

persons. The determination also was not intended to limit the applicability or enforcement of any requirement of law applicable to the Air Force's operating location near Groom Lake except those provisions,

if any, that might require the disclosure of classified information.

GEORGE W. BUSH

The White House,
January 28, 2004.

Remarks in a Discussion on the National Economy in Merrimack, New Hampshire

January 29, 2004

The President. Thank you, Dale. Appreciate it. Thank you all. Be seated, please. It's nice to be back. I understand there's been some activity in the State of New Hampshire recently. [*Laughter*] I appreciate your hospitality. It's great to be back at Fidelity. It's good to see Mr. Johnson, Ned Johnson, who is the founder of this fantastic company. And Abby, the president—Abby Johnson. There is nothing wrong with a child following in the father's footsteps. [*Laughter*]

It is really good to be back here again. I really appreciate you coming. We're going to have an interesting discussion today about the economy. And before we get to there, I do want to say something about some of the elected officials that have joined us, starting with your two United States Senators. My buddy Judd Gregg does a fabulous job for the people of New Hampshire, and I'm really proud he's here. Thank you, Judd. And so is Sununu—John Sununu is doing a fine job as well.

I am proud that Jeb Bradley, the Congressman from this district, traveled with me today. I appreciate Jeb's leadership and his friendship in the Congress. Thank you, Jeb. And of course, there's Charlie Bass, who is the other Congressman from this great State—good friend, fine Congressman. I appreciate you coming, Charlie.

I know we got State officials here. The attorney general is here; the leader of the senate is here; the speaker of the house

is here. I appreciate Bernie Streeter, the mayor of Nashua, being here. It's good to see you again, Bernie. I want to thank a lot of my buddies who are on the Executive Council for the great State of New Hampshire. It's good to see Ruthie Griffin and Ray and Dave Wheeler. I appreciate you all coming. I'm honored that you're here.

Most of all, I want to thank you all for giving us a chance to talk about the economy. Before we do so, though, I do want to point out a citizen named Dan Hebert who is with us. Dan is a USA Freedom Corps volunteer. Two years ago, I started what's called the USA Freedom Corps. It was started to give people a chance to serve their communities. There's a lot of volunteering going on in this State, and you just witnessed an accolade for one.

But so we in Washington started this web site for people to be able to tap into kind of modern technology to find out what was available in your area, if you wanted to follow your heart and serve your community. And Dan is one such person. He is a—he's using his 25 years in business to help youngsters understand the basics of the economy. In other words, he's mentoring a child.

We talk about the great strengths of our country—oftentimes, people think about the military might of America. And by the way, it is a great strength, and we're going to keep it that way. They talk about the wealth of the country. But the truth of

the matter is, the strength of our country is the heart and soul of our citizens, people who are willing to volunteer time to serve in a cause greater than themselves, which is to help somebody who hurts or to lend a talent to help somebody achieve the American Dream.

And I appreciate all of you who are volunteering. I love it when I hear a company like Fidelity is at 3,500 man-hours of volunteer time. It speaks to the—it speaks to the charitable nature of the executives of this company, and it speaks to the great hearts of the employees.

Dan, I want to thank you for coming as well. I appreciate you coming out to the airport. I appreciate you setting an example. And if the people of New Hampshire are interested in serving your State, love your neighbor just like you'd like to be loved yourself. Volunteer of your time to help somebody who hurts, and New Hampshire will be a better place when you do so.

We're here to talk about this economy. I want to remind you what our economy has been through. See, I'm really optimistic about the future. I think after you hear this discussion, I think you'll be optimistic—at least, if you pay attention to what you hear. *[Laughter]* But I'm optimistic because I know what we've been through, and I want you to think about what we've been through.

First, we had a recession in America. The stock market started to decline in March of 2000. It was kind of a leading indicator of what was to come. And then the country went into a recession. The first three quarters of '01 were negative growth. When you have negative growth, it means people are not working. And times were tough. The people of New Hampshire know what I'm talking about. When that recession came, it was awfully hard for some people to be able to do their duty as a mom and a dad to put food on the table, because their work wasn't steady.

