

Remarks on the Federal Budget in New Albany November 13, 2007

Thank you all. Thanks for coming. Thank you. Please be seated. Thanks for the warm welcome. I needed that uplifting applause because I just finished eating lunch at Sam's. *[Laughter]* Had just a little too much chicken. *[Laughter]* But I'm honored to be with you. It's great to be back in New Albany. This is a fantastic hall. It is really special. I know you all are proud of it. I appreciate the great history of this part of the world. I appreciate the fact you got great people and great basketball. *[Laughter]*

It's also a good place to do business. And I thank One Southern Indiana for your efforts to strengthen the spirit of enterprise. I appreciate what you do. Your members create jobs, attract investment, and add to the vitality of this region and our country. People here know that customers should be treated respectfully, money should be spent carefully, and new taxes should be opposed strenuously.

And that's what I want to talk about today. Kerry, thanks for giving me a chance to come by. I appreciate it. I'm sorry my wife is not with me—so are most people when I travel. *[Laughter]* She's doing great, and she sends all her best.

I'm proud to be traveling today with Congressman Baron Hill. Congressman, thanks for coming. Good to see you, sir. He was reminding me of the days he was a point guard. He said, "Just don't remind them here in New Albany that I used to tear them up." So I won't. *[Laughter]*

I want to thank the Lieutenant Governor of the great State of Indiana, Becky Skillman, for joining us today. Governor, appreciate you coming. The mayor, James Garner, has joined us from New Albany. Mr. Mayor, I appreciate you coming. Thanks for being here. Mayor Rob Waiz of Jeffersonville is with us today. Proud you'd be here, mayor. I thank Mayor-elect

Greg Ballard of the city of Indianapolis that's joined us here. Mr. Mayor, thanks for coming. We've got other State and local officials. Former Congressman Mike Sodrel and Keta are with us today. Glad you're here.

And I thank you for letting me come by to share some thoughts about what's happening in Washington. It's an important time for our economy. In October, America created 166,000 new jobs. We now have had 50 straight months of job growth, the longest period of uninterrupted job growth on record. Since August of 2003, American businesses—American small businesses and large businesses, American entrepreneurs and dreamers and doers have created more than 8.3 million new jobs. The national unemployment rate is a low 4.7 percent. Here in Indiana, the unemployment rate is even lower, 4.5 percent. Thanks to America's workers and entrepreneurs, our economy grew at a vigorous rate of 3.9 percent in the third quarter. This economic vitality, this economic growth is lifting our Federal tax revenues, and that's driving down the deficit. The deficit today is at 1.2 percent of GDP, and that's low.

At the same time, this economy has got some strains, and you know it as well as I do: high oil prices, the housing market is challenged, the financial markets have got uncertainty. Families are working hard to meet rising mortgage payments and college and health care expenses and the cost at the gas pump.

These are serious challenges. But as we have seen in recent years, this economy of ours is resilient. And that's important for the American people to understand. Sure, there's some challenges facing us. But the underpinnings of our economy are strong, and we're a resilient economy.

Just a few weeks after the terrorist attacks of September the 11th, 2001, our

economy was growing. Think about that. After the worst attack on American soil, where nearly 3,000 of our citizens died, this economy recovered. That's a resilient economy. After Katrina—two quarters after the devastation of Katrina—our economy grew at a powerful rate of 4.8 percent. Despite the ongoing costs and uncertainty of war, the budget deficit is low. And the reason is clear: This economy is flexible; it is dynamic; and it is competitive enough to overcome any challenge we face. And the responsibility of Washington—in Washington—of people in Washington is to keep it that way. And that's what I want to talk about with you today.

One of the keys to meeting economic challenges is wise policy from your Federal Government. Wise policy helps keep us resilient; lousy policy will hurt the ability for this economy to grow. The decisions we make in Washington have a direct impact on the people in our country, obviously.

And as we debate the decisions, you got to understand there are two very different philosophies being played out. My philosophy is that the American people know how to spend their money better than the government can. That's the core of my philosophy, that I'd rather you have more of your own money to spend, save, and invest as you see fit. Every time the Government collects a dollar in taxes, it means you have a dollar less to invest in your business or to spend on your family or to put aside for the future. Government has certain responsibilities, such as protecting our citizens, and we're going to meet those responsibilities. But we must always remember that your paycheck belongs to you and that the economy thrives the more money you have in your pocket.

