

wherever you go, you carry a message of hope, a message that is ancient and ever new. In the words of the prophet Isaiah, "To the captives, 'come out,' and to those in darkness, 'be free.'"

Thank you for serving our country and our cause. May God bless you all, and may God continue to bless America.

NOTE: The President spoke at 6 p.m. on the deck of the U.S.S. *Abraham Lincoln* at sea

off the coast of San Diego, CA. In his remarks, he referred to Rear Adm. John M. Kelly, USN, commander, *Abraham Lincoln* Battle Group; Capt. Kendall L. Card, USN, commanding officer, U.S.S. *Abraham Lincoln*; and Gen. Tommy R. Franks, USA, combatant commander, U.S. Central Command. The Office of the Press Secretary also released a Spanish language transcript of this address.

Remarks to Employees of United Defense Industries in Santa Clara, California May 2, 2003

Thank you all very much. Thanks for the warm welcome. It's been a heck of a trip out here to California. [Laughter] I'm honored to be here with the good folks at United Defense. I'm here to thank you for your contribution to making the world a more peaceful and free place.

Yesterday I had the honor of speaking to the American people from the deck of the U.S.S. *Abraham Lincoln*. I made this declaration, that major combat operations in Iraq have ended, the United States and our allies have prevailed.

I spent the night—one night. [Laughter] Most of the crew had been on there for 9½ months. I was so proud to be with those men and women who wear our Nation's uniform. Their morale is high. They have served our Nation well, and this country is proud of them.

We are proud of everybody who wears the Nation's uniform, and we are proud of those who have contributed to the defense of the country, just like the people right here at United Defense have done. The technologies and products developed here at United Defense have made our military second to none. So I'm here to thank the folks who work for this fine company, on behalf of the American people,

for your contribution to the security of your Nation and for the peace of the world.

I'm also here for another reason. I'm here to talk about the state of our economy. Today we saw some new statistics on employment. The unemployment number is now at 6 percent, which should serve as a clear signal to the United States Congress we need a bold economic recovery package so people can find work. That 6-percent number should say loud and clear to members of both political parties in the United States Congress, we need robust tax relief so our fellow citizens can find a job.

I want to thank Tom for his kind introduction, and I want to thank Elmer for the tour. [Laughter] You all are doing some amazing stuff here. I'm really proud—proud of the workers, proud of the engineers, proud of the people who are keeping this country on the cutting edge. I want to thank the mayor of Santa Clara for coming. Madam Mayor, I appreciate you coming. I want to thank all the local officials. I particularly want to thank Richard Pombo, the Congressman from the great State of California, for being here as well.

I had the honor of meeting a fellow named Steve Houck today. Where are you, Steve? Somewhere around here. Where?

There he is. Hi, Steve. [*Laughter*] They gave Steve a great seat—[*laughter*]—at least a great view. [*Laughter*] Here's why I want to mention Steve. You see, Steve works for salesforce.com, a company which encourages voluntarism amongst its employees. Not only does the company encourage voluntarism amongst employees, Steve leads the effort—one of the leaders of the effort. He takes the time that the company allows him and volunteers to help make somebody's life better.

We've spent a lot of time in this country over the recent weeks talking about the great military might of America. The truth of the matter is, the greatest strength of our country is the compassion of our fellow citizens to one another. The great strength of America can be found in the hearts of our fellow citizens.

My call to you is to love a neighbor just like you'd like to be loved yourself. If you're worried and interested about the future of this country, find somebody who hurts. Find somebody who needs love. Put your arm around them and say, "The great American experience belongs to you just as much as it belongs to me." Steve, thank you for your leadership.

On September the 11th, 2001, America learned that vast oceans no longer protect us from the threats of a new era. On that day, 19 months ago, we also began a relentless worldwide campaign against terrorists, those who hate freedom, in order to secure our homeland and to make the world a more peaceful place.

