

Azcoitia, principal, Horace Greeley Elementary School; Mayor Richard M. Daley of Chicago, IL; Rufus Williams, president, Chicago

Board of Education; and Arne Duncan, chief executive officer, Chicago Public Schools.

Remarks Following a Meeting With the Chicago 2016 Bid Committee and United States Olympic Committee Members in Chicago January 7, 2008

I want to thank the members of the 2016 Chicago bid to get the Olympics. Listen, Mr. Mayor, you and your committee have put together a great plan. It's a plan that will make America proud.

They say that the Olympics will come to Chicago if we're fortunate enough to be selected, but really it's coming to America. And I can't think of a better city to represent the United States than Chicago.

This is a well-thought-out venue. There will be—the athletes will be taken care of. People who will be coming from around

the world will find that this good city has got fantastic accommodations and great restaurants. It will be safe.

And so I—this country supports your bid strongly. And our hope is that the judges will take a good look at Chicago and select Chicago for the 2016 Olympics.

Thank you all.

NOTE: The President spoke at 11:35 a.m. at the Union League Club of Chicago. In his remarks, he referred to Mayor Richard M. Daley of Chicago, IL.

Remarks on the National Economy in Chicago January 7, 2008

Thank you all. Thank you all very much. Thanks for coming. I'm glad to be here with the members of the Illinois Chamber. Mr. Mayor, thank you very much. You've given me a lot to do today. *[Laughter]*

First thing is, the mayor runs the school system. And I went by Horace Greeley Elementary, and the reason I did is because Horace Greeley is a blue ribbon school. I remember awhile back, everybody was a blue ribbon school. But that's not the way it is these days because we're judicious in who gets awarded a blue ribbon school. A blue ribbon school is one which sets high standards and measures and achieves results.

Mr. Mayor, you're a reformer when it comes to education because you understand

when we find mediocrity, when we find schools that aren't teaching, we're going to have to do something about it if the United States wants to remain competitive in the 21st century.

Then the mayor had me briefed by the 2016 Olympic committee bid team, and you got a good bid. I'm absolutely convinced that Chicago will represent the entire country the right way if the Olympics are here in 2016. Mr. Mayor, you've put together an outstanding team, and I just want to—*[applause]*—I just want the judges to understand that the United States of America stands squarely behind Chicago's bid.

I am really pleased to be here at the Union League Club. I did a little research into the history, and it turns out, Winston

Churchill came here in 1932, right before I was born. [Laughter] When people think of Churchill, of course, they marvel at what he managed to do with the English language. When people think of me—[laughter]—never mind, Congressman Emanuel. [Laughter] I appreciate the Congressman for joining us. He'd been with me all day long.

You know, there's a lot of partisanship in our Nation's Capital. I bet both of us would say, too much. But it—I appreciate the fact that when the President of the United States came to his district, he showed up. It shows a lot about the man. I'm honored you're here. Thanks for coming.

I do want to talk about keeping our economy growing and creating jobs for our citizens. I had a New Year's resolution, and it was to make sure that Congress keeps the taxes low and to make sure that when we spend your money, we do it wisely or not at all. And it's a resolution I intend to keep.

Before I talk a little bit about the economy, I do want to thank Joe Dively, who's the chairman of the Illinois Chamber who's hosting this event. I want to thank the chamber members who are here. I'm honored that you'd take time out of your day to give me a chance to come and visit. I'm sure you know what I know, that many Americans are anxious about our economy. And this frankly is not unprecedented.

Over the last 7 years, over the span of my Presidency, we've had other challenges. There have been other times when people have been anxious about the economy. After all, we've been through a recession, terrorist attacks, corporate scandals, wars in Afghanistan and Iraq, as well as devastating natural disasters. It's 7 years we've had experience in dealing with anxiety. Every time, our economy absorbed those shocks; we dealt with them and managed to grow and prosper.

In other words, this is a resilient economy because we rely on the free enterprise

system. Our economy is flexible; it is—motivates people to take risk. We are the most prosperous nation in the world. There's a sense where we can be optimistic. We have seen anxiety—dealt with anxiety before; this isn't the first time.