The philosophy has been the centerpiece of my economic policy since I've been honored to be your President. Since I took office, we've cut taxes for every American who pays income taxes. We've worked to restrain spending, while ensuring that we have the resources necessary to protect the

homeland and to make sure our military has what it needs to do the job. We set a goal to balance the budget by 2012, and we're on pace to meet that goal.

Now, there's a different philosophy in Washington. And I'm not saying these aren't good people; they are, but they just have a different point of view. Instead of trusting in the judgment of the people, they trust in the judgment of the Federal Government. They believe in a Federal solution to every problem, and somehow, that solution always seems to include raising your taxes.

Congress now sitting in Washington holds this philosophy. The majority was elected on a pledge of fiscal responsibility, but so far, it's acting like a teenager with a new credit card. [Laughter] This year alone, the leadership in Congress has proposed to spend \$22 billion more than my budget provides. Now, some of them claim that's not really much of a difference; the scary part is, they seem to mean it. [Laughter] Over 5 years, their proposed spending spree adds up to an extra \$205 billion. Put another way, that's about \$1,300 in higher spending every second of every minute of every hour of every day of every year for the next 5 years.

Think about what it means for you. If you're driving a half hour to visit your grandparents, Congress would have spent an extra \$2.3 million. If you attend church for an hour, Congress will tally another \$4.7 million. If you watch a football game, Congress would rack up \$14 million; unless, of course, it goes into overtime. [Laughter]

It's easy for politicians to claim that this spending won't have much of an impact on you. But you got to understand that when the bill for all that spending comes due, Congress is going to turn to the working people and to the small-business owners and the entrepreneurs.

The conclusion does not require an active imagination. All you have to do is look at the record. For example, leaders in the majority recently proposed raising taxes on

millions of working Americans by increasing the tobacco tax. It can be tempting to view this as a one-time action aimed at an unpopular product, but that's not the way things work in Washington. Raising taxes is habit-forming; once you start in one area, it's hard to stop in others. In fact, in addition to the tobacco tax proposal, Congress has proposed to raise taxes on oil and natural gas, on dividends and capital gains, and stock and bond transactions.

If that's not enough, Congress's budget also allows the tax relief we delivered to be taken away. Here's what that would mean for the average taxpayer. If you have children, your taxes would rise \$500 per child. If you have a family of four making \$60,000 a year, your taxes would be more than \$1,800 higher. If you're a small-business owner, your taxes would increase almost \$4,000.

And they're not picky about how to raise taxes. To them, every bill on the floor is an opportunity for a tax hike. Congress has proposed tax increases in the farm bill, the energy bill, the small-business bill, and the children's health bill. If you find a bill that doesn't have a tax increase, just wait a while, they'll put one in there.

The price of these tax increases would not be paid in the Halls of Congress; it would be paid in the living rooms and shop floors and office buildings across America. Higher taxes would mean that you'd have to put in longer hours to bring home the same amount of money, which would lead to more time at work and less time with our families. Higher taxes would mean paying more to meet the priorities of the Washington politicians and less to meet the priorities of your family. And higher taxes would mean fewer opportunities for entrepreneurs, a tougher time for workers trying to get ahead, and a greater likelihood of a slowdown across our economy.

People—American people understand the cost of tax-and-spend policies. We had some interesting results at the ballot box last week. In the State of Oregon, voters

rejected the plan to raise tobacco taxes to further enlarge a government health program. In other words, when the voters were given a chance, they voted such a plan down in the State of Oregon. Right here in Indiana, voters in your capital voted for Greg Ballard and ousted an incumbent mayor, in large part because the incumbent mayor supported raising taxes. A newspaper report explained that the winning candidate, quote, "rode a wave of voter discontent over tax increases" to a stunning upset.

We need to make sure the message is heard in the Nation's Capital, and I've come to New Albany, Indiana, to let you know I'm going to do my part. Under the Constitution, the President has the power to veto bills he thinks are unwise. And with all the other pressures on our economy, raising taxes is one of the most unwise things Congress could possibly do. I hope the leaders in Congress will cooperate and send me reasonable spending bills that I can sign. But if they insist on trying to raise taxes on the American people, I will not hesitate to use my veto pen to stop them.

For all their plans to increase Federal spending, you would think that the leaders in Congress would be in a hurry to get the Government's annual spending bills to my desk. But that's not the case. It took until last week for Congress to send me the first of these spending bills. This was the latest date in 20 years that Congress has sent its first annual appropriations bill to the President's desk. I know they wanted to be remembered by history, but I don't think that's what they had in mind.