And we're making great progress. In the battle of Afghanistan, we destroyed one of the most barbaric regimes in the history of mankind—a regime so barbaric, they would not allow young girls to go to school; a regime so barbaric, they were willing to house Al Qaida. That regime no longer exists. Many Al Qaida leaders no longer exist, and the training camps no longer exist.

In the war on terror, we're making good progress. As I said last night, nearly one-half of all Al Qaida's senior operatives are

no longer a threat to the United States of America. And we're still on the hunt. We will flush them out of their caves. We'll get them on the run, and we will bring them to justice.

As a result of the bravery and skill of our Armed Forces and coalition forces, the war on terror is much longer down the road because of what happened in Iraq. You see, the Al Qaida no longer have an ally in the regime in Iraq. Terrorists no longer have a funding source in the regime of Iraq. One thing is for certain: Terrorists will no longer have a source of weapons of mass destruction in the regime that used to be in Iraq, because the regime that used to be in Iraq is no longer.

We have an obligation to future generations of Americans to make sure this country is secure, and we will keep that obligation. We have made progress, but there is more to do. In all these efforts, our men and women in uniform have performed brilliantly. By their courage, our Nation is more secure. By their skill and sacrifice, Iraq and Afghanistan are now free.

The people who serve our country deserve our gratitude, and they deserve the finest equipment we can provide. The new technologies of war help to protect our soldiers and, as importantly, help protect innocent life. You see, new technologies allow us to redefine war on our terms, which makes it more likely the world will be more free and more peaceful.

You do a lot to keep the American Armed Forces on the leading edge of technological change here at United Defense, and I want to thank you for that. You not only help save lives, but you're an agent for peace. And that's important for you to know that. The better we can redefine how war is—wars are fought and won, the more likely it is that peace will prevail because this is a peaceful nation. This is a nation that wants nothing more than the world to be more free and more peaceful. I want to thank you for what you've done, what you're going to do, and I want to thank

you for the product you put out in the field.

In the Iraqi theater, the M4 Command and Control vehicles that you help produce gave our commanders unprecedented control over the battlefields. The Bradley Fighting Vehicles were responsible for a lot of tank kills. Some of the first Army units sent to take control of the Baghdad Airport were traveling in Bradleys. The world witnessed one of the swiftest advances of heavy arms in the history of warfare, a 350-mile charge from south to north in Iraq, through hostile enemy territory. We were able to do so not only because of the good strategy, great courage, and skill, but because of the Bradleys and Abrams with which our soldiers were equipped. You're making a good product here.

One of the things that people learned about your company as well is how useful the HERCULES tank recovery system can be. The guy with the sledgehammer on the statue needed a little help. *[Laughter]* Thankfully, there was a HERCULES close by—*[laughter]*—a HERCULES which pulled that statue of Saddam Hussein to the ground.

That meant more to the Iraqi people than you can possibly imagine. It was a symbol of their future, a future based upon something that we hold dear to our hearts, a future based upon something that is not America's gift to the world but the Almighty God's gift to each and every individual, a future based upon freedom.

I also appreciate so very much that 35 of your fellow workers are in theater. Some were in Kuwait. Many are in Iraq, working on the products that you helped develop, working through those sandstorms and those long hauls across hostile territory. They're still in the region. They and their families need to know America is grateful for their service and their sacrifices, just as we are grateful for the service and sacrifice of many of the families whose loved ones have been and still are in theater.

Perhaps some of you have got a relative over there, kind of like Ron Pinkney, who is an engineer here at United Defense. His son, Jason, is serving in the 101st Airborne Division. Ron, I appreciate your sacrifice for your country by being a loving dad. But you tell Jason, and you tell Jason to tell his buddies, the Commander in Chief and the people of Santa Clara, California, are really proud of his service.

Major combat operations are over. Yet we have got commitments to keep in Iraq. Parts of that country are still dangerous, and we will provide security. We will establish order in the parts of Iraq that are dangerous. We will chase down the leaders of the old regime, and they will be held to account for the atrocious crimes they committed on the Iraqi people.