We have a strong foundation in our economy, but we cannot take economic growth for granted. That's what I want to share with you. I understand that while there is a foundation that would be the envy of a lot of other nations, we cannot take growth for granted. We confront economic challenges, from the downturn of the housing sector to high energy prices to painful adjustments in some of the financial markets.

Recent economic indicators have become increasingly mixed. Last Friday, we learned that our economy has now had 52 months of uninterrupted job growth. That's a record. That's the longest period of job creation on record. Our entrepreneurs are taking risks. Our small businesses are expanding. Yet we also learned that our jobs are growing at a slower pace and that the unemployment rate ticked up to 5 percent. So in other words, on the one hand, we're continuing to set a record; on the other hand, there's mixed news. Same when it comes to pricing. Core inflation is low—except when you're going to the gas pump, it doesn't seem that low, or when you're buying food, it doesn't seem that low. So core inflation is low, but energy and food prices are on the rise—have risen. Consumer spending is strong, yet housing values are declining. The mixed report only reinforces the need for sound policies in Washington, DC, policies which do not create more regulation and create more lawsuits.

Policies include opening new markets for U.S. goods and services. One of the interesting adjustments that has happened in our economic horizon has been that trade has been a significant part of growth. In other words, when you open up markets where our goods and services are treated

fairly, we can compete with anybody, anytime.

It's in our interests that we open up markets. It's in our interests that we demand people treat us the way we treat them in the marketplace. And we got some trade votes that will be coming up this year: Colombia, Panama, and South Korea. It's in the interest of economic vitality and growth that we provide opportunities for businesses, large and small, to be able to sell goods and services.

Secondly, energy prices—there is no quick fix. As a matter of fact, I signed good legislation, passed by Republicans and Democrats, that enable us to begin to diversify away from oil and gas, and that's good. But the diversification isn't going to happen overnight. We ought to be exploring for more oil and gas in the United States of America, and I'm convinced we can do so in environmentally friendly ways. And the truth of the matter is, if we're deeply concerned about the environment and want to make sure we're wealthy enough to deal with environmental challenges, we ought to be using nuclear power.

We're working on policies to reform our mortgage markets. But most importantly, the smartest thing we can do is to keep taxes low. In a time of economic uncertainty, we don't need to be taking money out of your pocket. In a time of economic uncertainty, we ought to be sending a clear signal that taxes will remain low. Now, I've worked with Congress to cut taxes, and progrowth economic policies work. When you cut taxes, it means that people have more money to save, spend, or invest, more money in your pocket, more money where you can do—you can support your family, or if you're a small-business owner, you can reinvest to create more job opportunity in the community in which you live.

It turns out, tax cuts have helped our economy overcome uncertainties. Economic growth yielded more revenues for our Federal Treasury. And when you combine that

with spending discipline, then that deficit is beginning to shrink, particularly as a percentage of GDP. Our deficit percent of GDP is low relative to historic averages. It's possible to keep taxes low, grow your economy, and deal with your deficit, is what I'm trying to explain to you.

In times of uncertainty, it's very important to make sure that the people on the frontlines of job growth—that would be the entrepreneur—knows taxes are going to remain low. And so one of the first basic principles that I'll be talking to Congress about is, this administration will use its authorities to keep taxes low.

I don't think there are many folks who believe that Washington really needs more of your money; I certainly don't. Unfortunately, Americans could be facing higher taxes unless Congress takes action to stop it. You see, in less than 3 years, the tax cuts that we passed are set to expire. That creates uncertainty. If you're an entrepreneur thinking about investing, and all of a sudden, you're looking at a horizon where your taxes may be going up, it creates uncertainty. We don't need more uncertainty in an uncertain market. If Congress allows this to happen, we'll see an end to the measures that have helped our economy grow, including the 10 percent individual income tax bracket, the reductions in the marriage tax penalty, and reduced rates on regular income, capital gains, and dividends.

And one of the interesting things that happens if taxes go up—people say, “Well, we're just going to tax the rich.” The problem is, many small businesses pay taxes at the individual income tax rate because they're subchapter S's or limited partnerships. And we don't need to be running up taxes on small-business owners. After all, 70 percent of new jobs are created by small businesses in America. Increasing the tax burden on small businesses will make it less likely people will be willing to create new jobs.