As of this morning, Congress has sent me only two annual appropriations bills. One is the spending bill for the Defense Department. This isn't a perfect bill; it includes some unnecessary spending. But this morning in the Oval Office, I signed that bill to make sure our military has the full support of the Federal Government.

The other spending bill is for the Departments of Labor, Health and Human Services, and Education. This bill is 44 days late and nearly \$10 billion over budget and filled with more than 2,000 earmarks. Some of its wasteful projects include a prison museum, a sailing school taught aboard a catamaran, and a "Portuguese as a second language" program. Congress owes the taxpayers much better than this effort. And so today in the Oval Office, I vetoed this bill. Congress needs to cut out that pork, reduce the spending, and send me a responsible measure that I can sign into law.

While Congress was passing the bloated labor and health spending bill, it delayed action on a good bill for the Department of Veterans Affairs. The bill includes vital funds for veterans' benefits and care for our wounded warriors. It had almost unanimous support. The House passed the bill 409 to 2 in June, and the Senate passed it 92 to 1 in September. I urged Congress to show its commitment to our veterans by sending me this bill by Veterans Day. Well, they didn't listen. Our veterans have already waited longer than they should have to. At the very least, Congress should send me a clean veterans bill before leaving for its 2-week Thanksgiving vacation.

Another priority that Congress has failed to meet is energy. Leaders of both parties understand that America's dependence on oil creates problems for our economy, our environment, and our national security. When they were elected last November, majority leaders in Congress promised to pass an energy bill to reduce our dependence on oil. I consulted with members of both parties, and in my State of the Union Address, I proposed a plan to reduce America's gasoline consumption by 20 percent over 10 years. I call this plan 20-in-10 and asked Congress to pass it by beginning of the summer driving season.

Now the summer driving season is over, the price of oil has jumped to nearly \$100 a barrel, and Congress has not acted. America clearly needs legislation that ex-

pands the use of ethanol and biodiesel, promotes energy conservation, invests in advanced technologies like clean coal and nuclear power. Listen, breaking our reliance on oil and gas is not going to happen overnight.

Congress should also authorize environmentally responsible oil exploration offshore and in the Arctic National Wildlife Refuge. American consumers and businesses are looking to Washington for action on this issue. And Congress needs to pass a bill that encourages the development of more energy that makes us less dependent on foreign sources of oil, and they need to do it now.

Congress is grappling with another difficult issue. It's called the Alternative Minimum Tax. Decades ago, this section of the Tax Code was designed to ensure that the wealthy pay their fair share of taxes, but its provisions are not adjusted for inflation. As a result, it's become increasingly likely that middle class taxpayers will be subject to the AMT. This would come as an unpleasant surprise to many American families, who would be forced to calculate their income taxes twice and then pay the Government the higher amount.

In recent years, Congress has passed a temporary patch that prevents most middle class taxpayers from having to pay the AMT. But this year, Congress has not done so. With no relief in place, 25 million taxpayers would be subject to the Alternative Minimum Tax. On average, they would have to send an extra \$2,000 to the IRS, which is a huge tax increase they do not expect and do not deserve.

Some in Congress have looked at this impending tax burden and used it as an opportunity to raise taxes. Last week, the House passed a bill that provides relief for AMT, but raises taxes on others. Preventing a tax increase in one area should not be an excuse for raising taxes in other areas. Congress should eliminate the tax increases in the bill and send the AMT relief to

my desk as soon as possible. That's what the American taxpayer expects.

The timing of congressional action on AMT relief is critical. I want to spend a little time explaining why. The longer Congress waits, the more difficult it will be to print and distribute tax forms on time. Last month, Treasury Secretary Paulson wrote a letter that said this: "To avoid confusion and delays for taxpayers, it is critical that an AMT patch be enacted by early November." Well, early November has come and gone, and Congress has not acted. If Congress does not act before Thanksgiving, \$75 billion worth of tax refund checks could be delayed.

Yet when the Senate majority leader was asked if he could pass an AMT patch before Thanksgiving, he said, "No." Well, that's not a good enough answer for the American taxpayer. Congress needs to protect the middle class from an unfair tax hike. They need to finish their business quickly; they need to make sure those who get their refunds get them on time.

When it comes to taxes and spending, they don't have a very good record, but here's a good way to start, is to make sure that Congress passes the war supplemental funds we need to give our troops the very best equipment possible in the theaters of Afghanistan and Iraq.