We've got hundreds of sites to exploit, looking for the chemical and biological weapons that we know Saddam Hussein had prior to our entrance into Iraq. Listen, this guy has spent years and years and years of hiding weapons from weapons inspectors. It's going to take time, but the world will see the truth.

We'll restore the hospitals, rebuild the schools, provide needed infrastructure in a country that didn't have as many hospitals as it needed or schools as it needed or needed infrastructure as was required, because Saddam Hussein was willing to spend money on luxurious palaces, not on the people of Iraq. We will stand with the new leaders of Iraq as they build a Government of, by, and for the Iraqi people.

This is going to take time. The efforts to restore security and infrastructure is going to take time, and it's not going to be easy work. But we will stay the course. We will stay as long as necessary to get the job done, and then we will leave. And when we leave, we will leave behind a free Iraq.

We believe in the peace, in keeping the peace. And the best way to make the world more peaceful and the best way to fight hatred, the hateful ideologies oftentimes

found in corners of the world, is to promote freedom. Free people are less likely to hate. Free people are more likely to focus on a hopeful future. We love freedom in America. It's ingrained in our soul. We also understand the habits of freedom are more likely to make the world a more peaceful and hopeful place. We will stay in Iraq until it is free, and we will stay to make sure the foundations for freedom are real and solid.

Now, here at home, we've got other—we've got challenges to face. I talked about a statistic, but behind every statistic is somebody's life, when it comes to employment statistics. Listen, the goal of this country is to have an economy vibrant enough, strong enough so that somebody who's looking for work can find a job. We're making progress. You've just got to know that. We're a growing economy. Matter of fact, we're the—of all the industrialized economies, we're one of the strongest. That's not good enough for me, and I know it's not good enough for you.

We've come through some hard times. Remember, we've overcome a recession. We've overcome an attack on our soil. We have been in two major battles in the war against terror, one in Afghanistan, one in Iraq. We had some of our fellow citizens forget what it means to be a responsible citizen, some CEOs of corporations in America who felt it would be okay to fudge the numbers, to not tell the truth. Their irresponsible behavior affected the psychology of the country. We'll take care of them.

It would be helpful if many CEOs in corporate America took care of business before we had to take care of them. I call upon the CEOs of this company to treat their employees and shareholders with the utmost of respect.

Despite these obstacles, we're growing, but there is untapped potential in this economy. You know it better than anybody, right here in this part of the world. The foundations for growth are good. We got

low inflation, which is positive, low interest rates, which are really good for people who either own a home or want to buy a home or refinancing a home in order to remodel a home. The greatest strength—well, let me—gas prices are coming down, which, by the way, is positive for the American consumer, American people.

The greatest strength we have is the productivity of the American worker. That's our greatest strength. Last year, productivity growth in America was 4.8 percent. It's the best annual increase since 1950.

Let me tell you what that means here at United Defense—incredibly productive workforce that you have here. It took 4 years for United Defense's engineers to develop a working prototype of the Bradley. It took only 8 months to do the same for the Future Combat System vehicle. Productivity increases like that means that we are more competitive, that people are likely to find better jobs, that consumers will benefit. Now, productivity increase is an incredibly important part of the future of this country. And I want to thank the workers here and the engineers here for being on the leading edge of the productivity increases in our country.

But the economy is not growing fast enough, and you know it as well as anybody here. So I've been working with the Congress on a jobs package, a pro-growth jobs package. See, in order to help people looking for work, we need to figure out how best to encourage economic growth. That ought to be the cornerstone of any good jobs package. You see, if the economy grows, somebody is more likely to find work. Therefore, we ought to be asking the question: How do we create economic growth?

In my judgment and the judgment of a lot of economists—and the truth of the matter is, it's now become kind of the common wisdom in Washington, DC—the best way to create growth is to let people keep more of their own money. The more money you have in your pocket, the more likely

it is you're going to demand a good or a service. The more goods and services demanded, the more likely it is somebody is going to find work in America.

And therefore, I proposed a robust tax package to the United States Congress of at least \$550 billion. The reason I did so is because economists have taken a look at that package and say that when it passes, one million new jobs will be created by the year 2004. If you're interested in job creation, if you want to make sure that your neighbor can find work, support a job package that is robust and strong and is hopeful for the American worker.