And so I will strongly urge that the Congress keep taxes low. One way to do it is to make sure that all the tax cuts we passed are made permanent. If you're interested in taking uncertainty—[*applause*]. One of the other taxes that's going to return will be the death tax, which is being phased out. And in 2011, it kicks back in, which means it's going to be hard on estate planning, let me put it to you that way. I hope a lot of people don't decide to move on just because of the tax cut. [*Laughter*] I'm absolutely convinced we can do a better job of having the estate tax put on the road to extinction and then let it pop back up. It makes no sense.

Listen, the estate tax is a lousy deal, particularly for farmers and small-business owners. I mean, you get taxed twice. You tax it when you build your business, and then they tax you when you die. And I'm absolutely convinced that there is a deal to be done in getting rid of the estate tax once and for all for the sake of economic vitality and growth and fairness.

I want to tell you what it means if these taxes go up. If you're a single mom with two children and 30,000 in earnings, her taxes will go up by 67 percent, or about \$1,600. If the taxes aren't made permanent, this is going to affect a lot of Americans in very negative ways. If you're an elderly couple with \$40,000 in income, they would see their taxes go up by about 155 percent, or \$900. Now, that may not sound like a lot to some of us in Washington, where they throw around numbers in billions; it means a lot to an elderly couple making \$40,000 a year.

Twenty-six million small-business owners would see their taxes go up by nearly 17 percent, or \$4,000 on average. For somebody struggling with health care costs and 4,000 more dollars goes over to the Federal Government, it's going to make it harder for you to stay in business. It just doesn't make any sense, in times of uncertainty, to be sending uncertain messages about the Tax Code. And so I'm looking forward to

working with the Congress to get these Tax Codes—cuts made permanent.

Secondly, the Federal Government can play a positive role. We can play a negative role if we get too aggressive. If we overregulate, it's a negative role. If we pass law that—and opens up businesses and firms and small businesses to lawsuits, that's a negative role. We got too many lawsuits in America to begin with, in my judgment. But there are some things we can do to help.

For example, the housing market—what's interesting about the housing market is that, you know, in the old days, you'd sit down with your lender and work out a deal. And then if you came on a hard time and you're still creditworthy, then he would help you refinance the loan. Well, those mortgages that have been made in recent times have been bundled up into financial instruments and sold. So it's hard to get the borrower and the lender face to face to help the borrower stay in the home. That's the challenge.

Now, Hank Paulson and Alphonso Jackson, that would be the Secretary of the Treasury and the Secretary of Housing and Urban Development, have come together with an innovative plan called HOPE NOW. It doesn't cost one dime of your money, but it's the use of Federal influence to bring investors and counselors and lenders and servicers of loans together to help find those who have creditworthy—to help them stay in their homes. In times of uncertainty in the housing market, it makes sense to help people refinance loans.

And Congress can help as well. By the way, they passed good law. You know, I don't know if you know this or not, but if you refinance your home, it's a tax liability for you. The value of the—the computed value of the difference between what was viewed as your value of your home and the new one after refinancing—new value after refinancing was a tax liability. It made no sense. Somebody is trying to stay in their home, and they get refinanced,

and then there's an additional tax liability. It makes it harder to stay in the home. And we passed good law to make that easier.

But there's some other things we can do together. In other words, there's a constructive role for the Federal Government that I believe will help us during these times of uncertainty, and one of them is to expand the reach of the Federal Housing Administration. In other words, this is a program all aimed at helping creditworthy people refinance their home so they can stay in it during this times of uncertainty.

Now, look, there are some people that probably shouldn't have bought a home in the first place. There are speculators that don't deserve help, in my judgment. But there are good, solid, hard-working Americans that we can help stay in their home by providing a—by helping them on refinancing.

Another place where Congress and the administration can work together is dealing with tax-exempt bonds. Tax-exempt bonds, some of them for the housing purposes, can be used to help people buy a new house. I believe, in this time of uncertainty, we ought to have the authority for tax-exempt bonds to be used to help somebody stay in their current house. In other words, these are constructive ways to deal with the problem we face. Congress needs to pass a reform bill to strengthen the regulation of Fannie Mae and Freddie Mac so they can stay focused on their core mission, which is housing. And I'm looking forward to working with the Congress to help us through this period of correction in the housing market.