And they were worried about employment, if they were working at all.

And then things started to get pretty good; we started coming out of it. And then the enemy hit us. And make no mistake about it, that affected America. It affected our economy in a big way. It also affected our psychology. There was a day when we thought oceans could protect us from an enemy, that we were okay if there was a threat overseas because oceans served as protection for America. September the 11th changed that forever. It changed that point of view, and the war affected us.

As an aside, I do want to thank the people of New Hampshire for understanding the stakes, that the world has changed, that in order to make America secure, we must stay on the offensive against those who would do us harm. And to that end, you've sent brave souls from the New Hampshire National Guard into harm's way. And I want to thank the moms and dads and husbands and wives of those troops who are making a great sacrifice for the country.

I particularly want to pay tribute to Sergeant Randy Rosenberg of Berlin, New Hampshire, who paid the ultimate price for our security and freedom. Our prayers go to his loved ones, and we thank him for his service. I want his loved ones to know and the people of New Hampshire know that a free and peaceful Iraq is in this Nation's interests. A free and peaceful Iraq in the heart of the Middle East is in our Nation's long-term security interests. It will mean our children can grow up in a more secure and peaceful world.

I also want you to know strongly that I believe that freedom is not America's gift to the world; freedom is the Almighty's gift to each person in this world. And where we see suffering and tyranny and starvation and brutalization, this Nation will act. We'll act for our own security; we'll act for the freedom of others. We've made some tough choices recently. But all these choices were aimed for one thing, to make America more

secure, the world more free, and the world more peaceful.

And then when we got going after the attacks, we had some corporate scandals in America which affected the economy. It affected the economy because when CEOs act incredibly irresponsibly like they were, it creates doubt. In a system that requires trust, there was doubt. And we acted, though. We didn't sit around trying to figure out what to do. We passed tough laws to hold corporate criminals to account. The message is very clear now to people in corporate America: If you've got the responsibility to shareholders and employees, we expect you to tell the truth; we expect you to be above-board; we expect you to be honest; and if not, there will be consequences.

And then, finally, we began a march to war for our security, and it's hard to be optimistic during a period when you're marching to war. March to war is not a positive thought. Now we're marching to peace. Now times have changed. We're beyond that period. We'll debate about the decision, and I look forward to those discussions with the American people. I'm absolutely convinced it was the right thing to do, and I look forward to explaining it clearly to the American people.

But now we're secure in the peace. And we move—we've been through a lot, if you think about it, in 3 years. It's a lot for an economy to go through and a nation to go through. But this is a strong nation because we're entrepreneurial, we believe in our people. It's a strong nation, really, because the American people are strong, tough, resilient, compassionate people.

Congress acted too—I had a little hand in it. *[Laughter]* It said, "If we've got a slow economy, if we've got a lot of things we overcome, let us let people keep more of their own money." We believe that when people have more money to spend, to save, or invest, the economy will grow and people are more likely to find work. The tax relief we passed was essential to get the

economy going. It's essential to let people have money.

It's working. It's working. The economy is growing. People are finding work. There's an excitement in our economy. And the tax relief we passed made sense then; it makes sense now; and Congress needs to make this tax relief permanent. We need to make sure that people—*[applause]*.

Yesterday I gave a talk about how to continue economic vitality. One of them is to help—controlling costs of health care. There's ways to do that without nationalizing health care. I'm absolutely convinced, if the Federal Government tries to run the health care system, it will foul it up: People will get lousy care; the doctor-patient relationship will be destroyed; and the cost of medicine will go up. I believe in allowing small businesses to pool risk across association health plans in order to control costs. I believe in expanding health savings accounts for Americans, which will create cost savings in the system. I believe we need medical liability reform all across America to get rid of the junk lawsuits that raise the cost of medicine.

