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Address Before a Joint Session of the Congress on the State of the Union

February 6, 1985

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

I come before you to report on the state of our Union, and I'm pleased to report that after 4 years of united effort, the American people have brought forth a nation renewed, stronger, freer, and more secure than before.

Four years ago we began to change, forever I hope, our assumptions about government and its place in our lives. Out of that change has come great and robust growth—in our confidence, our economy, and our role in the world.

Tonight America is stronger because of the values that we hold dear. We believe faith and freedom must be our guiding stars, for they show us truth, they make us brave, give us hope, and leave us wiser than we were. Our progress began not in Washington, DC, but in the hearts of our families, communities, workplaces, and voluntary groups which, together, are unleashing the invincible spirit of one great nation under God.

Four years ago we said we would invigorate our economy by giving people greater freedom and incentives to take risks and letting them keep more of what they earned. We did what we promised, and a great industrial giant is reborn.

Tonight we can take pride in 25 straight months of economic growth, the strongest in 34 years; a 3-year inflation average of 3.9 percent, the lowest in 17 years; and 7.3 million new jobs in 2 years, with more of our citizens working than ever before.

New freedom in our lives has planted the rich seeds for future success:

For an America of wisdom that honors the family, knowing that if [as] the family goes, so goes our civilization;

For an America of vision that sees tomorrow's dreams in the learning and hard work we do today;

For an America of courage whose service men and women, even as we meet, proudly

stand watch on the frontiers of freedom; For an America of compassion that opens its heart to those who cry out for help.

We have begun well. But it's only a beginning. We're not here to congratulate ourselves on what we have done but to challenge ourselves to finish what has not yet been done.

We're here to speak for millions in our inner cities who long for real jobs, safe neighborhoods, and schools that truly teach. We're here to speak for the American farmer, the entrepreneur, and every worker in industries fighting to modernize and compete. And, yes, we're here to stand, and proudly so, for all who struggle to break free from totalitarianism, for all who know in their hearts that freedom is the one true path to peace and human happiness.

Proverbs tell us, without a vision the people perish. When asked what great principle holds our Union together, Abraham Lincoln said: "Something in [the] Declaration giving liberty, not alone to the people of this country, but hope to the world for all future time."

We honor the giants of our history not by going back but forward to the dreams their vision foresaw. My fellow citizens, this nation is poised for greatness. The time has come to proceed toward a great new challenge—a second American Revolution of hope and opportunity; a revolution carrying us to new heights of progress by pushing back frontiers of knowledge and space; a revolution of spirit that taps the soul of America, enabling us to summon greater strength than we've ever known; and a revolution that carries beyond our shores the golden promise of human freedom in a world of peace.

Let us begin by challenging our conventional wisdom. There are no constraints on the human mind, no walls around the human spirit, no barriers to our progress except those we ourselves erect. Already, pushing down tax rates has freed our econo-

my to vault forward to record growth.

In Europe, they're calling it "the American Miracle." Day by day, we're shattering accepted notions of what is possible. When I was growing up, we failed to see how a new thing called radio would transform our marketplace. Well, today, many have not yet seen how advances in technology are transforming our lives.

In the late 1950's workers at the AT&T semiconductor plant in Pennsylvania produced five transistors a day for \$7.50 apiece. They now produce over a million for less than a penny apiece.

New laser techniques could revolutionize heart bypass surgery, cut diagnosis time for viruses linked to cancer from weeks to minutes, reduce hospital costs dramatically, and hold out new promise for saving human lives.

Our automobile industry has overhauled assembly lines, increased worker productivity, and is competitive once again.

We stand on the threshold of a great ability to produce more, do more, be more. Our economy is not getting older and weaker; it's getting younger and stronger. It doesn't need rest and supervision; it needs new challenge, greater freedom. And that word "freedom" is the key to the second American revolution that we need to bring about.

Let us move together with an historic reform of tax simplification for fairness and growth. Last year I asked Treasury Secretary—then—Regan to develop a plan to simplify the tax code, so all taxpayers would be treated more fairly and personal tax rates could come further down.

We have cut tax rates by almost 25 percent, yet the tax system remains unfair and limits our potential for growth. Exclusions and exemptions cause similar incomes to be taxed at different levels. Low-income families face steep tax barriers that make hard lives even harder. The Treasury Department has produced an excellent reform plan, whose principles will guide the final proposal that we will ask you to enact.

One thing that tax reform will not be is a tax increase in disguise. We will not jeopardize the mortgage interest deduction that families need. We will reduce personal tax rates as low as possible by removing many

tax preferences. We will propose a top rate of no more than 35 percent, and possibly lower. And we will propose reducing corporate rates, while maintaining incentives for capital formation.

To encourage opportunity and jobs rather than dependency and welfare, we will propose that individuals living at or near the poverty line be totally exempt from Federal income tax. To restore fairness to families, we will propose increasing significantly the personal exemption.

And tonight, I am instructing Treasury Secretary James Baker—I have to get used to saying that—to begin working with congressional authors and committees for bipartisan legislation conforming to these principles. We will call upon the American people for support and upon every man and woman in this Chamber. Together, we can pass, this year, a tax bill for fairness, simplicity, and growth, making this economy the engine of our dreams and America the investment capital of the world. So let us begin.

Tax simplification will be a giant step toward unleashing the tremendous pent-up power of our economy. But a second American revolution must carry the promise of opportunity for all. It is time to liberate the spirit of enterprise in the most distressed areas of our country.

This government will meet its responsibility to help those in need. But policies that increase dependency, break up families, and destroy self-respect are not progressive; they're reactionary. Despite our strides in civil rights, blacks, Hispanics, and all minorities will not have full and equal power until they have full economic power.

We have repeatedly sought passage of enterprise zones to help those in the abandoned corners of our land find jobs, learn skills, and build better lives. This legislation is supported by a majority of you.

Mr. Speaker, I know we agree that there must be no forgotten Americans. Let us place new dreams in a million hearts and create a new generation of entrepreneurs by passing enterprise zones this year. And, Tip, you could make that a birthday present. *[Laughter]*

Nor must we lose the chance to pass our

youth employment opportunity wage proposal. We can help teenagers, who have the highest unemployment rate, find summer jobs, so they can know the pride of work and have confidence in their futures.

We'll continue to support the Job Training Partnership Act, which has a nearly two-thirds job placement rate. Credits in education and health care vouchers will help working families shop for services that they need.

Our administration is already encouraging certain low-income public housing residents to own and manage their own dwellings. It's time that all public housing residents have that opportunity of ownership.

The Federal Government can help create a new atmosphere of freedom. But States and localities, many of which enjoy surpluses from the recovery, must not permit their tax and regulatory policies to stand as barriers to growth.

Let us resolve that we will stop spreading dependency and start spreading opportunity; that we will stop spreading bondage and start spreading freedom.

There are some who say that growth initiatives must await final action on deficit reductions. Well, the best way to reduce deficits is through economic growth. More businesses will be started, more investments made, more jobs created, and more people will be on payrolls paying taxes. The best way to reduce government spending is to reduce the need for spending by increasing prosperity. Each added percentage point per year of real GNP growth will lead to cumulative reduction in deficits of nearly \$200 billion over 5 years.

To move steadily toward a balanced budget, we must also lighten government's claim on our total economy. We will not do this by raising taxes. We must make sure that our economy grows faster than the growth in spending by the Federal Government. In our fiscal year 1986 budget, overall government program spending will be frozen at the current level. It must not be one dime higher than fiscal year 1985, and three points are key.

First, the social safety net for the elderly, the needy, the disabled, and unemployed will be left intact. Growth of our major health care programs, Medicare and Medic-

aid, will be slowed, but protections for the elderly and needy will be preserved.

Second, we must not relax our efforts to restore military strength just as we near our goal of a fully equipped, trained, and ready professional corps. National security is government's first responsibility; so in past years defense spending took about half the Federal budget. Today it takes less than a third. We've already reduced our planned defense expenditures by nearly a hundred billion dollars over the past 4 years and reduced projected spending again this year.

You know, we only have a military-industrial complex until a time of danger, and then it becomes the arsenal of democracy. Spending for defense is investing in things that are priceless—peace and freedom.

Third, we must reduce or eliminate costly government subsidies. For example, deregulation of the airline industry has led to cheaper airfares, but on Amtrak taxpayers pay about \$35 per passenger every time an Amtrak train leaves the station. It's time we ended this huge Federal subsidy.

Our farm program costs have quadrupled in recent years. Yet I know from visiting farmers, many in great financial distress, that we need an orderly transition to a market-oriented farm economy. We can help farmers best not by expanding Federal payments but by making fundamental reforms, keeping interest rates heading down, and knocking down foreign trade barriers to American farm exports.

We're moving ahead with Grace commission reforms to eliminate waste and improve government's management practices. In the long run, we must protect the taxpayers from government. And I ask again that you pass, as 32 States have now called for, an amendment mandating the Federal Government spend no more than it takes in. And I ask for the authority, used responsibly by 43 Governors, to veto individual items in appropriation bills. Senator Mattingly has introduced a bill permitting a 2-year trial run of the line-item veto. I hope you'll pass and send that legislation to my desk.

Nearly 50 years of government living beyond its means has brought us to a time of reckoning. Ours is but a moment in histo-

ry. But one moment of courage, idealism, and bipartisan unity can change American history forever.

Sound monetary policy is key to long-running economic strength and stability. We will continue to cooperate with the Federal Reserve Board, seeking a steady policy that ensures price stability without keeping interest rates artificially high or needlessly holding down growth.

Reducing unneeded redtape and regulations, and deregulating the energy, transportation, and financial industries have unleashed new competition, giving consumers more choices, better services, and lower prices. In just one set of grant programs we have reduced 905 pages of regulations to 31. We seek to fully deregulate natural gas to bring on new supplies and bring us closer to energy independence. Consistent with safety standards, we will continue removing restraints on the bus and railroad industries, we will soon end up legislation—or send up legislation, I should say—to return Conrail to the private sector where it belongs, and we will support further deregulation of the trucking industry.

Every dollar the Federal Government does not take from us, every decision it does not make for us will make our economy stronger, our lives more abundant, our future more free.

Our second American revolution will push on to new possibilities not only on Earth but in the next frontier of space. Despite budget restraints, we will seek record funding for research and development.

We've seen the success of the space shuttle. Now we're going to develop a permanently manned space station and new opportunities for free enterprise, because in the next decade Americans and our friends around the world will be living and working together in space.

In the zero gravity of space, we could manufacture in 30 days lifesaving medicines it would take 30 years to make on Earth. We can make crystals of exceptional purity to produce super computers, creating jobs, technologies, and medical breakthroughs beyond anything we ever dreamed possible.

As we do all this, we'll continue to protect our natural resources. We will seek reauthorization and expanded funding for the

Superfund program to continue cleaning up hazardous waste sites which threaten human health and the environment.

Now, there's another great heritage to speak of this evening. Of all the changes that have swept America the past 4 years, none brings greater promise than our rediscovery of the values of faith, freedom, family, work, and neighborhood.

We see signs of renewal in increased attendance in places of worship; renewed optimism and faith in our future; love of country rediscovered by our young, who are leading the way. We've rediscovered that work is good in and of itself, that it ennobles us to create and contribute no matter how seemingly humble our jobs. We've seen a powerful new current from an old and honorable tradition—American generosity.

From thousands answering Peace Corps appeals to help boost food production in Africa, to millions volunteering time, corporations adopting schools, and communities pulling together to help the neediest among us—at home, we have refound our values. Private sector initiatives are crucial to our future.

I thank the Congress for passing equal access legislation giving religious groups the same right to use classrooms after school that other groups enjoy. But no citizen need tremble, nor the world shudder, if a child stands in a classroom and breathes a prayer. We ask you again, give children back a right they had for a century and a half or more in this country.

The question of abortion grips our nation. Abortion is either the taking of a human life or it isn't. And if it is—and medical technology is increasingly showing it is—it must be stopped. It is a terrible irony that while some turn to abortion, so many others who cannot become parents cry out for children to adopt. We have room for these children. We can fill the cradles of those who want a child to love. And tonight I ask you in the Congress to move this year on legislation to protect the unborn.

In the area of education, we're returning to excellence, and again, the heroes are our people, not government. We're stressing basics of discipline, rigorous testing, and

homework, while helping children become computer-smart as well. For 20 years scholastic aptitude test scores of our high school students went down, but now they have gone up 2 of the last 3 years. We must go forward in our commitment to the new basics, giving parents greater authority and making sure good teachers are rewarded for hard work and achievement through merit pay.

Of all the changes in the past 20 years, none has more threatened our sense of national well-being than the explosion of violent crime. One does not have to be attacked to be a victim. The woman who must run to her car after shopping at night is a victim. The couple draping their door with locks and chains are victims; as is the tired, decent cleaning woman who can't ride a subway home without being afraid.

We do not seek to violate the rights of defendants. But shouldn't we feel more compassion for the victims of crime than for those who commit crime? For the first time in 20 years, the crime index has fallen 2 years in a row. We've convicted over 7,400 drug offenders and put them, as well as leaders of organized crime, behind bars in record numbers.

But we must do more. I urge the House to follow the Senate and enact proposals permitting use of all reliable evidence that police officers acquire in good faith. These proposals would also reform the habeas corpus laws and allow, in keeping with the will of the overwhelming majority of Americans, the use of the death penalty where necessary.

There can be no economic revival in ghettos when the most violent among us are allowed to roam free. It's time we restored domestic tranquility. And we mean to do just that.

Just as we're positioned as never before to secure justice in our economy, we're poised as never before to create a safer, freer, more peaceful world. Our alliances are stronger than ever. Our economy is stronger than ever. We have resumed our historic role as a leader of the free world. And all of these together are a great force for peace.

Since 1981 we've been committed to seeking fair and verifiable arms agreements

that would lower the risk of war and reduce the size of nuclear arsenals. Now our determination to maintain a strong defense has influenced the Soviet Union to return to the bargaining table. Our negotiators must be able to go to that table with the united support of the American people. All of us have no greater dream than to see the day when nuclear weapons are banned from this Earth forever.

Each Member of the Congress has a role to play in modernizing our defenses, thus supporting our chances for a meaningful arms agreement. Your vote this spring on the Peacekeeper missile will be a critical test of our resolve to maintain the strength we need and move toward mutual and verifiable arms reductions.

For the past 20 years we've believed that no war will be launched as long as each side knows it can retaliate with a deadly counterstrike. Well, I believe there's a better way of eliminating the threat of nuclear war. It is a Strategic Defense Initiative aimed ultimately at finding a nonnuclear defense against ballistic missiles. It's the most hopeful possibility of the nuclear age. But it's not very well understood.

Some say it will bring war to the heavens, but its purpose is to deter war in the heavens and on Earth. Now, some say the research would be expensive. Perhaps, but it could save millions of lives, indeed humanity itself. And some say if we build such a system, the Soviets will build a defense system of their own. Well, they already have strategic defenses that surpass ours; a civil defense system, where we have almost none; and a research program covering roughly the same areas of technology that we're now exploring. And finally some say the research will take a long time. Well, the answer to that is: Let's get started.

Harry Truman once said that, ultimately, our security and the world's hopes for peace and human progress "lie not in measures of defense or in the control of weapons, but in the growth and expansion of freedom and self-government."

And tonight, we declare anew to our fellow citizens of the world: Freedom is not the sole prerogative of a chosen few; it is the universal right of all God's children.

Look to where peace and prosperity flourish today. It is in homes that freedom built. Victories against poverty are greatest and peace most secure where people live by laws that ensure free press, free speech, and freedom to worship, vote, and create wealth.

Our mission is to nourish and defend freedom and democracy, and to communicate these ideals everywhere we can. America's economic success is freedom's success; it can be repeated a hundred times in a hundred different nations. Many countries in east Asia and the Pacific have few resources other than the enterprise of their own people. But through low tax rates and free markets they've soared ahead of centralized economies. And now China is opening up its economy to meet its needs.

We need a stronger and simpler approach to the process of making and implementing trade policy, and we'll be studying potential changes in that process in the next few weeks. We've seen the benefits of free trade and lived through the disasters of protectionism. Tonight I ask all our trading partners, developed and developing alike, to join us in a new round of trade negotiations to expand trade and competition and strengthen the global economy—and to begin it in this next year.

There are more than 3 billion human beings living in Third World countries with an average per capita income of \$650 a year. Many are victims of dictatorships that impoverished them with taxation and corruption. Let us ask our allies to join us in a practical program of trade and assistance that fosters economic development through personal incentives to help these people climb from poverty on their own.

We cannot play innocents abroad in a world that's not innocent; nor can we be passive when freedom is under siege. Without resources, diplomacy cannot succeed. Our security assistance programs help friendly governments defend themselves and give them confidence to work for peace. And I hope that you in the Congress will understand that, dollar for dollar, security assistance contributes as much to global security as our own defense budget.

We must stand by all our democratic allies. And we must not break faith with

those who are risking their lives—on every continent, from Afghanistan to Nicaragua—to defy Soviet-supported aggression and secure rights which have been ours from birth.

The Sandinista dictatorship of Nicaragua, with full Cuban-Soviet bloc support, not only persecutes its people, the church, and denies a free press, but arms and provides bases for Communist terrorists attacking neighboring states. Support for freedom fighters is self-defense and totally consistent with the OAS and U.N. Charters. It is essential that the Congress continue all facets of our assistance to Central America. I want to work with you to support the democratic forces whose struggle is tied to our own security.

And tonight, I've spoken of great plans and great dreams. They're dreams we can make come true. Two hundred years of American history should have taught us that nothing is impossible.

Ten years ago a young girl left Vietnam with her family, part of the exodus that followed the fall of Saigon. They came to the United States with no possessions and not knowing a word of English. Ten years ago—the young girl studied hard, learned English, and finished high school in the top of her class. And this May, May 22d to be exact, is a big date on her calendar. Just 10 years from the time she left Vietnam, she will graduate from the United States Military Academy at West Point. I thought you might like to meet an American hero named Jean Nguyen.

Now, there's someone else here tonight, born 79 years ago. She lives in the inner city, where she cares for infants born of mothers who are heroin addicts. The children, born in withdrawal, are sometimes even dropped on her doorstep. She helps them with love. Go to her house some night, and maybe you'll see her silhouette against the window as she walks the floor talking softly, soothing a child in her arms—Mother Hale of Harlem, and she, too, is an American hero.

Jean, Mother Hale, your lives tell us that the oldest American saying is new again: Anything is possible in America if we have the faith, the will, and the heart. History is

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asking us once again to be a force for good in the world. Let us begin in unity, with justice, and love.

Thank you, and God bless you.

Note: The President spoke at 9:05 p.m. in

the House Chamber of the Capitol. He was introduced by Thomas P. O'Neill, Jr., Speaker of the House of Representatives. The address was broadcast live on nationwide radio and television.

Informal Exchange With Reporters Prior to a Meeting With Prime Minister Robert Hawke of Australia

February 7, 1985

Q. Mr. President, does the ANZUS alliance have any future, given the lack of cooperation we've been getting from our South Pacific allies?

The President. Well, the only thing that has happened that disturbs that is the New Zealand position on our vessels there and the right of entry at the ports. But, other than that, I think our ANZUS alliance is very sound and very solid. And I think the presence here of the first head of state, in the new term, the Prime Minister of Australia, is evidence of that.

Q. Doesn't the announcement yesterday of a change of plans on the MX test give you any reason for concern, Mr. President?

The President. No, because that was pretty much our own idea. We had several alternatives, and we made a choice.

Q. Are you concerned at all about a ripple effect throughout the other allies?

The President. No.

Q. What does the U.S. intend to do, sir, about the New Zealand position on our vessels?

The President. About what?

Q. What does the U.S. intend to do? Will we be considering economic sanctions or reviewing our relationship with New Zealand?

The President. Oh, this is I don't think any time to discuss that.

Q. Will you be talking to your guest about a separate alliance between the U.S. and Australia and excluding New Zealand?

The President. No. As I say, we feel the ANZUS alliance is very much alive and working.

Q. How do you feel about the reaction to your speech last night, sir?

The President. Well, that's a whole different subject. I only answered those other questions, because I thought that I couldn't avoid them on the subject they were on. But I've been pleased, yes.

Note: The exchange began at 11:35 a.m. in the Oval Office at the White House.

Appointment of Robert H. Tuttle as Deputy Assistant to the President and Director of Presidential Personnel

February 7, 1985

The President today announced the appointment of Robert H. Tuttle as Deputy Assistant to the President and Director of Presidential Personnel.

Mr. Tuttle has served as Special Assistant to the President in the Office of Presidential Personnel since December 1982.

A successful west coast business executive for the past 15 years, Mr. Tuttle served as president of three automobile dealerships in Los Angeles and Tucson prior to accepting his position on the White House staff.

An active member of the California Re-

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John F. Kennedy, 1962

Jan. 11 [7]

Your recommendations properly recognize both sides of this problem. I am grateful for your help.

NOTE: The Committee's first report, dated January 11 and entitled "The Benefits and Problems Incident to Automation and Other Technological Advances" (25 pp., processed), was released with the President's statement. It was presented to the President at the White House by the Chairman, Secretary of Labor Arthur J. Goldberg, and the Vice Chairman, Secretary of Commerce Luther H. Hodges, accompanied by members of the 19-man Committee. (For establishment see 1961 volume, this series, Item 40.)

The Committee's recommendations cover the following matters:

1. Adoption of policies to promote a high rate of economic growth and fuller utilization of resources.
2. Collection and dissemination of information on job opportunities and requirements.
3. Cooperation between Government and private

organizations to support and improve educational facilities.

4. Acceptance of responsibility by management for measures to reduce the impact on workers of technological change.

5. Public and private support for retraining of displaced workers, for financial help to such workers in periods of unemployment, and for protection of their job equities and security.

6. Improvement of public employment services.

7. Intensified efforts to end discriminatory employment practices.

8. Advance planning for short-term public works projects in possible areas of technological unemployment.

9. Consideration of possible monetary and fiscal measures, including tax reductions, to stimulate business and employment.

10. Consideration of possible reductions in basic work periods.

Incorporated in the report are dissenting statements by two of the Committee members.

7 Annual Message to the Congress on the State of the Union. January 11, 1962

[As delivered in person before a joint session]

Mr. Vice President, my old colleague from Massachusetts and your new Speaker, John McCormack, Members of the 87th Congress, ladies and gentlemen:

This week we begin anew our joint and separate efforts to build the American future. But, sadly, we build without a man who linked a long past with the present and looked strongly to the future. "Mister Sam" Rayburn is gone. Neither this House nor the Nation is the same without him.

Members of the Congress, the Constitution makes us not rivals for power but partners for progress. We are all trustees for the American people, custodians of the American heritage. It is my task to report the State of the Union—to improve it is the task of us all.

In the past year, I have travelled not only across our own land but to other lands—to the North and the South, and across the seas. And I have found—as I am sure you have, in your travels—that people everywhere, in spite of occasional disappoint-

ments, look to us—not to our wealth or power, but to the splendor of our ideals. For our Nation is commissioned by history to be either an observer of freedom's failure or the cause of its success. Our overriding obligation in the months ahead is to fulfill the world's hopes by fulfilling our own faith.

I. STRENGTHENING THE ECONOMY

That task must begin at home. For if we cannot fulfill our own ideals here, we cannot expect others to accept them. And when the youngest child alive today has grown to the cares of manhood, our position in the world will be determined first of all by what provisions we make today—for his education, his health, and his opportunities for a good home and a good job and a good life.

At home, we began the year in the valley of recession—we completed it on the high road of recovery and growth. With the help of new congressionally approved or administratively increased stimulants to our econ-

omy, the number of major surplus labor areas has declined from 101 to 60; non-agricultural employment has increased by more than a million jobs; and the average factory work-week has risen to well over 40 hours. At year's end the economy which Mr. Khrushchev once called a "stumbling horse" was racing to new records in consumer spending, labor income, and industrial production.

