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Earlier this week, I met with leading private economists who see a faster rate of economic growth in the coming year-and-a-half. The U.S. housing market is robust, strengthened by low mortgage rates and rising after-tax incomes. Inflation is low. Retail sales have been rising, and productivity growth, the most important indicator of economic strength, remains high.

My administration remains focused on faster economic growth that will translate into more jobs. Now that Americans can keep more of what they earn, we can expect to see rising demand for goods and services. And as demand increases, companies will need more workers to meet it.

We will continue to take action on a broad agenda for more growth and jobs. We are pressing the Senate to join the House of Representatives in passing an energy bill to assure stable and affordable energy supplies. And we're pressing the Senate on litigation reform, so small businesses and manufacturers can focus on creating jobs instead of fighting frivolous lawsuits. I'm asking both Houses of Congress to create reemployment accounts for those seeking jobs, so they can pay for job training and child care and other costs of finding work.

Faster economic growth will bring the added benefit of higher revenues for our Government, and those new revenues, combined with spending discipline in Washington, DC, are the surest way to bring down the deficit. My budget for fiscal year 2004 calls for a modest increase in discretionary spending of only 4 percent, or about the same increase as the average American household budget. I urge Congress to make spending discipline a priority, so that we can cut the deficit in half over the next 5 years.

Government does not create prosperity. Government can, however, create the conditions that make prosperity possible. The Jobs and Growth Act of 2003 was based on the fundamental faith in the energy and creativity of the American people. With hard work and daily determination, entrepreneurs and workers are moving this economy forward. The American economy is headed in the right direction, and we can be confident of better days ahead.

Thank you.

NOTE: The address was recorded at 10:50 a.m. on July 17 in the Cabinet Room at the White House for broadcast at 10:06 a.m. on July 19. The transcript was made available by the Office of the Press Secretary on July 18 but was embargoed for release until the broadcast. The Office of the Press Secretary also released a Spanish language transcript of this address.

Remarks at a Bush-Cheney Reception in Houston, Texas

July 19, 2003

Thank you all very much. It's such an honor to be here. Laura and I are glad to be home. First, let me say it's great to see so many familiar faces. A couple of them scolded me when I was a kid. I see old—[*inaudible*]—over there. [*Laughter*] A lot of the people in this room worked hard to see to it that I became the Governor, and I want to thank you all for your continued friendship and your support. I want to thank you for your loyalty to our country. I want to thank you for coming tonight.

This is the first time we've been back to Texas since our trip to Africa. You may recall, we went to a park in Botswana. It's where I learned a lot about our party's mascot. [*Laughter*]

I want to thank you for all your help. You see, you're laying the groundwork for what is going to be a great national victory in November of 2004. And we're going to need your help. We're going to need your help at the grassroots level. We're going to need you to talk to your neighbors and send out the flyers and put up the signs and turn out the vote and remind people that this message—the message of this administration is hopeful for every single person who lives in this country. And I'm getting ready, and I'm loosening up. [*Laughter*]

But the truth of the matter is, there's plenty of time for politics. Right now, I'm focused on the people's business in Washington, DC. We have a lot on the agenda. We will continue to work hard to earn the confidence of all Americans by keeping this Nation secure and strong and prosperous and free.

And I'm glad Laura is here tonight. In my book, she's a fabulous First Lady. And I love

her a lot, and I hope she loves me a lot for dragging her out of Texas.

I'm also honored to be introduced by Rick Perry. He is the right guy to be Governor of Texas. They had a good session, because he watched the people's money very closely. He's a good Governor, and I'm proud to call him friend. And I appreciate you, Rick.

I want to thank Fred Meyer, the Texas State finance chairman, and Jeanne Johnson Phillips and Nancy Kinder for putting on this party tonight. You all did a fantastic job.

I want to thank all who helped. This is a fantastic turnout, and I know it requires a lot of effort to get people to come, particularly on a Saturday night. [*Laughter*] So I want to thank all those who worked hard, and I really appreciate your support.

