

American people are with those directly affected by this tragedy and with the entire

Turkish nation. The United States stands ready to help in any way possible.

Remarks in Little Rock, Arkansas  
May 5, 2003

Thank you so very much. So I'm on my way back from Crawford to Washington, and what the heck, I thought I'd stop into Arkansas. [*Laughter*] It's great to be back in Arkansas, a land full of really decent people. And it's—as you know, I was honored to be the Governor of the great State of Texas, and some of my best trips were into the State of Arkansas when I was down there. And I'm glad to be back. And thank you all for coming.

Before we begin, I do want to say how—I express my sincerest condolences to the victims of the tornadoes that ripped through Arkansas and Kansas and Missouri, Tennessee, Nebraska, and South Dakota. Our prayers—and I hope your prayers—are with those who—loved ones who lost life or those who lost their home. The Federal Government—the local—State and local authorities need to know the Federal Government will be moving as quickly as we possibly can to provide help where help is needed and where help is justified. Nature is awfully tough at times. And the best thing we can do right now is to pray for those who have suffered.

I had a good time on our ranch. One of the guests that we had down there was the Prime Minister of Australia, John Howard, and his wife. The reason why we welcomed them there is because Australia is an important ally of ours. Australia is a strong friend of the United States of America. The Australians fought beside our forces in Iraq. They were a part of our coalition, a coalition that believes in peace and security, a coalition which believes every person ought to be free. They rose to their responsibilities as a free nation.

Because of their hard work and because of the bravery and skill of our military and because of the bravery and skill of our coalition, America is more secure; the world is more peaceful; and the Iraqi people are free.

When I get back to Washington, Congress has got important business to finish. I want to talk about some of that business here today. Four months ago, I sent the United States Congress a jobs-and-growth package that would provide tax relief to American workers and families.

Last Friday, we got some troubling economic news. The unemployment rate is now at 6 percent. This news ought to serve as a clear signal to the United States Congress that we need a bold economic recovery plan, so people in America who want to work can find a job. And part of a good economic plan must understand the importance of small business. And that's why I went to a roundtable discussion that Richard talked about, so I could hear from small-business owners and employees of small businesses, the entrepreneurs of America that make this economy go.

By far, the vast majority of new jobs in America are created by small-business owners, so we spent time listening to small-business owners here in the State of Arkansas. And I want to thank you all very much for sharing your stories and talking about your hopes and your aspirations and your dreams for your companies.

I also want to thank Hector Barreto, who is the Administrator of the Small Business Administration, for joining us here today. Hector, I'm glad you're here. You're doing a fine job of making sure the ownership

society spreads its roots throughout all of society in America, that the entrepreneurial spirit is strong not only in traditional parts of our society but for anybody who wants to start their own business, they get a opportunity to do so here in America. And the SBA helps provide those opportunities for people.

I also want to thank your Lieutenant Governor, Win Rockefeller, for joining us. Win understands entrepreneurship—doing a fine job as Lieutenant Governor of the State of Arkansas, and I'm glad he's here.

Congressman John Boozman is here from—he's from the northern part of the State. Glad you all let him into Little Rock for this event, since he's going to get on Air Force One and fly back with me. But I appreciate John. I appreciate his steady leadership. All he wants to do is talk about Arkansas football when I'm around him. [Laughter] I thought so. [Laughter]

I appreciate very much the mayor of Little Rock, Arkansas, being here. Mr. Mayor, thank you for coming. I'm honored you're here, and I want to—I appreciate the local officials and the State officials who have joined us as well. It's my honor to be with you today.

I also had the honor of meeting David Shapiro. There's David right there. David is a retired businessman who works for a program called SCORE, which is a volunteer program that's associated with the SBA to help match aspiring new businessowners with experienced volunteer counselors who can help the entrepreneur, the new entrepreneur, realize the opportunities and pitfalls of owning your own business.

David's spirit reminds me of the true strength of the country. Oh, we're a great military might—will remain that way, but our real might is our people. The real might of America is the heart of the American people, and so when somebody like David says, "Well, I'm going to help somebody help themselves," it reminds me of the true strength of our country. The best way for America to be a hopeful place,

the best way for America to be the land of opportunity we want it to be, is for neighbor to love neighbor just like you'd like to be loved yourself. It is that spirit of community.

I want to thank you, David. I want to thank you very much. I want to thank each and every one of you who are helping somebody in need in your community or in your neighborhood. It's the millions of acts of kindness and generosity which define the true spirit of the American experience.