Our housing market is strong. We intend to keep it that way. There's a homeowner-ship gap in America, by the way, that we need to address. There's a minority homeownership gap. I want to thank the Congress for working with us to pass what we call a downpayment plan to help the poor—the poor make a downpayment on a home. We're simplifying the fine print, the rules in Washington.

Listen, if you're a first-time homebuyer and you take a look at one of these mortgage application forms, you pass out over the amount of small words in the thing. *[Laughter]* It makes you nervous. So we're simplifying it. We're helping people understand what it means to buy a home. We're making good progress when it comes to closing the minority homeownership gap. Homeownership is high in America today, and that's good for the country. The more

people own something, the more they have a stake in the future of this country.

You can tell I'm upbeat, and I've got reason to be. And I've got reason to be. Not only the numbers say things are looking pretty good; the American people are telling me they feel pretty good. The American people feel confident about the future.

I'm here with Louise Hickey. She's a Fidelity employee, been here 5 years. She is—she saved \$1,100 on tax relief last year. Now, that may not sound like a lot to some of the people who are rolling in cash—[laughter]—that's a lot. It made a difference.

Welcome.

[Louise Hickey, senior executive secretary, human resources/payroll department, Fidelity Investments, made brief remarks.]

Ms. Hickey. My future is with Fidelity, I hope. I hope to retire from Fidelity.

The President. It is now. [Laughter]

Ms. Hickey. Well, the only thing that would keep me from that would be an offer from the White House that I couldn't refuse. [Laughter]

The President. I don't know; I'm not so sure. [Laughter]

[Ms. Hickey made further remarks.]

The President. Louise talked about the marriage penalty relief. It doesn't make any sense to tax marriage. I mean, you're trying to encourage marriage in America, not discourage it. And the Tax Code ought to do so.

By the way, part of the tax relief we passed, of course, was to raise the child credit from \$600 to \$1,000 a child. It means if you've got young kids, it helps. We're about to talk to somebody, Steve Marshall, who has got young kids. It helps a lot.

I want to remind you about another aspect of the tax relief. We're reduced taxes on everybody, as opposed to trying to pick or choose winners in the political debate. Everybody got tax relief. It had a significant

impact not only on individuals' lives—that is, rate reduction did—but it also affected small businesses.

A lot of small businesses are what they call sole proprietorships or Subchapter S corps. They pay tax at the individual tax rate level. And by reducing all taxes, we benefited the small-business sector of America. And that's very important, for this reason: 70 percent of new jobs in America are created by small businesses. And if you're interested in job creation, it seems to make sense to stimulate growth in the small-business sector, which is precisely what we did.

We're going to hear from some small-business owners in a minute. But I just wanted to remind you about some of those aspects of the Tax Code—by the way, all of which are set to expire. In order to get the bill out of the Congress, they said, "Fine, we'll give you tax relief, but we're going to take it away pretty soon." So when you hear me talk about making it permanent, the reason I have to say that is that the law isn't permanent.

And you're about to hear the story of a fellow who's got three young kids. Steve Marshall works at Fidelity, been here since '96. Steve, I appreciate you coming. Tell us about your family. Tell us about the tax savings, about \$2,200. By the way—and that's per year. It's not just a year. This is permanent, so long as it's in existence. And one of the things we're going to keep talking to Congress about—I don't have any problem with these Congressmen and Senators but—[laughter]—is to make it permanent.

Steve, welcome.

[Steve Marshall, manager, Fidelity Investments, Nashua, NH, made brief remarks.]

The President. One of the things that he mentioned, he said, he spent the money to renew his—to remodel his house. Well, somebody had to come and remodel the house. Somebody had to buy the equipment. The way this economy works is,

when you put money in circulation, you increase demand for goods and services, and that's important when times are slow. So Steve goes out and demands an additional good and a service. He demanded the service of somebody remodeling his house. The good was the toilet or whatever he put in the bathroom. [Laughter]

Mr. Marshall. Toilet and shower. It's beautiful.

