

Memorandum on Use of the Department of the Treasury's Exchange Stabilization Fund To Support a Guaranty Facility for Certain Money Market Mutual Funds

September 19, 2008

*Memorandum for the Secretary of the Treasury*

*Subject:* Use of the Department of the Treasury's Exchange Stabilization Fund To Support a Guaranty Facility for Certain Money Market Mutual Funds

Pursuant to section 10(b) of the Gold Reserve Act of 1934, as amended, 31 U.S.C. 5302(b), I approve the use of funds from the Exchange Stabilization Fund to

provide up to \$50 billion as a guaranty facility for certain money market mutual funds, consistent with your recommendation to me and the terms and conditions set out in your memorandum to me dated September 18, 2008.

GEORGE W. BUSH

NOTE: An original was not available for the verification of the content of this memorandum.

The President's News Conference With President Alvaro Uribe Velez of Colombia

September 20, 2008

*President Bush.* Good morning, Mr. President. Welcome back to the White House. I appreciate your friendship, and I admire your bold leadership. You have transformed your nation, and you have made Colombia a powerful example of how democracy can work in our neighborhood. And I congratulate you.

Colombia is one of our closest allies, and we have worked together on many important issues, and we will continue to do so. We worked to improve security and advance freedom. The United States supports Colombia's efforts to modernize its security forces, to fight terrorists and drug kingpins, and to provide Colombians with alternatives to lives of terror and narcotrafficking.

And your efforts are working. I think it's very important for the people of the United States to hear these statistics. Since you took office, Mr. President, homicides have dropped by 40 percent, kidnappings have dropped by more than 80 percent, terrorist

attacks have dropped by more than 70 percent. That is a very strong record. Because of your decisive actions, the Marxist terrorist network known as FARC has been put on the run. And our country admired greatly the rescue efforts, made by your team, of 15 hostages, including 3 Americans. And thank you for meeting with them.

In the last few years, thousands of members of FARC have deserted. They've realized the empty promise of the leaders of—you know, won't be met. And you have offered these folks a better life and a better alternative.

It's also—it's in our interest to continue to support Colombia. What happens in Colombia can affect life here in the United States. You've got a strong supporter here. And after I leave office, it's going to be very important for the next President and the next Congress to stand squarely by your side.

We're working together to open up markets and increase prosperity. And next week, the President and I will be meeting with leaders throughout our hemisphere in New York to discuss the importance of free and fair trade. We're going to send a clear message, that increasing trade is essential to the economic well-being of every nation in our region, that our neighborhood will prosper if we trade freely. You're our fourth largest trading partner. Trade between our two nations reached \$18 billion last year, and that's beneficial for the people of Colombia, and it's beneficial for the people of the United States.

And I believe it's in our interest to continue to open new opportunities for both countries. Most of Colombia's products enter the United States today duty free. Most of ours face tariffs up to 35 percent or higher. In essence, that's a—that makes our goods and services less competitive. We negotiated an agreement in November of 2006, nearly 2 years ago, which leveled the playing field; our negotiators worked hard to treat each other fairly. It's in our economic interest that we have free trade and fair trade. It's in our economic interest that we continue to open up markets in our neighborhood, particularly with a nation that is growing like yours.

And yet we can't get a vote out of Congress. I've been asking the Democrat leadership in Congress for a vote, and they've consistently blocked the vote. And Members of Congress from both parties have got to understand the following facts.

First of all, about half our growth last year, Mr. President, was because of exports. In other words, exports have affected our economy in a positive way. If that's the case, it seems like we ought to be encouraging exports, not discouraging them.

Secondly, a lot of small businesses trade—send goods and services to Colombia. It's important for the small-business sector to be vital and strong.

Thirdly, a lot of jobs depend upon exports. And if we can create exports, it

makes it more likely somebody is going to have good work.

And so this bill is in everybody's interest, and I urge the Congress to carefully consider not only the economic interest at stake, but the national security interest at stake of not approving this piece of legislation.

Mr. President, you've been a good friend, and it has been a real pleasure to have worked with you during these years. You have done what you said you were going to do. You've been an honest man, forthright and open. And you deserve the support of the United States of America. You've had it during my administration; you will have it to the end of my administration. And I ask that the Congress carefully consider the importance of this relationship as they think about different pieces of legislation to pass before the term ends.

