

to succeed in school and rise in the world. For every child, education begins with strong reading skills. With the Reading First program, we have set a national goal to make sure that every child in America is reading by the third grade. To move toward that goal, I will request more than \$1.1 billion for Federal reading programs in next year's budget, an increase of \$75 million over last year's budget request. This investment will go only to support programs with proven results in teaching children to read.

The No Child Left Behind Act was a victory of bipartisan cooperation. By this law, we affirmed our basic faith in the wisdom of parents and communities and our fundamental belief in the promise of every child. The work of reform is well begun,

and we are determined to continue that effort until every school in America is a place of learning and achievement.

Thank you for listening.

NOTE: The address was recorded at 8:43 a.m. on January 3 at the Bush Ranch in Crawford, TX, for broadcast at 10:06 a.m. on January 4. The transcript was made available by the Office of the Press Secretary on January 3 but was embargoed for release until the broadcast. In his remarks, the President referred to Title I of the Improving America's Schools Act of 1994 (Public Law No. 103-382), which amended Title I of the Elementary and Secondary Education Act of 1965 (Public Law No. 89-10). The Office of the Press Secretary also released a Spanish language transcript of this address.

Statement on the Terrorist Attack in Israel

January 5, 2003

Today terrorists struck again in Israel, murdering and injuring scores of civilians in Tel Aviv. I condemn this attack in the strongest possible terms. It is a despicable act of murder, and I express my condolences to the Government and people of Israel and especially to the families of the victims. Secretary Powell has already spoken to Prime Minister Sharon to convey the condolences of the American people.

The United States remains determined to continue our efforts toward peace in the Middle East, a goal that the terrorists seek to destroy. All who genuinely seek peace in the region must join in the effort to stop terror. The United States is determined to continue the global fight against terrorism and against the terrorist organizations that conduct operations such as the murders in Israel today.

Remarks Following a Cabinet Meeting and an Exchange With Reporters

January 6, 2003

The President. I have an opening statement here, and I'll answer a couple of questions.

I want to thank my Cabinet for coming. This is the 15th Cabinet meeting we've had since we were sworn in, and I appreciate

each of you working so hard on behalf of the American people.

Today we talked about the issues facing our country. The war on terror continues. We will hunt down the terrorists wherever

they hide. We'll do everything we can to secure the homeland.

We heard a briefing today from Tom Ridge about how the reorganization of the Homeland Security Department is going. It's very important for Congress and the Senate to confirm Tom as quickly as possible and to confirm his team, so they can get doing the work of the American people.

Here at home, I hope the Congress will extend the unemployment benefits for—for the American workers who don't have a job—soon, as quickly as possible. As well, it's important for Congress to pass the '03 appropriations bills. We're living under continuing resolutions. The agency heads here are—want to have their budgets finalized so that they can have certainty in the appropriations with which they have to work. Congress has got work to do.

Tomorrow I'm going to talk about how to continue the economic growth that we have, to ensure our economy is as robust as possible. I look forward to the speech in Chicago, because it is a plan that speaks directly to the American citizen that we'll do everything we can to revitalize the small-business sector, to make sure it remains strong so people can find work.

We've put together a fine economic team. I hope the Congress—the Senate acts quickly to confirm John Snow and Bill Donaldson. They need to move quickly.

I look forward to working with the leadership in the House and the Senate. Doesn't matter who's in charge, we'll work with them. Obviously, we're pleased that Senator Frist will be leading the Senate. We'll work with him. We'll continue to work with Senator Daschle, and we'll work with Speaker Hastert, Leader DeLay, and Congressman Pelosi as well.

We have got a job to do for the American people, and we'll do that job, to make sure the country is secure, to win the war on terror, and make sure people can find work.

Let me answer some questions. Sandra [Sandra Sobieraj, Associated Press], this is

your last day, I understand, and therefore, you get to ask the only question—I mean, you get to ask—[laughter].

President's Economic Plan

Q. The first question to the last? You said that your economic plan will speak directly to the American citizen. The Democrats say that it speaks most directly to the richest American taxpayers. How do you answer that criticism and the charge that you're just going to lead to deeper deficits?

The President. Well, the critics hadn't seen the plan. This is a plan that provides tax relief to the working citizens. It's a plan that is a very fair plan. It's a plan that recognizes, when somebody has more of their own money, they're likely to spend it, which creates more jobs.

Our administration is concerned about deficits, and the way they deal with deficits is you, one, control spending. And I hope Congress lives up to their words. When they talk about deficits, they can join us in making sure we don't overspend. They can join us and make sure that the appropriations process is focused on those issues that—those items that are absolutely necessary for the American people.

I'm pleased that Members of the Congress are talking about deficits. It means they understand their obligations not to overspend the people's money. And the second way to deal with deficits is to encourage revenue growth. And the way to encourage revenue growth is to encourage the private sector to grow. And tomorrow I'll be talking about ways to encourage the growth of the private sector.

Steve [Steve Holland, Reuters].

Iraq

Q. Sir, with 3 weeks to go until the U.N. inspectors report back, are you seeing any signs of compliance by Iraq? Saddam says it's carrying out intelligence work.

The President. Well, I thought that was an interesting statement on his part. When

you combine that with the fact that his declaration was clearly deficient, it is discouraging news for those of us who want to resolve this issue peacefully.