This has been a time of testing for this country. It really has been. But I'm absolutely confident we've got the strength to meet every test that's put in our way. For 20 months, we've been fighting a war against terror. For 20 months, this Nation has been at war against people who hate freedom, and they hate America because of what we stand for. And we are winning that war against terror.

We routed the Taliban in Afghanistan. That was the Government that was so barbaric and backwards, they wouldn't let young girls go to school. And now, thanks to the United States of America and our coalition, young girls go to school in Afghanistan. Society is a better place because of the American troops.

Al Qaida is on the run. That group of terrorists who attacked our country is slowly but surely being decimated. Right now, about half of all the top Al Qaida operatives are either jailed or dead. In either case, they're not a problem anymore. And we'll stay on the hunt. To make sure America is a secure country, the Al Qaida terrorists have got to understand it doesn't matter how long it's going to take, they will be brought to justice.

We're doing a lot to secure our homeland. We've got a lot of good people working hard to make sure the new Department of Homeland Security works well. We're working with local officials in a much more—close manner. We're working with State officials more closely. But the best

way to secure America is to get the enemy before they get us, and that's exactly what's going to happen.

America is more secure as a result of the liberation of Iraq. Saddam Hussein is no more. The terrorists can no longer find a source of funding in the Saddam Hussein regime. They won't be able to find weapons of mass destruction from Saddam Hussein regime because that regime is gone forever.

I had the honor of being on the U.S.S. *Abraham Lincoln*. It was an unusual arrival—[laughter]—but it was such an honor to be with our sailors and pilots, people from all walks of life, all parts of our country, that had been on a very long deployment. Morale was high. Their spirits were strong. They couldn't wait to get home to see their loved ones. I told them all in my speech there on the deck, I said, "You wait and see what's going to happen. America welcomes you home. We're proud of your service, and we're proud of your bravery."

And for those of you with a loved one in our service, for those of you with a loved one overseas, I want to thank you very much for your sacrifices. When you talk to them, tell them the Commander in Chief really appreciates the job they're doing. So do the Iraqi people, by the way.

Not all our troops are coming home immediately. We've got a job to do in Iraq. We've got to make sure the quality of life improves, and we're working on that right now, the quality of life for all Iraqis. Got to make sure that the elements of the old Ba'athist Party that still wants to create havoc there is brought to justice. We'll do that. We're going to stay there to make sure that the environment is such that a democratic government emerges.

See, we believe that the Iraqi people are plenty competent of running their own Government. We believe that the habits of democracy and freedom are how you fight hatred in the world, that a free society is one in which people have got positive aspirations for the future, a free society is one

in which—will be a—more likely a peaceful partner in a troubled neighborhood. We'll stay to help the Iraqi form a government of, by, and for the Iraqi people, and then we're coming home.

You see, here's what America and Americans believe, that freedom is not America's gift to the world, that freedom is the Almighty's gift to each and every individual who lives in the world.

We have got challenges to make the world more peaceful and America more secure, and we'll meet the challenges. There's just no doubt in my mind. We've got challenges here at home, to make sure that our economy is strong enough so people can find work. The proposal I outlined 4 months ago was designed to address specific weaknesses in our economy and to remove obstacles that keep companies from hiring workers. Those obstacles still exist. Congress needs to move.

But let me take a step back, though, and tell you why I'm optimistic about our economic growth potential here in America. We've been through a lot. Just think what we've been through. We've been through a recession. The first three quarters of the year 2001 were recessionary; they were negative growth. We've been through an attack on America, an attack that affected us—it just did. In a lot of ways it affected us. It certainly focused our resolve. But it also affected our economy.

And then, just as we were recovering from the attack, when we got on the offensive against the enemy, some of our citizens—it was revealed that some of our citizens forgot what it meant to be a responsible citizen, and they didn't tell the truth to their employees and shareholders. There were corporate scandals which affected this Nation. And by the way, they will be dealt with as well. We passed a new law, the most important reforms—CEOs in America must understand, with certainty, there will be consequences if they're not responsible citizens. If they're not responsible to their

employees and responsible to their shareholders, there will be consequences in America. Capitalism must have honesty in the boardrooms of American corporations.

We've just been through the uncertainties of war. There were just a lot of things affecting economic growth. But think about this: Interest rates are low, which helps the home-buyer; inflation is low, which helps those who—those on fixed incomes, for example, that worry about high prices of the necessities in order to live. The housing market is strong. The energy prices are declining. There's a lot of positives in our economy.

The greatest strength in our economy is the fact that we're a productive nation. Productivity of the American workforce just last year, for example, rose by 4.8 percent, the highest since 1950. When you hear somebody say that it's a productive nation, that means we've got the best workforce in the world. That's what that says to me.

