

finance chairman, Republican National Committee; Mercer Reynolds, national finance chairman, and Tom Petway III and Zach Zachariah, Florida State finance co-chairmen, Bush-Cheney '04, Inc.; former President Saddam Hussein of Iraq; and Senators Bob Graham and Bill Nelson of Florida.

The President also 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).

Remarks in a Discussion With Women Small-Business Owners January 9, 2004

The President. Thank you all. Thank you, Mr. Secretary. You wrote that—you read that just like I wrote it. [*Laughter*] It's good to be here at the Commerce Department. After all, that's what we're here to discuss, is commerce and jobs and how to keep the entrepreneurial spirit strong in America.

Let me start off by saying, first of all, thank you all for coming. We're going to have an interesting discussion about what it means to own your own business and risk capital and employ people, what it takes to be a businessowner. And we've got five really smart, capable women who are running their own businesses. Before we get to this discussion, though, I want to say I'm really optimistic about the future of our Nation's economy. This economy is strong, and it is getting stronger.

I'm optimistic for one reason, because I just spent a little bit of time with five people who are on the frontline of hiring. Their optimism was really evident, as I think you'll soon hear. Secondly, I'm optimistic because I see things happening. Unemployment dropped today to 5.7 percent. That's not good enough. We want more people still working. But nevertheless, it is a positive sign that the economy is getting better.

I see the manufacturing orders are up dramatically. I know the productivity is high in America. Home construction is strong. All the signs in our economy is—are very

strong. And that's positive for somebody who might be wondering about whether he or she is going to find a job.

Secondly, I know what we have overcome in this country. I mean, this economy has got to be pretty darn strong to have come through what this Nation has come through. Just very quickly, in the beginning of 2001, the country was entering into a recession. I'm sure that affected you all. Recession, by the way, is when there is negative growth for three quarters, when things aren't going well for three consecutive quarters. That's a long period of time if you own your own business. It's a long period of time if you're looking for a job, by the way.

Then, all of a sudden, as the economy was getting better, the enemy hit us. And make no mistake about it, the attack of September the 11th affected not only our national psyche; it affected the economy. It hurt. It hurt people who were thinking about risking capital. It made it hard for people to find a job.

As well we had a problem that fall when it turned out some of our corporate citizens failed to live up to the responsibilities of leadership. They didn't tell the truth to their shareholders and their employees. That affected the psyche of the American investor. You know, capitalism is only as strong as the integrity of the people involved in the process. And these leaders will tell you that you've got to be open

with your employees. Otherwise, they're not going to work for you very hard. In this case, these corporate criminals had a negative effect on the country.

And then, of course, I made some tough decisions about how to secure America and keep the peace by spreading freedom, and we marched to war. It is not conducive to economic growth to see on your TV screens, "America is marching to war." It's not a very positive, optimistic message to hear if you're thinking about risking capital. Who wants to take risk when we're marching to war?

Now we're marching to peace, and people feel more comfortable about making a risky investment. We've overcome a lot. And I'm optimistic because not only do I talk to people who are optimistic all the time; I'm optimistic because I recognized what this country has been through. It really speaks to the entrepreneurial spirit and ingenuity of the American people, is what I'm talking about. This is a fabulous country.

The system says if you work hard, you get rewarded. You can own your own business, hopefully without a lot of Government interference. Speaking about Government interference, we made a conscious decision to make Government less intrusive into the pocketbooks of the American people in order to effect economic growth. You might remember we went to the Congress, not only once but three different times, to effect real, substantial tax relief, tax relief which left more money in the pockets of the working people, tax relief which encouraged spending and saving and investment.

You see, we cut the taxes on everybody. We didn't try to pick and choose who got the tax relief. Our attitude was, if you pay taxes, you ought to get relief. It ought to be fair and simple to understand. And by the way, the tax relief had a significant impact on the entrepreneurial spirit of America because a lot of people who own their own small business pay taxes at the

individual income-tax rate. They're what you'll hear as a Subchapter S corp or a sole proprietorship. And so when you cut the taxes on the individuals, you're really cutting the taxes on business, small businesses. And after all, that's important, because most small businesses—or small businesses create the most new jobs. Seventy percent of new jobs are created by small-business owners and entrepreneurs. The tax relief was important.