The President. Shower, yes, the shower. [Laughter] I'd suggest a toilet as well. [Laughter] But any rate, it puts money in circulation. That's how the economy works. So when you hear people say, "Tax relief didn't affect the economy," think about Steve and the fact that he had additional money that not only could he set aside for savings, but he had additional money to go spend. And it's that spending on the margin that got things moving throughout the economy, because there's millions of decisions being made daily with people who have got extra money.

The other thing you've got to know is that if the tax relief isn't made permanent, just next year alone he will have a \$1,000 tax increase. In other words, the child credit goes away in 2005. That means the benefits of the tax relief start getting sucked out of the economy at the exact wrong time. We need to keep this money in the hands of the people of America.

Listen, Government has got plenty of money, and it needs to stay focused and principled. We need to be wise with the taxpayers' money. But it turns out, when you're trying to keep your economy going, the best way to do so is not through Government spending, but it's through the spending of thousands of individuals across our economic spectrum.

And this is exactly why I've asked Steve to come today, so he can help explain how you increase demand and what it means for a family's security. He's got three young kids. He's now got a little extra money in his pocket to save or to spend, and all of a sudden, life looks better. He's more

optimistic, and that's important for this Nation, for people to feel that way.

So thanks for coming. Your baby is beautiful, by the way. I see her back there.

Amy Meaney is with us. Amy is an employee of Fidelity as well. She's ready to go.

[Amy Meaney, health, welfare, and payroll benefits associate, Fidelity Investments, Goffstown, NH, made brief remarks.]

Ms. Meaney. And I do have a question for you on behalf of New England. We need to know, are you rooting for the Pats this weekend? [Laughter]

The President. Did you notice who was in the box with Mrs. Bush at the State of the Union? Tom Brady.

Let me change the subject here. [Laughter] See, if you're a young family—[laughter]—no kidding, think about this. [Laughter] Think about a young family worried about their future, worried about jobs, worried about the economy, worried about what we've been through, and all of a sudden, there's \$2,000 additional a year to spend. It makes a huge difference. It makes a huge difference.

Sometimes in Washington we forget the effects of policy on people, the positive effects. And this \$2,000 means a lot to the Meaney family. By the way, if Congress doesn't act to make the child credit permanent, they lose \$715. It's like a tax increase. When you're coming out of economic slow times, you don't want to tax people. It will slow this economy down. We're making progress. The third quarter growth of last year was the highest in nearly 20 years. Things are positive.

And Congress has got to know that when they say, "Oh, we must let the tax cuts expire," it affects the Meaney family. It affects them to the tune of \$715 per year. And with two little kids, that matters.

I appreciate you coming. Quit putting me on the spot. [Laughter]

So we've got employees of Fidelity here, citizens who are trying to get ahead. And

I appreciate you sharing the stories. We've also got some entrepreneurs, some business owners, some dreamers, some people who are willing to take risk in order to produce good product or good services and, at the same time, employ people.

Michael Barrett is with us. He's the CEO of AeroSat Corporation. Michael, how long you been in business? Give us a little feel for what you're doing. Let her go. [*Laughter*]

Michael Barrett. Thank you, Mr. President. Thank you for having us here. AeroSat Corporation was inspired by your father in 1991. At that time—

The President. I'll tell him. [*Laughter*]

Mr. Barrett. Thank you.

[*Mr. Barrett made brief remarks.*]

The President. The role of Government is not to create wealth; it is to create an environment in which people like Michael feel free and comfortable about taking risk. Listen, we can't make Michael have good ideas. We can't make him develop a good business plan. We can't make people be good business people, but we can say, "If you're willing to invest, here's some more money. Here's some incentive to do so."

He invests \$1.4 million. That means he's buying equipment from somebody. Somebody has to manufacture it. Somebody is now working to manufacture that product. There is more vibrancy in the economy. Just like when an individual makes a decision to purchase something, when a business does, the same thing happens; the effect throughout the economy is so positive and so strong. He said, "You know, well, we hired 11 people last year." That doesn't sound like a lot to some of these mega-corporations. It's a lot to a small business, and it's a lot to America, when you think about the number of Michaels there are all over the country hiring an additional 11 people on an annual basis.