I want to thank my friend Tom DeLay for being here. Congressman DeLay is a leader in the House of Representatives. I'm pleased that our Lieutenant Governor, David Dewhurst, is here—thank you, David, for your leadership—and the speaker of the house, from Midland, Texas, Tommy Craddick. Thanks, Tom. And I know we've got two State senators with us, Teel Bivins and Kyle Janek, and State Representative Joe Nixon. I appreciate you all coming.

And finally, I want to thank the Houston Children's Chorus for lending their beautiful voices to this event.

In the last 2½ years, our Nation has acted decisively to confront great challenges. I came to this office to solve problems, not to pass them on to future Presidents and future generations. I came to seize opportunities, instead of letting them slip away. We are meeting the tests of our time.

Terrorists declared war on the United States of America, and war is what they got. We have captured or killed many key leaders of Al Qaida, and the rest of them know we're on their trail. In Afghanistan and in Iraq, we gave ultimatums to terror regimes. Those regimes chose defiance, and those regimes are no more. Fifty million people in those two countries once lived under tyranny. Today, they live in freedom.

Two-and-a-half years ago, our military was not receiving the resources it needed, and morale was beginning to suffer. We increased the defense budget to prepare for the threats of a new era. And today, no one in the world can question the skill and the strength and the spirit of the United States military.

Two-and-a-half years ago, we inherited an economy in recession. And then the attacks on our country and scandals in corporate America and war affected the people's confidence. But we acted. We passed tough new laws to hold corporate criminals to account. And to get the economy going again, we have twice led the United States Congress to pass historic tax relief for the American people.

We know that when Americans have more take-home pay to spend, to save, or to invest, the whole economy grows, and people are more likely to find a job. We understand whose money we spend in Washington, DC. It is not the Government's money. It is the people's money.

We are returning more money to the people to help them raise their families. We are reducing taxes on dividends and capital gains to encourage investment. We're giving small businesses incentives to expand and hire new people. With all these actions, we are laying the foundation for greater prosperity and more jobs across America, so that every single person in this country can realize the American Dream.

Two-and-a-half years ago, there was a lot of talk about education reform, but there wasn't much action. So I called for and Congress passed the No Child Left Behind Act. With a solid bipartisan majority, we delivered the most dramatic education reforms in a generation. We're bringing high standards and strong accountability measures to every single public school in America. We believe that every child can learn the basics of reading and math, and we expect every school to teach the basics of reading and math. We are challenging the soft bigotry of low expectations. The days of excuse-making are over. We expect results in every classroom, so that not one single child in America is left behind.

We reorganized the Government and created a Department of Homeland Security to safeguard our borders and ports and to better protect the American people. We passed trade promotion authority to open new markets for America's entrepreneurs and farmers and ranchers. We passed a budget agreement

that is helping to maintain spending discipline in Washington, DC. On issue after issue, this administration has acted on principle, has kept its word, and has made progress for the American people.

The United States Congress has shared in these great achievements, and I appreciate the hard work of the Members of the Congress. I appreciate being able to work with Speaker Hastert and Leader DeLay and Senator Frist. And we will continue to work together to change the tone in Washington, DC, by focusing on the people's business and by focusing on results.

And that's the nature of the men and women I have asked to serve in my administration. I have put together a really fine administration on behalf of the American people. Our country has had no finer Vice President than Dick Cheney. Mother may have a different thought. [*Laughter*]

In 2½ years we have come far, but our work is only beginning. We have great goals worthy of this Nation. First, America is committed to extending the realm of freedom and peace for our own security and for the benefit of the world. And second, in our own country, we must work for a society of prosperity and compassion, so that every citizen has a chance to work and succeed and realize the great promise of our country.

It is clear that the future of freedom and peace depend on the actions of America. This Nation is freedom's home and freedom's defender. We welcome this charge of history, and we are keeping it. Our war on terror continues. The enemies of freedom are not idle, and neither are we. This country will not rest; we will not tire; and we will not stop until this danger to civilization is removed.

Yet, our national interest involves more than eliminating aggressive threats to our security. Our greatest security comes from the advance of human liberty, because free nations do not support terror. Free nations do not attack their neighbors. Free nations do not threaten the world with weapons of mass terror. Americans believe that freedom is the deepest need and hope of every human heart, and we believe that freedom is the right of every person and the future of every nation.