We had incentives in there for people trying to raise a family by raising the child credit. We reduced the marriage penalty. Heck, we want a Tax Code that encourages marriage, not discourages marriage. It doesn't make any sense to say, "If you're married, you get to pay more tax."

We gave small-business owners incentives to invest by raising the deductibility limits. And I think you'll hear some discussion of that today. We reduced taxes on dividends and capital gains, which was particularly important for retired citizens who rely upon dividend income to—in their latter years.

So we did a lot. We've done a lot. And I'm telling you, the tax relief came at the right time and made a big difference for economic growth.

There's more to do. First of all, every one of these business leaders and owners will tell you that if there's uncertainty in the Tax Code, it will make it difficult for them to plan for the future. Businessowners like certainty. They want to know what the rules are. Much of the tax relief I described goes away soon. Congress passed the tax relief, but they didn't make it permanent. Job creation is vital. Permanency in the Tax Code will mean more job creation. Congress must make every part of the tax package permanent.

These business leaders will tell you, health care costs are rising and are difficult to manage. We need association health care plans to allow small businesses to pool the risk across jurisdictional boundaries. Congress must act. We need medical liability

reform. Frivolous lawsuits drive up the costs of health care. They affect the budgets of these small businesses. They also affect the Federal budget. I mean, if you think about what frivolous lawsuits do to the cost of Medicare and Medicaid and veterans' health benefits, you understand what I'm talking about. I mean, it's an enormous cost to the Federal budget. We got a good bill out of the House. The medical liability bill is stuck in the Senate. We need tort reform there; we need class action reform; we need asbestos reform if we expect this economy to continue to grow.

We need an energy policy. Congress needs to give me an energy bill. I mean, it's hard for businesses to plan, particularly in the manufacturing sector, if you're wondering where you're going to get your next watt of energy. And so we need an energy bill. Congress needs to act. Congress needs to join this administration in listening to the voices of these entrepreneurs to figure out how to keep a progrowth agenda on the forefront. So long as anybody is looking for a job in America, this administration is going to be promoting a pro-growth, pro-entrepreneurial agenda.

And I'm honored to be joined by entrepreneurs, strong, strong women who have taken the lead in their businesses and are providing a great service to our country. They're not only providing a wonderful example for people who are wondering whether or not I can own my own company but whether—but providing the service of hiring people and keeping them at work and caring about their employees.

I'm going to start off by Nancy Connolly. She is the president and CEO of Lasertone Corporation, Littleton, Massachusetts. Welcome.

[At this point, Nancy Connolly made brief remarks.]

The President. Yes, see, Nancy hires 20—there's a lot of companies the size of Nancy's around the country that have got this sense of optimism. I mean it's—I don't

think we would have had Nancy sitting here 2 years ago saying, "Gosh, I look forward to hiring 20." I suspect she might have been saying, "I hope to keep the 70." A lot of small businesses were just hanging on to what they had during tough economic times. And now this leader and this entrepreneur are saying, "20 minimum," it sounded like to me. And that's how this economy works. It's very important for people to understand it's the cumulative effect of many, many hirings that take place on a daily basis, particularly in the small-business sector, that affect economic growth and vitality.

Thank you for doing what you're doing.

Catherine, tell us about yourself and your business, Knowledge Information Solutions. [Catherine Giordano, president and chief executive officer, Knowledge Information Solutions, Inc., Virginia Beach, VA, made brief remarks.]

The President. I'm glad you're here, Catherine, thanks. One of the things I think is very interesting for people to understand that Catherine just said—she said the tax breaks that we focused for small-business owners caused her to buy new equipment and new software. Well, somebody has to make that equipment, and somebody has to design that software and sell it. So my point is, is that it's important for our American citizens to understand the ripple effect of good tax policy. Good tax policy encourages an owner to make a decision. That decision then makes it more likely somebody else is going to find a job who will provide—in the company that provides the product—in Catherine's case, equipment and hardware.

It's very important that this incentive stay in place because it is—you just heard one example of the decisionmaking process that takes place as a result of good tax policy. If the tax policy—if Congress lets this lapse, the ability to deduct to \$100,000 of capital equipment, it would then cause her to make different decisions in the out-years.