We are gratified—but we are not satisfied. Too many unemployed are still looking for the blessings of prosperity. As those who leave our schools and farms demand new jobs, automation takes old jobs away. To expand our growth and job opportunities, I urge on the Congress three measures:

(1) First, the Manpower Training and Development Act, to stop the waste of able-bodied men and women who want to work, but whose only skill has been replaced by a machine, or moved with a mill, or shut down with a mine;

(2) Second, the Youth Employment Opportunities Act, to help train and place not only the one million young Americans who are both out of school and out of work, but the twenty-six million young Americans entering the labor market in this decade; and

(3) Third, the 8 percent tax credit for investment in machinery and equipment, which, combined with planned revisions of depreciation allowances, will spur our modernization, our growth, and our ability to compete abroad.

Moreover—pleasant as it may be to bask in the warmth of recovery—let us not forget that we have suffered three recessions in the last 7 years. The time to repair the roof is when the sun is shining—by filling three basic gaps in our anti-recession protection. We need:

(1) First, Presidential standby authority, subject to congressional veto, to adjust personal income tax rates downward within a specified range and time, to slow down an economic decline before it has dragged us all down;

(2) Second, Presidential standby authority,

upon a given rise in the rate of unemployment, to accelerate Federal and federally-aided capital improvement programs; and

(3) Third, a permanent strengthening of our unemployment compensation system—to maintain for our fellow citizens searching for a job who cannot find it, their purchasing power and their living standards without constant resort—as we have seen in recent years by the Congress and the administrations—to temporary supplements.

If we enact this six-part program, we can show the whole world that a free economy need not be an unstable economy—that a free system need not leave men unemployed—and that a free society is not only the most productive but the most stable form of organization yet fashioned by man.

II. FIGHTING INFLATION

But recession is only one enemy of a free economy—inflation is another. Last year, 1961, despite rising production and demand, consumer prices held almost steady—and wholesale prices declined. This is the best record of overall price stability of any comparable period of recovery since the end of World War II.

Inflation too often follows in the shadow of growth—while price stability is made easy by stagnation or controls. But we mean to maintain both stability and growth in a climate of freedom.

Our first line of defense against inflation is the good sense and public spirit of business and labor—keeping their total increases in wages and profits in step with productivity. There is no single statistical test to guide each company and each union. But I strongly urge them—for their country's interest, and for their own—to apply the test of the public interest to these transactions.

Within this same framework of growth and wage-price stability:

—This administration has helped keep our economy competitive by widening the access of small business to credit and Govern-

the rate of unemployment. Federal and federally-funded programs; and constant strengthening of compensation system—to allow citizens searching for it, their purchasing standards without we have seen in recent years and the administrative supplements.

part program, we can find that a free economy is a stable economy—that a free society is not only the most stable form fashioned by man.

G INFLATION

ly one enemy of a free society is inflation. Last year, production and demand, and almost steady—and increased. This is the best evidence of the stability of any economy since the end of

follows in the shadow of economic stability is made of controls. But we have stability and growth.

defense against inflation and public spirit of business. Their total increases in step with production—single statistical test to each union. But not—for their country's own—to apply the interest to these trans-

framework of growth and stability: the government has helped keep our credit and Govern-

ment contracts, and by stepping up the drive against monopoly, price-fixing, and racketeering;

—We will submit a Federal Pay Reform bill aimed at giving our classified, postal, and other employees new pay scales more comparable to those of private industry;

—We are holding the fiscal 1962 budget deficit far below the level incurred after the last recession in 1958; and, finally,

—I am submitting for fiscal 1963 a balanced Federal Budget.

This is a joint responsibility, requiring Congressional cooperation on appropriations, and on three sources of income in particular:

(1) First, an increase in postal rates, to end the postal deficit;

(2) Secondly, passage of the tax reforms previously urged, to remove unwarranted tax preferences, and to apply to dividends and to interest the same withholding requirements we have long applied to wages; and

(3) Third, extension of the present excise and corporation tax rates, except for those changes—which will be recommended in a message—affecting transportation.

III. GETTING AMERICA MOVING

But a stronger nation and economy require more than a balanced Budget. They require progress in those programs that spur our growth and fortify our strength.

CITIES

A strong America depends on its cities—America's glory, and sometimes America's shame. To substitute sunlight for congestion and progress for decay, we have stepped up existing urban renewal and housing programs, and launched new ones—redoubled the attack on water pollution—speeded aid to airports, hospitals, highways, and our declining mass transit systems—and secured new weapons to combat organized crime, racketeering, and youth delinquency, assisted by the coordinated and hard-hitting efforts of our investigative services: the FBI,

the Internal Revenue, the Bureau of Narcotics, and many others. We shall need further anti-crime, mass transit, and transportation legislation—and new tools to fight air pollution. And with all this effort under way, both equity and commonsense require that our nation's urban areas—containing three-fourths of our population—sit as equals at the Cabinet table. I urge a new Department of Urban Affairs and Housing.

AGRICULTURE AND RESOURCES

A strong America also depends on its farms and natural resources. American farmers took heart in 1961—from a billion dollar rise in farm income—and from a hopeful start on reducing the farm surpluses. But we are still operating under a patchwork accumulation of old laws, which cost us \$1 billion a year in CCC carrying charges alone, yet fail to halt rural poverty or boost farm earnings.

Our task is to master and turn to fully fruitful ends the magnificent productivity of our farms and farmers. The revolution on our own countryside stands in the sharpest contrast to the repeated farm failures of the Communist nations and is a source of pride to us all. Since 1950 our agricultural output per man-hour has actually doubled! Without new, realistic measures, it will someday swamp our farmers and our taxpayers in a national scandal or a farm depression.

I will, therefore, submit to the Congress a new comprehensive farm program—tailored to fit the use of our land and the supplies of each crop to the long-range needs of the sixties—and designed to prevent chaos in the sixties with a program of commonsense.

We also need for the sixties—if we are to bequeath our full national estate to our heirs—a new long-range conservation and recreation program—expansion of our superb national parks and forests—preservation of our authentic wilderness areas—new starts on water and power projects as our population steadily increases—and ex-

✓panded REA generation and transmission loans.

CIVIL RIGHTS

✓ But America stands for progress in human rights as well as economic affairs, and a strong America requires the assurance of full and equal rights to all its citizens, of any race or of any color. This administration has shown as never before how much could be done through the full use of Executive powers—through the enforcement of laws already passed by the Congress—through persuasion, negotiation, and litigation, to secure the constitutional rights of all: the right to vote, the right to travel without hindrance across State lines, and the right to free public education.

I issued last March a comprehensive order to guarantee the right to equal employment opportunity in all Federal agencies and contractors. The Vice President's Committee thus created has done much, including the voluntary "Plans for Progress" which, in all sections of the country, are achieving a quiet but striking success in opening up to all races new professional, supervisory, and other job opportunities.

But there is much more to be done—by the Executive, by the courts, and by the Congress. Among the bills now pending before you, on which the executive departments will comment in detail, are appropriate methods of strengthening these basic rights which have our full support. The right to vote, for example, should no longer be denied through such arbitrary devices on a local level, sometimes abused, such as literacy tests and poll taxes. As we approach the 100th anniversary, next January, of the Emancipation Proclamation, let the acts of every branch of the Government—and every citizen—portray that "righteousness does exalt a nation."

HEALTH AND WELFARE

✓ Finally, a strong America cannot neglect the aspirations of its citizens—the welfare of the needy, the health care of the elderly, the education of the young. For we are not

developing the Nation's wealth for its own sake. Wealth is the means—and people are the ends. All our material riches will avail us little if we do not use them to expand the opportunities of our people.

Last year, we improved the diet of needy people—provided more hot lunches and fresh milk to school children—built more college dormitories—and, for the elderly, expanded private housing, nursing homes, health services, and social security. But we have just begun.

To help those least fortunate of all, I am recommending a new public welfare program, stressing services instead of support, rehabilitation instead of relief, and training for useful work instead of prolonged dependency.

To relieve the critical shortage of doctors and dentists—and this is a matter which should concern us all—and expand research, I urge action to aid medical and dental colleges and scholarships and to establish new National Institutes of Health.

To take advantage of modern vaccination achievements, I am proposing a mass immunization program, aimed at the virtual elimination of such ancient enemies of our children as polio, diphtheria, whooping cough, and tetanus.

To protect our consumers from the careless and the unscrupulous, I shall recommend improvements in the Food and Drug laws—strengthening inspection and standards, halting unsafe and worthless products, preventing misleading labels, and cracking down on the illicit sale of habit-forming drugs.

But in matters of health, no piece of unfinished business is more important or more urgent than the enactment under the social security system of health insurance for the aged.

For our older citizens have longer and more frequent illnesses, higher hospital and medical bills and too little income to pay them. Private health insurance helps very few—for its cost is high and its coverage limited. Public welfare cannot help those too proud to seek relief but hard-pressed to

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pay their own bills. Nor can their children or grandchildren always sacrifice their own health budgets to meet this constant drain.

Social security has long helped to meet the hardships of retirement, death, and disability. I now urge that its coverage be extended without further delay to provide health insurance for the elderly.

EDUCATION

Equally important to our strength is the quality of our education. Eight million adult Americans are classified as functionally illiterate. This is a disturbing figure—reflected in Selective Service rejection rates—reflected in welfare rolls and crime rates. And I shall recommend plans for a massive attack to end this adult illiteracy.

I shall also recommend bills to improve educational quality, to stimulate the arts, and, at the college level, to provide Federal loans for the construction of academic facilities and federally financed scholarships.

If this Nation is to grow in wisdom and strength, then every able high school graduate should have the opportunity to develop his talents. Yet nearly half lack either the funds or the facilities to attend college. Enrollments are going to double in our colleges in the short space of 10 years. The annual cost per student is skyrocketing to astronomical levels—now averaging \$1,650 a year, although almost half of our families earn less than \$5,000. They cannot afford such costs—but this Nation cannot afford to maintain its military power and neglect its brainpower.

But excellence in education must begin at the elementary level. I sent to the Congress last year a proposal for Federal aid to public school construction and teachers' salaries. I believe that bill, which passed the Senate and received House Committee approval, offered the minimum amount required by our needs and—in terms of across-the-board aid—the maximum scope permitted by our Constitution. I therefore see no reason to weaken or withdraw that bill: and I urge its passage at this session.

"Civilization," said H. G. Wells, "is a race between education and catastrophe." It is up to you in this Congress to determine the winner of that race.

These are not unrelated measures addressed to specific gaps or grievances in our national life. They are the pattern of our intentions and the foundation of our hopes. "I believe in democracy," said Woodrow Wilson, "because it releases the energy of every human being." The dynamic of democracy is the power and the purpose of the individual, and the policy of this administration is to give to the individual the opportunity to realize his own highest possibilities.

Our program is to open to all the opportunity for steady and productive employment, to remove from all the handicap of arbitrary or irrational exclusion, to offer to all the facilities for education and health and welfare, to make society the servant of the individual and the individual the source of progress, and thus to realize for all the full promise of American life.

IV. OUR GOALS ABROAD

All of these efforts at home give meaning to our efforts abroad. Since the close of the Second World War, a global civil war has divided and tormented mankind. But it is not our military might, or our higher standard of living, that has most distinguished us from our adversaries. It is our belief that the state is the servant of the citizen and not his master.

This basic clash of ideas and wills is but one of the forces reshaping our globe—swept as it is by the tides of hope and fear, by crises in the headlines today that become mere footnotes tomorrow. Both the successes and the setbacks of the past year remain on our agenda of unfinished business. For every apparent blessing contains the seeds of danger—every area of trouble gives out a ray of hope—and the one unchangeable certainty is that nothing is certain or unchangeable.

Yet our basic goal remains the same: a peaceful world community of free and independent states—free to choose their own future and their own system, so long as it does not threaten the freedom of others.

Some may choose forms and ways that we would not choose for ourselves—but it is not for us that they are choosing. We can welcome diversity—the Communists cannot. For we offer a world of choice—they offer the world of coercion. And the way of the past shows clearly that freedom, not coercion, is the wave of the future. At times our goal has been obscured by crisis or endangered by conflict—but it draws sustenance from five basic sources of strength:

- the moral and physical strength of the United States;
- the united strength of the Atlantic Community;
- the regional strength of our Hemispheric relations;
- the creative strength of our efforts in the new and developing nations; and
- the peace-keeping strength of the United Nations.

V. OUR MILITARY STRENGTH

Our moral and physical strength begins at home as already discussed. But it includes our military strength as well. So long as fanaticism and fear brood over the affairs of men, we must arm to deter others from aggression.

In the past 12 months our military posture has steadily improved. We increased the previous defense budget by 15 percent—not in the expectation of war but for the preservation of peace. We more than doubled our acquisition rate of Polaris submarines—we doubled the production capacity for Minuteman missiles—and increased by 50 percent the number of manned bombers standing ready on a 15 minute alert. This year the combined force levels planned under our new Defense budget—including nearly three hundred additional Polaris and Minuteman missiles—have been precisely calculated to

insure the continuing strength of our nuclear deterrent.

But our strength may be tested at many levels. We intend to have at all times the capacity to resist non-nuclear or limited attacks—as a complement to our nuclear capacity, not as a substitute. We have rejected any all-or-nothing posture which would leave no choice but inglorious retreat or unlimited retaliation.

Thus we have doubled the number of ready combat divisions in the Army's strategic reserve—increased our troops in Europe—built up the Marines—added new sealift and airlift capacity—modernized our weapons and ammunition—expanded our anti-guerrilla forces—and increased the active fleet by more than 70 vessels and our tactical air forces by nearly a dozen wings.

Because we needed to reach this higher long-term level of readiness more quickly, 155,000 members of the Reserve and National Guard were activated under the Act of this Congress. Some disruptions and distress were inevitable. But the overwhelming majority bear their burdens—and their Nation's burdens—with admirable and traditional devotion.

In the coming year, our reserve programs will be revised—two Army Divisions will, I hope, replace those Guard Divisions on duty—and substantial other increases will boost our Air Force fighter units, the procurement of equipment, and our continental defense and warning efforts. The Nation's first serious civil defense shelter program is under way, identifying, marking, and stocking 50 million spaces; and I urge your approval of Federal incentives for the construction of public fall-out shelters in schools and hospitals and similar centers.

VI. THE UNITED NATIONS

But arms alone are not enough to keep the peace—it must be kept by men. Our instrument and our hope is the United Nations—and I see little merit in the impatience of those who would abandon this imperfect world instrument because they dislike our

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UNITED NATIONS

re not enough to keep the ept by men. Our instru- is the United Nations— erit in the impatience of abandon this imperfect because they dislike our

imperfect world. For the troubles of a world organization merely reflect the troubles of the world itself. And if the organization is weakened, these troubles can only increase. We may not always agree with every detailed action taken by every officer of the United Nations, or with every voting majority. But as an institution, it should have in the future, as it has had in the past since its inception, no stronger or more faithful member than the United States of America.

In 1961 the peace-keeping strength of the United Nations was reinforced. And those who preferred or predicted its demise, envisioning a troika in the seat of Hammarskjöld—or Red China inside the Assembly—have seen instead a new vigor, under a new Secretary General and a fully independent Secretariat. In making plans for a new forum and principles on disarmament—for peace-keeping in outer space—for a decade of development effort—the UN fulfilled its Charter's lofty aim.

Eighteen months ago the tangled and turbulent Congo presented the UN with its gravest challenge. The prospect was one of chaos—or certain big-power confrontation, with all of its hazards and all of its risks, to us and to others. Today the hopes have improved for peaceful conciliation within a united Congo. This is the objective of our policy in this important area.

No policeman is universally popular—particularly when he uses his stick to restore law and order on his beat. Those members who are willing to contribute their votes and their views—but very little else—have created a serious deficit by refusing to pay their share of special UN assessments. Yet they do pay their annual assessments to retain their votes—and a new UN Bond issue, financing special operations for the next 18 months, is to be repaid with interest from these regular assessments. This is clearly in our interest. It will not only keep the UN solvent, but require all voting members to pay their fair share of its activities. Our share of special operations has long been

much higher than our share of the annual assessment—and the bond issue will in effect reduce our disproportionate obligation, and for these reasons, I am urging Congress to approve our participation.

With the approval of this Congress, we have undertaken in the past year a great new effort in outer space. Our aim is not simply to be first on the moon, any more than Charles Lindbergh's real aim was to be the first to Paris. His aim was to develop the techniques of our own country and other countries in the field of air and the atmosphere, and our objective in making this effort, which we hope will place one of our citizens on the moon, is to develop in a new frontier of science, commerce and cooperation, the position of the United States and the Free World.

This Nation belongs among the first to explore it, and among the first—if not the first—we shall be. We are offering our know-how and our cooperation to the United Nations. Our satellites will soon be providing other nations with improved weather observations. And I shall soon send to the Congress a measure to govern the financing and operation of an International Communications Satellite system, in a manner consistent with the public interest and our foreign policy.

But peace in space will help us naught once peace on earth is gone. World order will be secured only when the whole world has laid down these weapons which seem to offer us present security but threaten the future survival of the human race. That armistice day seems very far away. The vast resources of this planet are being devoted more and more to the means of destroying, instead of enriching, human life.

But the world was not meant to be a prison in which man awaits his execution. Nor has mankind survived the tests and trials of thousands of years to surrender everything—including its existence—now. This Nation has the will and the faith to make a supreme effort to break the log jam on disarmament and nuclear tests—and we will persist until

we prevail, until the rule of law has replaced the ever dangerous use of force.

VII. LATIN AMERICA

I turn now to a prospect of great promise: our Hemispheric relations. The Alliance for Progress is being rapidly transformed from proposal to program. Last month in Latin America I saw for myself the quickening of hope, the revival of confidence, the new trust in our country—among workers and farmers as well as diplomats. We have pledged our help in speeding their economic, educational, and social progress. The Latin American Republics have in turn pledged a new and strenuous effort of self-help and self-reform.

To support this historic undertaking, I am proposing—under the authority contained in the bills of the last session of the Congress—a special long-term Alliance for Progress fund of \$3 billion. Combined with our Food for Peace, Export-Import Bank, and other resources, this will provide more than \$1 billion a year in new support for the Alliance. In addition, we have increased twelvefold our Spanish and Portuguese-language broadcasting in Latin America, and improved Hemispheric trade and defense. And while the blight of communism has been increasingly exposed and isolated in the Americas, liberty has scored a gain. The people of the Dominican Republic, with our firm encouragement and help, and those of our sister Republics of this Hemisphere are safely passing through the treacherous course from dictatorship through disorder towards democracy.

VIII. THE NEW AND DEVELOPING NATIONS

Our efforts to help other new or developing nations, and to strengthen their stand for freedom, have also made progress. A newly unified Agency for International Development is reorienting our foreign assistance to emphasize long-term development loans instead of grants, more economic

aid instead of military, individual plans to meet the individual needs of the nations, and new standards on what they must do to marshal their own resources.

A newly conceived Peace Corps is winning friends and helping people in fourteen countries—supplying trained and dedicated young men and women, to give these new nations a hand in building a society, and a glimpse of the best that is in our country. If there is a problem here, it is that we cannot supply the spontaneous and mounting demand.

A newly-expanded Food for Peace Program is feeding the hungry of many lands with the abundance of our productive farms—providing lunches for children in school, wages for economic development, relief for the victims of flood and famine, and a better diet for millions whose daily bread is their chief concern.

These programs help people; and, by helping people, they help freedom. The views of their governments may sometimes be very different from ours—but events in Africa, the Middle East, and Eastern Europe teach us never to write off any nation as lost to the Communists. That is the lesson of our time. We support the independence of those newer or weaker states whose history, geography, economy or lack of power impels them to remain outside “entangling alliances”—as we did for more than a century. For the independence of nations is a bar to the Communists’ “grand design”—it is the basis of our own.

In the past year, for example, we have urged a neutral and independent Laos—regained there a common policy with our major allies—and insisted that a cease-fire precede negotiations. While a workable formula for supervising its independence is still to be achieved, both the spread of war—which might have involved this country also—and a Communist occupation have thus far been prevented.

A satisfactory settlement in Laos would also help to achieve and safeguard the peace in Viet-Nam—where the foe is increasing

his tactics of terror—where our own efforts have been stepped up—and where the local government has initiated new programs and reforms to broaden the base of resistance. The systematic aggression now bleeding that country is not a “war of liberation”—for Viet-Nam is already free. It is a war of attempted subjugation—and it will be resisted.

IX. THE ATLANTIC COMMUNITY

Finally, the united strength of the Atlantic Community has flourished in the last year under severe tests. NATO has increased both the number and the readiness of its air, ground, and naval units—both its nuclear and non-nuclear capabilities. Even greater efforts by all its members are still required. Nevertheless our unity of purpose and will has been, I believe, immeasurably strengthened.

The threat to the brave city of Berlin remains. In these last 6 months the Allies have made it unmistakably clear that our presence in Berlin, our free access thereto, and the freedom of two million West Berliners would not be surrendered either to force or through appeasement—and to maintain those rights and obligations, we are prepared to talk, when appropriate, and to fight, if necessary. Every member of NATO stands with us in a common commitment to preserve this symbol of free man's will to remain free.

I cannot now predict the course of future negotiations over Berlin. I can only say that we are sparing no honorable effort to find a peaceful and mutually acceptable resolution of this problem. I believe such a resolution can be found, and with it an improvement in our relations with the Soviet Union, if only the leaders in the Kremlin will recognize the basic rights and interests involved, and the interest of all mankind in peace.

But the Atlantic Community is no longer concerned with purely military aims. As its common undertakings grow at an ever-

increasing pace, we are, and increasingly will be, partners in aid, trade, defense, diplomacy, and monetary affairs.

The emergence of the new Europe is being matched by the emergence of new ties across the Atlantic. It is a matter of undramatic daily cooperation in hundreds of workaday tasks: of currencies kept in effective relation, of development loans meshed together, of standardized weapons, and concerted diplomatic positions. The Atlantic Community grows, not like a volcanic mountain, by one mighty explosion, but like a coral reef, from the accumulating activity of all.

Thus, we in the free world are moving steadily toward unity and cooperation, in the teeth of that old Bolshevik prophecy, and at the very time when extraordinary rumbles of discord can be heard across the Iron Curtain. It is not free societies which bear within them the seeds of inevitable disunity.

X. OUR BALANCE OF PAYMENTS

On one special problem, of great concern to our friends, and to us, I am proud to give the Congress an encouraging report. Our efforts to safeguard the dollar are progressing. In the 11 months preceding last February 1, we suffered a net loss of nearly \$2 billion in gold. In the 11 months that followed, the loss was just over half a billion dollars. And our deficit in our basic transactions with the rest of the world—trade, defense, foreign aid, and capital, excluding volatile short-term flows—has been reduced from \$2 billion for 1960 to about one-third that amount for 1961. Speculative fever against the dollar is ending—and confidence in the dollar has been restored.

We did not—and could not—achieve these gains through import restrictions, troop withdrawals, exchange controls, dollar devaluation or choking off domestic recovery. We acted not in panic but in perspective. But the problem is not yet solved. Persistently large deficits would endanger our economic growth and our military and defense commitments abroad. Our goal must be a

reasonable equilibrium in our balance of payments. With the cooperation of the Congress, business, labor, and our major allies, that goal can be reached.

We shall continue to attract foreign tourists and investments to our shores, to seek increased military purchases here by our allies, to maximize foreign aid procurement from American firms, to urge increased aid from other fortunate nations to the less fortunate, to seek tax laws which do not favor investment in other industrialized nations or tax havens, and to urge coordination of allied fiscal and monetary policies so as to discourage large and disturbing capital movements.

TRADE ✓

Above all, if we are to pay for our commitments abroad, we must expand our exports. Our businessmen must be export-conscious and export competitive. Our tax policies must spur modernization of our plants—our wage and price gains must be consistent with productivity to hold the line on prices—our export credit and promotion campaigns for American industries must continue to expand.

But the greatest challenge of all is posed by the growth of the European Common Market. Assuming the accession of the United Kingdom, there will arise across the Atlantic a trading partner behind a single external tariff similar to ours with an economy which nearly equals our own. Will we in this country adapt our thinking to these new prospects and patterns—or will we wait until events have passed us by?

This is the year to decide. The Reciprocal Trade Act is expiring. We need a new law—a wholly new approach—a bold new instrument of American trade policy. Our decision could well affect the unity of the West, the course of the Cold War, and the economic growth of our Nation for a generation to come.