*Bienvenidos.*

*President Uribe. Muchas gracias. Immensamente agradecido.*

*President Bush. Si.*

*President Uribe.* Mr. President, I have no words to express my gratitude to you, to your team, for your permanent interest in our country, for your friendship for my country.

We have made significant progress. And one very essential portion of this progress has been your help, the help of the United States. We are working to have Colombia with more confidence—confidence to invest in Colombia, to live in Colombia, to study in Colombia, to find jobs in Colombia. And we support confidence upon three pillars: security with democracy; it means security with democratic values, with pluralism, with freedoms, with dissent. The second pillar is investment; investment with social responsibility, security, and investment, create a framework for prosperity. And in a part of prosperity, it is possible to create social cohesion, and social cohesion is the validator for security and for investment.

Therefore, you see that our policy is based upon the universal democratic values

we share with the United States. Your support has been very important for Colombia to face the threat of terrorism and for Colombia to maintain and to grow deeper and deeper with a respect to universal democratic values.

The free trade agreement is one of the main aspects of our bilateral relationships. You have understood the importance of this agreement for both countries. It could be that our economy is a very small economy to be considering trade agreements. But for us, it is very important. And it is very important not only from the political standpoint, but also from the economic standpoint.

Free trade agreement for us is the possibility to give certainty to investors for them to come to Colombia, and the more the investors come to Colombia, the less difficult for us to defeat terrorism. Investment is the real alternative to illicit crops. Investment is the real possibility for our people to find high-quality jobs.

Thank you, Mr. President. And please, I want to express, on behalf of all Colombians, our gratitude to you, to your team, and, through you, to your people, all the citizens in the United States.

Yesterday we were very happy when we saw again the three Americans who were in captivity for many years and were rescued, thanks to the heroism of our soldiers. We are—we were very sad when we came to United States in other opportunities, and we had no good news about the hostages. Now we are very happy because of this good news, the rescue of the hostages. Thank you, Mr. President.

*President Bush.* Yes, sir. Thank you. *Dos preguntas por cada lado.*

Deb [Deb Riechmann, Associated Press]. That's two questions per each side. [*Laughter*] Just strutting out my Spanish here.

### *National Economy*

Q. Thank you, Mr. President.

*President Bush.* *Tengo que practicar.*

Q. Democrats are insisting that the Federal bailout package include help for homeowners facing foreclosure, other assistance for middle class citizens, such as possibly expanding the jobless benefits. Is that completely out of the question?

*President Bush.* We're going to work with Congress to get a bill done quickly. I called leaders of both Chambers, both parties yesterday to thank them for the initial statements coming out of the meeting that they had with Secretary Paulson and Chairman Bernanke. I found a common understanding of how severe the problem is and how it is necessary to get something done quickly, and I think we will.

And we'll continue to work with them. It is essential that the package be robust and strong to address the problem. I know—look, I'm sure there are some of my friends out there saying, "I thought this guy was a market guy; what happened to him?"

Well, my first instinct wasn't to lay out a huge Government plan. My first instinct was to let the market work, until I realized that—upon being briefed by the experts, of how significant this problem became.

And so I decided to act and act boldly. It turns out that there's a lot of interlinks throughout the financial system. The system had grown to a point where a lot of people were dependent upon each other, and that the collapse of one part of the system wouldn't just affect a part of the financial markets, it would affect the average citizen. And how? Well, it'd affect their capacity to borrow money to buy a house or to finance a college loan. It'd affect the ability of a small business to get credit. In other words, the systemic risk was significant, and it required a significant response, and Congress understands that. And we'll work to get something done as quickly and as big as possible.

There's going to be billions—hundreds of billion dollars at risk. This is a big package, because it was a big problem. And, you know, I tell our—I will tell our citizens

and continue to remind them that the risk of doing nothing far outweighs the risk of the package and that, over time, we're going to get a lot of the money back. But right now the Government needed to send a clear signal that we understood the instability could ripple throughout and affect the working people and the average family, and we weren't going to let that happen.