And so the Congress needs to be mindful of what tax policy does to the decision-makers, the job creators, people like Catherine who made a rational decision based upon good policy.

It's my honor to welcome right now—why don't we go with Sharon Evans. Sharon is the CEO of CFJ Manufacturing, Fort Worth, Texas.

[Sharon Evans made brief remarks, concluding by saying that she anticipated 25-percent growth next year, which she believed was due to tax benefits.]

The President. I disagree. I think it's related to vision and hard work and the Texas spirit. The tax relief helped, but none of these women should discount their courage and their vision and their willingness to take risk and to make wise decisions.

Ms. Evans. I do have to commend you too, as well as—we utilize and we are a certified women-owned business, and your support of women in business has increased my customer base, which has, in fact, grown my business as well.

The President. Yes, I think it's very important—what she's talking about is contracting. For example, at the Federal Government, we ought to bust these contracts down to smaller sizes. The role of contracting at the Federal level—the proper role of contracting obviously is to get good service for the Government but at the same time have the added dividend of enhancing the entrepreneurial spirit, is encouraging small-business ownership, is to really achieve what we want to achieve, and that is to expand the ownership society in America.

And by the way, the role of Government is not to create wealth but the environment in which the entrepreneur can flourish. Make no mistake about it, the role of Government is to create the architecture in which people are willing to take risk and make choice. But that doesn't happen unless somebody's got a good idea, works hard, dreams big, treats their employees

with respect, and is capable. So thank you for giving Government the credit, but we don't deserve it.

Let me call upon Maria Coakley David. She is the CFO of C.J. Coakley, Inc., right here in Falls Church, Virginia. Thanks for coming, Maria. And thank you for the hat.

[Maria Coakley David made brief remarks.]

The President. Well, let me talk about job hiring, particularly in the construction field. It's very important for these companies to understand who they're hiring. I'm excited about the fact that you're expanding your job base. I just want to make sure that you stay legal in your hiring practice. And we've got a problem here—

Ms. Coakley David. It's a big concern as well for us, and I appreciate you bringing that up.

The President. It's got to be a big concern. Well, I'm talking about this immigration issue that I brought up. My attitude is, any time an employer can't find an American worker to do the job, that—in this case, she ought to be able to hire a willing foreign worker, so long as that foreign worker has got a—we're going to issue a new card, a temporary-worker card.

I don't like the idea of having an undocumented economy in the greatest country on the face of the Earth, where people walk miles across deserts at the hands of sometimes these "coyote" border smugglers who treat these people inhumanely. They get into our society. They're doing work, but they're doing work in an undocumented way, not aboveboard but below the surface. They can get exploited and have no recourse. And it's just flat wrong in America. And we ought to recognize the system hasn't worked.

And so I proposed a plan that is a worker plan. It is not an automatic path to citizenship, what they call amnesty. It is a plan that recognizes reality in a commonsense way, so that when Maria's company starts expanding and she can't find somebody to lay tar on a hot August day and somebody

else wants to because they've got a family to feed, she can find this person, and the person will show up to work. And by the way, that person ought to be able to go back to his or her family without being harassed, to be able to take money home, which is what they're trying to do.

So this is a commonsense plan. It makes eminent sense. It recognizes the reality of today's workplace. We want our employers to be aggressive at hiring people, but we don't want them breaking the law. And we've got to recognize, in this society, there are just simply some jobs that are not being filled by American citizens.

Ms. Coakley David. You're correct, and it is definitely a big concern for our company. We probably have 70 percent Hispanic workforce. We've recently hired a bilingual receptionist to help us communicate effectively. We have a lot of our newsletters translated in Spanish. And we do have to face the facts, and we would greatly benefit from your plan.

The President. Yes, this is important. The other thing what she's faced with—first of all, the fact that you've got a Hispanic workforce means you're doing well. These are fine people, we know well in Texas. They're great people—great people.

But there's a lot of false documentation. What kind of society is it where the system allows for false documentation, falsifying these different papers so Maria is not sure whether or not she's dealing with somebody she ought to be dealing with? We need to make this aboveboard. And by the way, it is humane to treat people with respect, citizen or not citizen. We want to treat people with the utmost respect in this country. This is America. It's the greatest country on the face of the Earth. We're not giving special privilege. They don't get to butt in line where somebody who wants to go through the process in a legal way. We're just recognizing reality in a commonsensical way. It's the right thing to do.

