within an increasingly intimate NATO alliance. Finally, the Nassau agreement recognizes that nuclear defense is not enough, that the agreed NATO levels of conventional strength must be met, and that the alliance cannot afford to be in a position of having to answer every threat with nuclear weapons or nothing.

We remain too near the Nassau decisions, and too far from their full realization, to know their place in history. But I believe that, for the first time, the door is open for the nuclear defense of the alliance to become a source of confidence, instead of a cause of contention.

The next most pressing concern of the alliance is our common economic goals of trade and growth. This Nation continues to be concerned about its balance-of-payments deficit, which, despite its decline, remains a stubborn and troublesome problem. We believe, moreover, that closer economic ties among all free nations are essential to prosperity and peace. And neither we nor the members of the European Common Market are so affluent that we can long afford to shelter high cost farms or factories from the winds of foreign competition, or to restrict the channels of trade with other nations of the free world. If the Common Market should move toward protectionism and restrictionism, it would undermine its, own basic principles. This Government means to use the authority conferred on it last year by the Congress to encourage trade expansion on both sides of the Atlantic and around the world.

VI,

200 Second, what of the developing and nonaligned nations? They were shocked by the Soviets' sudden and secret attempt to transform Cuba into a nuclear striking base--and by Communist China's arrogant invasion of India. They have been reassured by our prompt assistance to India, by our support through the United Nations of the Congo's unification, by our patient search for disarmament, and by the improvement in our treatment of citizens and visitors whose skins do not happen to be white. And as the older colonialism recedes, and the neocolonialism of the Communist powers stands out more starkly than ever, they realize more clearly that the issue in the world struggle is not communism versus capitalism, but coercion versus free choice.

They are beginning to realize that the longing for independence is the same the world over, whether it is the independence of West Berlin or Viet-Nam. They are beginning to realize that such independence runs athwart all Communist ambitions but is in keeping with our own--and that our approach to their diverse needs is resilient and resourceful, while the Communists are still relying on ancient doctrines and dogmas.

Nevertheless it is hard for any nation to focus on an external or subversive threat to its independence when its energies are drained in daily combat with the forces of poverty and despair. It makes little sense for us to assail, in speeches and resolutions, the horrors of communism, to spend \$50 billion a year to prevent its military advance--and then to begrudge spending, largely on American products, less than one-tenth of that amount to help other nations strengthen their independence and cure the social chaos in which communism always has thrived.

I am proud--and I think most Americans are proud--of a mutual defense and assistance program, evolved with bipartisan support in three administrations, which has, with all its recognized problems, contributed to the fact that not a single one of the nearly fifty U.N. members to gain independence since the Second World War has succumbed to Communist control.

220 I am proud of a program that has helped to arm and feed and clothe millions of people who live on the front lines of freedom.

I am especially proud that this country has put forward for the 60's a vast cooperative effort to achieve economic growth and social progress throughout the Americas--the Alliance for Progress.

I do not underestimate the difficulties that we face in this mutual effort among our close neighbors, but the free states of this hemisphere, working in close collaboration, have begun to make this alliance a living reality. Today it is feeding one out of every four school age children in Latin America an extra food ration from our farm surplus. It has distributed 1.5 million school books and is building 17,000 classrooms. It has helped resettle tens of thousands of farm families on land they can call their own. It is stimulating our good neighbors to more self-help and self-reform--fiscal, social, institutional, and land reforms. It is bringing new housing and hope, new health and dignity, to millions who

230 were forgotten. The men and women of this hemisphere know that the alliance cannot Succeed if it is only another name for United States handouts--that it can succeed only as the Latin American nations themselves devote their best effort to fulfilling its goals.

This story is the same in Africa, in the Middle East, and in Asia. Wherever nations are willing to help themselves, we stand ready to help them build new bulwarks of freedom. We are not purchasing votes for the cold war; we have gone
235 to the aid of imperiled nations, neutrals and allies alike. What we do ask--and all that we ask--is that our help be used to best advantage, and that their own efforts not be diverted by needless quarrels with other independent nations.

Despite all its past achievements, the continued progress of the mutual assistance program requires a persistent discontent with present performance. We have been reorganizing this program to make it a more effective, efficient instrument--and that process will continue this year.

240 But free world development will still be an uphill struggle. Government aid can only supplement the role of private investment, trade expansion, commodity stabilization, and, above all, internal self-improvement. The processes of growth are gradual--bearing fruit in a decade, not a day. Our successes will be neither quick nor dramatic. But if these programs were ever to be ended, our failures in a dozen countries would be sudden and certain.

Neither money nor technical assistance, however, can be our only weapon against poverty. In the end, the crucial
245 effort is one of purpose, requiring the fuel of finance but also a torch of idealism. And nothing carries the spirit of this American idealism more effectively to the far corners of the earth than the American Peace Corps.

A year ago, less than 900 Peace Corps volunteers were on the job. A year from now they will number more than 9,000--men and women, aged 18 to 79, willing to give 2 years of their lives to helping people in other lands.

There are, in fact, nearly a million Americans serving their country and the cause of freedom in overseas posts, a
250 record no other people can match. Surely those of us who stay at home should be glad to help indirectly; by supporting our aid programs; by opening our doors to foreign visitors and diplomats and students; and by proving, day by day, by deed as well as word, that we are a just and generous people.

