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The best, surest way to make sure we deal with the deficit is to make sure we don't overspend in Washington, is we have a reasonable increase in discretionary spending. And I proposed Congress stay within a 4-percent increase of discretionary spending. It's about the same amount that the average American household budget will increase this year. It seems to make sense to me. If it's good enough for American families, it ought to be good enough for the appetite of the Congress.

The good news is they voted for that number, and now we expect them to hold the line. And I believe with economic growth and spending discipline, we can cut the deficit in half over the next 5 years, and that's progress.

What I hope you come away with is that I believe in the future of this Nation, and I believe the economy is strengthening, is going to be strong, because I know the character of the American people. In 22 months—think about this—in 22 months, our Nation has been tested by a national emergency, by corporate scandals, by a recession, and by war. And time after time, this country has responded effectively to each challenge we've faced. Time after time, we have shown firm resolve and unshakable faith in our country.

And the basis of the Jobs and Growth Act, the kind of fundamental principle of the Jobs and Growth Act, is that I've got faith in the American people, in the strength and the enterprise and the creativity of the American people. And I believe with hard work and determination, this economy is going to be strong. We're headed in the right direction. Better days are ahead for our citizens.

Listen, thank you for letting me come. May God bless. Thank you all.

NOTE: The President spoke at 11:14 a.m. at the Treasury Department's Philadelphia Financial Management Service Facility. In his remarks, he referred to Mike Colarusso, Regional Director, Philadelphia Financial Management Service Center; former President Saddam Hussein of Iraq; and Uday and Qusay Hussein, sons of former President Hussein, who were killed July 22 by U.S. military forces in Mosul, Iraq.

Remarks in Livonia, Michigan

July 24, 2003

Thank you for the warm welcome. Thanks for letting me come by to say hello. First, let me just say I appreciate the hard-working folks here at Beaver Aerospace for making sure that Air Force One functions properly. [*Laughter*] Otherwise, it might have been a long flight. [*Laughter*] I appreciate what you do for America's defense. I appreciate your hard work. I appreciate your talent. I appreciate you helping make this country strong.

I want to thank Bill Phillips and his family for inviting me. You know, one of the great things about America is the entrepreneurial spirit of our country, and Mr. Phillips is an entrepreneur. And one of the things we've got to do in America is keep that entrepreneurial spirit alive and well. And Mr. Phillips knows what I know: You can be an entrepreneur, but without good workers, good, dedicated, hard-working people willing to run the machines and show up on time and work hard, the entrepreneurial spirit is kind of empty. And so, first of all, I want to not only thank the Phillips folks, I want to thank the people who work here in this facility. Thanks for making America go.

And I am interested in making sure every one of our fellow citizens who wants to work can find a job, and that's what I want to talk about today. I want to talk about how to make sure this economy is strong and vibrant so our citizens can work and families can be hopeful for the future.

First, I want to thank the Secretary of Commerce, Don Evans, my long-time friend. I appreciate his service. He's part of my economic team that is staying focused on economic vitality and growth. I appreciate so very much Jack Kirksey. He's the mayor here. Mr. Mayor, you've got a tougher job than I do. [*Laughter*] You've got to empty the garbage and fill the potholes. [*Laughter*]

I appreciate the State attorney general, Mike Cox, for joining us today. He's right here from Livonia. I want to thank members of the legislative body, Senator Laura Toy and John Pastor, who have joined us today. I want to thank the chief of police, who's with us. I want to thank the president of the city council that's with us. I want to thank

you all for coming. We've got quite a distinguished group.

I want to share the name of one person you've probably never heard of. It's a fellow I just met when I landed at the airport, and his name is Walter Piper. Walter is right there. Walter has been an active member of what they call SCORE, which is Service Corps of Retired Executives. That should tell you two things or three things about Walter: One, he is retired—[*laughter*]—two, he was an executive; and three, he is in service. And what he has done is he's decided to provide counsel and advice to people who want to start their own small business. He is volunteering his time to try to make the community in which he lives a better place.