I think it's important for Members of Congress to hear the words of Deputy Secretary of Defense Gordon England when he wrote them why the funds, the supplemental funds to support the war effort—see, these are funds separate from the defense bill; these are funds specifically to support our troops in harm's way and other measures. And here's what he wrote: "If you"—he said, delaying could have this kind of, quote—in other words, what Congress is trying to do—some in Congress are trying to delay spending this money. Some of them in Congress want to say, we're going to spend some of the money, and by the way, tell you how to conduct the war. That's not going to work. We don't

need Members of Congress telling our military commanders what to do. We need our military commanders telling us what to do so we can win the war against these extremists and radicals.

See, I think it's important to get the advice from the military. I don't want our kids in uniform to think that the President is playing politics with their lives. I want those in the battle to understand that I'll be making decisions based upon the considered judgment of our military commanders. If you've got somebody in harm's way, you want the President being—making advice, not—be given advice by the military and not making decisions based upon the latest Gallup Poll or focus group.

And so they're delaying the money that needs—our troops need to have. And here's what the Deputy Secretary said: He said, it would have "a profoundly negative impact on the defense civilian workforce, depot maintenance, base operations, and training activities." In other words, there's a consequence for not funding this money.

Congress's responsibility is clear: It should not go home for the Christmas holidays without giving our troops on the front-line the funds they need to succeed. Now, look, I understand some of them in Congress didn't agree with my decision, and that's fine. I can understand that. That's what that democracy is all about. Nobody likes war; I understand that. And I understand some were critical of the decision I made, and that's okay. But whatever their position on the war is, we should be able to agree that our troops deserve the full support of those of us in Washington, DC.

By the way, look at these folks in uniform; I just got to tell you, I'm incredibly proud to be the Commander in Chief of such amazing citizens who volunteer to serve our country in the face of danger. What a remarkable country we have to have citizens such as these. Thank you, guys.

It's important for Congress to get their spending bills done. See, the strategy may

be to put them all in one big bill, kind of delay and delay and delay, and then send it all in one big package, and no telling what's going to be in there. The best way to get the business done—the people's business done is to pass these appropriations bills one at a time and get them to my desk in a expeditious way. Unfortunately, the number-two leader in the Senate, Democrat leader said this: "I don't think it's physically possible for us to do all the bills individually." That's frankly not good enough for the American people.

So obviously, I had something on my mind. And I thank you for giving me a chance to come and share it with you. It's a critical time. I have great respect for the process, and I've got respect for people in Washington, DC. But they're coming at you with new taxes, and I'm going to do everything in my power to stop them. We don't need to raise the taxes on the working people; we don't need to raise the taxes

on our farmers and ranchers; we don't need to raise taxes on the small-business owners. What we need to do is set clear priorities with the people's money, which is defend this homeland, support our troops, and make sure we reduce the deficit and keep this economy growing strong.

As I mentioned earlier in the speech, there's some uncertainty in the economy. But we have dealt with that before, and we can continue to deal with it, particularly if we keep the taxes low.

I'm honored to be back in southern Indiana. It's a thrill to be with you. Thank you for your hospitality. Thank you for being—loving your country. God bless you all. God bless America.

NOTE: The President spoke at 12:43 p.m. at The Grand. In his remarks, he referred to Kerry M. Stemler, chairman, One Southern Indiana; and Gov. Mitchell E. Daniels, Jr., of Indiana.

Statement on Signing the Department of Defense Appropriations Act, 2008 *November 13, 2007*

Today, I have signed into law H.R. 3222, the "Department of Defense Appropriations Act, 2008." The Act appropriates funds needed to support the U.S. Armed Forces as they protect the United States and the American people and advance United States interests around the globe.

The Act contains certain provisions identical to those found in prior bills passed by the Congress that might be construed to be inconsistent with my Constitutional responsibilities (sections 8005, 8009, 8012(b), 8034(b), 8052, 8082, 8085, 8089, 8091, and 8116, and the provision concerning consolidation under the heading "Operation and Maintenance, Defense Wide"). To avoid such potential infirmities, I will interpret and construe such provisions

in the same manner as I have previously stated in regard to those provisions.

The Act also continues through December 14, 2007, funding for Government programs for which the Congress has not yet passed regular appropriations acts. However, the Act does not provide funds needed to support members of the U.S. Armed Forces deployed for combat in Iraq and Afghanistan, and I expect and urge the Congress to promptly present separate legislation to meet that urgent funding need.

GEORGE W. BUSH

The White House,

November 13, 2007.