We have one of the strongest economies in the industrialized world. Things aren't going as good as they can, but nevertheless, we're making progress. We've got some positives on which we can build. But one of the problems with being a productive economy is that a worker can—one worker puts out—there's better output per worker, let me put it to you that way. And therefore, in order for the job market to increase, you need to increase demand for goods and services. If one worker can produce more goods or more services than before, you need more goods and services to be able to hire the additional worker. In other words, we've got to have policy which stimulates demand. And the best way to stimulate demand is to let people keep more of their own money.

Notice I said "keep more of their own money." The money we're talking about in Washington is not the Government's money. It's your money. The best way to get this economy growing is to let you have more of your own money so you can spend on a good or a service. And when you

do, it's going to make it more likely somebody is going to find work.

The good news is that the debate has shifted from "no tax relief" to "how much tax relief." And I've got an idea. We need robust tax relief. We don't need a small tax-relief package. We need a tax relief package that meets the needs of our workers. We need a tax relief package that stimulates the entrepreneurial spirit. We need robust tax relief in order to make sure those who are looking for work can find a job.

Now, let me tell you the ingredients of the package that I've outlined. And I'd like to—at the end of this, I'm going to ask your help to maybe contact your elected Representatives to let them know how you feel, if you like this. First of all, one of the cornerstones of the tax policy is to speed up the tax relief which has already been passed. In the year 2001, we cut the tax rates on everybody who pays taxes. Congress phased it in over a 5—3-, 5-, or 7-year period of time, phased that tax relief in. Well, we need the tax relief now. I mean, the economy needs the stimulation today, not 3, 5, or 7 years from now. Congress needs to accelerate the tax relief.

We need an immediate reduction of the marriage penalty. And we need the child credit—we need to increase the child credit from \$600 per child to \$1,000 per child, retroactive to January 1st of this year. This plan would cut the taxes on 705,000 individuals and households in the State of Arkansas. That's how you stimulate demand. You let people keep more of their own money.

But the other thing that's interesting about this plan that's important for the people of Arkansas and America to understand, when you cut individual income-tax rates, you help small business grow. And here is why: Most small businesses pay tax at the individual income-tax rate. Most small businesses are taxed at the individual income-tax rates because they're either a sole proprietorship, a limited partnership, or an

S corp. Those entities pay individual income-tax rates. So when you're talking about cutting individual income tax, you're really talking about providing more capital for the small businesses of the State of Arkansas.

I just had the honor of talking to Maura Lozano-Yancy. She is a small-business owner here in the State of Arkansas. She specializes in serving the Spanish-speaking community. She has owned her business for 4 years. First of all, welcome to this ownership society, Maura. One of the things that we want, we want more people owning their own business or their own home. There's nothing better than having a society of owners helping to affect the public policy in a positive way, by the way.

Maura has been at it for 4 years. She knows that it is—it's tough to make it as a small-business owner. But she's making it. How do I know? She's got four full-time employees and nine part-time employees. She's making it because not only is her business thriving, but she's employing people.

And so we talked about this proposal which would save her more than \$2,000 on her taxes. You see, she's a limited liability corporation, limited partnership, which pays tax rates at the individual income-tax level. So when you're reducing the individual tax rates, you're providing this entrepreneur with more money so that she can either buy equipment or hire somebody new—more money to invest. And it's not just a one-time shot. We're talking \$2,000 a year until we lower taxes again. I mean we're talking \$2,000 a year out—in the out-years.

Here's what Maura says—she says, “Buying equipment is something we always wanted to do, but sometimes it gets put back.” Two thousand dollars would make a difference in her calculations as to whether or not she makes an investment. And that's what we want to encourage. We want to encourage investment. That's why the plan I've submitted to the Congress will

raise the small-business-expense deduction from \$25,000 a year to \$75,000 a year.

We have the Petersons with us today. They're owners of a packaging company. They are a C corp. In other words, when you cut individual tax rates, they don't get a tax cut. However, when they buy equipment under this plan, they will get a tax relief—they'll get tax relief. Pete says, “We don't mind spending money to make money, but you got to have money in the first place.” That's pretty sound economics. [Laughter]

But this plan, when they make investment, would save them money over time. It provides an incentive for them to invest. Just like Richard Derickson, who is an S corp. He not only gets to save money as a result of the income-tax rate—he and his daddy started the business—his father started the business in '47. It's a manufacturing company which makes panels for household appliances. Richard says he wants to expand. He's thinking about expanding. He wants to buy a sheet washer that would improve the company productivity. This plan would help him buy that. See, the deal costs \$250,000 to purchase one of these. But if you can expense up to \$75,000, it makes it more likely somebody like Richard will make that investment.