The reason I bring that up is there's a lot made about how strong we are militarily. And we are strong militarily, and we will remain strong militarily. But the true strength of America is found in the hearts and souls of our fellow citizens. The true strength of our country is found in those hearts and souls that have heard the universal call to love a neighbor just like you'd like to be loved yourself. No, the strength of our country is the compassion of our fellow citizens, people like Walter who are willing to dedicate their time and talents to make somebody else's life better.

My call to you is when you see a neighbor in need, when you see somebody who's hurt, don't turn your back but love them just like you'd like to be loved yourself.

This country of ours has faced many challenges over the last couple of years, and I believe those challenges have brought out the best in America. Terrorists declared war on us. On September the 11th, a date we will not forget, people who hated our country, hate it for what we stand for, hated the fact that we love freedom, declared war on the United States of America, and war is what they got. We are hunting down the killers one at a time. We are slowly but surely dismantling the Al Qaida network, and we will continue to find them and to bring them to justice. We owe that to this generation of Americans and future generations to come.

In Afghanistan, a cruel regime, a brutal regime, had turned that country into a training camp for terrorists. I declared as clearly as I could, "If you harbor a terrorist, you're just as guilty as the terrorists." So we removed the Taliban from power and freed people from the clutches of a barbaric regime.

In Iraq, a brutal dictator was arming to threaten the peace. This brutal dictator defied the demands of the free world. For years, he thumbed his nose at the United Nations Security Council, time and time again. We gave him plenty of time to disclose and disarm. He chose defiance, and the regime of Saddam Hussein is no more.

Our brave troops still face danger in Iraq because there are people there who hate the thought of a free society. They can't stand freedom, and they're dangerous. But we're finding these terrorists as well, and we're bringing them to justice. As you know, earlier this week, two of the favorite henchmen of Saddam Hussein were brought to justice. They were discovered, and their violent careers ended in justice. These two sons of Saddam Hussein were responsible for hundreds and hundreds of people being tortured and maimed and murdered. And now the Iraqi people have seen clearly the intent of the United States to make sure that they are free and to make sure that the Saddam regime never returns again to Iraq.

Our brave men and women serving to free—make sure Iraq is free are serving as well in the war on terror. A free and democratic and peaceful Iraq will not threaten America and our friends with illegal weapons. A free Iraq will not provide harbor and money to terrorist organizations which would like to hurt America. A free Iraq will not destabilize the Middle East. A free Iraq can set a hopeful example for the entire region. And as the pursuits of freedom replace hatred and resentment and terror in the Middle East, the American people will be more secure, and the world will be more peaceful. We owe a significant debt of gratitude to the men and women who wear the uniform of the United States of America.

Our Nation has responded to challenges here at home as well. Think about what we've been through. As I was showing up into office, the stock market had been falling for nearly a year, and the country was headed into recession. And then after the recession

came the attacks of September the 11th, a significant attack on our homeland. It caused the economy to sputter. It significantly affected our capacity to generate jobs.

And then we found out that some of our fellow citizens forgot what it means to assume responsibility. They didn't tell the truth. Corporate CEOs around this country didn't tell the truth to their shareholders and their employees, and that shook the confidence of America. And then, of course, the drumbeat of war shook the—began to affect the ability for this economy to grow strong.

We've overcome a lot because we acted. First and foremost, in 2001, I worked with Congress to pass tax relief, and history will show that the recession we're in is one of the shallowest recessions our country has had. We passed tough laws that say to a corporate criminal, if you lie, cheat, or steal, you will be held to account.

Last year, when it looked like the economy was still sputtering and wasn't strong enough, when we realized too many Americans were still struggling to find work and too many families were having trouble meeting their monthly bills or saving for their child's education, we acted again, and I convinced the Congress to pass the Jobs and Growth Act.

And that's a significant development in terms of economic vitality, because the more money people have in their pockets, the more they will demand a good or a service. And when somebody demands a good or a service, in this economy of ours, somebody will produce a good or a service. And when somebody produces that good or a service, it means somebody is more likely to find work.