You want to call on somebody?

*President Uribe.* I never choose the—

*President Bush.* You never choose the questioner? I will.

*President Uribe.* But here today I have to do this.

*President Bush.* Well, I'll be glad to do it.

*President Uribe.* We have two Juan Carlos here. *A ver, un Juan Carlos de RCN y otro Juan Carlos de Caracol.*

*President Bush.* I only saw one Carlos.

[*At this point, President Uribe spoke in Spanish, and no translation was provided.*]

*Revolutionary Armed Forces of Colombia (FARC)/Colombia Free Trade Agreement*

[*The reporter asked a question in Spanish, and no translation was provided.*]

*President Uribe.* Entendio?

*President Bush.* No, but I'll play like I understood it. [*Laughter*] What was the question? I got to ask my translator. [*Laughter*]

*President Uribe.* What can do the United States to help us in rescue the hostages who keep in captivity—

*President Bush.* What did we do to help?

*President Uribe.* Yes, actually you are doing very much to help us in—against illicit drugs. And the first question he made was about how we can unblock the free—the approval of the free trade agreement.

*President Bush.* Yes. Thank you. First of all, it is—a government has to be effective and efficient in order for any help to work. In other words, we could—our intentions could be great to help deal with FARC or extremists. But unless there's a well-or-

ganized government headed by determined leadership, that help doesn't work.

And so the progress that's been made is a tribute to the Colombian Government and President Uribe. The United States is a partner. But the truth of the matter is, the credit goes to the Uribe Government.

And we will continue to stand with a Government that's willing to do hard things. And there's nothing harder than to deal with FARC. But it's undeniable that progress is being made and that the FARC is weaker, FARC is on the run. People are leaving FARC because of the generous hand that the Government has reached out with.

I understand how important the free trade agreement is to Colombia. It's not only economically important, because, as the President said, if there's doubt about the free trade agreement, investment will become nervous. And without investment, it's very hard for the Colombian economy to continue to sustain growth, and without economic growth, it's hard to be in a hopeful society.

Secondly, the free trade agreement is more than just an economic agreement, it is a statement of friendship, it's a statement of common values. And if this agreement were not to pass, it would embolden the voices of populism in the neighborhood, to the detriment of a Government which has been very strong in dealing with human rights and human dignity and the market.

And so I appreciate the President being here if this statement will help clarify the issue once again. We're going to go to New York and talk to—and remind people here in the Nation's Capital that this is an issue that affects a lot more than countries—than just Colombia. And my hope is that when people fully analyze the—what's good about it from our perspective and what's good about it from Colombia's perspective and the strategic implications inherent in this bill, that they will get a vote up and it will pass. And we'll work to see that it passes.

Michael [Mike Emanuel, FOX News].  
*Miguel.*

*National Economy*

Q. Mr. President, thank you very much. We're hearing, regarding the financial market bailout, a price tag of \$700 billion. I'm wondering what you could say to conservatives who are anxious about the price tag, and if you've been given assurances in your conversations with leaders on the Hill that this legislation won't be weighed down with other items.

*President Bush.* Yes. I think most leaders would understand we need to get this done quickly and, you know, the cleaner the better. Yes, this is a big price tag because it's a big problem, Mike. I told our people I don't want to be timid in the face of a significant problem that will affect the average citizen. You know, some said, "This is—we can contain this to just the financial community." In my judgment, based upon the advice of a lot of people who know how markets work, this wasn't going to be contained to just the financial community. This problem could—would spread to the average citizen.

You know, you hear them talking about Wall Street and Main Street. Well, this is Wall Street plus Main Street, and I'm worried about Main Street. I'm worried about people being able to send their kids to college or to be able to afford their homes. And therefore, I asked Hank Paulson—who, by the way, in my judgment, is doing a fabulous job; he's got a lot of credibility, and he's working and his team are working hard, as are the people at the Fed and the SEC. I said, what's it going to take to make sure Main Street doesn't get affected by the policies of Wall Street? And this is what they came up with, and this is big ticket, because it's a big problem.