If we move decisively, our factories and farms can increase their sales to their richest, fastest-growing market. Our exports will

increase. Our balance of payments position will improve. And we will have forged across the Atlantic a trading partnership with vast resources for freedom.

If, on the other hand, we hang back in deference to local economic pressures, we will find ourselves cut off from our major allies. Industries—and I believe this is most vital—industries will move their plants and jobs and capital inside the walls of the Common Market, and jobs, therefore, will be lost here in the United States if they cannot otherwise compete for its consumers. Our farm surpluses—our balance of trade, as you all know, to Europe, the Common Market, in farm products, is nearly three or four to one in our favor, amounting to one of the best earners of dollars in our balance of payments structure, and without entrance to this Market, without the ability to enter it, our farm surpluses will pile up in the Middle West, tobacco in the South, and other commodities, which have gone through Western Europe for 15 years. Our balance of payments position will worsen. Our consumers will lack a wider choice of goods at lower prices. And millions of American workers—whose jobs depend on the sale or the transportation or the distribution of exports or imports, or whose jobs will be endangered by the movement of our capital to Europe, or whose jobs can be maintained only in an expanding economy—these millions of workers in your home States and mine will see their real interests sacrificed.

Members of the Congress: The United States did not rise to greatness by waiting for others to lead. This Nation is the world's foremost manufacturer, farmer, banker, consumer, and exporter. The Common Market is moving ahead at an economic growth rate twice ours. The Communist economic offensive is under way. The opportunity is ours—the initiative is up to us—and I believe that 1962 is the time.

To seize that initiative, I shall shortly send to the Congress a new five-year Trade Expansion Action, far-reaching in scope but designed with great care to make certain

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that its benefits to our people far outweigh any risks. The bill will permit the gradual elimination of tariffs here in the United States and in the Common Market on those items in which we together supply 80 percent of the world's trade—mostly items in which our own ability to compete is demonstrated by the fact that we sell abroad, in these items, substantially more than we import. This step will make it possible for our major industries to compete with their counterparts in Western Europe for access to European consumers.

On other goods the bill will permit a gradual reduction of duties up to 50 percent—permitting bargaining by major categories—and provide for appropriate and tested forms of assistance to firms and employees adjusting to import competition. We are not neglecting the safeguards provided by peril points, an escape clause, or the National Security Amendment. Nor are we abandoning our non-European friends or our traditional “most-favored nation” principle. On the contrary, the bill will provide new encouragement for their sale of tropical agricultural products, so important to our friends in Latin America, who have long depended upon the European market, who now find themselves faced with new challenges which we must join with them in overcoming.

Concessions, in this bargaining, must of course be reciprocal, not unilateral. The Common Market will not fulfill its own high promise unless its outside tariff walls are low. The dangers of restriction or timidity in our own policy have counterparts for our friends in Europe. For together we face a common challenge: to enlarge the prosperity of free men everywhere—to

build in partnership a new trading community in which all free nations may gain from the productive energy of free competitive effort.

These various elements in our foreign policy lead, as I have said, to a single goal—the goal of a peaceful world of free and independent states. This is our guide for the present and our vision for the future—a free community of nations, independent but interdependent, uniting north and south, east and west, in one great family of man, outgrowing and transcending the hates and fears that rend our age.

We will not reach that goal today, or tomorrow. We may not reach it in our own lifetime. But the quest is the greatest adventure of our century. We sometimes chafe at the burden of our obligations, the complexity of our decisions, the agony of our choices. But there is no comfort or security for us in evasion, no solution in abdication, no relief in irresponsibility.

A year ago, in assuming the tasks of the Presidency, I said that few generations, in all history, had been granted the role of being the great defender of freedom in its hour of maximum danger. This is our good fortune; and I welcome it now as I did a year ago. For it is the fate of this generation—of you in the Congress and of me as President—to live with a struggle we did not start, in a world we did not make. But the pressures of life are not always distributed by choice. And while no nation has ever faced such a challenge, no nation has ever been so ready to seize the burden and the glory of freedom.

And in this high endeavor, may God watch over the United States of America.

8 The President's News Conference of January 15, 1962

THE PRESIDENT. [I.] I have just one announcement. I am sure you are all familiar with the story in this morning's paper of the

documentation on the study of comparisons of those in our schools and universities and the kind of subjects which they study which

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1 Message to the Finnish People on the Centennial of
the Birth of Jean Sibelius. *January 1, 1965*

WE IN AMERICA celebrate this year the centennial of the birth of Jean Sibelius, the great Finnish composer. His achievement has become a part of the world's cultural heritage. Through his art, Sibelius has made an enduring contribution to the enrichment of the human spirit, and his music continues to bring enjoyment to people

throughout the world. For us, as for the people of Finland, his *Finlandia* has become a symbol of man's indomitable will for freedom. We are therefore proud to join in doing homage to this son of Finland during Sibelius year.

LYNDON B. JOHNSON

NOTE: The message was released at Austin, Tex.

2 Annual Message to the Congress on the
State of the Union. *January 4, 1965*

[As delivered in person before a joint session at 9:04 p.m.]

Mr. Speaker, Mr. President, Members of the Congress, my fellow Americans:

On this Hill which was my home, I am stirred by old friendships.

Though total agreement between the Executive and the Congress is impossible, total respect is important.

I am proud to be among my colleagues of the Congress whose legacy to their trust is their loyalty to their Nation.

I am not unaware of the inner emotions of the new Members of this body tonight.

Twenty-eight years ago, I felt as you do now. You will soon learn that you are among men whose first love is their country, men who try each day to do as best they can what they believe is right.

We are entering the third century of the pursuit of American union.

Two hundred years ago, in 1765, nine assembled colonies first joined together to demand freedom from arbitrary power.

For the first century we struggled to hold together the first continental union of democracy in the history of man. One hundred

years ago, in 1865, following a terrible test of blood and fire, the compact of union was finally sealed.

For a second century we labored to establish a unity of purpose and interest among the many groups which make up the American community.

That struggle has often brought pain and violence. It is not yet over. But we have achieved a unity of interest among our people that is unmatched in the history of freedom.

And so tonight, now, in 1965, we begin a new quest for union. We seek the unity of man with the world that he has built—with the knowledge that can save or destroy him—with the cities which can stimulate or stifle him—with the wealth and the machines which can enrich or menace his spirit.

We seek to establish a harmony between man and society which will allow each of us to enlarge the meaning of his life and all of us to elevate the quality of our civilization.

This is the search that we begin tonight.

STATE OF THE WORLD

But the unity we seek cannot realize its full promise in isolation. For today the state of the Union depends, in large measure, upon the state of the world.

Our concern and interest, compassion and vigilance, extend to every corner of a dwindling planet.

Yet, it is not merely our concern but the concern of all free men. We will not, and we should not, assume that it is the task of Americans alone to settle all the conflicts of a torn and troubled world.

Let the foes of freedom take no comfort from this. For in concert with other nations, we shall help men defend their freedom.

Our first aim remains the safety and the well-being of our own country.

We are prepared to live as good neighbors with all, but we cannot be indifferent to acts designed to injure our interests, or our citizens, or our establishments abroad. The community of nations requires mutual respect. We shall extend it—and we shall expect it.

In our relations with the world we shall follow the example of Andrew Jackson who said: "I intend to ask for nothing that is not clearly right and to submit to nothing that is wrong." And he promised, that "the honor of my country shall never be stained by an apology from me for the statement of truth or for the performance of duty." That was this Nation's policy in the 1830's and that is this Nation's policy in the 1960's.

Our own freedom and growth have never been the final goal of the American dream.

We were never meant to be an oasis of liberty and abundance in a worldwide desert of disappointed dreams. Our Nation was created to help strike away the chains of ignorance and misery and tyranny wherever

they keep man less than God means him to be.

We are moving toward that destiny, never more rapidly than we have moved in the last 4 years.

In this period we have built a military power strong enough to meet any threat and destroy any adversary. And that superiority will continue to grow so long as this office is mine—and you sit on Capitol Hill.

In this period no new nation has become Communist, and the unity of the Communist empire has begun to crumble.

In this period we have resolved in friendship our disputes with our neighbors of the hemisphere, and joined in an Alliance for Progress toward economic growth and political democracy.

In this period we have taken more steps toward peace—including the test ban treaty—than at any time since the cold war began.

In this period we have relentlessly pursued our advances toward the conquest of space.

Most important of all, in this period, the United States has reemerged into the fullness of its self-confidence and purpose. No longer are we called upon to get America moving. We are moving. No longer do we doubt our strength or resolution. We are strong and we have proven our resolve.

No longer can anyone wonder whether we are in the grip of historical decay. We know that history is ours to make. And if there is great danger, there is now also the excitement of great expectations.

AMERICA AND THE COMMUNIST NATIONS

Yet we still live in a troubled and perilous world. There is no longer a single threat. There are many. They differ in intensity and in danger. They require different attitudes and different answers.

With the Soviet Union we seek peaceful understandings that can lessen the danger to freedom.

Last fall I asked the American people to choose that course.

I will carry forward their command.

If we are to live together in peace, we must come to know each other better.

I am sure that the American people would welcome a chance to listen to the Soviet leaders on our television—as I would like the Soviet people to hear our leaders on theirs.

I hope the new Soviet leaders can visit America so they can learn about our country at firsthand.

In Eastern Europe restless nations are slowly beginning to assert their identity. Your Government, assisted by the leaders in American labor and business, is now exploring ways to increase peaceful trade with these countries and with the Soviet Union. I will report our conclusions to the Congress.

In Asia, communism wears a more aggressive face.

We see that in Viet-Nam.

Why are we there?

We are there, first, because a friendly nation has asked us for help against the Communist aggression. Ten years ago our President pledged our help. Three Presidents have supported that pledge. We will not break it now.

Second, our own security is tied to the peace of Asia. Twice in one generation we have had to fight against aggression in the Far East. To ignore aggression now would only increase the danger of a much larger war.

Our goal is peace in southeast Asia. That will come only when aggressors leave their neighbors in peace.

What is at stake is the cause of freedom

and in that cause America will never be found wanting.

THE NON-COMMUNIST WORLD

But communism is not the only source of trouble and unrest. There are older and deeper sources—in the misery of nations and in man's irrepressible ambition for liberty and a better life.

With the free Republics of Latin America I have always felt—and my country has always felt—very special ties of interest and affection. It will be the purpose of my administration to strengthen these ties. Together we share and shape the destiny of the new world. In the coming year I hope to pay a visit to Latin America. And I will steadily enlarge our commitment to the Alliance for Progress as the instrument of our war against poverty and injustice in this hemisphere.

In the Atlantic community we continue to pursue our goal of 20 years—a Europe that is growing in strength, unity, and cooperation with America. A great unfinished task is the reunification of Germany through self-determination.

This European policy is not based on any abstract design. It is based on the realities of common interests and common values, common dangers and common expectations. These realities will continue to have their way—especially, I think, in our expanding trade and especially in our common defense.

Free Americans have shaped the policies of the United States. And because we know these realities, those policies have been, and will be, in the interest of Europe.

Free Europeans must shape the course of Europe. And, for the same reasons, that course has been, and will be, in our interest and in the interest of freedom.

[2] Jan. 4

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I found this truth confirmed in my talks with European leaders in the last year. I hope to repay these visits to some of our friends in Europe this year.

In Africa and Asia we are witnessing the turbulent unfolding of new nations and continents.

We welcome them to the society of nations.

We are committed to help those seeking to strengthen their own independence, and to work most closely with those governments dedicated to the welfare of all of their people.

We seek not fidelity to an iron faith, but a diversity of belief as varied as man himself. We seek not to extend the power of America but the progress of humanity. We seek not to dominate others but to strengthen the freedom of all people.

I will seek new ways to use our knowledge to help deal with the explosion in world population and the growing scarcity in world resources.

Finally, we renew our commitment to the continued growth and the effectiveness of the United Nations. The frustrations of the United Nations are a product of the world that we live in, and not of the institution which gives them voice. It is far better to throw these differences open to the assembly of nations than to permit them to fester in silent danger.

These are some of the goals of the American Nation in the world in which we live.

For ourselves we seek neither praise nor blame, neither gratitude nor obedience.

We seek peace.

We seek freedom.

We seek to enrich the life of man.

For that is the world in which we will flourish and that is the world that we mean for all men to ultimately have.

TOWARD THE GREAT SOCIETY

World affairs will continue to call upon our energy and our courage.

But today we can turn increased attention to the character of American life.

We are in the midst of the greatest upward surge of economic well-being in the history of any nation.

Our flourishing progress has been marked by price stability that is unequalled in the world. Our balance of payments deficit has declined and the soundness of our dollar is unquestioned. I pledge to keep it that way and I urge business and labor to cooperate to that end.

We worked for two centuries to climb this peak of prosperity. But we are only at the beginning of the road to the Great Society. Ahead now is a summit where freedom from the wants of the body can help fulfill the needs of the spirit.

We built this Nation to serve its people.

We want to grow and build and create, but we want progress to be the servant and not the master of man.

We do not intend to live in the midst of abundance, isolated from neighbors and nature, confined by blighted cities and bleak suburbs, stunted by a poverty of learning and an emptiness of leisure.

The Great Society asks not how much, but how good; not only how to create wealth but how to use it; not only how fast we are going, but where we are headed.

It proposes as the first test for a nation: the quality of its people.

This kind of society will not flower spontaneously from swelling riches and surging power.

It will not be the gift of government or the creation of presidents.

It will require of every American, for

many generations, both faith in the destination and the fortitude to make the journey.

And like freedom itself, it will always be challenge and not fulfillment.

And tonight we accept that challenge.

A NATIONAL AGENDA

I propose that we begin a program in education to ensure every American child the fullest development of his mind and skills.

I propose that we begin a massive attack on crippling and killing diseases.

I propose that we launch a national effort to make the American city a better and a more stimulating place to live.

I propose that we increase the beauty of America and end the poisoning of our rivers and the air that we breathe.

I propose that we carry out a new program to develop regions of our country that are now suffering from distress and depression.

I propose that we make new efforts to control and prevent crime and delinquency.

I propose that we eliminate every remaining obstacle to the right and the opportunity to vote.

I propose that we honor and support the achievements of thought and the creations of art.

I propose that we make an all-out campaign against waste and inefficiency.

THE TASK

Our basic task is threefold:

First, to keep our economy growing;

—to open for all Americans the opportunity that is now enjoyed by most Americans;

—and to improve the quality of life for all.

In the next 6 weeks I will submit special messages with detailed proposals for national action in each of these areas.

Tonight I would like just briefly to explain some of my major recommendations in the three main areas of national need.

I. A GROWING ECONOMY

BASIC POLICIES

First, we must keep our Nation prosperous. We seek full employment opportunity for every American citizen. I will present a budget designed to move the economy forward. More money will be left in the hands of the consumer by a substantial cut in excise taxes. We will continue along the path toward a balanced budget in a balanced economy.

I confidently predict—what every economic sign tells us tonight—the continued flourishing of the American economy.

But we must remember that fear of a recession can contribute to the fact of a recession. The knowledge that our Government will, and can, move swiftly will strengthen the confidence of investors and business.

Congress can reinforce this confidence by insuring that its procedures permit rapid action on temporary income tax cuts. And special funds for job-creating public programs should be made available for immediate use if recession threatens.

Our continued prosperity demands continued price stability. Business, labor, and the consumer all have a high stake in keeping wages and prices within the framework of the guideposts that have already served the Nation so well.

Finding new markets abroad for our goods depends on the initiative of American business. But we stand ready—with credit and other help—to assist the flow of trade which will benefit the entire Nation.

ON THE FARMS

Our economy owes much to the efficiency of our farmers. We must continue to assure them the opportunity to earn a fair reward. I have instructed the Secretary of Agriculture to lead a major effort to find new approaches to reduce the heavy cost of our farm programs and to direct more of our effort to the small farmer who needs the help the most.

INCREASED PROSPERITY

We can help insure continued prosperity through:

- a regional recovery program to assist the development of stricken areas left behind by our national progress;
- further efforts to provide our workers with the skills demanded by modern technology; for the laboring-man is an indispensable force in the American system;
- the extension of the minimum wage to more than 2 million unprotected workers;
- the improvement and the modernization of the unemployment compensation system.

And as pledged in our 1960 and 1964 Democratic platforms, I will propose to Congress changes in the Taft-Hartley Act including section 14(b). I will do so hoping to reduce the conflicts that for several years have divided Americans in various States of our Union.

In a country that spans a continent modern transportation is vital to continued growth.

TRANSPORTATION FOR GROWTH

I will recommend heavier reliance on competition in transportation and a new policy for our merchant marine.

I will ask for funds to study high-speed rail transportation between urban centers. We will begin with test projects between Washington and Boston. On high-speed trains, passengers could travel this distance in less than 4 hours.

II. OPPORTUNITY FOR ALL

Second, we must open opportunity to all our people.

Most Americans enjoy a good life. But far too many are still trapped in poverty and idleness and fear.

Let a just nation throw open to them the city of promise:

—to the elderly, by providing hospital care under social security and by raising benefit payments to those struggling to maintain the dignity of their later years;

—to the poor and the unfortunate, through doubling the war against poverty this year;

—to Negro Americans, through enforcement of the civil rights law and elimination of barriers to the right to vote;

—to those in other lands that are seeking the promise of America, through an immigration law based on the work a man can do and not where he was born or how he spells his name.

III. TO ENRICH THE LIFE OF ALL

Our third goal is to improve the quality of American life.

THROUGH EDUCATION

We begin with learning.

Every child must have the best education that this Nation can provide.

Thomas Jefferson said that no nation can

Lyndon B. Johnson, 1965

Jan. 4 [2]

be both ignorant and free. Today no nation can be both ignorant and great.

In addition to our existing programs, I will recommend a new program for schools and students with a first year authorization of \$1,500 million.

It will help at every stage along the road to learning.

For the preschool years we will help needy children become aware of the excitement of learning.

For the primary and secondary school years we will aid public schools serving low-income families and assist students in both public and private schools.

For the college years we will provide scholarships to high school students of the greatest promise and the greatest need and we will guarantee low-interest loans to students continuing their college studies.

New laboratories and centers will help our schools—help them lift their standards of excellence and explore new methods of teaching. These centers will provide special training for those who need and those who deserve special treatment.

THROUGH BETTER HEALTH

Greatness requires not only an educated people but a healthy people.

Our goal is to match the achievements of our medicine to the afflictions of our people.

We already carry on a large program in this country for research and health.

In addition, regional medical centers can provide the most advanced diagnosis and treatment for heart disease and cancer and stroke and other major diseases.

New support for medical and dental education will provide the trained people to apply our knowledge.

Community centers can help the mentally ill and improve health care for school-age

children from poor families, including services for the mentally retarded.

THROUGH IMPROVING THE WORLD WE LIVE IN

The City

An educated and healthy people require surroundings in harmony with their hopes.

In our urban areas the central problem today is to protect and restore man's satisfaction in belonging to a community where he can find security and significance.

The first step is to break old patterns—to begin to think and work and plan for the development of the entire metropolitan areas. We will take this step with new programs of help for the basic community facilities and for neighborhood centers of health and recreation.

New and existing programs will be open to those cities which work together to develop unified long-range policies for metropolitan areas.

We must also make some very important changes in our housing programs if we are to pursue these same basic goals.

So a Department of Housing and Urban Development will be needed to spearhead this effort in our cities.

Every citizen has the right to feel secure in his home and on the streets of his community.

To help control crime, we will recommend programs:

- to train local law enforcement officers;
- to put the best techniques of modern science at their disposal;
- to discover the causes of crime and better ways to prevent it.

I will soon assemble a panel of outstanding experts of this Nation to search out answers to the national problem of crime and delinquency, and I welcome the recommendations and the constructive efforts of the Congress.

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✓ The Beauty of America

For over three centuries the beauty of America has sustained our spirit and has enlarged our vision. We must act now to protect this heritage. In a fruitful new partnership with the States and the cities the next decade should be a conservation milestone. We must make a massive effort to save the countryside and to establish—as a green legacy for tomorrow—more large and small parks, more seashores and open spaces than have been created during any other period in our national history.

A new and substantial effort must be made to landscape highways to provide places of relaxation and recreation wherever our roads run.

Within our cities imaginative programs are needed to landscape streets and to transform open areas into places of beauty and recreation.

We will seek legal power to prevent pollution of our air and water before it happens. We will step up our effort to control harmful wastes, giving first priority to the cleanup of our most contaminated rivers. We will increase research to learn much more about the control of pollution.

We hope to make the Potomac a model of beauty here in the Capital, and preserve unspoiled stretches of some of our waterways with a Wild Rivers bill.

More ideas for a beautiful America will emerge from a White House Conference on Natural Beauty which I will soon call.

Art and Science ✓

We must also recognize and encourage those who can be pathfinders for the Nation's imagination and understanding.

To help promote and honor creative achievements, I will propose a National

Foundation on the Arts.

To develop knowledge which will enrich our lives and ensure our progress, I will recommend programs to encourage basic science, particularly in the universities—and to bring closer the day when the oceans will supply our growing need for fresh water.

IV. THE GOVERNMENT ✓

For government to serve these goals it must be modern in structure, efficient in action, and ready for any emergency.

I am busy, currently, reviewing the structure of the entire executive branch of this Government. I hope to reshape it and to reorganize it to meet more effectively the tasks of the 20th century.

Wherever waste is found, I will eliminate it.

Last year we saved almost \$3,500 million by eliminating waste in the National Government.

And I intend to do better this year.

And very soon I will report to you on our progress and on new economies that your Government plans to make.

Even the best of government is subject to the worst of hazards.

I will propose laws to insure the necessary continuity of leadership should the President become disabled or die.

In addition, I will propose reforms in the electoral college—leaving undisturbed the vote by States—but making sure that no elector can substitute his will for that of the people.

Last year, in a sad moment, I came here and I spoke to you after 33 years of public service, practically all of them here on this Hill.

This year I speak after 1 year as President of the United States.

Many of you in this Chamber are among

Lyndon B. Johnson, 1965

Jan. 6 [3]

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GOVERNMENT

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this Chamber are among

my oldest friends. We have shared many
happy moments and many hours of work,
and we have watched many Presidents to-
gether. Yet, only in the White House can
you finally know the full weight of this
Office.

The greatest burden is not running the
huge operations of government—or meeting
daily troubles, large and small—or even
working with the Congress.

A President's hardest task is not to *do*
what is right, but to *know* what is right.

Yet the Presidency brings no special gift
of prophecy or foresight. You take an oath,
you step into an office, and you must then
help guide a great democracy.

The answer was waiting for me in the
land where I was born.

It was once barren land. The angular
hills were covered with scrub cedar and a
few large live oaks. Little would grow in
that harsh caliche soil of my country. And
each spring the Pedernales River would
flood our valley.

But men came and they worked and they
endured and they built.

And tonight that country is abundant;
abundant with fruit and cattle and goats and
sheep, and there are pleasant homes and
lakes and the floods are gone.

Why did men come to that once forbid-
ding land?

3 Letter to Alice Roosevelt Longworth on the 46th Anniversary of the Death of Theodore Roosevelt. January 6, 1965

Dear Mrs. Longworth:

On this occasion of the 46th anniversary
of the death of your father, President Theo-
dore Roosevelt, I have been thinking over
the enormous significance of his contribu-
tions to our nation.

President Roosevelt was the first modern

Well, they were restless, of course, and
they had to be moving on. But there was
more than that. There was a dream—a
dream of a place where a free man could
build for himself, and raise his children to
a better life—a dream of a continent to be
conquered, a world to be won, a nation to
be made.

Remembering this, I knew the answer.

A President does not shape a new and
personal vision of America.

He collects it from the scattered hopes of
the American past.

It existed when the first settlers saw the
coast of a new world, and when the first
pioneers moved westward.

It has guided us every step of the way.

It sustains every President. But it is also
your inheritance and it belongs equally to
all the people that we all serve.

It must be interpreted anew by each gen-
eration for its own needs; as I have tried, in
part, to do tonight.

It shall lead us as we enter the third cen-
tury of the search for "a more perfect
union."

This, then, is the state of the Union: Free
and restless, growing and full of hope.

So it was in the beginning.

So it shall always be, while God is willing,
and we are strong enough to keep the faith.