The jobs-and-growth plan came at the exact right time in our history. Part of that jobs-and-growth plan is to increase the child credit from $600 to $1,000 per child. But I thought it was necessary to act quickly, so I asked Congress to make it retroactive to January 1st of this year, and they agreed.

Today I went to Philadelphia. I saw firsthand the checks that are being printed, that are fixing to be sent to the people who have got children who qualify for the child credit. That is, $13 billion is going out the door to be in the pockets of our fellow citizens; $13 billion for more money for people to save or to spend but to do with it which you want to do with it. After all, we're talking about your money, not the Government's money.

Part of the Jobs and Growth Act continue to bring down the marriage penalty. Seems like to me that the Tax Code ought to encourage marriage, not discourage marriage. I don't know why you want to penalize marriage. But part of the Jobs and Growth Act also reduced the overall tax rates people pay. It cut the individual tax rates across the board. You're going to have more money in your pocket. That's what we want. That's part of the economic jobs-and-growth plan.

The interesting thing about reducing taxes as well, it helped a lot of small businesses. And the cornerstone of any good jobs plan is to encourage small-business growth. A lot of small businesses pay tax at the individual tax rate. They're Subchapter S's, or they're what they call sole proprietorships. And so when you hear us talking about rate reduction, I also want you to think about your neighbor who is a small-business owner. And their taxes are going down, and that will have a positive effect on economic vitality and growth.

We also changed the policy on taxes on dividends and capital gains. And let me talk about what that means. It means many companies have now decided to pay a dividend to the people who own the company, the thousands of shareholders all across our country. Many others have increased their dividend. And as a result, there are billions of dollars of cash now going into the economy, to the people, to the shareholders, large and small, and that will encourage savings and investment and spending.

Now, let me talk about the jobs act in terms of small business. Not only will it affect small businesses by reducing the income taxes on small businesses, we allowed small businesses to deduct more money up front when they buy new equipment. And that's important. We want people to buy more equipment. You know why? Because somebody has got to make the equipment. When there's an incentive for small businesses across the country to buy a new piece of machinery to make their business more productive, it means somebody has got to make that machine. And when somebody makes that

machine, it means somebody is going to be working, making the machine.

Here at Beaver, you're going to save about $70,000 on taxes, and that means more money that goes into research to develop new products. And that's important. If I were a worker here, I'd want to be on the cutting edge of new products. I'd want the people who run this company being—thinking about how best can I use my talent and my skills to build a new product to stay competitive. As Bill Phillips said, ''It gives us the money to do some research.''

But he also said, ''It gives us some money to build new products.'' He's already hired 14 workers this year. He says to me, the tax relief will enable him to hire 10 more workers. That's 10 more people working. There are small businesses—see, we're not talking about just this company here. There are companies all across the country like this company. And if you have 10 hired here and 10 hired there and 10 hired over there, and all of a sudden those 10 start adding up and our fellow citizens are getting back to work. And that's what we're here to talk about, how to get Americans back to work.

Mike Gendich is here with us. I had a chance to visit with Mike. He owns a company called Metalmite. He makes parts for Beaver Aerospace. He had a backlog of orders of only 2½ weeks over the past 3 years. His orders are picking up. That's a good sign. See, when the small-business guy's orders begin to pick up, he begins to get a little confidence, a little bounce in his step. And the backlog is now 2½ months. He's added three workers in the last 2 months. And now, with $22,000 of tax relief, he's decided he can afford a vertical milling machine to keep those three workers busy, to make sure they're more productive.

But somebody has got to build that vertical milling machine. And so there's some person out there whose job is more secure, or perhaps a new job, thanks to the fact that Mike is taking advantage of the tax relief. And that's what's important for our fellow citizens to know. There's a ripple effect throughout our economy. And as people make decisions, whether you're a consumer or whether you're a small-business owner trying to buy a machine, it affects economic vitality and growth. It affects more than just one life. And that's the whole purpose of the tax plan, was to have a ripple effect throughout the economy that's positive and far-reaching.