America also understands that unprecedented influence brings tremendous responsibilities. We have duties in the world, and when we see disease and starvation and hopeless poverty, we will not turn away. On the continent of Africa, America is now bringing the healing power of medicine to millions of men and women and children now suffering with AIDS. This great land is leading the world in this incredibly important work of human rescue.

We face challenges at home as well. And our actions will prove that we are equal to those challenges. I will continue to work on our economy until everybody who wants to work and who cannot find a job today is able to do so.

We have a duty to keep our commitment to America's seniors by strengthening and modernizing Medicare. Recently, the Congress took historic action to improve the lives of older Americans. For the first time since the creation of Medicare, the House and the Senate have passed reforms to increase choices for our seniors and to provide coverage for prescription drugs. The next step is for both Houses to work out their differences and to get a good bill to my desk as soon as possible.

For the sake of our health care system, we need to cut down on the frivolous lawsuits which increase the cost of medicine. I appreciate the very fine work of the Governor and the Lieutenant Governor and the speaker for passing real, meaningful medical liability reform here in the State of Texas. The State Representative Nixon, who is here with us today, was the author of that bill, and I appreciate your hard work, Joe.

Look, we understand a person who has been harmed by a bad doctor deserves his or her day in court. Yet, the system should not reward lawyers who are fishing for rich settlements. Because frivolous lawsuits drive up the cost of health care, they affect the Federal budget. Therefore, medical liability reform is a national issue that requires a national solution. The House of Representatives has passed a fine bill. It is stuck in the United States Senate. The Senate must act on behalf of the American citizens.

I have a responsibility as President to make sure the judicial system runs well. And I have

met that duty. I have nominated superb men and women like Priscilla Owen to the Federal courts, people who will interpret the law, not legislate from the bench.

Some Members of the Senate are trying to keep my nominees off the bench by blocking up-or-down votes. Every judicial nominee deserves a fair hearing and an up-or-down vote in the Senate floor. It is time for some of those Members in the Senate to stop playing politics with American justice.

The Congress needs to pass a comprehensive energy plan. Our Nation must promote energy efficiency and conservation and continue to develop technology so we can explore in a more environmentally friendly way. But for the sake of our economic security and for the sake of our national security, we must be less dependent on foreign sources of energy.

Our strong and prosperous Nation must also be a compassionate nation. I will continue to advance our agenda of compassionate conservatism, applying the best and most innovative ideas to the task of helping our fellow citizens in need. There are still millions of men and women who want to end their dependence on Government and become independent through hard work. We must build on the success of welfare reform to bring work and dignity into the lives of more of our fellow citizens.

Congress should complete the ''Citizen Service Act'' to encourage more Americans to serve their communities and their country. And both Houses should reach agreement on my Faith-Based Initiative to support the armies of compassion that are mentoring our children and caring for the homeless and offering hope to the addicted.

A compassionate society must promote opportunity for all, including the independence and dignity that come from ownership. My administration will constantly strive to promote an ownership society in America. We want more people owning their own home. We want our fellow citizens to own and manage their own health care plan and to own and manage their own retirement accounts. We want more of our citizens, our entrepreneurs, to own their own small business. We understand that when a person owns something, he or she has a vital stake in the future of our country.

In a compassionate society, people respect one another and take responsibilities for the decisions they make. We're changing the culture of America from one that has said, ''If it feels good, do it,'' and ''If you've got a problem, blame somebody else,'' to one in which each of us understands we are responsible for the decisions we make in life. If you are a mom or a dad, if you're fortunate enough to be a mom or a dad, it is you who is responsible for loving your child. If you're concerned about the quality of the education in the community in which you live, you're responsible for doing something about it. If you're a CEO in America, you have the responsibility to tell the truth to your shareholders and your employees. And in this new responsibility society, each of us is responsible for loving a neighbor just like we'd like to be loved ourself.