We're making good progress. I mean, it makes sense that we should make progress. After all, most of the tax relief package I proposed has already been passed by the Congress. See, I said we ought to reduce all rates. They've already agreed to that. We ought to reduce the effect of the marriage penalty. They agreed to that. We ought to raise the child credit from \$600 to \$1,000 per child. They agreed to that.

The problem is that they weren't going to let you keep your own money for 3, 5, or 7 years from now. Well, listen, our economy needs a shot in the arm now, not 3, 5, or 7 years from now. If you're somebody that's looking for work, you're not interested in what's going to take place 3, 5, or 7 years from now. If you're somebody looking for work, you want your Government to act now. For the sake of job creation, the United States Congress must enact all the tax reforms they passed in 2001.

When I get back to Washington, DC, I want to see a bill on my desk that recognizes—well, that may be a little fast. How about in a couple of weeks after I get back to Washington? [*Laughter*] For the sake of job growth, let's put those tax cuts we've already got in place, in place today so people can find work.

Oh, you hear all kinds of talk in Washington about, "This plan is not fair." You know, "This plan is going to reward only

certain people." Let me tell you the effects of this plan on a family of four making \$40,000 a year. Their tax bite will go from \$1,178 a year to \$45 a year. Now, perhaps for some in Washington, DC, that \$1,000 a year for every year doesn't sound like a lot. But for a family of four making \$40,000 a year, it means a lot. It means a lot not only to the family for their capacity to save or invest in their children; it means a lot for our economy to have people with an additional \$1,000 in their pocket. Congress needs to get this passed and get it passed soon.

Any good economic jobs package has got to understand the role of small business in our society. Most new jobs are created by small businesses. When small businesses are strong, when small business flourishes, people are more likely to find work.

Cutting the tax rates and accelerating the tax rates cuts is important for small business growth for this reason: Most small businesses pay tax at the individual income-tax rates. Most small businesses are either a sole proprietorship or a limited partnership or a Subchapter S and, therefore, pay tax like an individual does.

So that when you hear us talk about cutting individual tax rates and accelerating the tax rate cuts, you've got to understand the impact it is going to have on the American entrepreneur. It will mean more capital in the coffers of the small business company. More capital in the coffers of the small business company means more investment. More investment means more work for the American people. Twenty-three small-business owners will see their taxes cut—23 million—small-business owners will be more likely candidates to hire somebody.

As well, there is a limit on what a small business can deduct on capital purchases, at \$25,000. Congress ought to raise that limit to \$75,000 per year for small businesses, to allow small business to exempt capital purchases of that amount. It ought to index it to inflation.

Listen, when somebody goes out and buys a new computer or a new program, it not only benefits the small business because the small business becomes more productive; it benefits the computer programmer who has designed the program or the computer manufacturer who made the computer. The best way to encourage economic growth is to encourage investment, is to stimulate supply and demand. The Congress needs to be bold, and the Congress needs to act, and the Congress needs to recognize the importance of small business in our society.

I also believe we ought to end the double taxation on dividends. It makes sense to tax a company's profits. What doesn't make sense is to tax the company's profits and then tax the owners of the company after they pay tax. It's not fair to tax something twice in our society. Who are the owners of the companies? The owners of the companies are the shareholders. Millions of Americans own stock either directly or through pension plans, 401(k)s.

Listen, if you're an owner of a company, small or large, you ought to be worried about your company—your investment being taxed twice by the Federal Government. The double taxation of dividends is not fair. It is not fair to seniors, who often-times rely upon dividend income. It's not fair to the workers whose pension plans rely upon dividend income. It is not fair for the Federal Government to tax something twice, and we need to get rid of the double taxation of dividends in America.

Getting rid of the double taxation of dividends will make it easier for businesses to raise capital. It will reduce the cost of capital. The more capital there is in circulation, the more jobs there will be for American workers. Getting rid of the double taxation of dividends will encourage companies to pay dividends.