Nevin Groce is with us. He's from Grand Rapids. He owns L&G Industrial Products. He said times are a little slow. But all of a sudden, he's beginning to see action being taken, and he sees a better future for his company. He's going to save $20,000 under the 2003 tax relief act.

He says that what he's thinking about doing is buying a large industrial saw. In other words, here's a guy whose business isn't quite the way he wants it to be, but he's getting optimistic because he's got a little more money in his pocket—more than a little money, $20,000, which is a lot of money for a small business. And so he's thinking positively. He's thinking about making new investments.

Dennis Orlewicz is here. He's a small-business owner, Magnum Manufacturing. He's an S corp. That means he pays taxes at the individual income tax rate. We've reduced the taxes on his business by $3,500. It will save him $8,000—individually and then $8,000 in his business, excuse me. He's thinking about buying a $250,000 machine. His quote is, ''Tax relief makes investment more enticing.''

Here's what I'm telling you. We've got to focus on small businesses, first and foremost. Most new jobs in America are created by entrepreneurs and small-business people. The plan I'm describing to you creates incentive for people to make investments to make their small business more competitive, to make their workers more productive. And when they make investment, it helps somebody else who has to make the machine in the first place. The jobs-and-growth bill is important for economic vitality in America.

I want to make sure the jobs-and-growth bill extend to all our citizens. The child credit must be given to low-income Americans as well. They passed a bill in the Senate. They passed a bill in the House. They need to get the differences resolved and to my desk. I want the benefits of tax relief all across the spectrum of our society. Economists were saying this economy is picking up. They're

feeling positive about America and its economic future. They know what I know: We've been through a lot, and we're strong.

Interest rates are down. That makes it easier for a person to buy their house. If you got your house and interest rates are down, it means it makes it profitable to refinance your house, put a little extra money in your pocket. Inflation is low, which is positive. Productivity is up. No, signs after sign after sign says we're poised for growth so people can find work.

But there is more to do. I want to share some other thoughts with you. First, we need an energy policy in America. We need a policy that recognizes we can do a better job of conservation, that we can do a better job of developing technologies that will enable us to develop energy sources in a cleaner way. But I'm worried about natural gas. See, the demand for natural gas is going up but the supply isn't, which means it's going to start affecting people's pocketbooks. We've got to do something about that. We need an energy plan. We need to be less dependent on foreign sources of energy. The House passed a bill; the Senate—is stuck in the Senate. They need to get moving and get a bill to my desk.

We need to make sure that we have—diminish the number of frivolous lawsuits in our society—pushing hard for class-action reform. The House passed a bill. The Senate has got to act. It's junk lawsuits that are affecting the cost of your health care. Listen, if you got hurt by a bad doc, you've got to have your day in court. But what we don't need is lawyers fishing for a rich settlement all across the country, which means you're either driving up the cost of health care or you're driving the docs out of business. One of the things we ought to make sure in America is health care is affordable and accessible.

When you're good at something, you ought to make the environment such that you can move product. If you're good at manufacturing, you want to sell it all around the world. If you're good at growing crops, we want to be able to sell our crops around the world. If you're good at growing cows, we ought to be selling our cows around the world. One way to make sure that we can increase jobs is to get some of these countries to open up their markets to United States' products. We're competitive. We've got the best workers in the world.

Well, these are some of the things we can do to make sure this economy grows. I'm interested in helping people find work. I want it so that everybody in America who wants to work and can't find a job today can work. I also know that we've got to help people who are trying to find work. Sometimes technology races ahead of the workforce. Sometimes people can't find work, even though they want to.

So what I proposed to the Congress is they create what they call unemployment accounts for people that are seeking jobs that are hard to find a job. This basically says that you get $3,000 to help yourself find a—to help find a job. If you need—and you can use the money the way you see fit. For example, if you need child care, it will help you pay for the child care or if you need extra job training or if you need to move to a community in which there's a job. And part of the incentive in there is that if you can find a job within 13 months, you get to keep the balance of the money from what you've spent to help yourself find a job and the $3,000 as a reemployment bonus. We've got to help our workers be ready to work and find work.