Most new jobs in America are created by people like Michael, small-business owners, 70 percent of the new jobs. And there-

fore, any good policy says, we must recognize the worth of the small businesses, provide incentive for small businesses, and when we do so, make those incentives permanent.

So I appreciate you, Michael, for coming. Are you ready, Gerardine? We've got Gerardine Ferlins is with us. Gerardine is the president of Cirtronics. Gerardine is running a big company, and we're honored you're here. Thanks for coming. We look forward to hearing your story.

[*Gerardine Ferlins made brief remarks.*]

The President. I appreciate it. I knew our generation would amount to something. [*Laughter*] Listen, one of the things that really is so wonderful about our country is the entrepreneurial spirit. You've just—you've heard it. You've heard people talk about the joy of creating job opportunities for fellow citizens and the joy of beating all odds and succeeding and then the recognition of the responsibility that comes with success. And I appreciate that a lot. It's really a good example for people to see.

By the way, if there's any young women here in New Hampshire wondering whether or not they can go into the business world, just take a look at Gerardine. Realize what is absolutely possible if you've got a good idea and the heart to work hard and the ability to dream big—

Ms. Ferlins. We're 65 percent women. That's the good and bad news for the men in the organization. [*Laughter*]

The President. All right, big Joe. Joe Landers is with us. He's the president and CEO of Customized Structures, Inc. He's in the housing industry, not a bad place to be these days, I suspect. Tell us about your company. Tell us about whatever you want to tell us. You've got the floor.

[*Joseph Landers made brief remarks.*]

Mr. Landers. If I might add, just as a side note, I don't know if you're aware of it, but your father's compound in

Kennebunkport actually has a modular home on it that was put there for the Secret Service when he was President.

The President. Oh, yes, that's good. [Laughter] Well, I'll tell him to buy a new one here—[laughter]—from you. [Laughter]

Listen, I started off by telling everybody I felt optimistic about the future of this country. And they've made my case. I hope—if you listen to the stories of what's happening in America, you get this sense of optimism and the can-do spirit and the willingness of people to invest and save, because they're confident about this country. And I am too. And I'll tell you, I'm going to repeat one reason why: I love the people of this country. I love the spirit of America. I love the entrepreneurial spirit, the spirit of love, the deep compassion,

the love of family. The values of this country are strong, which makes America strong, which makes me grateful to be the President of the greatest country on the face of the Earth.

Thank you all for coming, and God bless.

NOTE: The President spoke at 2:37 p.m. at Fidelity Investments. In his remarks, he referred to Dale Gilpin, vice president and general manager, Merrimack Regional Site, Fidelity Investments; Edward C. "Ned" Johnson 3d, chairman and chief executive officer, Fidelity Investments; Abigail Johnson, president, Fidelity Management and Research Co.; Bernie Streeter, mayor, Nashua, NH; Ruth L. Griffin, Raymond J. Wieczorek, and David K. Wheeler, members, New Hampshire Executive Council; and Tom Brady, quarterback, New England Patriots.

Exchange With Reporters in Merrimack January 29, 2004

Swan Chocolates

Q. Mr. President—

The President. Now what was that look for?

Q. I'm wondering what you think of John Kerry, sir?

The President. You're supposed to be thinking about what it means to start your own business, like these people here have done.

Q. Mr. President, what about consternation over weapons of mass destruction?

[At this point, the President continued his tour of the chocolate shop.]

The President. Here are the owners, right here. They started their business last year.

Had a dream, living their dream, and they're making good product. And I expect people in the national press corps to leave some cash behind. [Laughter]

That would be you, Allen [Mike Allen, Washington Post]. Go buy some—[laughter]—they'll help you, right over there. [Laughter]

NOTE: The exchange began at approximately 3:45 p.m. at Swan Chocolates. In his remarks, the President referred to Michael and Theresa Anderson, owners, Swan Chocolates. A tape was not available for verification of the content of this exchange.