(12)
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on January 20, 1970, at the age of 79. He had served as Secretary of the Treasury in the Eisenhower administration from 1953 to 1957. The statement was read by Press Secretary

Ronald L. Ziegler during his regular news briefing at the White House on January 21, 1970.

9 Annual Message to the Congress on the State of the Union. *January 22, 1970*

Mr. Speaker, Mr. President, my colleagues in the Congress, our distinguished guests and my fellow Americans:

To address a joint session of the Congress in this great Chamber in which I was once privileged to serve is an honor for which I am deeply grateful.

The State of the Union Address is traditionally an occasion for a lengthy and detailed account by the President of what he has accomplished in the past, what he wants the Congress to do in the future, and, in an election year, to lay the basis for the political issues which might be decisive in the fall.

Occasionally there comes a time when profound and far-reaching events command a break with tradition.

This is such a time.

I say this not only because 1970 marks the beginning of a new decade in which America will celebrate its 200th birthday. I say it because new knowledge and hard experience argue persuasively that both our programs and our institutions in America need to be reformed.

The moment has arrived to harness the vast energies and abundance of this land to the creation of a new American experience, an experience richer and deeper and more truly a reflection of the goodness and grace of the human spirit.

The seventies will be a time of new beginnings, a time of exploring both on the earth and in the heavens, a time of discovery. But the time has also come for

emphasis on developing better ways of managing what we have and of completing what man's genius has begun but left unfinished.

Our land, this land that is ours together, is a great and a good land. It is also an unfinished land, and the challenge of perfecting it is the summons of the seventies.

It is in that spirit that I address myself to those great issues facing our Nation which are above partisanship.

When we speak of America's priorities the first priority must always be peace for America and the world.

The major immediate goal of our foreign policy is to bring an end to the war in Vietnam in a way that our generation will be remembered—not so much as the generation that suffered in war, but more for the fact that we had the courage and character to win the kind of a just peace that the next generation was able to keep.

We are making progress toward that goal.

The prospects for peace are far greater today than they were a year ago.

A major part of the credit for this development goes to the Members of this Congress who, despite their differences on the conduct of the war, have overwhelmingly indicated their support of a just peace. By this action, you have completely demolished the enemy's hopes that they can gain in Washington the victory our fighting men have denied them in Vietnam.

No goal could be greater than to make the next generation the first in this century in which America was at peace with every nation in the world.

I shall discuss in detail the new concepts and programs designed to achieve this goal in a separate report on foreign policy, which I shall submit to the Congress at a later date.

Today, let me describe the directions of our new policies.

We have based our policies on an evaluation of the world as it is, not as it was 25 years ago at the conclusion of World War II. Many of the policies which were necessary and right then are obsolete today.

Then, because of America's overwhelming military and economic strength, because of the weakness of other major free world powers and the inability of scores of newly independent nations to defend, or even govern, themselves, America had to assume the major burden for the defense of freedom in the world.

In two wars, first in Korea and now in Vietnam, we furnished most of the money, most of the arms, most of the men to help other nations defend their freedom.

Today the great industrial nations of Europe, as well as Japan, have regained their economic strength; and the nations of Latin America—and many of the nations who acquired their freedom from colonialism after World War II in Asia and Africa—have a new sense of pride and dignity and a determination to assume the responsibility for their own defense.

That is the basis of the doctrine I announced at Guam.¹

Neither the defense nor the develop-

ment of other nations can be exclusively or primarily an American undertaking.

The nations of each part of the world should assume the primary responsibility for their own well-being; and they themselves should determine the terms of that well-being.

We shall be faithful to our treaty commitments, but we shall reduce our involvement and our presence in other nations' affairs.

To insist that other nations play a role is not a retreat from responsibility; it is a sharing of responsibility.

The result of this new policy has been not to weaken our alliances, but to give them new life, new strength, a new sense of common purpose.

Relations with our European allies are once again strong and healthy, based on mutual consultation and mutual responsibility.

We have initiated a new approach to Latin America in which we deal with those nations as partners rather than patrons.

The new partnership concept has been welcomed in Asia. We have developed an historic new basis for Japanese-American friendship and cooperation, which is the linchpin for peace in the Pacific.

If we are to have peace in the last third of the century, a major factor will be the development of a new relationship between the United States and the Soviet Union.

I would not underestimate our differences, but we are moving with precision and purpose from an era of confrontation to an era of negotiation.

Our negotiations on strategic arms limitations and in other areas will have far greater chance for success if both sides enter them motivated by mutual self-inter-

¹ See 1969 volume, Item 279.

[9] Jan. 22

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est rather than naive sentimentality.

It is with this same spirit that we have resumed discussions with Communist China in our talks at Warsaw.

Our concern in our relations with both these nations is to avoid a catastrophic collision and to build a solid basis for peaceful settlement of our differences.

I would be the last to suggest that the road to peace is not difficult and dangerous, but I believe our new policies have contributed to the prospect that America may have the best chance since World War II to enjoy a generation of uninterrupted peace. And that chance will be enormously increased if we continue to have a relationship between Congress and the Executive in which, despite differences in detail, where the security of America and the peace of mankind are concerned, we act not as Republicans, not as Democrats, but as Americans.

As we move into the decade of the seventies, we have the greatest opportunity for progress at home of any people in world history.

Our gross national product will increase by \$500 billion in the next 10 years. This increase alone is greater than the entire growth of the American economy from 1790 to 1950.

The critical question is not whether we will grow, but how we will use that growth.

The decade of the sixties was also a period of great growth economically. But in that same 10-year period we witnessed the greatest growth of crime, the greatest increase in inflation, the greatest social unrest in America in 100 years. Never has a nation seemed to have had more and enjoyed it less.

At heart, the issue is the effectiveness of government.

Ours has become—as it continues to be, and should remain—a society of large expectations. Government helped to generate these expectations. It undertook to meet them. Yet, increasingly, it proved unable to do so.

As a people, we had too many visions—and too little vision.

Now, as we enter the seventies, we should enter also a great age of reform of the institutions of American government.

Our purpose in this period should not be simply better management of the programs of the past. The time has come for a new quest—a quest not for a greater quantity of what we have, but for a new quality of life in America.

A major part of the substance for an unprecedented advance in this Nation's approach to its problems and opportunities is contained in more than two score legislative proposals which I sent to the Congress last year and which still await enactment.

I will offer at least a dozen more major programs in the course of this session.

At this point I do not intend to go through a detailed listing of what I have proposed or will propose, but I would like to mention three areas in which urgent priorities demand that we move and move now:

First, we cannot delay longer in accomplishing a total reform of our welfare system. When a system penalizes work, breaks up homes, robs recipients of dignity, there is no alternative to abolishing that system and adopting in its place the program of income support, job training, and work incentives which I recommended to the Congress last year.

Second, the time has come to assess and reform all of our institutions of government at the Federal, State, and local level.

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e has come to assess and institutions of govern- al, State, and local level.

It is time for a New Federalism, in which, after 190 years of power flowing from the people and local and State governments to Washington, D.C., it will begin to flow from Washington back to the States and to the people of the United States.

Third, we must adopt reforms which will expand the range of opportunities for all Americans. We can fulfill the American dream only when each person has a fair chance to fulfill his own dreams. This means equal voting rights, equal employment opportunity, and new opportunities for expanded ownership. Because in order to be secure in their human rights, people need access to property rights.

I could give similar examples of the need for reform in our programs for health, education, housing, transportation, as well as other critical areas which directly affect the well-being of millions of Americans.

The people of the United States should wait no longer for these reforms that would so deeply enhance the quality of their life.

When I speak of actions which would be beneficial to the American people, I can think of none more important than for the Congress to join this administration in the battle to stop the rise in the cost of living.

Now, I realize it is tempting to blame someone else for inflation.

Some blame business for raising prices.

Some blame unions for asking for more wages.

But a review of the stark fiscal facts of the 1960's clearly demonstrates where the primary blame for rising prices must be placed.

In the decade of the sixties the Federal Government spent \$57 billion more than it took in in taxes.

In that same decade the American people paid the bill for that deficit in price increases which raised the cost of living for the average family of four by \$200 per month in America.

Now millions of Americans are forced to go into debt today because the Federal Government decided to go into debt yesterday. We must balance our Federal budget so that American families will have a better chance to balance their family budgets.

Only with the cooperation of the Congress can we meet this highest priority objective of responsible government.

We are on the right track.

We had a balanced budget in 1969.

This administration cut more than \$7 billion out of spending plans in order to produce a surplus in 1970, and in spite of the fact that Congress reduced revenues by \$3 billion, I shall recommend a balanced budget for 1971.

But I can assure you that not only to present, but to stay within, a balanced budget requires some very hard decisions. It means rejecting spending programs which would benefit some of the people when their net effect would result in price increases for all the people.

It is time to quit putting good money into bad programs. Otherwise, we will end up with bad money and bad programs.

I recognize the political popularity of spending programs, and particularly in an election year. But unless we stop the rise in prices, the cost of living for millions of American families will become unbearable and government's ability to plan programs for progress for the future will become impossible.

In referring to budget cuts, there is one area where I have ordered an increase

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rather than a cut—and that is the requests of those agencies with the responsibilities for law enforcement.

We have heard a great deal of overblown rhetoric during the sixties in which the word "war" has perhaps too often been used—the war on poverty, the war on misery, the war on disease, the war on hunger. But if there is one area where the word "war" is appropriate it is in the fight against crime. We must declare and win the war against the criminal elements which increasingly threaten our cities, our homes, and our lives.

We have a tragic example of this problem in the Nation's Capital, for whose safety the Congress and the Executive have the primary responsibility. I doubt if many Members of this Congress who live more than a few blocks from here would dare leave their cars in the Capitol garage and walk home alone tonight.

Last year this administration sent to the Congress 13 separate pieces of legislation dealing with organized crime, pornography, street crime, narcotics, crime in the District of Columbia.

None of these bills has reached my desk for signature.

I am confident that the Congress will act now to adopt the legislation I placed before you last year. We in the Executive have done everything we can under existing law, but new and stronger weapons are needed in that fight.

While it is true that State and local law enforcement agencies are the cutting edge in the effort to eliminate street crime, burglaries, murder, my proposals to you have embodied my belief that the Federal Government should play a greater role in working in partnership with these agencies.

That is why 1971 Federal spending for

local law enforcement will double that budgeted for 1970.

The primary responsibility for crimes that affect individuals is with local and State rather than with Federal Government. But in the field of organized crime, narcotics, pornography, the Federal Government has a special responsibility it should fulfill. And we should make Washington, D.C., where we have the primary responsibility, an example to the Nation and the world of respect for law rather than lawlessness.

I now turn to a subject which, next to our desire for peace, may well become the major concern of the American people in the decade of the seventies.

In the next 10 years we shall increase our wealth by 50 percent. The profound question is: Does this mean we will be 50 percent richer in a real sense, 50 percent better off, 50 percent happier?

Or does it mean that in the year 1980 the President standing in this place will look back on a decade in which 70 percent of our people lived in metropolitan areas choked by traffic, suffocated by smog, poisoned by water, deafened by noise, and terrorized by crime?

These are not the great questions that concern world leaders at summit conferences. But people do not live at the summit. They live in the foothills of everyday experience, and it is time for all of us to concern ourselves with the way real people live in real life.

The great question of the seventies is, shall we surrender to our surroundings, or shall we make our peace with nature and begin to make reparations for the damage we have done to our air, to our land, and to our water?

Restoring nature to its natural state is a cause beyond party and beyond factions.

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It has become a common cause of all the people of this country. It is a cause of particular concern to young Americans, because they more than we will reap the grim consequences of our failure to act on programs which are needed now if we are to prevent disaster later.

Clean air, clean water, open spaces—these should once again be the birthright of every American. If we act now, they can be.

We still think of air as free. But clean air is not free, and neither is clean water. The price tag on pollution control is high. Through our years of past carelessness we incurred a debt to nature, and now that debt is being called.

The program I shall propose to Congress will be the most comprehensive and costly program in this field in America's history.

It is not a program for just one year. A year's plan in this field is no plan at all. This is a time to look ahead not a year, but 5 years or 10 years—whatever time is required to do the job.

I shall propose to this Congress a \$10 billion nationwide clean waters program to put modern municipal waste treatment plants in every place in America where they are needed to make our waters clean again, and do it now. We have the industrial capacity, if we begin now, to build them all within 5 years. This program will get them built within 5 years.

As our cities and suburbs relentlessly expand, those priceless open spaces needed for recreation areas accessible to their people are swallowed up—often forever. Unless we preserve these spaces while they are still available, we will have none to preserve. Therefore, I shall propose new financing methods for purchasing

open space and parklands now, before they are lost to us.

The automobile is our worst polluter of the air. Adequate control requires further advances in engine design and fuel composition. We shall intensify our research, set increasingly strict standards, and strengthen enforcement procedures—and we shall do it now.

We can no longer afford to consider air and water common property, free to be abused by anyone without regard to the consequences. Instead, we should begin now to treat them as scarce resources, which we are no more free to contaminate than we are free to throw garbage into our neighbor's yard.

This requires comprehensive new regulations. It also requires that, to the extent possible, the price of goods should be made to include the costs of producing and disposing of them without damage to the environment.

Now, I realize that the argument is often made that there is a fundamental contradiction between economic growth and the quality of life, so that to have one we must forsake the other.

The answer is not to abandon growth, but to redirect it. For example, we should turn toward ending congestion and eliminating smog the same reservoir of inventive genius that created them in the first place.

Continued vigorous economic growth provides us with the means to enrich life itself and to enhance our planet as a place hospitable to man.

Each individual must enlist in this fight if it is to be won.

It has been said that no matter how many national parks and historical monuments we buy and develop, the truly sig-

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nificant environment for each of us is that in which we spend 80 percent of our time—in our homes, in our places of work, the streets over which we travel.

Street litter, rundown parking strips and yards, dilapidated fences, broken windows, smoking automobiles, dingy working places, all should be the object of our fresh view.

We have been too tolerant of our surroundings and too willing to leave it to others to clean up our environment. It is time for those who make massive demands on society to make some minimal demands on themselves. Each of us must resolve that each day he will leave his home, his property, the public places of the city or town a little cleaner, a little better, a little more pleasant for himself and those around him.

With the help of people we can do anything, and without their help, we can do nothing. In this spirit, together, we can reclaim our land for ours and generations to come.

Between now and the year 2000, over 100 million children will be born in the United States. Where they grow up—and how—will, more than any one thing, measure the quality of American life in these years ahead.

This should be a warning to us.

For the past 30 years our population has also been growing and shifting. The result is exemplified in the vast areas of rural America emptying out of people and of promise—a third of our counties lost population in the sixties.

The violent and decayed central cities of our great metropolitan complexes are the most conspicuous area of failure in American life today.

I propose that before these problems

become insoluble, the Nation develop a national growth policy.

In the future, government decisions as to where to build highways, locate airports, acquire land, or sell land should be made with a clear objective of aiding a balanced growth for America.

In particular, the Federal Government must be in a position to assist in the building of new cities and the rebuilding of old ones.

At the same time, we will carry our concern with the quality of life in America to the farm as well as the suburb, to the village as well as to the city. What rural America needs most is a new kind of assistance. It needs to be dealt with, not as a separate nation, but as part of an overall growth policy for America. We must create a new rural environment which will not only stem the migration to urban centers, but reverse it. If we seize our growth as a challenge, we can make the 1970's an historic period when by conscious choice we transformed our land into what we want it to become.

America, which has pioneered in the new abundance, and in the new technology, is called upon today to pioneer in meeting the concerns which have followed in their wake—in turning the wonders of science to the service of man.

In the majesty of this great Chamber we hear the echoes of America's history, of debates that rocked the Union and those that repaired it, of the summons to war and the search for peace, of the uniting of the people, the building of a nation.

Those echoes of history remind us of our roots and our strengths.

They remind us also of that special genius of American democracy, which at one critical turning point after another

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has led us to spot the new road to the
future and given us the wisdom and the
courage to take it.

As I look down that new road which I
have tried to map out today, I see a new
America as we celebrate our 200th anni-
versary 6 years from now.

I see an America in which we have
abolished hunger, provided the means for
every family in the Nation to obtain a
minimum income, made enormous prog-
ress in providing better housing, faster
transportation, improved health, and
superior education.

I see an America in which we have
checked inflation, and waged a winning
war against crime.

I see an America in which we have
made great strides in stopping the pol-
lution of our air, cleaning up our water,
opening up our parks, continuing to ex-
plore in space.

Most important, I see an America at
peace with all the nations of the world.

This is not an impossible dream. These
goals are all within our reach.

In times past, our forefathers had the
vision but not the means to achieve such
goals.

Let it not be recorded that we were
the first American generation that had
the means but not the vision to make this
dream come true.

But let us, above all, recognize a funda-
mental truth. We can be the best clothed,
best fed, best housed people in the world,
enjoying clean air, clean water, beautiful
parks, but we could still be the unhappiest
people in the world without an indefinable
spirit—the lift of a driving dream which
has made America, from its beginning, the
hope of the world.

Two hundred years ago this was a new

nation of 3 million people, weak militarily,
poor economically. But America meant
something to the world then which could
not be measured in dollars, something far
more important than military might.

Listen to President Thomas Jefferson
in 1802: We act not "for ourselves alone,
but for the whole human race."

We had a spiritual quality then which
caught the imagination of millions of peo-
ple in the world.

Today, when we are the richest and
strongest nation in the world, let it not
be recorded that we lack the moral and
spiritual idealism which made us the hope
of the world at the time of our birth.

The demands of us in 1976 are even
greater than in 1776.

It is no longer enough to live and let
live. Now we must live and help live.

We need a fresh climate in America,
one in which a person can breathe freely
and breathe in freedom.

Our recognition of the truth that wealth
and happiness are not the same thing
requires us to measure success or failure
by new criteria.

Even more than the programs I have
described today, what this Nation needs
is an example from its elected leaders in
providing the spiritual and moral lead-
ership which no programs for material
progress can satisfy.

Above all, let us inspire young Amer-
icans with a sense of excitement, a sense
of destiny, a sense of involvement, in meet-
ing the challenges we face in this great
period of our history. Only then are they
going to have any sense of satisfaction in
their lives.

The greatest privilege an individual can
have is to serve in a cause bigger than
himself. We have such a cause.

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How we seize the opportunities I have described today will determine not only our future, but the future of peace and freedom in this world in the last third of the century.

May God give us the wisdom, the strength and, above all, the idealism to be worthy of that challenge, so that America can fulfill its destiny of being the world's best hope for liberty, for oppor-

tunity, for progress and peace for all peoples.

NOTE: The President delivered his address at 12:30 p.m. in the House Chamber at the Capitol before a joint session of the Congress. He was introduced by Speaker of the House of Representatives John W. McCormack of Massachusetts.

On the same day an advance text of the President's address was released by the White House Press Office.

10 Remarks on Presenting the Presidential Medal of Freedom to Eugene Ormandy. *January 24, 1970*

Mr. Louchheim, Mr. Ormandy, members of the orchestra, all of the distinguished performing artists tonight, and all of those in this great American Academy of Music—that was its original name you know, and after tonight it is the American Academy of Music:

Those in this room are indeed fortunate to be here on this special day honoring Eugene Ormandy. Because only a few could be here, you are the special few.

I want you to know that for me it was a very special honor to be here, because I am in a much larger audience, the audience that does not live in Philadelphia, the audience as a matter of fact—and I was saying this to Mr. Ormandy before—I am one of those millions of people in America and the world who never before has heard the Philadelphia Symphony with Eugene Ormandy conducting in person. I know him and the orchestra through the records.

And I want to say, Mr. Ormandy, that when I was growing up as a child in California, and my mother was making me practice the piano and the violin, I never dreamed that someday they might be playing "Hail to the Chief" to me, but cer-

tainly the highest experience that could ever have come is to have "Hail to the Chief" played by the Philadelphia Symphony Orchestra under Eugene Ormandy.

The highest honor that can be paid to a private citizen by the Government of the United States is the Medal of Freedom. The first award of this Medal in the decade of the seventies is to be made tonight.

Usually the awards are made in the White House. I found, however, when I suggested that Mr. Ormandy might come to the White House for the award, he said: "Only if I can bring the 105 people in my orchestra—all 105."

Now, we would have been delighted to have the 105 in the orchestra there but we could not have had any guests. And so, since the orchestra could not come to Washington, I thought that the President ought to come to Philadelphia and come to the orchestra.

I now will read the citation to you.

THE PRESIDENT OF THE UNITED STATES OF AMERICA AWARDS THIS PRESIDENTIAL MEDAL OF FREEDOM TO EUGENE ORMANDY

From early childhood he has possessed superb musical gifts. For thirty-four years he

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I will forward to the Congress later this week draft legislation for such an extension. I believe the right to vote is the foundation of freedom and equality. It must be protected.

During his lifetime, Dr. King received the Nobel Prize and numerous other awards. But shortly before his death 7 years ago, he said that he preferred to be remembered not for these honors, but for his service to his fellow man.

Dr. King is remembered as he wished—and his memory continues to inspire hope for America. We must not let his work die—that will be the highest tribute of all.

NOTE: The President spoke at 1:05 p.m. in the Cabinet Room at the White House. His remarks were recorded for later broadcast in commemoration of Dr. King's birth on January 15, 1929.

The White House announced that the President also had sent a telegram to Coretta Scott King expressing his high regard for the memory of her late husband.

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Address Before a Joint Session of the Congress Reporting on the State of the Union. January 15, 1975

Mr. Speaker, Mr. Vice President, Members of the 94th Congress, and distinguished guests:

Twenty-six years ago, a freshman Congressman, a young fellow with lots of idealism who was out to change the world, stood before Sam Rayburn in the well of the House and solemnly swore to the same oath that all of you took yesterday—an unforgettable experience, and I congratulate you all.

Two days later, that same freshman stood at the back of this great Chamber—over there someplace—as President Truman, all charged up by his single-handed election victory, reported as the Constitution requires on the state of the Union.

When the bipartisan applause stopped, President Truman said, "I am happy to report to this 81st Congress that the state of the Union is good. Our Nation is better able than ever before to meet the needs of the American people, and to give them their fair chance in the pursuit of happiness. [It] is foremost among the nations of the world in the search for peace."

Today, that freshman Member from Michigan stands where Mr. Truman stood, and I must say to you that the state of the Union is not good:

Millions of Americans are out of work.

Recession and inflation are eroding the money of millions more.

Prices are too high, and sales are too slow.

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Gerald R. Ford, 1975

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This year's Federal deficit will be about \$30 billion; next year's probably \$45 billion.

The national debt will rise to over \$500 billion.

Our plant capacity and productivity are not increasing fast enough.

We depend on others for essential energy.

Some people question their Government's ability to make hard decisions and stick with them; they expect Washington politics as usual.

Yet, what President Truman said on January 5, 1949, is even more true in 1975. We are better able to meet our people's needs. All Americans do have a fairer chance to pursue happiness. Not only are we still the foremost nation in the pursuit of peace but today's prospects of attaining it are infinitely brighter.

There were 59 million Americans employed at the start of 1949; now there are more than 85 million Americans who have jobs. In comparable dollars, the average income of the American family has doubled during the past 26 years.

Now, I want to speak very bluntly. I've got bad news, and I don't expect much, if any, applause. The American people want action, and it will take both the Congress and the President to give them what they want. Progress and solutions *can* be achieved, and they *will* be achieved.

My message today is not intended to address all of the complex needs of America. I will send separate messages making specific recommendations for domestic legislation, such as the extension of general revenue sharing and the Voting Rights Act.

The moment has come to move in a new direction. We can do this by fashioning a new partnership between the Congress on the one hand, the White House on the other, and the people we both represent.

Let us mobilize the most powerful and most creative industrial nation that ever existed on this Earth to put all our people to work. The emphasis on our economic efforts must now shift from inflation to jobs.

To bolster business and industry and to create new jobs, I propose a 1-year tax reduction of \$16 billion. Three-quarters would go to individuals and one-quarter to promote business investment.

This cash rebate to individuals amounts to 12 percent of 1974 tax payments—a total cut of \$12 billion, with a maximum of \$1,000 per return.