[*Ms. Coakley David made additional remarks.*]

The President. You know, one of the most meaningful things that's happened to me since I've been the Governor—the President—Governor—President. [*Laughter*] Oops—[*laughter*—ex-Governor. I went to Bethesda Naval Hospital to give a fellow a Purple Heart, and at the same moment watched him—get a Purple Heart for action in Iraq—and at that same—right after I gave him the Purple Heart, he was sworn in as a citizen of the United States, a Mexican citizen now a United States citizen.

It's a pretty special country, isn't it, where people are willing to come not only to work to provide for their families but to wear this Nation's uniform and to go into harm's way for our peace and security. And Americans have got to recognize how special America is and how lucky we are to be Americans in this country and how a lot of really decent people would like to join us. We've just got to make sure the system is orderly and fair and meets national objectives.

Lurita—Lurita Doan is with us. She is the president and CEO of New Technology Management in Reston, Virginia. Welcome.

[*Lurita Doan made brief remarks.*]

The President. I'm here to thank you all. I think the—I hope you come away with the same sense of optimism I do about the future of this country when you hear these five women speak. I mean, this is a country which speaks to five entrepreneurs here on the stage and says, "Dream big and go for it. Live your dream." Can you imagine a country where a woman like Lurita walks in to Kinko's and says, "I think I'll start a business by printing my first business card," and here she is, 13 years later, speaking to the Nation about a business which is thriving and is going to hire 75 new people.

It's a fabulous country, where people can dream big dreams and people can risk—take risk and achieve their dreams through

hard work, clear vision, and a good idea. It's hard to be a small-business owner, particularly in hard times. It's easier when the whole economy is growing, but it's even hard then. It's hard to make the right decisions. But obviously, I'm surrounded by success, people who have been able to realize their dreams and accomplish what is not easy to accomplish.

Government can help, but we can't make these women smart; we can't make them dream; we can't make them compassionate. These are choices they've made. And our job is to stand with them and to serve as a wind at their back as they provide not only valuable goods and services but, more importantly for me right now and for the country, is to provide a chance for

somebody to find work—find work so they can fulfill their obligations as a mom or a dad.

I want to thank you all for joining us. Thank you for being great Americans. I appreciate you helping me to explain how our economy works and why we should be optimistic about our future. May God bless your endeavors and God bless you all. May God continue to bless our great country. Thank you very much.

NOTE: The discussion began at 10:45 a.m. at the Department of Commerce. In his remarks, the President referred to Secretary of Commerce Donald L. Evans, who introduced the President.

Remarks to the National Catholic Educational Association January 9, 2004

Welcome, please. Thanks for coming. Please be seated. Thanks for coming. [Laughter] Welcome to the people's house. We're glad you're here.

The last 100 years, the leadership of the National Catholic Education Association has been vital in advancing the work of Catholic schools around the Nation and, therefore, has been vital to the hopeful future of America. I'm honored to join you for celebrating your 100th anniversary. And this is a fitting place to celebrate the anniversary.

Catholic schools carry out a great mission, to serve God by building knowledge and character of our young people. It's a noble calling. It's an important part of the fabric of America. By teaching the Word of God, you prepare your students to follow a path of virtue and compassion and sacrifice for the rest of their lives. And by insisting on high standards for academic achievement, Catholic schools are a model for all schools around our country.

I was hoping to run into a fellow Texan today. [Laughter] His Excellency Gregory Aymond is the bishop from Austin, Texas. [Laughter] He is—I'm glad there's only a handful of Texans here. [Laughter] The bishop is the board chair of the National Catholic Education Association, and I want to thank you for joining us.

I appreciate Michael Guerra. Michael Guerra is the president of the National Catholic Education Association. Michael, thank you, and thank you for all the board members who graciously had a picture taken in the Blue Room with me. I appreciate you doing that.

His Excellency John Cummins, who is the bishop emeritus of Oakland, California, is with us. His Excellency, thank you for being here, sir.

I appreciate Carl Anderson, the Supreme Knight of the Knights of Columbus, and Dorian for joining us today.

I'm sorry my neighbor His Eminence Theodore Cardinal McCarrick is not with