And I want you to know what happens when somebody buys a piece of equipment. First, somebody has got to make the equipment. When somebody provides—when there's an incentive to go out and buy an extra piece of equipment, somebody is more likely to find work on an assembly line which is making that equipment. And then he purchases the equipment; somebody has got to operate the equipment. So we got a new employee there. And then the company becomes more productive, which means it's more likely to have a better bottom line over time. And when you have a better bottom line over time, it means you're likely to stay in business, so that the people you've hired today are going to have work tomorrow.

This proposal will save Richard \$13,500 in taxes. Not only will he save 7,000 from the increased expensing, but he'll have \$6,500 in his company treasury from cutting the taxes.

My point to you is, is that the Richards of the world, the Mauras of the world are all making decisions about whether to expand or not. They're making decisions all across America. Tax policy needs to encourage positive decisionmaking in the small-business sector because small businesses are the lifeblood for new employment. If we're interested in a healthy economy, any good plan has got to focus on small business, and the plan I submitted to Congress does just that.

Gordon Whitbeck was telling me he wants to buy an HBLC machine. I had to get him to explain it to me. [Laughter] He's got his own laboratories. This piece of equipment will make his laboratories more competitive. He said he's more likely to make that purchase when you increase expensing up to \$75,000.

The Congress needs to hear from the people of Arkansas. Congress needs to hear from the small-business owners all across America and understand. And when they do, they must listen to the importance of the small-business owner as well as to why this plan is good for small-business growth and job creation.

As well, I've talked about the need to treat our investors fairly. The Tax Code ought to be fair, and it's fair to tax corporate profits once. It is not fair to tax the owners of the corporate profits, the shareholders, again. That's not fair. The double taxation of dividends is not fair. And I ask Congress to get rid of the double taxation of dividends. And let me explain some reasons why it makes sense to do that.

First of all, there are 62,000 seniors in the State of Arkansas who pay taxes on dividend income. A lot of seniors rely upon their dividend income in order to live the out-years, their remaining years. It's good

public policy. It makes sense to let the seniors keep more of their own money by getting rid of the double taxation of dividends.

A while ago in the stock markets, it used to be kind of the bestselling tool to say, "Invest in my company. I've got a pretty good story to tell." I would call that the pie-in-the-sky period of American investment. "We may not have any cashflow," the owner of the company would say, "but I've got a great story. Go ahead and invest with me." And a lot of people did, and the market corrected, because good old-fashioned economics eventually sets in. If your out-go is greater than your in-flow, no matter how good your story is, you're bust. [Laughter]

A company which pays dividends says, "Invest in me. I'm going to pay a dividend." In other words, there is no pie-in-the-sky; dividends come out of cash. "In order to earn your confidence, I'll pay you a dividend on a regular basis." And when the dividend is met, it is pretty clear the company is achieving its objectives. If the company has to cut the dividend, it sends a warning signal up to the investors.

The best—a good—let me just say, a good corporate reform will be conservative accounting practices. If you get rid of the double taxation of dividends, more companies are likely to pay dividends, as opposed to relying upon pie-in-the-sky statements.

As well, we've got a lot of—I was talking about the ownership society—a lot of people own stocks in America. Now, some of them directly—own their stock directly, and some of them through their pension plans. But by getting rid of the double taxation of dividends, a lot of economists talk about what they call the "wealth effect," that the markets will go up. This will help the American public at this point during our economic history. The more people feel they've got wealth in their portfolios, the more likely it is they're willing to spend.

And so getting rid of the double taxation of dividends will create an environment in

which capital moves more freely. As a matter of fact, getting rid of the double taxation of dividends will reduce the cost of capital. It's good economic policy to get rid of the double taxation of dividends.

Jim Davis is a fellow from right here in Arkansas. He owns his own insurance company in Little Rock. He started 28 years ago. He's 65 years old, and he reminded me right off the bat that he's not retired. He said, "An entrepreneur never retires. Once you've got the entrepreneurial spirit, you never shake it."

And he was reminding me that by getting rid of the double taxation of dividends, he would save \$5,700, money which, by the way, that he would seriously consider putting back into his insurance company. He'd like to hire two additional employees. The double taxation—getting rid of the double taxation of dividends would make it more likely two people would find work in Jim's business.

The package I outlined is fair. It addresses weaknesses in our economy. Congress needs to move. They need to move boldly. We don't need, as I mentioned the other day, a little bitty tax relief plan. We need one that is strong and robust for the American worker.