Now, secondly, we can help people deal with health care. There's a fundamental debate taking place in Washington. I'm on the side of, let's strengthen private medicine rather than weaken private medicine. I'm on the side that says, the more consumerism, the more choices people have in health care, the better off the health care system will be. I'm on the side of

saying to small businesses, health savings accounts are a smart way for you to be able to insure your people. I'm on the side of small businesses by saying, I believe businesses ought to pool—be allowed to pool risk across jurisdictional boundaries. That's fancy words for, if you're a restaurant in Chicago, you ought to be able to put your employees in the same risk pool as a restaurant in Texas so you can get discounts on your insurance, just like big companies can get discounts on their insurance.

And I'm for changing the Tax Code. The current Tax Code penalizes people who go shopping for health care in the individual market. If you're a small-business owner, you know what I'm talking about. It's hard to go find insurance in the individual market because the Tax Code, frankly, discriminates against the individual relative to the person who gets tax—health insurance through corporate America. And I think all families ought to get a \$15,000 deduction for health care, or individuals a \$7,500 deduction for health care, regardless of where they work.

And all of a sudden, the playing field gets level, and it's more likely an individual market begins to grow. And when you couple that with transparency of pricing and information technology, you can begin to see the emergence of a health care system that's patient reliant, that focuses more on the doctor-patient relationship and less on instruction from Washington, DC. And there's a fundamental debate, and I strongly believe the Government, by passing good policies, can help us deal—help small businesses deal with health care, is a key issue.

And so those are some of the things I'm looking forward to working with Congress about to deal with these times. As I say, we've been through this before. People said, "Are you optimistic?" I said, absolutely, absolutely optimistic. Do I recognize the reality of the situation? You bet I do. If during my 7 years as President have I seen the great American economy bounce

back? I have. People say, “Why do you think?” I say, because our people are optimistic, hard-working, decent people. That’s why. I mean, this economy rests in the hands of the American people, not in the halls of our Government.

Winston Churchill, when he came here, by the way—I dug out a quote that I’d like to read to you. He said: “Some . . . regard private enterprise as a predatory tiger to be shot, while others look at it as a cow that they can milk. Only a handful see it for what it really is: the strong and willing horse that pulls the whole cart along.” I don’t know if he said it right here in this very hall, but that’s what he said. Government policy ought to recognize

who’s pulling this economy, and that would be the entrepreneurs and workers of America.

So I want to thank you for giving me a chance to share some thoughts with you. Thank you for taking risk. Thank you for helping Chicago and the area around Chicago. You’re one of the really great locations in the United States of America. Mr. Mayor, I’m honored to be with you again. Appreciate your time. God bless you. May God bless America.

NOTE: The President spoke at 1:18 p.m. at the Union League Club of Chicago. In his remarks, he referred to Mayor Richard M. Daley of Chicago, IL.

Statement on the Situation in Kenya *January 7, 2008*

I welcome the visit of African Union Chairman John Kufuor to Nairobi to help facilitate a dialogue to resolve Kenya’s political crisis. I condemn the use of violence as a political tool and appeal to both sides to engage in peaceful dialogue aimed at finding a lasting political solution. The Government of Kenya has acknowledged that voting irregularities have occurred, and the Orange Democratic Movement has pledged to refrain from further protests that could

detract from reconciliation efforts. I now urge both sides to enter this dialogue in good faith to earn back the trust of the Kenyan people, who deserve a political process that reflects their dedication to democracy. I remain heartened by the voices of peace that have emerged through Kenya’s robust media and civil society. The United States supports their efforts to continue to hold their political leaders to account.

Remarks Following a Meeting With President Abdullah Gul of Turkey *January 8, 2008*

President Bush. It’s been my honor to welcome the President of Turkey here. Mr. President, I’m glad you’re here. This is not his first trip to Washington. I can remember many a time you sitting in the Oval Office as the Foreign Minister, and now

you come representing the—representing a great strategic partner as its President.

Turkey is a strategic partner of the United States. Relations between the United States and Turkey are important for our country. And we have worked hard to