I call on the Congress to act by April 1. If you do—and I hope you will—the Treasury can send the first check for half of the rebate in May and the second by September.

The other one-fourth of the cut, about \$4 billion, will go to business, including farms, to promote expansion and to create more jobs. The 1-year reduction for

businesses would be in the form of a liberalized investment tax credit increasing the rate to 12 percent for all businesses.

This tax cut does not include the more fundamental reforms needed in our tax system. But it points us in the right direction—allowing taxpayers rather than the Government to spend their pay.

Cutting taxes now is essential if we are to turn the economy around. A tax cut offers the best hope of creating more jobs. Unfortunately, it will increase the size of the budget deficit. Therefore, it is more important than ever that we take steps to control the growth of Federal expenditures.

Part of our trouble is that we have been self-indulgent. For decades, we have been voting ever-increasing levels of Government benefits, and now the bill has come due. We have been adding so many new programs that the size and the growth of the Federal budget has taken on a life of its own.

One characteristic of these programs is that their cost increases automatically every year because the number of people eligible for most of the benefits increases every year. When these programs are enacted, there is no dollar amount set. No one knows what they will cost. All we know is that whatever they cost last year, they will cost more next year.

It is a question of simple arithmetic. Unless we check the excessive growth of Federal expenditures or impose on ourselves matching increases in taxes, we will continue to run huge inflationary deficits in the Federal budget.

If we project the current built-in momentum of Federal spending through the next 15 years, State, Federal, and local government expenditures could easily comprise half of our gross national product. This compares with less than a third in 1975.

I have just concluded the process of preparing the budget submissions for fiscal year 1976. In that budget, I will propose legislation to restrain the growth of a number of existing programs. I have also concluded that no new spending programs can be initiated this year, except for energy. Further, I will not hesitate to veto any new spending programs adopted by the Congress.

As an additional step toward putting the Federal Government's house in order, I recommend a 5-percent limit on Federal pay increases in 1975. In all Government programs tied to the Consumer Price Index—including social security, civil service and military retirement pay, and food stamps—I also propose a 1-year maximum increase of 5 percent.

None of these recommended ceiling limitations, over which Congress has final authority, are easy to propose, because in most cases they involve anticipated payments to many, many deserving people. Nonetheless, it must be done. I must

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emphasize that I am not asking to eliminate, to reduce, to freeze these payments. I am merely recommending that we slow down the rate at which these payments increase and these programs grow.

Only a reduction in the growth of spending can keep Federal borrowing down and reduce the damage to the private sector from high interest rates. Only a reduction in spending can make it possible for the Federal Reserve System to avoid an inflationary growth in the money supply and thus restore balance to our economy. A major reduction in the growth of Federal spending can help dispel the uncertainty that so many feel about our economy and put us on the way to curing our economic ills.

If we don't act to slow down the rate of increase in Federal spending, the United States Treasury will be legally obligated to spend more than \$360 billion in fiscal year 1976, even if no new programs are enacted. These are not matters of conjecture or prediction, but again, a matter of simple arithmetic. The size of these numbers and their implications for our everyday life and the health of our economic system are shocking.

I submitted to the last Congress a list of budget deferrals and rescissions. There will be more cuts recommended in the budget that I will submit. Even so, the level of outlays for fiscal year 1976 is still much, much too high. Not only is it too high for this year but the decisions we make now will inevitably have a major and growing impact on expenditure levels in future years. I think this is a very fundamental issue that we, the Congress and I, must jointly solve.

Economic disruptions we and others are experiencing stem in part from the fact that the world price of petroleum has quadrupled in the last year. But in all honesty, we cannot put all of the blame on the oil-exporting nations. We, the United States, are not blameless. Our growing dependence upon foreign sources has been adding to our vulnerability for years and years, and we did nothing to prepare ourselves for such an event as the embargo of 1973.

During the 1960's, this country had a surplus capacity of crude oil which we were able to make available to our trading partners whenever there was a disruption of supply. This surplus capacity enabled us to influence both supplies and prices of crude oil throughout the world. Our excess capacity neutralized any effort at establishing an effective cartel, and thus the rest of the world was assured of adequate supplies of oil at reasonable prices.

By 1970, our surplus capacity had vanished, and as a consequence, the latent power of the oil cartel could emerge in full force. Europe and Japan, both heavily dependent on imported oil, now struggle to keep their economies in

balance. Even the United States, our country, which is far more self-sufficient than most other industrial countries, has been put under serious pressure.

I am proposing a program which will begin to restore our country's surplus capacity in total energy. In this way, we will be able to assure ourselves reliable and adequate energy and help foster a new world energy stability for other major consuming nations.

But this Nation and, in fact, the world must face the prospect of energy difficulties between now and 1985. This program will impose burdens on all of us with the aim of reducing our consumption of energy and increasing our production. Great attention has been paid to the considerations of fairness, and I can assure you that the burdens will not fall more harshly on those less able to bear them.

I am recommending a plan to make us invulnerable to cutoffs of foreign oil. It will require sacrifices, but it—and this is most important—it will work.

I have set the following national energy goals to assure that our future is as secure and as productive as our past:

First, we must reduce oil imports by 1 million barrels per day by the end of this year and by 2 million barrels per day by the end of 1977.

Second, we must end vulnerability to economic disruption by foreign suppliers by 1985.

Third, we must develop our energy technology and resources so that the United States has the ability to supply a significant share of the energy needs of the free world by the end of this century.

To attain these objectives, we need immediate action to cut imports. Unfortunately, in the short term there are only a limited number of actions which can increase domestic supply. I will press for all of them.

I urge quick action on the necessary legislation to allow commercial production at the Elk Hills, California, Naval Petroleum Reserve. In order that we make greater use of domestic coal resources, I am submitting amendments to the Energy Supply and Environmental Coordination Act which will greatly increase the number of powerplants that can be promptly converted to coal.

Obviously, voluntary conservation continues to be essential, but tougher programs are needed—and needed now. Therefore, I am using Presidential powers to raise the fee on all imported crude oil and petroleum products. The crude oil fee level will be increased \$1 per barrel on February 1, by \$2 per barrel on March 1, and by \$3 per barrel on April 1. I will take actions to reduce undue hardships on any geographical region. The foregoing are interim administra-

tive actions. They will be rescinded when the broader but necessary legislation is enacted.

To that end, I am requesting the Congress to act within 90 days on a more comprehensive energy tax program. It includes: excise taxes and import fees totaling \$2 per barrel on product imports and on all crude oil; deregulation of new natural gas and enactment of a natural gas excise tax.

I plan to take Presidential initiative to decontrol the price of domestic crude oil on April 1. I urge the Congress to enact a windfall profits tax by that date to ensure that oil producers do not profit unduly.

The sooner Congress acts, the more effective the oil conservation program will be and the quicker the Federal revenues can be returned to our people.

I am prepared to use Presidential authority to limit imports, as necessary, to guarantee success.

I want you to know that before deciding on my energy conservation program, I considered rationing and higher gasoline taxes as alternatives. In my judgment, neither would achieve the desired results and both would produce unacceptable inequities.

A massive program must be initiated to increase energy supply, to cut demand, and provide new standby emergency programs to achieve the independence we want by 1985. The largest part of increased oil production must come from new frontier areas on the Outer Continental Shelf and from the Naval Petroleum Reserve No. 4 in Alaska. It is the intent of this Administration to move ahead with exploration, leasing, and production on those frontier areas of the Outer Continental Shelf where the environmental risks are acceptable.

Use of our most abundant domestic resource—coal—is severely limited. We must strike a reasonable compromise on environmental concerns with coal. I am submitting Clean Air [Act] amendments which will allow greater coal use without sacrificing clean air goals.

I vetoed the strip mining legislation passed by the last Congress.¹ With appropriate changes, I will sign a revised version when it comes to the White House.

I am proposing a number of actions to energize our nuclear power program. I will submit legislation to expedite nuclear leasing [licensing] and the rapid selection of sites.

In recent months, utilities have cancelled or postponed over 60 percent of planned nuclear expansion and 30 percent of planned additions to non-nuclear

¹ See 1974 volume, Item 326.

capacity. Financing problems for that industry are worsening. I am therefore recommending that the 1-year investment tax credit of 12 percent be extended an additional 2 years to specifically speed the construction of powerplants that do not use natural gas or oil. I am also submitting proposals for selective reform of State utility commission regulations.

To provide the critical stability for our domestic energy production in the face of world price uncertainty, I will request legislation to authorize and require tariffs, import quotas, or price floors to protect our energy prices at levels which will achieve energy independence.

Increasing energy supplies is not enough. We must take additional steps to cut long-term consumption. I therefore propose to the Congress: legislation to make thermal efficiency standards mandatory for all new buildings in the United States; a new tax credit of up to \$150 for those homeowners who install insulation equipment; the establishment of an energy conservation program to help low-income families purchase insulation supplies; legislation to modify and defer automotive pollution standards for 5 years, which will enable us to improve automobile gas mileage by 40 percent by 1980.

These proposals and actions, cumulatively, can reduce our dependence on foreign energy supplies from 3 to 5 million barrels per day by 1985. To make the United States invulnerable to foreign disruption, I propose standby emergency legislation and a strategic storage program of 1 billion barrels of oil for domestic needs and 300 million barrels for national defense purposes.

I will ask for the funds needed for energy research and development activities. I have established a goal of 1 million barrels of synthetic fuels and shale oil production per day by 1985 together with an incentive program to achieve it.

I have a very deep belief in America's capabilities. Within the next 10 years, my program envisions: 200 major nuclear powerplants; 250 major new coal mines; 150 major coal-fired powerplants; 30 major new [oil] refineries; 20 major new synthetic fuel plants; the drilling of many thousands of new oil wells; the insulation of 18 million homes; and the manufacturing and the sale of millions of new automobiles, trucks, and buses that use much less fuel.

I happen to believe that we can do it. In another crisis—the one in 1942—President Franklin D. Roosevelt said this country would build 60,000 [50,000] military aircraft. By 1943, production in that program had reached 125,000 aircraft annually. They did it then. We can do it now.

If the Congress and the American people will work with me to attain these targets, they will be achieved and will be surpassed.

From adversity, let us seize opportunity. Revenues of some \$30 billion from

higher energy taxes designed to encourage conservation must be refunded to the American people in a manner which corrects distortions in our tax system wrought by inflation.

People have been pushed into higher tax brackets by inflation, with consequent reduction in their actual spending power. Business taxes are similarly distorted because inflation exaggerates reported profits, resulting in excessive taxes.

Accordingly, I propose that future individual income taxes be reduced by \$16.5 billion. This will be done by raising the low-income allowance and reducing tax rates. This continuing tax cut will primarily benefit lower- and middle-income taxpayers.

For example, a typical family of four with a gross income of \$5,600 now pays \$185 in Federal income taxes. Under this tax cut plan, they would pay nothing. A family of four with a gross income of \$12,500 now pays \$1,260 in Federal taxes. My proposal reduces that total by \$300. Families grossing \$20,000 would receive a reduction of \$210.

Those with the very lowest incomes, who can least afford higher costs, must also be compensated. I propose a payment of \$80 to every person 18 years of age and older in that very limited category.

State and local governments will receive \$2 billion in additional revenue sharing to offset their increased energy costs.

To offset inflationary distortions and to generate more economic activity, the corporate tax rate will be reduced from 48 percent to 42 percent.

Now let me turn, if I might, to the international dimension of the present crisis. At no time in our peacetime history has the state of the Nation depended more heavily on the state of the world. And seldom, if ever, has the state of the world depended more heavily on the state of our Nation.

The economic distress is global. We will not solve it at home unless we help to remedy the profound economic dislocation abroad. World trade and monetary structure provides markets, energy, food, and vital raw materials—for all nations. This international system is now in jeopardy.

This Nation can be proud of significant achievements in recent years in solving problems and crises. The Berlin agreement, the SALT agreements, our new relationship with China, the unprecedented efforts in the Middle East are immensely encouraging. But the world is not free from crisis. In a world of 150 nations, where nuclear technology is proliferating and regional conflicts continue, international security cannot be taken for granted.

So, let there be no mistake about it: International cooperation is a vital factor

of our lives today. This is not a moment for the American people to turn inward. More than ever before, our own well-being depends on America's determination and America's leadership in the whole wide world.

We are a great Nation—spiritually, politically, militarily, diplomatically, and economically. America's commitment to international security has sustained the safety of allies and friends in many areas—in the Middle East, in Europe, and in Asia. Our turning away would unleash new instabilities, new dangers around the globe, which, in turn, would threaten our own security.

At the end of World War II, we turned a similar challenge into an historic opportunity and, I might add, an historic achievement. An old order was in disarray; political and economic institutions were shattered. In that period, this Nation and its partners built new institutions, new mechanisms of mutual support and cooperation. Today, as then, we face an historic opportunity. If we act imaginatively and boldly, as we acted then, this period will in retrospect be seen as one of the great creative moments of our Nation's history.

The whole world is watching to see how we respond.

A resurgent American economy would do more to restore the confidence of the world in its own future than anything else we can do. The program that this Congress passes can demonstrate to the world that we have started to put our own house in order. If we can show that this Nation is able and willing to help other nations meet the common challenge, it can demonstrate that the United States will fulfill its responsibilities as a leader among nations.

Quite frankly, at stake is the future of industrialized democracies, which have perceived their destiny in common and sustained it in common for 30 years.

The developing nations are also at a turning point. The poorest nations see their hopes of feeding their hungry and developing their societies shattered by the economic crisis. The long-term economic future for the producers of raw materials also depends on cooperative solutions.

Our relations with the Communist countries are a basic factor of the world environment. We must seek to build a long-term basis for coexistence. We will stand by our principles. We will stand by our interests. We will act firmly when challenged. The kind of a world we want depends on a broad policy of creating mutual incentives for restraint and for cooperation.

As we move forward to meet our global challenges and opportunities, we must have the tools to do the job.

Our military forces are strong and ready. This military strength deters aggression against our allies, stabilizes our relations with former adversaries, and

protects our homeland. Fully adequate conventional and strategic forces cost many, many billions, but these dollars are sound insurance for our safety and for a more peaceful world.

Military strength alone is not sufficient. Effective diplomacy is also essential in preventing conflict, in building world understanding. The Vladivostok negotiations with the Soviet Union represent a major step in moderating strategic arms competition. My recent discussions with the leaders of the Atlantic community, Japan, and South Korea have contributed to meeting the common challenge.

But we have serious problems before us that require cooperation between the President and the Congress. By the Constitution and tradition, the execution of foreign policy is the responsibility of the President.

In recent years, under the stress of the Vietnam war, legislative restrictions on the President's ability to execute foreign policy and military decisions have proliferated. As a Member of the Congress, I opposed some and I approved others. As President, I welcome the advice and cooperation of the House and the Senate.

But if our foreign policy is to be successful, we cannot rigidly restrict in legislation the ability of the President to act. The conduct of negotiations is ill-suited to such limitations. Legislative restrictions, intended for the best motives and purposes, can have the opposite result, as we have seen most recently in our trade relations with the Soviet Union.

For my part, I pledge this Administration will act in the closest consultation with the Congress as we face delicate situations and troubled times throughout the globe.

When I became President only 5 months ago, I promised the last Congress a policy of communication, conciliation, compromise, and cooperation. I renew that pledge to the new Members of this Congress.

Let me sum it up. America needs a new direction, which I have sought to chart here today—a change of course which will: put the unemployed back to work; increase real income and production; restrain the growth of Federal Government spending; achieve energy independence; and advance the cause of world understanding.

We have the ability. We have the know-how. In partnership with the American people, we will achieve these objectives.

As our 200th anniversary approaches, we owe it to ourselves and to posterity to rebuild our political and economic strength. Let us make America once

again and for centuries more to come what it has so long been—a stronghold and a beacon-light of liberty for the whole world.

Thank you.

NOTE: The President delivered his address at 1:06 p.m. in the House Chamber at the Capitol. He was introduced by Carl Albert, Speaker of the House

of Representatives. The address was broadcast live on radio and television.

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Statement Announcing Activation of the Energy Research and Development Administration and the Nuclear Regulatory Commission. *January 15, 1975*

I HAVE today signed an Executive order [11834] which activates on January 19, 1975, the Energy Research and Development Administration (ERDA) and the Nuclear Regulatory Commission (NRC).

The activation of these two new agencies has special meaning for me. The proposal to create them was submitted to the Congress in June 1973. As a Member of the House of Representatives at the time, I gave strong support to their creation and cast my vote for the legislation in December 1973. As Vice President, I followed closely the progress of the bill through the Senate. I was gratified to sign the bill into law on October 11, 1974. I am now pleased to sign the order which activates the two agencies.

Both agencies will play significant roles in our national energy programs, thereby influencing the lives of all our people.

The Nuclear Regulatory Commission will carry out the licensing and regulatory functions formerly assigned the Atomic Energy Commission. Commercial nuclear power will have an increasingly important role in our nation's energy supply in the years ahead. This new Commission will devote its full attention to assuring the safety as well as the reliability of this critically important source of energy. The creation of the NRC should end the concern that some have expressed about the past when one agency, the Atomic Energy Commission, was assigned the responsibility for both the technological development and the regulation of civilian nuclear power.

The Energy Research and Development Administration will bring together in a single agency the major Federal energy research and development programs, and bear the responsibility for leading the national effort to develop the needed technology to assure that the United States will have ample and secure

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pendence of the United States of America the two hundred and second.

JIMMY CARTER

[Filed with the Office of the Federal Register, 12:17 p.m., January 20, 1978]

The State of the Union

Address Delivered Before a Joint Session of the Congress. January 19, 1978

Mr. President, Mr. Speaker, Members of the 95th Congress, ladies and gentlemen:

Two years ago today we had the first caucus in Iowa, and one year ago tomorrow, I walked from here to the White House to take up the duties of President of the United States. I didn't know it then when I walked, but I've been trying to save energy ever since. [Laughter]

I return tonight to fulfill one of those duties of the Constitution: to give to the Congress—and to the Nation—information on the state of the Union.

Militarily, politically, economically, and in spirit, the state of our Union is sound.

We are a great country, a strong country, a vital and a dynamic country—and so we will remain.

We are a confident people and a hard-working people, a decent and a compassionate people—and so we will remain.

I want to speak to you tonight about where we are and where we must go, about what we have done and what we must do. And I want to pledge to you my best efforts and ask you to pledge yours.

Each generation of Americans has to face circumstances not of its own choosing, but by which its character is measured and its spirit is tested.

There are times of emergency, when a nation and its leaders must bring their energies to bear on a single urgent task.

That was the duty Abraham Lincoln faced when our land was torn apart by conflict in the War Between the States. That was the duty faced by Franklin Roosevelt when he led America out of an economic depression and again when he led America to victory in war.

There are other times when there is no single overwhelming crisis, yet profound national interests are at stake.

At such times the risk of inaction can be equally great. It becomes the task of leaders to call forth the vast and restless energies of our people to build for the future.

That is what Harry Truman did in the years after the Second World War, when we helped Europe and Japan rebuild themselves and secured an international order that has protected freedom from aggression.

We live in such times now, and we face such duties.

We've come through a long period of turmoil and doubt, but we've once again found our moral course, and with a new spirit, we are striving to express our best instincts to the rest of the world.

There is all across our land a growing sense of peace and a sense of common purpose. This sense of unity cannot be expressed in programs or in legislation or in dollars. It's an achievement that belongs to every individual American. This unity ties together, and it towers over all our efforts here in Washington, and it serves as an inspiring beacon for all of us who are elected to serve.

This new atmosphere demands a new spirit, a partnership between those of us who lead and those who elect. The foundations of this partnership are truth, the courage to face hard decisions, concern for one another and the common good over special interests, and a basic faith and

trust in the wisdom and strength and judgment of the American people.

For the first time in a generation, we are not haunted by a major international crisis or by domestic turmoil, and we now have a rare and a priceless opportunity to address persistent problems and burdens which come to us as a nation—quietly and steadily getting worse over the years.

As President, I've had to ask you, the Members of Congress, and you, the American people, to come to grips with some of the most difficult and hard questions facing our society.

We must make a maximum effort, because if we do not aim for the best, we are very likely to achieve little. I see no benefit to the country if we delay, because the problems will only get worse.

We need patience and good will, but we really need to realize that there is a limit to the role and the function of government. Government cannot solve our problems, it can't set our goals, it cannot define our vision. Government cannot eliminate poverty or provide a bountiful economy or reduce inflation or save our cities or cure illiteracy or provide energy. And government cannot mandate goodness. Only a true partnership between government and the people can ever hope to reach these goals.

Those of us who govern can sometimes inspire, and we can identify needs and marshal resources, but we simply cannot be the managers of everything and everybody.

We here in Washington must move away from crisis management, and we must establish clear goals for the future—immediate and the distant future—which will let us work together and not in conflict. Never again should we neglect a growing crisis like the shortage of energy,

where further delay will only lead to more harsh and painful solutions.

Every day we spend more than \$120 million for foreign oil. This slows our economic growth, it lowers the value of the dollar overseas, and it aggravates unemployment and inflation here at home.

Now we know what we must do—increase production. We must cut down on waste. And we must use more of those fuels which are plentiful and more permanent. We must be fair to people, and we must not disrupt our Nation's economy and our budget.

Now, that sounds simple. But I recognize the difficulties involved. I know that it is not easy for the Congress to act. But the fact remains that on the energy legislation, we have failed the American people. Almost 5 years after the oil embargo dramatized the problem for us all, we still do not have a national energy program. Not much longer can we tolerate this stalemate. It undermines our national interest both at home and abroad. We must succeed, and I believe we will.

Our main task at home this year, with energy a central element, is the Nation's economy. We must continue the recovery and further cut unemployment and inflation.

Last year was a good one for the United States. We reached all of our major economic goals for 1977. Four million new jobs were created—an alltime record—and the number of unemployed dropped by more than a million. Unemployment right now is the lowest it has been since 1974, and not since World War II has such a high percentage of American people been employed.

The rate of inflation went down. There was a good growth in business profits and investments, the source of more jobs for our workers, and a higher standard of living for all our people. After taxes and in-

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flation, there was a healthy increase in workers' wages.

And this year, our country will have the first \$2 trillion economy in the history of the world.

Now, we are proud of this progress the first year, but we must do even better in the future.

We still have serious problems on which all of us must work together. Our trade deficit is too large. Inflation is still too high, and too many Americans still do not have a job.

Now, I didn't have any simple answers for all these problems. But we have developed an economic policy that is working, because it's simple, balanced, and fair. It's based on four principles:

First, the economy must keep on expanding to produce new jobs and better income, which our people need. The fruits of growth must be widely shared. More jobs must be made available to those who have been bypassed until now. And the tax system must be made fairer and simpler.

Secondly, private business and not the Government must lead the expansion in the future.

Third, we must lower the rate of inflation and keep it down. Inflation slows down economic growth, and it's the most cruel to the poor and also to the elderly and others who live on fixed incomes.

And fourth, we must contribute to the strength of the world economy.

I will announce detailed proposals for improving our tax system later this week. We can make our tax laws fairer, we can make them simpler and easier to understand, and at the same time, we can—and we will—reduce the tax burden on American citizens by \$25 billion.

The tax reforms and the tax reductions go together. Only with the long overdue reforms will the full tax cut be advisable.

Almost \$17 billion in income tax cuts will go to individuals. Ninety-six percent of all American taxpayers will see their taxes go down. For a typical family of four, this means an annual saving of more than \$250 a year, or a tax reduction of about 20 percent. A further \$2 billion cut in excise taxes will give more relief and also contribute directly to lowering the rate of inflation.

And we will also provide strong additional incentives for business investment and growth through substantial cuts in the corporate tax rates and improvement in the investment tax credit.

Now, these tax proposals will increase opportunity everywhere in the Nation. But additional jobs for the disadvantaged deserve special attention.

We've already passed laws to assure equal access to the voting booth and to restaurants and to schools, to housing, and laws to permit access to jobs. But job opportunity—the chance to earn a decent living—is also a basic human right, which we cannot and will not ignore.

A major priority for our Nation is the final elimination of the barriers that restrict the opportunities available to women and also to black people and Hispanics and other minorities. We've come a long way toward that goal. But there is still much to do. What we inherited from the past must not be permitted to shackle us in the future.