He has the obligation to disarm. For the sake of peace, he must disarm. The United Nations has clearly said that. It is in our Nation's interest that he disarm. He is a threat to the American people. He's a threat to our friends and neighbors in the Middle East. He is a person who has used weapons of mass destruction. And so, therefore, the world has said to Saddam, "You won't have any weapons of mass destruction. Get rid of them." And thus far, it looks like he hasn't complied.

But he's got time, and we continue to call upon Saddam Hussein to listen to what the world is saying. Not just the United States but the entire world expects Saddam Hussein to disarm.

Dick—Stretch [Richard Keil, Bloomberg News].

President's Economic Plan

Q. Mr. President, changing the taxation on stock dividends—a lot of analysts say that, in and of itself, would not have a particularly stimulative effect for the economy. Do you disagree with that? And if in the end you get a benefit yourself, is it money that you would then direct to be reinvested, or is it money that you might spend?

The President. If it—I didn't hear the second part of your question. If it—the hypothetical part of the question, which I'm probably not going to answer. [Laughter]

Q. If Congress does your bidding and you get benefits from dividends that aren't being taxed, would you use that money to reinvest or would you spend it on consumer goods or consumer items?

The President. Me, personally?

Q. You, personally.

The President. My money is in a blind trust, Stretch, so I don't know if I've got any dividends.

Q. If you did.

The President. Oh, if I did. [Laughter]

Q. Not many of us have dividends these days, but—

The President. Well, it's interesting you asked that question. A lot of people get dividends, see. And that's one of the reasons why we're analyzing this issue of taxing things twice, particularly dividends. Most seniors—over 50 percent of the seniors receive dividends.

First of all, it's unfair to tax money twice. There's a principle involved. The Government ought to be content with taxing revenue streams or profits one time, not twice. And in dividends, we tax the corporate profit, and then we tax the money being sent to the shareholder. And that doesn't make any sense. That's unfair. That's bad public policy. Many of the shareholders that pay the taxes are senior citizens. These are senior citizens who have retired and senior citizens who can use that money.

Thirdly, the reduction in taxes on dividends will encourage capital flows into the marketplace. It will encourage investment, and that's what we want. We want to encourage investment activity. Investment means jobs.

And so I'm not going to specifically tell you what's in the speech tomorrow, though it looks like some others might have already done that. I do encourage you to listen to it. But I encourage you to look at the entire package. It's a package that's shaped for economic vitality and growth.

Listen, we're doing fine. Tomorrow you'll hear me say this economy is one of the strongest in the world. But what we believe is that we can be stronger. And we also know that when somebody is looking for work who wants to work means we've got to continue to try to stimulate job growth.

Now, we don't believe it's the role of Government to manage the economy. We've got great faith in the private sector. And so we're going to create the environment for the private sector to be stronger. That's the policy of this administration.

Sandra, good luck to you. Thanks.

Q. Thank you, sir.

North Korea

Q. Mr. President, on North Korea, sir?

The President. I'll answer one on North Korea, yes, real quick.

Q. Yes, sir. What would it take for the U.S. or any other nation to have direct talks with North Korea? And they claim to believe that the U.S. is a threat to them.

The President. Yes.

Q. What can you say?

The President. Well, first of all, I went to Korea and clearly said that the United States has no intention of invading North Korea. I said that right there in South Korea. And in Kim Chong-il's neighborhood, I spoke as clearly, as I said—and said, "We won't invade you." And I'll repeat that: We have no intention of invading North Korea.

We expect North Korea to adhere to her obligations. She's in an agreement with the United States and said that she would not develop nuclear weapons, and we expect people to keep their word. We will have dialog; we've had dialog with North Korea. The Secretary of State visited with the Deputy Foreign Minister—

Secretary of State Colin L. Powell. The Foreign Minister.

The President. —the Foreign Minister, excuse me. And talking is one thing, but we expect people to honor obligations. And for Kim Chong-il to be a credible member of the world community, he's got to understand that he's got to do what he says he's going to do.

I believe this will be resolved peacefully, and I believe it can be resolved diplomatically.

Thank you.

Q. Thank you, sir.

Q. What were you laughing at before we came in, sir? [*Laughter*]

The President. I'm not telling. [*Laughter*] I won't tell, but somebody will leak it. [*Laughter*]

NOTE: The President spoke at 4:11 p.m. in the Cabinet Room at the White House. In his remarks, he referred to Treasury Secretary-designate John Snow; William Donaldson, Chairman-designate, Securities and Exchange Commission; President Saddam Hussein of Iraq; and Chairman Kim Chong-il and Foreign Minister Paek Nam-sun of North Korea. The Office of the Press Secretary also released a Spanish language transcript of these remarks. A portion of these remarks could not be verified because the tape was incomplete.

Remarks to the Economic Club of Chicago in Chicago, Illinois January 7, 2003

Thank you all very much. It's a windy day out there, which is—[*laughter*]—a good day for a windy speaker. [*Laughter*] I'm honored to be your guest here at the Economic Club of Chicago. I want to thank Michael for the invitation. I like a short introduction. He didn't let me down. [*Laughter*]

For 75 years, the business leaders and the entrepreneurs in the club have helped make Chicago a prosperous and energetic

city. You understand the concerns facing American workers and employers, and you believe, as I do, that we must address those concerns honestly and aggressively.

Today in Washington, a new Congress convenes, and I will ask members of both parties to work with me to secure our economic future. We cannot be satisfied until every part of our economy is healthy and vigorous. We will not rest until every business has a chance to grow and every person