You'll hear them talking about the deficit in Washington. I'm concerned about the deficit, but let me remind you about how we got into deficit. We got into deficit because the economy went into the recession, is how we got into deficit. When the economy slowed down, the revenues to the Treasury slowed down. When the market corrected, the revenues to the Treasury slowed down. That's how you get into a recession. You get less revenues coming in, unless you're willing to cut expenses.

Secondly, we got a deficit because we committed—or I committed our troops into combat. And I told the Congress, "I don't care how much we have to spend. When we put somebody in harm's way, they deserve the best." And so in order to deal with the deficit, you've got to deal with

both sides of the equation, starting with the spending side. A Congress which overspends is one which is not that concerned about the deficit, evidently.

I mean, we need to set our priorities, fund those priorities, always remember whose money we're spending in Washington, DC, and keep in mind the deficit. The surest way never to get out of deficit is to overspend in Washington, DC. The best way to deal with the deficit is to hold down discretionary spending to a reasonable level. The budget I submitted to the United States Congress says discretionary spending ought to be at 4 percent. That's about as much as an average family's income is expected to grow this year. If it's good enough for the average family, if 4 percent is good enough for the average family, it's darn sure good enough for the United States Congress.

On the one hand, you control the spending. On the other hand, you stimulate revenue growth. In order to offset any deficit, you've got to have more revenues. The best way to have more revenues is to encourage economic growth. The more economic growth there is, the more people who are working, the more likely it is you're going to get more revenues into the Treasury of the United States. I'm concerned about the deficit, but I'm first and foremost concerned about that person looking for a job, and so should the United States Congress be worried about people looking for work.

It's time for them to move. The debate has started in Washington, DC. The message I hope you send is, the more tax relief, the more work is going to be available for your fellow citizens. I would hope you'd call the members of your congressional delegation to let them know what you think, to let them know your opinion.

Democracy can work, particularly when a lot of people get on the phone or by e-mail and just let them know what's on your mind. You need to let them know you're concerned, just like the President's

concerned about your fellow Arkansas citizen who's anxious to put food on the table but can't find a job. And remind them the best way to find a job—the best way to help somebody find a job is to stimulate the private sector, is to stimulate small-business growth, to let people keep more of their own money. And you might just remind them that we know whose money it is we're talking about in Washington, DC. It's the people's money in the State of Arkansas.

And I want to thank you all for giving me the chance to come by and say hello. It's been an unbelievable experience to be your President. It's an unimaginable honor to be the President of such a fabulous country. I say "fabulous country" because there is no doubt in my mind we can achieve anything we put our mind to. There's no doubt in my mind that we can have a strong economy. And there's no doubt in my mind that the world is going to be more peaceful and more free because of the United States of America.

You see, we hold values dear to our heart. We believe in human dignity. We believe every individual has worth. We believe in respect. We believe in tolerance. But the thing we hold most dear to our heart is we believe in the power of freedom.

Thank you all for coming. May God bless you all, and may God bless America.

NOTE: The President spoke at 12:06 p.m. in the Music Hall at the Robinson Center. In his remarks, he referred to Lt. Gov. Win Rockefeller of Arkansas; Mayor Jim Dailey of Little Rock; former President Saddam Hussein of Iraq; Maura Lozano-Yancy, owner, Cross Cultural Development Group; Mary and Pete Peterson, owners, Arkansas Packaging Products, Inc.; Richard Derickson, owner, Hiwassee Manufacturing Co.; Gordon Whitbeck, chief executive officer, Whitbeck Laboratories; and James Davis, owner, Davis Agency. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

## Statement on Senate Confirmation of Deborah L. Cook as a United States Court of Appeals Circuit Judge *May 5, 2003*

I commend the Senate for confirming Deborah Cook to be a Judge on the U.S. Court of Appeals for the Sixth Circuit. She has served with distinction as an Ohio Supreme Court justice and is known for her integrity and outstanding legal ability. She has led a distinguished legal career, and she will make a superb appellate court judge.

Justice Cook was first nominated on May 9, 2001, and has waited nearly 2 years for a vote. Some in the Senate continue to engage in obstructionist tactics and are preventing votes on two very qualified nomi-

nees who were also nominated on May 9, 2001, Miguel Estrada and Priscilla Owen.

Our justice system relies upon an independent court system, and when there are vacancies, the American people suffer. I again call on the Senate to put an end to the delays and to hold an up-or-down vote on all judicial nominees within a reasonable amount of time, regardless of who is President or which party controls the Senate.