I talked about confidence yesterday, that people are beginning to doubt our system. People were losing confidence. And I understand it's important to have confidence in a financial system. And so the move,

as well, is to say, we understand the significance and the depth of the problem. And I believe, when it's all said and done, however, that the taxpayer is going to get a lot of that money back.

Yes, I hear people, you know, suggesting we should—maybe taken a different tack. That's the way the system works. And I understand that, but creative destruction, in my judgment, wouldn't work. This requires a—you know, it required addressing certain problems.

At first I thought we could deal with this—deal with the problem one issue at a time. We made the decision on Fannie and Freddie because there was systemic risk to our mortgage markets. And then, obviously, AIG came along—and Lehman came along, and it was—it declared bankruptcy; then AIG came along, and it—the house of cards was much bigger, beyond—started to stretch beyond just Wall Street, in the sense of the effects of failure. And so when one card started to go, we were worried about the whole deck going down and so therefore moved and moved hard.

And I believe this is going to work. We had the considered judgment of a lot of capable people. It's not only just here in Washington, but our people were listening to a lot of other voices. And we took our time to come up with a strategy and a plan that would address the problem. And you bet it's big, because it needed to be big.

And, Mike, sometimes in my line of work you get criticized. But the American people have got to know that I made this decision, along with a lot of experts, because it was necessary to protect them. In the long run, we're going to be fine. You know, we're an innovative economy. We got smart, capable people; our workers are great; small-business sector is thriving and vibrant; we're productive people. And we'll get through this.

And, you know, I know a lot of people here in Washington, Mr. President, saying, "Well, who to blame?" Now is not the time

to play the blame game. There's plenty of time to analyze the situation. But from our perspective, it's time to solve the problem, and that's what we did.

Final question.

*2008 Presidential Election/Colombia Free Trade Agreement*

Q. Thank you, Mr. President.

*President Uribe.* El otro Juan Carlos.

*President Bush.* I only saw one Carlos. Speak English this time, Juan, will you? [*Laughter*]

Q. This is a question for both of you, but first for President Bush. Mr. President, many analysts say that the best thing for the approval in Congress of the free trade agreement would be the victory in November of Senator Obama. Do you agree?

*President Bush.* First of all, I think the best thing for the country will be the victory of McCain. I'm a big believer in Senator John McCain and his capabilities to do this job. It's very important that we get the trade bill out of politics and into the realm of strategic thought. It's in our strategic interests that we get this bill done. It's good for our economies, and it's good for our national security interest.

*Y luego?*

Q. [*Inaudible*]

*President Bush.* Oh. He's not going to comment about American politics, sure.

*President Uribe.* Whatever the world, we respect the principle of self-determination. We cannot intervene in any other country.

We have fought for bipartisan policy in the United States regarding Colombia. The approach of bipartisan policy has been very convenient for our two countries. Therefore, this is what we work for.

Let me add an answer for investment. Many people ask me here, in the United States, Mr. President, why you are so eager to make Colombia country much more attractive for investors? For one reason: If we have investors, we have opportunities for our people to find high-quality jobs, with affiliation to the social security system. Investment is not our end, it's a necessary means to overcome poverty, to create a community with fair opportunities for all. This is the reason we fight for investment.

*President Bush.* Si. Gracias. Adios, Juan Carlos.

*President Uribe.* Dos Juan Carlos. Two Juan Carlos.

*President Bush.* Y vamos?

NOTE: The President's news conference began at 9:15 a.m. in the Rose Garden at the White House. In his remarks, he referred to Marc Gonsalves, Thomas Howes, and Keith Stansell, former hostages held by the Revolutionary Armed Forces of Colombia (FARC); and Sen. John McCain, Republican Presidential nominee. A reporter referred to Sen. Barack Obama, Democratic Presidential nominee. The Office of the Press Secretary also released a Spanish language transcript of this news conference.

## The President's Radio Address *September 20, 2008*

Good morning. This is a pivotal moment for America's economy. Problems that originated in the credit markets and first showed up in the area of subprime mortgages have spread throughout our financial system. This has led to an erosion of con-

fidence that has frozen many financial transactions, including loans to consumers and to businesses seeking to expand and create jobs.

As a result, the Government is acting to protect our Nation's economic health