I'll be asking you for a substantial increase in funds for public jobs for our young people, and I also am recommending that the Congress continue the public service employment programs at more than twice the level of a year ago. When welfare reform is completed, we will have more than a million additional jobs so that those on welfare who are able to work can work.

However, again, we know that in our free society, private business is still the best source of new jobs. Therefore, I will propose a new program to encourage businesses to hire young and disadvantaged Americans. These young people only need skills and a chance in order to take their place in our economic system. Let's give them the chance they need. A major step in the right direction would be the early passage of a greatly improved Humphrey-Hawkins bill.

My budget for 1979 addresses these national needs, but it is lean and tight. I have cut waste wherever possible.

I am proposing an increase of less than 2 percent after adjusting for inflation—the smallest increase in the Federal budget in 4 years.

Lately, Federal spending has taken a steadily increasing portion of what Americans produce. Our new budget reverses that trend, and later I hope to bring the Government's toll down even further. And with your help, we'll do that.

In time of high employment and a strong economy, deficit spending should not be a feature of our budget. As the economy continues to gain strength and as our unemployment rates continue to fall, revenues will grow. With careful planning, efficient management, and proper restraint on spending, we can move rapidly toward a balanced budget—and we will.

Next year the budget deficit will be only slightly less than this year. But one-third of the deficit is due to the necessary tax cuts that I've proposed. This year the right choice is to reduce the burden on taxpayers and provide more jobs for our people.

The third element in our program is a renewed attack on inflation. We've learned the hard way that high unemployment will not prevent or cure inflation.

Government can help us by stimulating private investment and by maintaining a responsible economic policy. Through a new top-level review process, we will do a better job of reducing Government regulation that drives up costs and drives up prices.

But again, Government alone cannot bring down the rate of inflation. When a level of high inflation is expected to continue, then companies raise prices to protect their profit margins against prospective increases in wages and other costs, while workers demand higher wages as protection against expected price increases. It's like an escalation in the arms race, and understandably, no one wants to disarm alone.

Now, no one firm or a group of workers can halt this process. It's an effort that we must all make together. I'm therefore asking government, business, labor, and other groups to join in a voluntary program to moderate inflation by holding wage and price increases in each sector of the economy during 1978 below the average increases of the last 2 years.

I do not believe in wage and price controls. A sincere commitment to voluntary constraint provides a way—perhaps the only way—to fight inflation without Government interference.

As I came into the Capitol tonight, I saw the farmers, my fellow farmers, standing out in the snow. I'm familiar with their problem, and I know from Congress action that you are too. When I was running Carters Warehouse, we had spread on our own farms 5-10-15 fertilizer for about \$40 a ton. The last time I was home, the price was about \$100 a ton. The cost of nitrogen has gone up 150 percent, and the price of products that farmers sell has either stayed the same or gone down a little.

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Now, this past year in 1977, you, the Congress, and I together passed a new agricultural act. It went into effect October 1. It'll have its first impact on the 1978 crops. It will help a great deal. It'll add \$6½ billion or more to help the farmers with their price supports and target prices.

Last year we had the highest level of exports of farm products in the history of our country—\$24 billion. We expect to have more this year. We'll be working together. But I think it's incumbent on us to monitor very carefully the farm situation and continue to work harmoniously with the farmers of our country. What's best for the farmers, the farm families, in the long run is also best for the consumers of our country.

Economic success at home is also the key to success in our international economic policy. An effective energy program, strong investment and productivity, and controlled inflation will provide [improve] our trade balance and balance it, and it will help to protect the integrity of the dollar overseas.

By working closely with our friends abroad, we can promote the economic health of the whole world, with fair and balanced agreements lowering the barriers to trade.

Despite the inevitable pressures that build up when the world economy suffers from high unemployment, we must firmly resist the demands for self-defeating protectionism. But free trade must also be fair trade. And I am determined to protect American industry and American workers against foreign trade practices which are unfair or illegal.

In a separate written message to Congress, I've outlined other domestic initiatives, such as welfare reform, consumer protection, basic education skills, urban policy, reform of our labor laws, and na-

tional health care later on this year. I will not repeat these tonight. But there are several other points that I would like to make directly to you.

During these past years, Americans have seen our Government grow far from us.

For some citizens, the Government has almost become like a foreign country, so strange and distant that we've often had to deal with it through trained ambassadors who have sometimes become too powerful and too influential—lawyers, accountants, and lobbyists. This cannot go on.

We must have what Abraham Lincoln wanted—a government for the people.

We've made progress toward that kind of government. You've given me the authority I requested to reorganize the Federal bureaucracy. And I am using that authority.

We've already begun a series of reorganization plans which will be completed over a period of 3 years. We have also proposed abolishing almost 500 Federal advisory and other commissions and boards. But I know that the American people are still sick and tired of Federal paperwork and redtape. Bit by bit we are chopping down the thicket of unnecessary Federal regulations by which Government too often interferes in our personal lives and our personal business. We've cut the public's Federal paperwork load by more than 12 percent in less than a year. And we are not through cutting.

We've made a good start on turning the gobbledygook of Federal regulations into plain English that people can understand. But we know that we still have a long way to go.

We've brought together parts of 11 Government agencies to create a new Department of Energy. And now it's time

to take another major step by creating a separate Department of Education.

But even the best organized Government will only be as effective as the people who carry out its policies. For this reason, I consider civil service reform to be absolutely vital. Worked out with the civil servants themselves, this reorganization plan will restore the merit principle to a system which has grown into a bureaucratic maze. It will provide greater management flexibility and better rewards for better performance without compromising job security.

Then and only then can we have a government that is efficient, open, and truly worthy of our people's understanding and respect. I have promised that we will have such a government, and I intend to keep that promise.

In our foreign policy, the separation of people from government has been in the past a source of weakness and error. In a democratic system like ours, foreign-policy decisions must be able to stand the test of public examination and public debate. If we make a mistake in this administration, it will be on the side of frankness and openness with the American people.

In our modern world, when the deaths of literally millions of people can result from a few terrifying seconds of destruction, the path of national strength and security is identical to the path of peace.

Tonight, I am happy to report that because we are strong, our Nation is at peace with the world.

We are a confident nation. We've restored a moral basis for our foreign policy. The very heart of our identity as a nation is our firm commitment to human rights.

We stand for human rights because we believe that government has as a purpose to promote the well-being of its citizens. This is true in our domestic policy; it's also true in our foreign policy. The

world must know that in support of human rights, the United States will stand firm.

We expect no quick or easy results, but there has been significant movement toward greater freedom and humanity in several parts of the world.

Thousands of political prisoners have been freed. The leaders of the world—even our ideological adversaries—now see that their attitude toward fundamental human rights affects their standing in the international community, and it affects their relations with the United States.

To serve the interests of every American, our foreign policy has three major goals.

The first and prime concern is and will remain the security of our country.

Security is based on our national will, and security is based on the strength of our Armed Forces. We have the will, and militarily we are very strong.

Security also comes through the strength of our alliances. We have reconfirmed our commitment to the defense of Europe, and this year we will demonstrate that commitment by further modernizing and strengthening our military capabilities there.

Security can also be enhanced by agreements with potential adversaries which reduce the threat of nuclear disaster while maintaining our own relative strategic capability.

In areas of peaceful competition with the Soviet Union, we will continue to more than hold our own.

At the same time, we are negotiating with quiet confidence, without haste, with careful determination, to ease the tensions between us and to ensure greater stability and security.

The strategic arms limitation talks have been long and difficult. We want a mu-

tual limit on both the quality and the quantity of the giant nuclear arsenals of both nations, and then we want actual reductions in strategic arms as a major step toward the ultimate elimination of nuclear weapons from the face of the Earth.

If these talks result in an agreement this year—and I trust they will—I pledge to you that the agreement will maintain and enhance the stability of the world's strategic balance and the security of the United States.

For 30 years, concerted but unsuccessful efforts have been made to ban the testing of atomic explosives—both military weapons and peaceful nuclear devices.

We are hard at work with Great Britain and the Soviet Union on an agreement which will stop testing and will protect our national security and provide for adequate verification of compliance. We are now making, I believe, good progress toward this comprehensive ban on nuclear explosions.

We are also working vigorously to halt the proliferation of nuclear weapons among the nations of the world which do not now have them and to reduce the deadly global traffic in conventional arms sales. Our stand for peace is suspect if we are also the principal arms merchant of the world. So, we've decided to cut down our arms transfers abroad on a year-by-year basis and to work with other major arms exporters to encourage their similar constraint.

Every American has a stake in our second major goal—a world at peace. In a nuclear age, each of us is threatened when peace is not secured everywhere. We are trying to promote harmony in those parts of the world where major differences exist among other nations and threaten international peace.

In the Middle East, we are contributing our good offices to maintain the momentum of the current negotiations and to keep open the lines of communication among the Middle Eastern leaders. The whole world has a great stake in the success of these efforts. This is a precious opportunity for a historic settlement of a longstanding conflict—an opportunity which may never come again in our lifetime.

Our role has been difficult and sometimes thankless and controversial. But it has been constructive and it has been necessary, and it will continue.

Our third major foreign policy goal is one that touches the life of every American citizen every day—world economic growth and stability.

This requires strong economic performance by the industrialized democracies like ourselves and progress in resolving the global energy crisis. Last fall, with the help of others, we succeeded in our vigorous efforts to maintain the stability of the price of oil. But as many foreign leaders have emphasized to me personally and, I am sure, to you, the greatest future contribution that America can make to the world economy would be an effective energy conservation program here at home. We will not hesitate to take the actions needed to protect the integrity of the American dollar.

We are trying to develop a more just international system. And in this spirit, we are supporting the struggle for human development in Africa, in Asia, and in Latin America.

Finally, the world is watching to see how we act on one of our most important and controversial items of business—approval of the Panama Canal treaties. The treaties now before the Senate are the result of the work of four administrations—two Democratic, two Republican.

They guarantee that the canal will be open always for unrestricted use by the ships of the world. Our ships have the right to go to the head of the line for priority of passage in times of emergency or need. We retain the permanent right to defend the canal with our own military forces, if necessary, to guarantee its openness and its neutrality.

The treaties are to the clear advantage of ourselves, the Panamanians, and the other users of the canal. Ratifying the Panama Canal treaties will demonstrate our good faith to the world, discourage the spread of hostile ideologies in this hemisphere, and directly contribute to the economic well-being and the security of the United States.

I have to say that that's very welcome applause. [Laughter]

There were two moments on my recent journey which, for me, confirmed the final aims of our foreign policy and what it always must be.

One was in a little village in India, where I met a people as passionately attached to their rights and liberties as we are, but whose children have a far smaller chance for good health or food or education or human fulfillment than a child born in this country.

The other moment was in Warsaw, capital of a nation twice devastated by war in this century. There, people have rebuilt the city which war's destruction took from them. But what was new only emphasized clearly what was lost.

What I saw in those two places crystallized for me the purposes of our own Nation's policy: to ensure economic justice, to advance human rights, to resolve conflicts without violence, and to proclaim in our great democracy our constant faith in the liberty and dignity of human beings everywhere.

We Americans have a great deal of work to do together. In the end, how well we do that work will depend on the spirit in which we approach it. We must seek fresh answers, unhindered by the stale prescriptions of the past.

It has been said that our best years are behind us. But I say again that America's best is still ahead. We have emerged from bitter experiences chastened but proud, confident once again, ready to face challenges once again, and united once again.

We come together tonight at a solemn time. Last week the Senate lost a good and honest man—Lee Metcalf of Montana.

And today, the flag of the United States flew at half-mast from this Capitol and from American installations and ships all over the world, in mourning for Senator Hubert Humphrey.

Because he exemplified so well the joy and the zest of living, his death reminds us not so much of our own mortality, but of the possibilities offered to us by life. He always looked to the future with a special American kind of confidence, of hope and enthusiasm. And the best way that we can honor him is by following his example.

Our task—to use the words of Senator Humphrey—is “reconciliation, rebuilding, and rebirth.”

Reconciliation of private needs and interests into a higher purpose.

Rebuilding the old dreams of justice and liberty, and country and community.

Rebirth of our faith in the common good.

Each of us here tonight—and all who are listening in your homes—must rededicate ourselves to serving the common good. We are a community, a beloved community, all of us. Our individual fates are linked, our futures intertwined. And if we act in that knowledge and in that

Jan. 19

Administration of Jimmy Carter, 1978

spirit, together, as the Bible says, we can move mountains.

Thank you very much.

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

The State of the Union

*Annual Message to the Congress.
January 19, 1978*

To the Congress of the United States:

Tonight's State of the Union Address concentrates on this year's highest priorities—a strong energy bill; a coordinated economic program of job creation, tax reduction, tax reform and anti-inflation measures; making the government more effective and efficient; maintaining the peace through a strong national defense; and ratifying both the Panama Canal Treaties and, if completed, the SALT II treaty.

It is important that the Congress and the Nation also understand what our other important initiatives and goals will be for 1978. I am therefore sending to Congress this separate, more detailed State of the Union Message, which describes Administration priorities in the areas not fully covered in the Address.

DOMESTIC AFFAIRS

A number of serious domestic problems faced the Nation when I took office one year ago. The economy had not yet fully recovered from the recession; our country had no sound energy policy; the Federal government was operating inefficiently and ineffectively in many areas; concerns about the openness and integrity

of our government remained in the aftermath of Watergate; and many of our most pressing social problems had not been addressed.

In 1977, my Administration did not solve all of those problems. But Congress joined us in tackling many of these issues, and together we made progress. Now that a year has passed, I believe we are a more confident people, with more trust in our institutions. We are a country on the move again, prepared to address our problems with boldness and confidence, at home and abroad. We have reasserted our concern for the problems of people here at home and reaffirmed our position of moral leadership in the world.

This year, my domestic goals will continue to reflect those concerns that guided my actions in 1977: restoring economic prosperity; meeting our Nation's human needs; making the government more efficient and more responsive; and developing and protecting our natural resources.

RESTORING ECONOMIC PROSPERITY

I am devoting a substantial part of my State of the Union Address to the need for a comprehensive economic program, and I will devote the bulk of my Economic Report to Congress, to be delivered tomorrow, to a complete description of my Administration's economic goals and objectives. In this Message, therefore, I will not repeat those statements but I want to set forth briefly the key elements of those proposals:

- a \$23 billion income tax cut in 1979, with \$17 billion going to individuals and their families and \$6 billion going to businesses;
- a tax reform program designed to make our tax laws fairer and simpler;

Wendland 1887
Open to road

Amesbury
Wendland 1914 (18 min)
Open 12 (1st ascent)
R.R. 86

The Annual Message to the Congress

I shall be happy to submit the matter, with a favorable recommendation, to the Congress at the first opportunity.

Very sincerely yours,

Honorable A. W. Mellon,
Washington, D. C.

235 ¶ The Annual Message to the Congress.
January 6, 1937

Mr. President, Mr. Speaker, Members of the Congress of the United States:

FOR the first time in our national history a President delivers his Annual Message to a new Congress within a fortnight of the expiration of his term of office. While there is no change in the Presidency this year, change will occur in future years. It is my belief that under this new constitutional practice, the President should in every fourth year, in so far as seems reasonable, review the existing state of our national affairs and outline broad future problems, leaving specific recommendations for future legislation to be made by the President about to be inaugurated.

At this time, however, circumstances of the moment compel me to ask your immediate consideration of: First, measures extending the life of certain authorizations and powers which, under present statutes, expire within a few weeks; second, an addition to the existing Neutrality Act to cover specific points raised by the unfortunate civil strife in Spain; and, third, a deficiency appropriation bill for which I shall submit estimates this week.

In March, 1933, the problems which faced our Nation and which only our national Government had the resources to meet were more serious even than appeared on the surface.

It was not only that the visible mechanism of economic life had broken down. More disturbing was the fact that long neglect of the needs of the underprivileged had brought too many of our

The Annual Message to the Congress

people to the verge of doubt as to the successful adaptation of our historic traditions to the complex modern world. In that lay a challenge to our democratic form of Government itself.

Ours was the task to prove that democracy could be made to function in the world of today as effectively as in the simpler world of a hundred years ago. Ours was the task to do more than to argue a theory. The times required the confident answer of performance to those whose instinctive faith in humanity made them want to believe that in the long run democracy would prove superior to more extreme forms of Government as a process of getting action when action was wisdom, without the spiritual sacrifices which those other forms of Government exact.

That challenge we met. To meet it required unprecedented activities under Federal leadership to end abuses, to restore a large measure of material prosperity, to give new faith to millions of our citizens who had been traditionally taught to expect that democracy would provide continuously wider opportunity and continuously greater security in a world where science was continuously making material riches more available to man.

In the many methods of attack with which we met these problems, you and I, by mutual understanding and by determination to cooperate, helped to make democracy succeed by refusing to permit unnecessary disagreement to arise between two of our branches of Government. That spirit of cooperation was able to solve difficulties of extraordinary magnitude and ramification with few important errors, and at a cost cheap when measured by the immediate necessities and the eventual results.

I look forward to a continuance of that cooperation in the next four years. I look forward also to a continuance of the basis of that cooperation — mutual respect for each other's proper sphere of functioning in a democracy which is working well, and a common-sense realization of the need for play in the joints of the machine.

On that basis, it is within the right of the Congress to determine which of the many new activities shall be continued or abandoned, increased or curtailed.

The Annual Message to the Congress

On that same basis, the President alone has the responsibility for their administration. I find that this task of Executive management has reached the point where our administrative machinery needs comprehensive overhauling. I shall, therefore, shortly address the Congress more fully in regard to modernizing and improving the Executive branch of the Government.

That cooperation of the past four years between the Congress and the President has aimed at the fulfillment of a twofold policy: first, economic recovery through many kinds of assistance to agriculture, industry and banking; and, second, deliberate improvement in the personal security and opportunity of the great mass of our people.

The recovery we sought was not to be merely temporary. It was to be a recovery protected from the causes of previous disasters. With that aim in view — to prevent a future similar crisis — you and I joined in a series of enactments — safe banking and sound currency, the guarantee of bank deposits, protection for the investor in securities, the removal of the threat of agricultural surpluses, insistence on collective bargaining, the outlawing of sweat shops, child labor and unfair trade practices, and the beginnings of security for the aged and the worker.

Nor was the recovery we sought merely a purposeless whirling of machinery. It is important, of course, that every man and woman in the country be able to find work, that every factory run, that business and farming as a whole earn profits. But Government in a democratic Nation does not exist solely, or even primarily, for that purpose.

It is not enough that the wheels turn. They must carry us in the direction of a greater satisfaction in life for the average man. The deeper purpose of democratic government is to assist as many of its citizens as possible, especially those who need it most, to improve their conditions of life, to retain all personal liberty which does not adversely affect their neighbors, and to pursue the happiness which comes with security and an opportunity for recreation and culture.

Even with our present recovery we are far from the goal of

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that deeper purpose. There are far-reaching problems still with us for which democracy must find solutions if it is to consider itself successful.

For example, many millions of Americans still live in habitations which not only fail to provide the physical benefits of modern civilization but breed disease and impair the health of future generations. The menace exists not only in the slum areas of the very large cities, but in many smaller cities as well. It exists on tens of thousands of farms, in varying degrees, in every part of the country.

Another example is the prevalence of an un-American type of tenant farming. I do not suggest that every farm family has the capacity to earn a satisfactory living on its own farm. But many thousands of tenant farmers, indeed most of them, with some financial assistance and with some advice and training, can be made self-supporting on land which can eventually belong to them. The Nation would be wise to offer them that chance instead of permitting them to go along as they do now, year after year, with neither future security as tenants nor hope of ownership of their homes nor expectation of bettering the lot of their children.

Another national problem is the intelligent development of our social security system, the broadening of the services it renders, and practical improvement in its operation. In many Nations where such laws are in effect, success in meeting the expectations of the community has come through frequent amendment of the original statute.

And, of course, the most far-reaching and the most inclusive problem of all is that of unemployment and the lack of economic balance of which unemployment is at once the result and the symptom. The immediate question of adequate relief for the needy unemployed who are capable of performing useful work, I shall discuss with the Congress during the coming months. The broader task of preventing unemployment is a matter of long-range evolutionary policy. To that we must continue to give our best thought and effort. We cannot assume that immediate indus-

The Annual Message to the Congress

trial and commercial activity which mitigates present pressures justifies the national Government at this time in placing the unemployment problem in a filing cabinet of finished business.

Fluctuations in employment are tied to all other wasteful fluctuations in our mechanism of production and distribution. One of these wastes is speculation. In securities or commodities, the larger the volume of speculation, the wider become the upward and downward swings and the more certain the result that in the long run there will be more losses than gains in the underlying wealth of the community.

And, as is now well known to all of us, the same net loss to society comes from reckless overproduction and monopolistic underproduction of natural and manufactured commodities.

Overproduction, underproduction and speculation are three evil sisters who distill the troubles of unsound inflation and disastrous deflation. It is to the interest of the Nation to have Government help private enterprise to gain sound general price levels and to protect those levels from wide perilous fluctuations. We know now that if early in 1931 Government had taken the steps which were taken two and three years later, the depression would never have reached the depths of the beginning of 1933.

Sober second thought confirms most of us in the belief that the broad objectives of the National Recovery Act were sound. We know now that its difficulties arose from the fact that it tried to do too much. For example, it was unwise to expect the same agency to regulate the length of working hours, minimum wages, child labor and collective bargaining on the one hand and the complicated questions of unfair trade practices and business controls on the other.

The statute of N.R.A. has been outlawed. The problems have not. They are still with us.

That decent conditions and adequate pay for labor, and just return for agriculture, can be secured through parallel and simultaneous action by forty-eight States is a proven impossibility. It is equally impossible to obtain curbs on monopoly, unfair trade practices and speculation by State action alone. There are those

Congress

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The Annual Message to the Congress

who, sincerely or insincerely, still cling to State action as a theoretical hope. But experience with actualities makes it clear that Federal laws supplementing State laws are needed to help solve the problems which result from modern invention applied in an industrialized Nation which conducts its business with scant regard to State lines.

During the past year there has been a growing belief that there is little fault to be found with the Constitution of the United States as it stands today. The vital need is not an alteration of our fundamental law, but an increasingly enlightened view with reference to it. Difficulties have grown out of its interpretation; but rightly considered, it can be used as an instrument of progress, and not as a device for prevention of action.

It is worth our while to read and reread the preamble of the Constitution, and Article I thereof which confers the legislative powers upon the Congress of the United States. It is also worth our while to read again the debates in the Constitutional Convention of one hundred and fifty years ago. From such reading, I obtain the very definite thought that the members of that Convention were fully aware that civilization would raise problems for the proposed new Federal Government, which they themselves could not even surmise; and that it was their definite intent and expectation that a liberal interpretation in the years to come would give to the Congress the same relative powers over new national problems as they themselves gave to the Congress over the national problems of their day.

In presenting to the Convention the first basic draft of the Constitution, Edmund Randolph explained that it was the purpose "to insert essential principles only, lest the operation of government should be clogged by rendering those provisions permanent and unalterable which ought to be accommodated to times and events."

With a better understanding of our purposes, and a more intelligent recognition of our needs as a Nation, it is not to be assumed that there will be prolonged failure to bring legislative and judicial action into closer harmony. Means must be found to

The Annual Message to the Congress

adapt our legal forms and our judicial interpretation to the actual present national needs of the largest progressive democracy in the modern world.

That thought leads to a consideration of world problems. To go no further back than the beginning of this century, men and women everywhere were seeking conditions of life very different from those which were customary before modern invention and modern industry and modern communications had come into being. The World War, for all of its tragedy, encouraged these demands, and stimulated action to fulfill these new desires.

Many national Governments seemed unable adequately to respond; and, often with the improvident assent of the masses of the people themselves, new forms of government were set up with oligarchy taking the place of democracy. In oligarchies, militarism has leapt forward, while in those Nations which have retained democracy, militarism has waned.

I have recently visited three of our sister Republics in South America. The very cordial receptions with which I was greeted were in tribute to democracy. To me the outstanding observation of that visit was that the masses of the peoples of all the Americas are convinced that the democratic form of government can be made to succeed and do not wish to substitute for it any other form of government. They believe that democracies are best able to cope with the changing problems of modern civilization within themselves, and that democracies are best able to maintain peace among themselves.