Now, I know you've heard talk about the deficit in Washington, DC. Yes, we've got a deficit. We've got a deficit for a couple of reasons. The main reason is, is that when you're in a recession, less money is coming into the Treasury. When the economy slows down, there's less tax revenue coming into the U.S. Treasury, and we've been going through slow economic times.

Another reason we've got a deficit, because I asked Congress to spend enough money to make sure our troops had the best equipment necessary to fight and win war. Anytime this Nation puts one of our youngsters into harm's way, we'd better—and we will—make sure they get the best training, the best equipment, the best possible support.

And so we got a deficit. But I've got a plan to cut the deficit in half over the next 5 years. It starts with making sure this economy grows. First thing you want to do in trimming

the deficit is to make sure you get more revenues into the Treasury. The best way to get more revenues in the Treasury is not raise taxes, slowing down the economy; it's cut taxes to create more economic growth. That's how you get more money into the U.S. Treasury.

And the other way is you make sure Washington doesn't overspend, that there be fiscal discipline. I got the Congress to support a 4-percent increase in discretionary spending. That's about the size of the average household budget will increase this year. If it's good enough for the households in America, it ought to be good enough for the House of Representatives. They agreed to the budget of a 4-percent increase in discretionary spending, and now we intend to make them—hold them to their word. There's going to be budget discipline in Washington. That's how you deal with the deficit.

The main—my main focus is making sure our citizens can find a job, and I believe it's going to happen. See, I believe in the future of the country in all aspects because I know the character of our people. This country has been through emergencies and scandals and war and recession, and we have responded. We're a strong country because we're full of strong people. We've got people of character. We've got determined people. We've got people who understand values. We've got people who understand service to something greater than yourself. This is a fabulous land, and I am so honored to be the President of the greatest country on the face of the Earth.

Thank you for coming. Thank you for giving me a chance. May God bless. Thank you all.

NOTE: The President spoke at 3:29 p.m. at Beaver Aerospace and Defense, Inc. In his remarks, he referred to William T. Phillips, chairman, Phillips Service Industries, Inc.; State Attorney General Mike Cox, State Senator Laura M. Toy, and State Representative John Pastor of Michigan; Mayor Jack E. Kirksey, Chief of Police Peter Kunst, and City Council President Jack Engebretson of Livonia; and Uday and Qusay Hussein, sons of former President Saddam Hussein of Iraq, who were killed July 22 by U.S. military forces in Mosul, Iraq.

Statement on the Report of the Joint Inquiry Into the Terrorist Attacks of September 11, 2001

July 24, 2003

I welcome today's release of the final report of the Congressional Joint Inquiry into the terrorist attacks of September 11, 2001.

Since September 11, 2001, my administration has transformed our Government to pursue terrorists and prevent terrorist attacks. We established the Department of Homeland Security and carried out the most fundamental reorganization of the U.S. Government in half a century. We significantly expanded our foreign intelligence partnerships with countries across the globe and established the Terrorist Threat Integration Center so that all threat information can be integrated and analyzed in a single location. Our law enforcement and intelligence agencies are working together more closely than ever and are using new tools to intercept, disrupt, and prevent terrorist attacks.

The best way to prevent future attacks is to hunt down the terrorists before they strike again. America and our allies have continued the relentless pursuit of the global terror network. Many of those directly involved in organizing the September 11 attacks are confirmed dead or now in custody. We will not relent until Al Qaida is completely dismantled.

I appreciate the hard work and careful thought that went into today's report. My administration looks forward to working with the Congress and continuing to protect the American people.

Proclamation 7692—National Korean War Veterans Armistice Day, 2003

July 24, 2003

By the President of the United States of America

A Proclamation

When North Korean troops invaded South Korea on June 25, 1950, the United States took immediate action to defend the freedom