We can see the culture of service and responsibility growing around us. I started the USA Freedom Corps to encourage Americans to extend a compassionate hand to neighbors in need, and the response has been fantastic. As I travel our country, I also see the vibrancy of many of the faith-based organizations, the neighborhood healers that are concerned about saving lives. I also know that policemen and firefighters and people who wear our Nation's uniform are reminding us, once again, what it means to sacrifice for something greater than ourselves. Our children believe in heroes because they see them everyday.

In these challenging times, the world has seen the resolve and the courage of America, and I've been privileged to see the compassion and character of the American people. All the tests of the last 2½ years have come to the right nation.

We are a strong country, and we use that strength to defend the peace. We're an optimistic country, confident in ourselves and in ideals bigger than ourselves. Abroad, we seek to lift whole nations by spreading freedom. At home, we seek to lift up lives by spreading opportunity to every corner of America. This is the work that history has set before us. We welcome it. And we know that for our

country and for our cause, the best days lie ahead.

May God bless America. Thank you all.

NOTE: The President spoke at 5:55 p.m. at the Westin Galleria. In his remarks, he referred to Texas House of Representatives Speaker Tom Craddick; and Fred Meyer, Texas State finance chairman, Jeanne Johnson Phillips, Texas State vice chairman, and Nancy Kinder, fundraiser, Bush-Cheney '04, Inc.

The President's News Conference With Prime Minister Silvio Berlusconi of Italy in Crawford, Texas

July 21, 2003

President Bush. Thank you for coming. I'm honored to host my friend the Prime Minister of Italy, Silvio Berlusconi. It's such an honor for us to welcome—I say "us"; Laura welcomes him as well as I to our ranch. We welcome the Prime Minister as a good friend, and he represents a country which is a strong ally to America. Welcome.

Prime Minister Berlusconi. Thank you.

President Bush. I want to thank him for being such a gracious host during our trips overseas, and we're really pleased to return the hospitality.

Last year, on America's Memorial Day, Prime Minister Berlusconi visited a American military cemetery in Italy to honor our service members who gave their lives defending freedom in Europe. His actions touched me personally. He understands the history and the values that our two countries share. The people of the United States and Italy love freedom, and we know that freedom must be defended.

We also understand that defending freedom requires costs and sacrifice. And the United States is grateful for Italy's willingness to bear the burdens with us. Italy and America stood together through nearly a half a century of cold war. Over the past decade, we have stood together against oppression and hatred in the Balkans. And in the months since September the 11th, 2001, Italy and America have stood side by side against tyranny and global terror.

The war on terror continues. We will see it through to victory. Global terrorist networks are a threat to America, to Italy, and to all peaceful nations. And we are disrupting and destroying those networks. The proliferation of weapons of mass destruction is a threat to America, to Italy, and to all peaceful nations. We will persevere until that threat is removed. Radicalism and ideologies of hatred are a threat to America, to Italy, and to all peaceful nations. And we are determined to spread liberty and progress and hope.

My country is especially grateful to the Italian troops and police who are serving with skill and courage in Afghanistan and Iraq. Our efforts to work for freedom and stability in these countries and throughout the entire region are an integral part of the war on terror. And we will make both our nations safer and advance the peace of the world.

The Prime Minister and I are both encouraged by signs of progress toward a great goal in the Middle East: two states, Palestine and Israel, living side by side in peace and security. Both Prime Minister Abbas and Prime Minister Sharon are showing leadership and courage. Now it is time for governments across the Middle East to support the efforts of these two men by fighting terror in all its forms. This includes the Governments of Syria and Iran. This behavior is—today, Syria and Iran continue to harbor and assist terrorists. This behavior is completely unacceptable, and states that support terror will be held accountable.

Supporting and harboring terrorists undermines the prospects for peace in the Middle East and betrays the true interests of the Palestinian people. Terrorism is the greatest obstacle to the emergence of a Palestinian state, and all leaders who seek this goal have an obligation to back up their words in real actions against terror. And leaders who are interested in a peaceful solution in the Middle East must support the efforts of Prime Minister Abbas to build a democratic Palestine and ease the hardships faced by the Palestinian people.

The Prime Minister and I are in complete agreement that Europe and America are both more secure and more effective when