We have just gone through a period in American economic history where people invested based upon what I would call,

maybe, pie-in-the-sky projections—that, “Don't worry. We don't have any cashflow, but nevertheless, we've got a nice story.” [Laughter] The problem is, that story kind of ran out of steam because there wasn't any cashflow. To me, it's a great reform to encourage people to pay dividends on stocks, because you can't put out a pie-in-the-sky projection if you're a dividend-paying company. If you say you're going to pay a dividend, you better pay the dividend, and the only way you can pay a dividend is to have actual cashflow available for the investors.

Getting rid of the double taxation of dividends will be good for job creation. It will be good for capital formation. It will be good for the pension holders of America, and it will be good corporate reform in a system that needed reform.

I know there's people hurting here in Silicon Valley. I know there are people who are worried about their future. I know this incredibly vibrant part of the American economy over the past year is not meeting its full potential. The plan I just outlined is one that will boost the economy in the Silicon Valley. It's a plan that is bold because we need a bold plan. It's a plan that is thoughtful because we need a thoughtful plan. Most importantly, it's a plan that will invigorate the entrepreneurial spirit, which has been so strong here, and make it more likely somebody who's looking for a job will be able to find one.

I urge the United States Congress to look at the unemployment numbers that came out today and pass a tax relief plan that will matter, a tax relief plan robust enough so that the people of this country who are looking for work can find a job.

I know you'll hear talk about the deficit, and we've got a deficit because we went through a recession. A recession means the economy has slowed down to the extent where we're losing revenues to the Federal Treasury. We got a recession because we went to war, and I said to our troops, “If we're going to commit you into harm's way,

you deserve the best equipment, the best training, the best possible pay. It doesn't matter what it costs; we're going to pay what it costs in order to win the war." We had an emergency. These all cost our Government money. So with the combination of the loss of revenue as a result of the recession, which was official in January of 2001, and the expenditures in order to win a war and deal with an emergency and deal with the new issues of homeland security, we've got a deficit.

And there's two ways to deal with that. One is you control the expense side of the ledger. You make sure the Federal Government spends your money on that which is absolutely necessary. You focus them on doing certain things and doing them well. You must have fiscal discipline in Washington, DC, in order to deal with the deficit.

And the other way to deal with the deficit is to put policies in place that increase the revenues coming into the Treasury. And the best way to encourage revenues coming into the Treasury is to promote policy which encourages economic growth and vitality. A growing economy is going to produce more revenues for the Federal Treasury. The way to deal with the deficit is not to be timid on the growth package. The way to deal with the deficit is to have a robust enough growth package so we get more revenues coming into the Federal Treasury and then follow my lead and make

sure we don't overspend the people's money in Washington, DC.

I'm incredibly proud of this country, and I know you are as well. We have been through a lot as a nation. Our resolve has been tested. But we have shown the world our greatest resources and our greatest strength, which is our national character—that we hold certain values to be true, that we've got tremendous compassion as a nation, that we're an optimistic people and we're a resolved people, we are resolved to defend the peace of the world, that we are resolved to bring freedom to corners of the world that haven't seen freedom in generations, that we're determined to build the prosperity of our own country. This is a unique moment in our country's history—it truly is—and the American people are rising to meet it.

I want to thank each of you for what you've done to make this country more secure and the world more peaceful and the world more free. I want to thank you for coming out today. It's such an honor to be here. May God bless you and your families, and may God continue to bless America.

NOTE: The President spoke at 10:10 a.m. in the prototype bay. In his remarks, he referred to Thomas W. Rabaut, president and chief executive officer, and Elmer L. Doty, vice president, United Defense, L.P.; and Mayor Patricia M. Mahan of Santa Clara.

Message to the Congress Transmitting a Report on the National Emergency With Respect to Sudan *May 2, 2003*

To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act

(IEEPA), 50 U.S.C. 1703(c), I am providing herewith a 6-month periodic report prepared by my Administration on the national emergency with respect to Sudan