The Inter-American Conference, operating on these fundamental principles of democracy, did much to assure peace in this Hemisphere. Existing peace machinery was improved. New instruments to maintain peace and eliminate causes of war were adopted. Wider protection of the interests of the American Republics in the event of war outside the Western Hemisphere was provided. Respect for, and observance of, international treaties and international law were strengthened. Principles of liberal trade policies, as effective aids to the maintenance of peace, were reaffirmed. The intellectual and cultural relationships among

The Annual Message to the Congress

American Republics were broadened as a part of the general peace program.

In a world unhappily thinking in terms of war, the representatives of twenty-one Nations sat around a table, in an atmosphere of complete confidence and understanding, sincerely discussing measures for maintaining peace. Here was a great and a permanent achievement directly affecting the lives and security of the two hundred and fifty million human beings who dwell in this Western Hemisphere. Here was an example which must have a wholesome effect upon the rest of the world.

In a very real sense, the Conference in Buenos Aires sent forth a message on behalf of all the democracies of the world to those Nations which live otherwise. Because such other Governments are perhaps more spectacular, it was high time for democracy to assert itself.

Because all of us believe that our democratic form of government can cope adequately with modern problems as they arise, it is patriotic as well as logical for us to prove that we can meet new national needs with new laws consistent with an historic constitutional framework clearly intended to receive liberal and not narrow interpretation.

The United States of America, within itself, must continue the task of making democracy succeed.

In that task the Legislative branch of our Government will, I am confident, continue to meet the demands of democracy whether they relate to the curbing of abuses, the extension of help to those who need help, or the better balancing of our interdependent economies.

So, too, the Executive branch of the Government must move forward in this task, and, at the same time, provide better management for administrative action of all kinds.

The Judicial branch also is asked by the people to do its part in making democracy successful. We do not ask the Courts to call non-existent powers into being, but we have a right to expect that conceded powers or those legitimately implied shall be made effective instruments for the common good.

The Annual Budget Message

The process of our democracy must not be imperiled by the denial of essential powers of free government.

Your task and mine is not ending with the end of the depression. The people of the United States have made it clear that they expect us to continue our active efforts in behalf of their peaceful advancement.

In that spirit of endeavor and service I greet the 75th Congress at the beginning of this auspicious New Year.

236 ¶ The Annual Budget Message to the Congress. January 7, 1937

To the Congress of the United States:

PURSUANT to provisions of law I transmit herewith the Budget of the United States Government for the fiscal year ending June 30, 1938, together with this message, which is a part thereof. The estimates have been developed after careful analysis of the revenues, obligations, and reasonable needs of the Government, and I recommend appropriations for the purposes specifically detailed herein.

PART I

The programs inaugurated during the last four years to combat the depression and to initiate many needed reforms have cost large sums of money, but the benefits obtained from them are far outweighing all their costs. We shall soon be reaping the full benefits of those programs and shall have at the same time a balanced Budget that will also include provision for reduction of the public debt.

The fiscal plans of the Federal Government for these four years have been formulated with two objectives in mind. Our first was to restore a successful economic life to the country, by providing greater employment and purchasing power for the people, by stimulating a more balanced use of our productive capacity, and

1 ¶ Annual Message to the Congress. ¶

January 3, 1934

Mr. President, Mr. Speaker, Senators and Representatives in Congress:

I COME before you at the opening of the Regular Session of the 73d Congress, not to make requests for special or detailed items of legislation; I come, rather, to counsel with you, who, like myself, have been selected to carry out a mandate of the whole people, in order that without partisanship you and I may cooperate to continue the restoration of our national well-being and, equally important, to build on the ruins of the past a new structure designed better to meet the present problems of modern civilization.

Such a structure includes not only the relations of industry and agriculture and finance to each other but also the effect which all of these three have on our individual citizens and on the whole people as a Nation.

Now that we are definitely in the process of recovery, lines have been rightly drawn between those to whom this recovery means a return to old methods—and the number of these people is small—and those for whom recovery means a reform of many old methods, a permanent readjustment of many of our ways of thinking and therefore of many of our social and economic arrangements.

Civilization cannot go back; civilization must not stand still. We have undertaken new methods. It is our task to perfect, to improve, to alter when necessary, but in all cases to go forward. To consolidate what we are doing, to make our economic and social structure capable of dealing with modern life is the joint task of the legislative, the judicial, and the executive branches of the national Government.

Without regard to party, the overwhelming majority of our people seek a greater opportunity for humanity to prosper and find happiness. They recognize that human welfare has not increased and does not increase through mere materialism and lux-

Annual Message

ury, but that it does progress through integrity, unselfishness, responsibility and justice.

In the past few months, as a result of our action, we have demanded of many citizens that they surrender certain licenses to do as they please in their business relationships; but we have asked this in exchange for the protection which the State can give against exploitation by their fellow men or by combinations of their fellow men.

I congratulate this Congress upon the courage, the earnestness and the efficiency with which you met the crisis at the Special Session. It was your fine understanding of the national problem that furnished the example which the country has so splendidly followed. I venture to say that the task confronting the First Congress of 1789 was no greater than your own.

I shall not attempt to set forth either the many phases of the crisis which we experienced last March, or the many measures which you and I undertook during the Special Session that we might initiate recovery and reform.

It is sufficient that I should speak in broad terms of the results of our common counsel.

The credit of the Government has been fortified by drastic reduction in the cost of its permanent agencies through the Economy Act.

With the twofold purpose of strengthening the whole financial structure and of arriving eventually at a medium of exchange which over the years will have less variable purchasing and debt-paying power for our people than that of the past, I have used the authority granted me to purchase all American-produced gold and silver and to buy additional gold in the world markets. Careful investigation and constant study prove that in the matter of foreign exchange rates certain of our sister Nations find themselves so handicapped by internal and other conditions that they feel unable at this time to enter into stabilization discussion based on permanent and world-wide objectives.

The overwhelming majority of the banks, both national and State, which reopened last spring, are in sound condition and

Annual Message

have been brought within the protection of Federal insurance. In the case of those banks which were not permitted to reopen, nearly six hundred million dollars of frozen deposits are being restored to the depositors through the assistance of the national Government.

We have made great strides toward the objectives of the National Industrial Recovery Act, for not only have several millions of our unemployed been restored to work, but industry is organizing itself with a greater understanding that reasonable profits can be earned while at the same time protection can be assured to guarantee to labor adequate pay and proper conditions of work. Child labor is abolished. Uniform standards of hours and wages apply today to 95 percent of industrial employment within the field of the National Industrial Recovery Act. We seek the definite end of preventing combinations in furtherance of monopoly and in restraint of trade, while at the same time we seek to prevent ruinous rivalries within industrial groups which in many cases resemble the gang wars of the underworld and in which the real victim in every case is the public itself.

Under the authority of this Congress, we have brought the component parts of each industry together around a common table, just as we have brought problems affecting labor to a common meeting ground. Though the machinery, hurriedly devised, may need readjustment from time to time, nevertheless I think you will agree with me that we have created a permanent feature of our modernized industrial structure and that it will continue under the supervision but not the arbitrary dictation of Government itself.

You recognized last spring that the most serious part of the debt burden affected those who stood in danger of losing their farms and their homes. I am glad to tell you that refinancing in both of these cases is proceeding with good success and in all probability within the financial limits set by the Congress.

But agriculture had suffered from more than its debts. Actual experience with the operation of the Agricultural Adjustment Act leads to my belief that thus far the experiment of seeking a

Annual Message

balance between production and consumption is succeeding and has made progress entirely in line with reasonable expectations toward the restoration of farm prices to parity. I continue in my conviction that industrial progress and prosperity can only be attained by bringing the purchasing power of that portion of our population which in one form or another is dependent upon agriculture up to a level which will restore a proper balance between every section of the country and between every form of work.

In this field, through carefully planned flood control, power development and land-use policies in the Tennessee Valley and in other great watersheds, we are seeking the elimination of waste, the removal of poor lands from agriculture and the encouragement of small local industries, thus furthering this principle of a better balanced national life. We recognize the great ultimate cost of the application of this rounded policy to every part of the Union. Today we are creating heavy obligations to start the work because of the great unemployment needs of the moment. I look forward, however, to the time in the not distant future, when annual appropriations, wholly covered by current revenue, will enable the work to proceed under a national plan. Such a national plan will, in a generation or two, return many times the money spent on it; more important, it will eliminate the use of inefficient tools, conserve and increase natural resources, prevent waste, and enable millions of our people to take better advantage of the opportunities which God has given our country.

I cannot, unfortunately, present to you a picture of complete optimism regarding world affairs.

The delegation representing the United States has worked in close cooperation with the other American Republics assembled at Montevideo to make that conference an outstanding success. We have, I hope, made it clear to our neighbors that we seek with them future avoidance of territorial expansion and of interference by one Nation in the internal affairs of another. Furthermore, all of us are seeking the restoration of commerce in ways which will preclude the building up of large favorable trade bal-

Annual Message

ances by any one Nation at the expense of trade debits on the part of other Nations.

In other parts of the world, however, fear of immediate or future aggression and with it the spending of vast sums on armament and the continued building up of defensive trade barriers prevent any great progress in peace or trade agreements. I have made it clear that the United States cannot take part in political arrangements in Europe but that we stand ready to cooperate at any time in practicable measures on a world basis looking to immediate reduction of armaments and the lowering of the barriers against commerce.

I expect to report to you later in regard to debts owed the Government and people of this country by the Governments and peoples of other countries. Several Nations, acknowledging the debt, have paid in small part; other Nations have failed to pay. One Nation—Finland—has paid the installments due this country in full.

Returning to home problems, we have been shocked by many notorious examples of injuries done our citizens by persons or groups who have been living off their neighbors by the use of methods either unethical or criminal.

In the first category—a field which does not involve violations of the letter of our laws—practices have been brought to light which have shocked those who believed that we were in the past generation raising the ethical standards of business. They call for stringent preventive or regulatory measures. I am speaking of those individuals who have evaded the spirit and purpose of our tax laws, of those high officials of banks or corporations who have grown rich at the expense of their stockholders or the public, of those reckless speculators with their own or other people's money whose operations have injured the values of the farmers' crops and the savings of the poor.

In the other category, crimes of organized banditry, cold-blooded shooting, lynching and kidnapping have threatened our security.

These violations of ethics and these violations of law call on

Annual Message

the strong arm of Government for their immediate suppression; they call also on the country for an aroused public opinion.

The adoption of the Twenty-first Amendment should give material aid to the elimination of those new forms of crime which came from the illegal traffic in liquor.

I shall continue to regard it as my duty to use whatever means may be necessary to supplement State, local and private agencies for the relief of suffering caused by unemployment. With respect to this question, I have recognized the dangers inherent in the direct giving of relief and have sought the means to provide not mere relief, but the opportunity for useful and remunerative work. We shall, in the process of recovery, seek to move as rapidly as possible from direct relief to publicly supported work and from that to the rapid restoration of private employment.

It is to the eternal credit of the American people that this tremendous readjustment of our national life is being accomplished peacefully, without serious dislocation, with only a minimum of injustice and with a great, willing spirit of cooperation throughout the country.

Disorder is not an American habit. Self-help and self-control are the essence of the American tradition—not of necessity the form of that tradition, but its spirit. The program itself comes from the American people.

It is an integrated program, national in scope. Viewed in the large, it is designed to save from destruction and to keep for the future the genuinely important values created by modern society. The vicious and wasteful parts of that society we could not save if we wished; they have chosen the way of self-destruction. We would save useful mechanical invention, machine production, industrial efficiency, modern means of communication, broad education. We would save and encourage the slowly growing impulse among consumers to enter the industrial marketplace equipped with sufficient organization to insist upon fair prices and honest sales.

But the unnecessary expansion of industrial plants, the waste of natural resources, the exploitation of the consumers of natural

Secretary Woodin Resigns

monopolies, the accumulation of stagnant surpluses, child labor, and the ruthless exploitation of all labor, the encouragement of speculation with other people's money. these were consumed in the fires that they themselves kindled; we must make sure that as we reconstruct our life there be no soil in which such weeds can grow again.

We have plowed the furrow and planted the good seed; the hard beginning is over. If we would reap the full harvest, we must cultivate the soil where this good seed is sprouting and the plant is reaching up to mature growth.

A final personal word. I know that each of you will appreciate that I am speaking no mere politeness when I assure you how much I value the fine relationship that we have shared during these months of hard and incessant work. Out of these friendly contacts we are, fortunately, building a strong and permanent tie between the legislative and executive branches of the Government. The letter of the Constitution wisely declared a separation, but the impulse of common purpose declares a union. In this spirit we join once more in serving the American people.

2 ¶ Secretary of the Treasury Woodin Resigns. January 1, 1934

The following correspondence was made public today at the White House:

Tucson, Arizona,
December 13, 1933

Dear Governor:

- It is with great regret that I am compelled to tender you my resignation as Secretary of the Treasury, to take effect at your convenience any time before January first.

The state of my health will not permit me to remain in this position.

I cannot express what a wrench it is to me to leave your official

152 ¶ The Annual Message to the Congress.
January 6, 1941

Mr. President, Mr. Speaker, Members of the Seventy-seventh Congress:

I ADDRESS you, the Members of the Seventy-seventh Congress, at a moment unprecedented in the history of the Union. I use the word "unprecedented," because at no previous time has American security been as seriously threatened from without as it is today.

Since the permanent formation of our Government under the Constitution, in 1789, most of the periods of crisis in our history have related to our domestic affairs. Fortunately, only one of these—the four-year War Between the States—ever threatened our national unity. Today, thank God, one hundred and thirty million Americans, in forty-eight States, have forgotten points of the compass in our national unity.

It is true that prior to 1914 the United States often had been disturbed by events in other Continents. We had even engaged in two wars with European nations and in a number of undeclared wars in the West Indies, in the Mediterranean and in the Pacific for the maintenance of American rights and for the principles of peaceful commerce. But in no case had a serious threat been raised against our national safety or our continued independence.

What I seek to convey is the historic truth that the United States as a nation has at all times maintained clear, definite opposition, to any attempt to lock us in behind an ancient Chinese wall while the procession of civilization went past. Today, thinking of our children and of their children, we oppose enforced isolation for ourselves or for any other part of the Americas.

That determination of ours, extending over all these years, was proved, for example, during the quarter century of wars following the French Revolution.

While the Napoleonic struggles did threaten interests of the

United States because of the French foothold in the West Indies and in Louisiana, and while we engaged in the War of 1812 to vindicate our right to peaceful trade, it is nevertheless clear that neither France nor Great Britain, nor any other nation, was aiming at domination of the whole world.

In like fashion from 1815 to 1914—ninety-nine years—no single war in Europe or in Asia constituted a real threat against our future or against the future of any other American nation.

Except in the Maximilian interlude in Mexico, no foreign power sought to establish itself in this Hemisphere; and the strength of the British fleet in the Atlantic has been a friendly strength. It is still a friendly strength.

Even when the World War broke out in 1914, it seemed to contain only small threat of danger to our own American future. But, as time went on, the American people began to visualize what the downfall of democratic nations might mean to our own democracy.

We need not overemphasize imperfections in the Peace of Versailles. We need not harp on failure of the democracies to deal with problems of world reconstruction. We should remember that the Peace of 1919 was far less unjust than the kind of “pacification” which began even before Munich, and which is being carried on under the new order of tyranny that seeks to spread over every continent today. The American people have unalterably set their faces against that tyranny.

Every realist knows that the democratic way of life is at this moment being directly assailed in every part of the world—as sailed either by arms, or by secret spreading of poisonous propaganda by those who seek to destroy unity and promote discord in nations that are still at peace.

During sixteen long months this assault has blotted out the whole pattern of democratic life in an appalling number of independent nations, great and small. The assailants are still on the march, threatening other nations, great and small.

Therefore, as your President, performing my constitutional duty to “give to the Congress information of the state of the

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Union," I find it, unhappily, necessary to report that the future and the safety of our country and of our democracy are overwhelmingly involved in events far beyond our borders.

Armed defense of democratic existence is now being gallantly waged in four continents. If that defense fails, all the population and all the resources of Europe, Asia, Africa and Australasia will be dominated by the conquerors. Let us remember that the total of those populations and their resources in those four continents greatly exceeds the sum total of the population and the resources of the whole of the Western Hemisphere—many times over.

In times like these it is immature—and incidentally, untrue—for anybody to brag that an unprepared America, single-handed, and with one hand tied behind its back, can hold off the whole world.

No realistic American can expect from a dictator's peace international generosity, or return of true independence, or world disarmament, or freedom of expression, or freedom of religion—or even good business.

Such a peace would bring no security for us or for our neighbors. "Those, who would give up essential liberty to purchase a little temporary safety, deserve neither liberty nor safety."

As a nation, we may take pride in the fact that we are soft-hearted; but we cannot afford to be soft-headed.

We must always be wary of those who with sounding brass and a tinkling cymbal preach the "ism" of appeasement.

We must especially beware of that small group of selfish men who would clip the wings of the American eagle in order to feather their own nests.

I have recently pointed out how quickly the tempo of modern warfare could bring into our very midst the physical attack which we must eventually expect if the dictator nations win this war.

There is much loose talk of our immunity from immediate and direct invasion from across the seas. Obviously, as long as the British Navy retains its power, no such danger exists. Even

if there were no British Navy, it is not probable that any enemy would be stupid enough to attack us by landing troops in the United States from across thousands of miles of ocean, until it had acquired strategic bases from which to operate.

But we learn much from the lessons of the past years in Europe—particularly the lesson of Norway, whose essential sea-ports were captured by treachery and surprise built up over a series of years.

The first phase of the invasion of this Hemisphere would not be the landing of regular troops. The necessary strategic points would be occupied by secret agents and their dupes—and great numbers of them are already here, and in Latin America.

As long as the aggressor nations maintain the offensive, they—not we—will choose the time and the place and the method of their attack.

That is why the future of all the American Republics is today in serious danger.

That is why this Annual Message to the Congress is unique in our history.

That is why every member of the Executive Branch of the Government and every member of the Congress faces great responsibility and great accountability.

The need of the moment is that our actions and our policy should be devoted primarily—almost exclusively—to meeting this foreign peril. For all our domestic problems are now a part of the great emergency.

Just as our national policy in internal affairs has been based upon a decent respect for the rights and the dignity of all our fellow men within our gates, so our national policy in foreign affairs has been based on a decent respect for the rights and dignity of all nations, large and small. And the justice of morality must and will win in the end.

Our national policy is this:

First, by an impressive expression of the public will and without regard to partisanship, we are committed to all-inclusive national defense.

Second, by an impressive expression of the public will and without regard to partisanship, we are committed to full support of all those resolute peoples, everywhere, who are resisting aggression and are thereby keeping war away from our Hemisphere. By this support, we express our determination that the democratic cause shall prevail; and we strengthen the defense and the security of our own nation.

Third, by an impressive expression of the public will and without regard to partisanship, we are committed to the proposition that principles of morality and considerations for our own security will never permit us to acquiesce in a peace dictated by aggressors and sponsored by appeasers. We know that enduring peace cannot be bought at the cost of other people's freedom.

In the recent national election there was no substantial difference between the two great parties in respect to that national policy. No issue was fought out on this line before the American electorate. Today it is abundantly evident that American citizens everywhere are demanding and supporting speedy and complete action in recognition of obvious danger.

Therefore, the immediate need is a swift and driving increase in our armament production.

Leaders of industry and labor have responded to our summons. Goals of speed have been set. In some cases these goals are being reached ahead of time; in some cases we are on schedule; in other cases there are slight but not serious delays; and in some cases—and I am sorry to say very important cases—we are all concerned by the slowness of the accomplishment of our plans.

The Army and Navy, however, have made substantial progress during the past year. Actual experience is improving and speeding up our methods of production with every passing day. And today's best is not good enough for tomorrow.

I am not satisfied with the progress thus far made. The men in charge of the program represent the best in training, in ability, and in patriotism. They are not satisfied with the progress thus far made. None of us will be satisfied until the job is done.

No matter whether the original goal was set too high or too low, our objective is quicker and better results.

To give you two illustrations:

We are behind schedule in turning out finished airplanes; we are working day and night to solve the innumerable problems and to catch up.

We are ahead of schedule in building warships but we are working to get even further ahead of that schedule.

To change a whole nation from a basis of peacetime production of implements of peace to a basis of wartime production of implements of war is no small task. And the greatest difficulty comes at the beginning of the program, when new tools, new plant facilities, new assembly lines, and new ship ways must first be constructed before the actual matériel begins to flow steadily and speedily from them.

The Congress, of course, must rightly keep itself informed at all times of the progress of the program. However, there is certain information, as the Congress itself will readily recognize, which, in the interests of our own security and those of the nations that we are supporting, must of needs be kept in confidence.

New circumstances are constantly begetting new needs for our safety. I shall ask this Congress for greatly increased new appropriations and authorizations to carry on what we have begun.

I also ask this Congress for authority and for funds sufficient to manufacture additional munitions and war supplies of many kinds, to be turned over to those nations which are now in actual war with aggressor nations.

Our most useful and immediate role is to act as an arsenal for them as well as for ourselves. They do not need man power, but they do need billions of dollars worth of the weapons of defense.

The time is near when they will not be able to pay for them all in ready cash. We cannot, and we will not, tell them that

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they must surrender, merely because of present inability to pay for the weapons which we know they must have.

I do not recommend that we make them a loan of dollars with which to pay for these weapons—a loan to be repaid in dollars.

I recommend that we make it possible for those nations to continue to obtain war materials in the United States, fitting their orders into our own program. Nearly all their matériel would, if the time ever came, be useful for our own defense.

Taking counsel of expert military and naval authorities, considering what is best for our own security, we are free to decide how much should be kept here and how much should be sent abroad to our friends who by their determined and heroic resistance are giving us time in which to make ready our own defense.

For what we send abroad, we shall be repaid within a reasonable time following the close of hostilities, in similar materials, or, at our option, in other goods of many kinds, which they can produce and which we need.

Let us say to the democracies: "We Americans are vitally concerned in your defense of freedom. We are putting forth our energies, our resources and our organizing powers to give you the strength to regain and maintain a free world. We shall send you, in ever-increasing numbers, ships, planes, tanks, guns. This is our purpose and our pledge."

In fulfillment of this purpose we will not be intimidated by the threats of dictators that they will regard as a breach of international law or as an act of war our aid to the democracies which dare to resist their aggression. Such aid is not an act of war, even if a dictator should unilaterally proclaim it so to be.

When the dictators, if the dictators, are ready to make war upon us, they will not wait for an act of war on our part. They did not wait for Norway or Belgium or the Netherlands to commit an act of war.

Their only interest is in a new one-way international law, which lacks mutuality in its observance, and, therefore, becomes an instrument of oppression.

The happiness of future generations of Americans may well depend upon how effective and how immediate we can make our aid felt. No one can tell the exact character of the emergency situations that we may be called upon to meet. The Nation's hands must not be tied when the Nation's life is in danger.

We must all prepare to make the sacrifices that the emergency—almost as serious as war itself—demands. Whatever stands in the way of speed and efficiency in defense preparations must give way to the national need.

A free nation has the right to expect full cooperation from all groups. A free nation has the right to look to the leaders of business, of labor, and of agriculture to take the lead in stimulating effort, not among other groups but within their own groups.

The best way of dealing with the few slackers or trouble makers in our midst is, first, to shame them by patriotic example, and, if that fails, to use the sovereignty of Government to save Government.

As men do not live by bread alone, they do not fight by armaments alone. Those who man our defenses, and those behind them who build our defenses, must have the stamina and the courage which come from unshakable belief in the manner of life which they are defending. The mighty action that we are calling for cannot be based on a disregard of all things worth fighting for.

The Nation takes great satisfaction and much strength from the things which have been done to make its people conscious of their individual stake in the preservation of democratic life in America. Those things have toughened the fibre of our people, have renewed their faith and strengthened their devotion to the institutions we make ready to protect.

Certainly this is no time for any of us to stop thinking about the social and economic problems which are the root cause of the social revolution which is today a supreme factor in the world.