VII.

Third, what comfort can we take from the increasing strains and tensions within the Communist bloc? Here hope must
255 be tempered with caution. For the Soviet-Chinese disagreement is over means, not ends. A dispute over how best to bury the free world is no grounds for Western rejoicing.

Nevertheless, while a strain is not a fracture, it is clear that the forces of diversity are at work inside the Communist camp, despite all the iron disciplines of regimentation and all the iron dogmatism's of ideology. Marx is proven wrong
260 once again: for it is the closed Communist societies, not the free and open societies which carry within themselves the seeds of internal disintegration.

The disarray of the Communist empire has been heightened by two other formidable forces. One is the historical force of nationalism--and the yearning of all men to be free. The other is the gross inefficiency of their economies. For a closed society is not open to ideas of progress--and a police state finds that it cannot command the grain to grow.

New nations asked to choose between two competing systems need only compare conditions in East and West
265 Germany, Eastern and Western Europe, North and South Viet-Nam. They need only compare the disillusionment of Communist Cuba with the promise of the Alliance for Progress. And all the world knows that no successful system builds a wall to keep its people in and freedom out--and the wall of shame dividing Berlin is a symbol of Communist failure.

VIII.

270 Finally, what can we do to move from the present pause toward enduring peace? Again I would counsel caution. I foresee no spectacular reversal in Communist methods or goals. But if all these trends and developments can persuade the Soviet Union to walk the path of peace, then let her know that all free nations will journey with her. But until that choice is made, and until the world can develop a reliable system of international security, the free peoples have no choice but to keep their arms nearby.

275 This country, therefore, continues to require the best defense in the world--a defense which is suited to the sixties. This means, unfortunately, a rising defense budget--for there is no substitute for adequate defense, and no "bargain

basement" way of achieving it. It means the expenditure of more than \$15 billion this year on nuclear weapons systems alone, a sum which is about equal to the combined defense budgets of our European Allies.

But it also means improved air and missile defenses, improved civil defense, a strengthened anti-guerrilla capacity and, of prime importance, more powerful and flexible nonnuclear forces. For threats of massive retaliation may not deter piecemeal aggression--and a line of destroyers in a quarantine, or a division of well-equipped men on a border, may be more useful to our real security than the multiplication of awesome weapons beyond all rational need.

But our commitment to national safety is not a commitment to expand our military establishment indefinitely. We do not dismiss disarmament as merely an idle dream. For we believe that, in the end, it is the only way to assure the security of all without impairing the interests of any. Nor do we mistake honorable negotiation for appeasement. While we shall never weary in the defense of freedom, neither shall we ever abandon the pursuit of peace.

In this quest, the United Nations requires our full and continued support. Its value in serving the cause of peace has been shown anew in its role in the West New Guinea settlement, in its use as a forum for the Cuban crisis, and in its task of unification in the Congo. Today the United Nations is primarily the protector of the small and the weak, and a safety valve for the strong. Tomorrow it can form the framework for a world of law--a world in which no nation dictates the destiny of another, and in which the vast resources now devoted to destructive means will serve constructive ends.

In short, let our adversaries choose. If they choose peaceful competition, they shall have it. If they come to realize that their ambitions cannot succeed--if they see their "wars of liberation" and subversion will ultimately fail--if they recognize that there is more security in accepting inspection than in permitting new nations to master the black arts of nuclear war--and if they are willing to turn their energies, as we are, to the great unfinished tasks of our own peoples--then, surely, the areas of agreement can be very wide indeed: a clear understanding about Berlin, stability in Southeast Asia, an end to nuclear testing, new checks on surprise or accidental attack, and, ultimately, general and complete disarmament.

IX.

For we seek not the worldwide victory of one nation or system but a worldwide victory of man. The modern globe is too small, its weapons are too destructive, and its disorders are too contagious to permit any other kind of victory.

To achieve this end, the United States will continue to spend a greater portion of its national production than any other people in the free world. For 15 years no other free nation has demanded so much of itself. Through hot wars and cold, through recession and prosperity, through the ages of the atom and outer space, the American people have never faltered and their faith has never flagged. If at times our actions seem to make life difficult for others, it is only because history has made life difficult for us all.

But difficult days need not be dark. I think these are proud and memorable days in the cause of peace and freedom. We are proud, for example, of Major Rudolf Anderson who gave his life over the island of Cuba. We salute Specialist James Allen Johnson who died on the border of South Korea. We pay honor to Sergeant Gerald Pendell who was killed in Viet-Nam. They are among the many who in this century, far from home, have died for our country. Our task now, and the task of all Americans is to live up to their commitment.

My friends: I close on a note of hope. We are not lulled by the momentary calm of the sea or the somewhat clearer skies above. We know the turbulence that lies below, and the storms that are beyond the horizon this year. But now the winds of change appear to be blowing more strongly than ever, in the world of communism as well as our own. For 175 years we have sailed with those winds at our back, and with the tides of human freedom in our favor. We steer our ship with hope, as Thomas Jefferson said, "leaving Fear astern."

Today we still welcome those winds of change--and we have every reason to believe that our tide is running strong. With thanks to Almighty God for seeing us through a perilous passage, we ask His help anew in guiding the "Good Ship Union."
(5336 words)

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