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For there is nothing mysterious about the foundations of a healthy and strong democracy. The basic things expected by our people of their political and economic systems are simple. They are:

Equality of opportunity for youth and for others.

Jobs for those who can work.

Security for those who need it.

The ending of special privilege for the few.

The preservation of civil liberties for all.

The enjoyment of the fruits of scientific progress in a wider and constantly rising standard of living.

These are the simple, basic things that must never be lost sight of in the turmoil and unbelievable complexity of our modern world. The inner and abiding strength of our economic and political systems is dependent upon the degree to which they fulfill these expectations.

Many subjects connected with our social economy call for immediate improvement.

As examples:

We should bring more citizens under the coverage of old-age pensions and unemployment insurance.

We should widen the opportunities for adequate medical care.

We should plan a better system by which persons deserving or needing gainful employment may obtain it.

I have called for personal sacrifice. I am assured of the willingness of almost all Americans to respond to that call.

A part of the sacrifice means the payment of more money in taxes. In my Budget Message I shall recommend that a greater portion of this great defense program be paid for from taxation than we are paying today. No person should try, or be allowed, to get rich out of this program; and the principle of tax payments in accordance with ability to pay should be constantly before our eyes to guide our legislation.

If the Congress maintains these principles, the voters, putting patriotism ahead of pocketbooks, will give you their applause.

In the future days, which we seek to make secure, we look forward to a world founded upon four essential human freedoms.

The first is freedom of speech and expression — everywhere in the world.

The second is freedom of every person to worship God in his own way — everywhere in the world.

The third is freedom from want — which, translated into world terms, means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants — everywhere in the world.

The fourth is freedom from fear — which, translated into world terms, means a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor — anywhere in the world.

That is no vision of a distant millennium. It is a definite basis for a kind of world attainable in our own time and generation. That kind of world is the very antithesis of the so-called new order of tyranny which the dictators seek to create with the crash of a bomb.

To that new order we oppose the greater conception — the moral order. A good society is able to face schemes of world domination and foreign revolutions alike without fear.

Since the beginning of our American history, we have been engaged in change — in a perpetual peaceful revolution — a revolution which goes on steadily, quietly adjusting itself to changing conditions — without the concentration camp or the quick-lime in the ditch. The world order which we seek is the cooperation of free countries, working together in a friendly, civilized society.

This nation has placed its destiny in the hands and heads and hearts of its millions of free men and women; and its faith in freedom under the guidance of God. Freedom means the supremacy of human rights everywhere. Our support goes to those who struggle to gain those rights or keep them. Our strength is our unity of purpose.

To that high concept there can be no end save victory.

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beginning of the organization of world peace. This organization must be the fulfillment of the promise for which men have fought and died in this war. It must be the justification of all the sacrifices that have been made — of all the dreadful misery that this world has endured.

We Americans of today, together with our allies, are making history — and I hope it will be better history than ever has been made before.

We pray that we may be worthy of the unlimited opportunities that God has given us.

NOTE: At 10 P.M. of the same day he sent the foregoing State of the Union message to the Congress, the President made a radio address embodying significant excerpts from his message (see Item 126-A, this volume). He commenced his radio address with the following statement: "Today, in pursuance of my Constitutional duty, I sent to the Congress

a message on the State of the Union — and this evening I am taking the opportunity to repeat to you some parts of that message." The President then repeated in summary form certain portions of the message.

Toward the close of his radio address, the President added several paragraphs which did not appear in his message to the Congress.

126-A. (Radio Address Summarizing State of the Union Message. January 6, 1945

TODAY, in pursuance of my Constitutional duty, I sent to the Congress a message on the State of the Union — and this evening I am taking the opportunity to repeat to you some parts of that message.

This war must be waged — it is being waged — with the greatest and most persistent intensity. Everything we are and have is at stake. Everything we are, and have, will be given.

We have no question of the ultimate victory. We have no question of the cost. Our losses will be heavy.

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But — we and our Allies will go on fighting together to ultimate total victory.

We have seen a year marked, on the whole, by substantial progress toward victory, even though the year ended with a setback for our arms, when the Germans launched a ferocious counterattack into Luxembourg and Belgium with the obvious objective of cutting our line in the center.

Our men have fought with indescribable and unforgettable gallantry under most difficult conditions.

The high tide of this German attack was reached two days after Christmas. Since then we have reassumed the offensive, rescued the isolated garrison at Bastogne, and forced a German withdrawal along the whole line of the salient.

The speed with which we recovered from this savage attack was possible primarily because we have one Supreme Commander in complete control of all the Allied armies in France. General Eisenhower has faced this period of trial with admirable calm and resolution and with steadily increasing success. He has my complete confidence.

Further desperate attempts may well be made to break our lines, to slow our progress. We must never make the mistake of assuming that the Germans are beaten until the last Nazi has surrendered.

And I would express a most serious warning against the poisonous effects of enemy propaganda.

The wedge that the Germans attempted to drive in Western Europe was less dangerous in terms of winning the war than the wedges which they are continually attempting to drive between ourselves and our Allies.

Every little rumor which is intended to weaken our faith in our Allies is like an actual enemy agent in our midst — seeking to sabotage our war effort. There are, here and there, evil and baseless rumors against the Russians — rumors against the British — rumors against our own American commanders in the field.

When you examine these rumors closely, you will observe

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that every one of them bears the same trademark — "Made in Germany."

We must resist this propaganda — we must destroy it — with the same strength and the same determination that our fighting men are displaying as they resist and destroy the panzer divisions.

In all of the far-flung operations of our own armed forces — on land, and sea, and in the air — the final job, the toughest job, has been performed by the average, easy-going, hard-fighting young American who carries the weight of battle on his own shoulders.

It is to him that we and all future generations of Americans must pay grateful tribute.

But — it is of small satisfaction to him to know that monuments will be raised to him in the future. He wants, he needs, and he is entitled to insist upon, our full and active support — now.

Although unprecedented production figures have made possible our victories, we shall have to increase our goals in certain weapons even more.

Our armed forces in combat have steadily increased their expenditure of ammunition. As we continue the decisive phases of this war, the munitions that we expend will mount day by day.

I shall not go into the details of war production and the requirements of war materials. They are contained in the message that I sent today, and I hope that many of you will have an opportunity to read that in full.

But there is one very human need that I do want to mention.

We need twenty thousand more trained nurses for our Army and Navy.

Those nurses that we have are rendering gallant service to our sick and wounded men, but they have been called upon to do more than their share. More than a thousand nurses are now hospitalized themselves — and part of this is due to overwork. At Army hospitals in the United States there is only one nurse to twenty-six beds, instead of one to fifteen beds, as there should be.

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Since volunteering has not produced the number of nurses required, I asked the Congress in my message to amend the Selective Service Act to provide for the induction of registered nurses into the armed forces.

The need is too pressing to await the outcome of further efforts at recruiting. However, I urge registered nurses throughout the country to volunteer immediately for this great service.

The only way to meet our increased needs for more weapons and new weapons is for every American now engaged in war work to stay on his war job — for additional American civilians, men and women not now engaged in essential work, to go out and get a war job. Workers who are released because their war production is cut back should get another job where war production is being increased. This is no time to quit or change to less essential jobs.

There is an old and true saying that the Lord hates a quitter. And this Nation must pay for all those who leave their essential jobs — for all those who lay down on their essential jobs for non-essential reasons. And that payment must be made with the life's blood of our sons.

Last year, after much consideration, I recommended that the Congress adopt a National Service Act as the most efficient and democratic way of insuring full production for our war requirements. This recommendation was not adopted.

I have again called upon the Congress today to enact this measure for the total mobilization of all our human resources — men and women — for the prosecution of the war. I urge that this be done at the earliest possible moment.

It is not too late in the war. In fact, bitter experience has shown that, in this kind of mechanized warfare where new weapons are constantly being created by our enemies and by ourselves, the closer we come to the end of the war, the more pressing becomes the need for sustained war production with which to deliver the final blow to the enemy.

There are three basic arguments for a National Service Law. First — it would assure that we have the right numbers of workers in the right places at the right times.

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Second — it would provide supreme proof to all our fighting men that we are giving them what they are entitled to, which is nothing less than our total effort.

And — third — it would be the final, unequivocal answer to the hopes of the Nazis and the Japanese that we may become half-hearted about this war, and that they can get from us a negotiated peace.

National service legislation would be used only to the extent absolutely required by military necessities. In fact, experience in Great Britain and in other Nations at war indicates that use of the compulsory powers of national service is necessary only in rare instances.

National service would provide against loss of retirement and seniority rights and benefits. It would not mean reduction in wages.

The contribution of our workers in this war has been beyond measure. We must now build on the foundations that have already been laid, and supplement the measures now in operation, in order to guarantee the production that may be necessary in the critical period that lies ahead.

The Secretary of War and the Secretary of the Navy have written me a letter in which, speaking of present war needs, they said:

"In our considered judgment, which is supported by General Marshall and Admiral King, this requires total mobilization of our manpower by the passage of a national war service law. The armed forces need this legislation to hasten the day of final victory, and to keep to a minimum the cost in lives."

That is the testimony of those best qualified to know the situation which confronts us.

Pending action by the Congress on the broader aspects of national service, I have recommended that the Congress immediately enact legislation which will be effective in using the services of the four million men now classified as 4-F in whatever capacity is best for the war effort.

In the field of foreign policy, we propose to stand together

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with the United Nations not for the war alone but for the victory for which the war is fought.

It is not only a common danger which unites us, but a common hope. Ours is an association not of governments but of peoples — and the peoples' hope is peace. Here, as in England; in England, as in Russia; in Russia, as in China; in France, and through the continent of Europe, and throughout the world; wherever men love freedom, the hope and purpose of the people are for peace — a peace that is durable and secure.

It will not be easy to create this peoples' peace. We have seen already, in areas liberated from the Nazi and the Fascist tyranny, what problems peace will bring. And we delude ourselves if we attempt to believe wishfully that all these problems can be solved overnight.

The firm foundation can be built — and it will be built. But the continuance and assurance of a living peace must, in the long run, be the work of the people themselves.

We ourselves, like all peoples who have gone through the difficult processes of liberation and adjustment, know of our own experience how great the difficulties can be. We know that they are not difficulties peculiar to any continent or any Nation. Our own Revolutionary War left behind it, in the words of one American historian, "an eddy of lawlessness and disregard of human life." There were separatist movements of one kind or another in Vermont, Pennsylvania, Virginia, Tennessee, Kentucky, and Maine. There were insurrections, open or threatened, in Massachusetts and New Hampshire. We worked out for ourselves these difficulties — as the peoples of the liberated areas of Europe, faced with complex problems of adjustment, will work out their difficulties for themselves.

Peace can be made and kept only by the united determination of free and peace-loving peoples who are willing to work together — willing to help one another — willing to respect and tolerate and try to understand one another's opinions and feelings.

In the future world the misuse of power, as implied in the term "power politics," must not be a controlling factor in inter-

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national relations. That is the heart of the principles to which we have subscribed. In a democratic world, as in a democratic Nation, power must be linked with responsibility, and obliged to defend and justify itself within the framework of the general good.

In our disillusionment after the last war we gave up the hope of achieving a better peace because we had not the courage to fulfill our responsibilities in an admittedly imperfect world.

We must not let that happen again, or we shall follow the same tragic road again — the road to a third world war.

We can fulfill our responsibilities for maintaining the security of our own country only by exercising our power and our influence to achieve the principles in which we believe, and for which we have fought.

It is true that the statement of principles in the Atlantic Charter does not provide rules of easy application to each and every one of the tangled situations in this war-torn world. But it is a good and a useful thing — it is an essential thing — to have principles toward which we can aim.

And we shall not hesitate to use our influence — and to use it now — to secure so far as is humanly possible the fulfillment of the principles of the Atlantic Charter. We have not shrunk from the military responsibilities brought on by this war. We cannot and will not shrink from the political responsibilities which follow in the wake of battle.

To do this we must be on our guard not to exploit and exaggerate the differences between us and our Allies, particularly with reference to the peoples who have been liberated from Fascist tyranny. That is not the way to secure a better settlement of those differences, or to secure international machinery which can rectify mistakes which may be made.

I must admit concern about many situations — the Greek and Polish for example. But those situations are not as easy or as simple to deal with as some spokesmen, whose sincerity I do not question, would have us believe. We have obligations, not necessarily legal, to the exiled governments, to the underground

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leaders, and to our major Allies who came much nearer the shadows than we did.

We and our Allies have declared that it is our purpose to respect the right of all peoples to choose the form of government under which they will live and to see sovereign rights and self-government restored to those who have been forcibly deprived of them. But with internal dissension, with many citizens of liberated countries still prisoners of war or forced to labor in Germany, it is difficult to guess the kind of self-government the people really want.

During the interim period, until conditions permit a genuine expression of the peoples' will, we and our Allies have a duty, which we cannot ignore, to use our influence to the end that no temporary or provisional authorities in the liberated countries block the eventual exercise of the peoples' right freely to choose the government and institutions under which, as free men, they are to live.

It is our purpose to help the peace-loving peoples of Europe to live together as good neighbors, to recognize their common interests, and not to nurse their traditional grievances against one another.

But we must not permit the many specific and immediate problems of adjustment connected with the liberation of Europe to delay the establishment of permanent machinery for the maintenance of peace. Under the threat of a common danger, the United Nations joined together in war to preserve their independence and their freedom. They must now join together to make secure the independence and freedom of all peace-loving states, so that never again shall tyranny be able to divide and conquer.

International peace and well-being, like national peace and well-being, require constant alertness, continuing cooperation, and organized effort.

International peace and well-being, like national peace and well-being, can be secured only through institutions capable of life and growth.

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One of the most heartening events of the year in the international field has been the renaissance of the French people and the return of the French Nation to the ranks of the United Nations. Far from having been crushed by the terror of Nazi domination, the French people have emerged with stronger faith than ever in the destiny of their country and in the soundness of the democratic ideals to which the French Nation has contributed so greatly.

Today, French armies are again on the German frontier and are again fighting shoulder to shoulder with our sons.

Since our landings in Africa, we have placed in French hands all the arms and material of war which our resources and the military situation permitted. And I am glad to say that we are now about to equip large new French forces with the most modern weapons for combat duty.

I am clear in my own mind that, as an essential factor in the maintenance of world peace in the future, we must have universal military training after this war, and I shall send a special message to the Congress on this subject.

An enduring peace cannot be achieved without a strong America — strong in the social and economic sense as well as in the military sense.

I have already set forth what I consider to be an American Economic Bill of Rights, and the most fundamental of these is the "right to a useful and remunerative job in the industries or shops or farms or mines of the Nation."

In turn, others of the economic rights of American citizenship such as the right to a decent home, to a good education, to good medical care, to social security, to reasonable farm income, will, if fulfilled, make major contributions to achieving adequate levels of employment.

In the message that I sent to the Congress today I discussed the general approach to the program that we have in mind for the provision of close to sixty million jobs.

Although we must plan now for our postwar economy, and enact the necessary legislation, and set up the appropriate agen-

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cies for reconversion from war to peace, and lay the foundations for that transition period — all of which we are now doing — it is obviously impossible for us to do anything which might possibly hinder the production for war at this time, when our men are fighting on the frontiers of Germany and dropping bombs on the war industries of Japan.

In these days, our thoughts and our hopes and our prayers are with our sons and brothers, our loved ones who are far from home.

We can and we will give them all the support of which this great Nation is capable. But — no matter how well they may be equipped with weapons and munitions — their magnificent fight will have been in vain if this war should end in the breaking of the unity of the United Nations.

We need the continuing friendship of our Allies in this war. Indeed, that need is a matter of life and death. And we shall need that friendship in the peace.

I quote from an editorial in the *Stars and Stripes*, our soldiers' own newspaper in Europe:

"For the holy love of God let's listen to the dead. Let's learn from the living. Let's join ranks against the foe. The bugles of battle are heard again above the bickering."

That is the demand of our fighting men. We cannot fail to heed it.

This new year of 1945 can be the greatest year of achievement in human history.

Nineteen forty-five can see the final ending of the Nazi-Fascist reign of terror in Europe.

Nineteen forty-five can see the closing in of the forces of retribution about the center of the malignant power of imperialistic Japan.

Most important of all, 1945 can, and must, see the substantial beginning of the organization of world peace — for we all know what such an organization means in terms of security, and human rights, and religious freedom.

We Americans of today, together with our Allies, are making

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history — and I hope it will be better history than ever has been made before.

We pray that we may be worthy of the unlimited opportunities that God has given us.

127 (The President Reemphasizes the Need for National Service Legislation.

January 17, 1945

Dear Congressman May:

IN MY RECENT message on the State of the Union, I pointed out the urgent need of a national service law, and recommended that, pending action by the Congress on the broader aspects of national service, the Congress immediately enact legislation which will be effective in using the 4,000,000 men now classified in IV-F in whatever capacity is best for the war effort.

The urgent need of this legislation has not lessened but has increased since the sending of my Message.

It is true that there has been a trend toward increased placement of manpower in the last two weeks, but there is danger that this trend, which was unquestionably due to the belief that Congress contemplated prompt action, will be reversed by reports now current in the press that Congressional action is likely to be delayed.

I am familiar with the provisions of H. R. 1119, on which hearings are now being held before your Committee. While this bill is not a complete national service law, it will go far to secure the effective employment in the war effort of all registrants under the Selective Service Law between the ages of 18 and 45.

While there may be some differences of opinion on the details of the bill, prompt action now is much more important in the war effort than the perfecting of detail.

As the United Nations enter upon a truly total offense against

Address Before a Joint Session of the Congress Reporting on the State of the Union

January 26, 1982

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

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

President Washington began this tradition in 1790 after reminding the Nation that the destiny of self-government and the "preservation of the sacred fire of liberty" is "finally staked on the experiment entrusted to the hands of the American people." For our friends in the press, who place a high premium on accuracy, let me say: I did not actually hear George Washington say that. [Laughter] But it is a matter of historic record. [Laughter]

But from this podium, Winston Churchill asked the free world to stand together against the onslaught of aggression. Franklin Delano Roosevelt spoke of a day of infamy and summoned a nation to arms. Douglas MacArthur made an unforgettable farewell to a country he loved and served so well. Dwight Eisenhower reminded us that peace was purchased only at the price of strength. And John F. Kennedy spoke of the burden and glory that is freedom.

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

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

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

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

Government's response to these recessions was to pump up the money supply and increase spending. In the last 6 months of 1980, as an example, the money supply increased at the fastest rate in postwar history—13 percent. Inflation remained in double digits, and government spending increased at an annual rate of 17 percent. Interest rates reached a staggering 21½ percent. There were 8 million unemployed.

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

This time, however, things are different. We have an economic program in place, completely different from the artificial quick fixes of the past. It calls for a reduction of the rate of increase in government spending, and already that rate has been cut nearly in half. But reduced spending alone isn't enough. We've just implemented the first and smallest phase of a 3-year tax-rate reduction designed to stimulate the economy and create jobs. Already interest

rates are down to 15% percent, but they must still go lower. Inflation is down from 12.4 percent to 8.9, and for the month of December it was running at an annualized rate of 5.2 percent. If we had not acted as we did, things would be far worse for all Americans than they are today. Inflation, taxes, and interest rates would all be higher.

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

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

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

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

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

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

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

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

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

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

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

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

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

dollar and a stable monetary policy, the latter a responsibility of the Federal Reserve System.

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

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

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

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

I will seek no tax increases this year, and

I have no intention of retreating from our basic program of tax relief. I promise to bring the American people—to bring their tax rates down and to keep them down, to provide them incentives to rebuild our economy, to save, to invest in America's future. I will stand by my word. Tonight I'm urging the American people: Seize these new opportunities to produce, to save, to invest, and together we'll make this economy a mighty engine of freedom, hope, and prosperity again.

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

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

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

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

The entitlement programs that make up our safety net for the truly needy have

worthy goals and many deserving recipients. We will protect them. But there's only one way to see to it that these programs really help those whom they were designed to help. And that is to bring their spiraling costs under control.

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

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

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

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

The savings we propose in entitlement programs will total some \$63 billion over 4 years and will, without affecting social

security, go a long way toward bringing Federal spending under control.

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

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

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

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

In 1960 the Federal Government had 132 categorical grant programs, costing \$7 billion. When I took office, there were approximately 500, costing nearly a hundred billion dollars—13 programs for energy, 36 for pollution control, 66 for social services,

90 for education. And here in the Congress, it takes at least 166 committees just to try to keep track of them.

You know and I know that neither the President nor the Congress can properly oversee this jungle of grants-in-aid; indeed, the growth of these grants has led to the distortion in the vital functions of government. As one Democratic Governor put it recently: The National Government should be worrying about "arms control, not pot-holes."

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

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

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

In 1984 the Federal Government will apply the full proceeds from certain excise taxes to a grassroots trust fund that will belong in fair shares to the 50 States. The total amount flowing into this fund will be \$28 billion a year. Over the next 4 years the States can use this money in either of two ways. If they want to continue receiving Federal grants in such areas as transportation, education, and social services, they can

use their trust fund money to pay for the grants. Or to the extent they choose to forgo the Federal grant programs, they can use their trust fund money on their own for those or other purposes. There will be a mandatory pass-through of part of these funds to local governments.

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

In a single stroke we will be accomplishing a realignment that will end cumbersome administration and spiraling costs at the Federal level while we ensure these programs will be more responsive to both the people they're meant to help and the people who pay for them.

Hand in hand with this program to strengthen the discretion and flexibility of State and local governments, we're proposing legislation for an experimental effort to improve and develop our depressed urban areas in the 1980's and '90's. This legislation will permit States and localities to apply to the Federal Government for designation as urban enterprise zones. A broad range of special economic incentives in the zones will help attract new business, new jobs, new opportunity to America's inner cities and rural towns. Some will say our mission is to save free enterprise. Well, I say we must *free* enterprise so that together we can save America.

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

Our faith in the American people is reflected in another major endeavor. Our pri-

vate sector initiatives task force is seeking out successful community models of school, church, business, union, foundation, and civic programs that help community needs. Such groups are almost invariably far more efficient than government in running social programs.

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

Our nation's long journey towards civil rights for all our citizens—once a source of discord, now a source of pride—must continue with no backsliding or slowing down. We must and shall see that those basic laws that guarantee equal rights are preserved and, when necessary, strengthened.

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

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

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

So far, I've concentrated largely, now, on domestic matters. To view the state of the Union in perspective, we must not ignore the rest of the world. There isn't time tonight for a lengthy treatment of social—or

foreign policy, I should say, a subject I intend to address in detail in the near future. A few words, however, are in order on the progress we've made over the past year, reestablishing respect for our nation around the globe and some of the challenges and goals that we will approach in the year ahead.

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

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

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

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

Now, let me also note that private American groups have taken the lead in making January 30th a day of solidarity with the people of Poland. So, too, the European Parliament has called for March 21st to be

an international day of support for Afghanistan. Well, I urge all peace-loving peoples to join together on those days, to raise their voices, to speak and pray for freedom.

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

In the last decade, while we sought the moderation of Soviet power through a process of restraint and accommodation, the Soviets engaged in an unrelenting buildup of their military forces. The protection of our national security has required that we undertake a substantial program to enhance our military forces.

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

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

keep the peace. We will also keep our freedom.

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

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

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

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

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

And then there are countless, quiet, everyday heroes of American life—parents who sacrifice long and hard so their chil-

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

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

eration."

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

God bless you, and thank you.

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

Message to the Senate Transmitting a Protocol to the North Atlantic Treaty

January 26, 1982

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a certified copy of a protocol to the North Atlantic Treaty on the accession of Spain, signed in Brussels on December 10, 1981 on behalf of the United States and the other parties to the North Atlantic Treaty. I transmit also for the information of the Senate the report made to me by the Secretary of State regarding this matter.

Spain's rededication to the values and purposes underlying the North Atlantic Treaty, and her decision to seek full partnership in the effort to maintain Western

security, are historic developments and a source of inspiration in these troubled times. Spain's strategic location, and human and material resources, will make a major contribution to the security of the Alliance. Accordingly, I urge that the Senate give early and favorable consideration to this protocol.

RONALD REAGAN

The White House,
January 26, 1982.

Note: The text of the message was released by the Office of the Press Secretary on January 27.