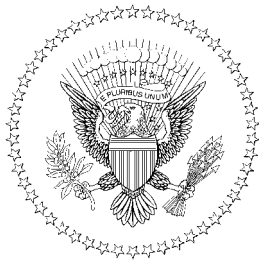


Weekly Compilation of
**Presidential
Documents**



Monday, February 2, 2004
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WEEKLY COMPILATION OF

PRESIDENTIAL DOCUMENTS

Published every Monday by the Office of the Federal Register, National Archives and Records Administration, Washington, DC 20408, the *Weekly Compilation of Presidential Documents* contains statements, messages, and other Presidential materials released by the White House during the preceding week.

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There are no restrictions on the republication of material appearing in the *Weekly Compilation of Presidential Documents*.

The amendments are as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Continuity in Representation Act of 2004”.

SEC. 2. REQUIRING SPECIAL ELECTIONS TO BE HELD TO FILL VACANCIES IN HOUSE IN EXTRAORDINARY CIRCUMSTANCES.

Section 26 of the Revised Statutes of the United States (2 U.S.C. 8) is amended—

(1) by striking “The time” and inserting “(a) IN GENERAL.—Except as provided in subsection (b), the time”; and

(2) by adding at the end the following new subsection:

“(b) SPECIAL RULES IN EXTRAORDINARY CIRCUMSTANCES.—

“(1) IN GENERAL.—In extraordinary circumstances, the executive authority of any State in which a vacancy exists in its representation in the House of Representatives shall issue a writ of election to fill such vacancy by special election.

“(2) TIMING OF SPECIAL ELECTION.—A special election held under this subsection to fill a vacancy shall take place not later than 45 days after the Speaker of the House of Representatives announces that the vacancy exists, unless a regularly scheduled general election for the office involved is to be held at any time during the 75-day period which begins on the date of the announcement of the vacancy.

“(3) NOMINATIONS BY PARTIES.—If a special election is to be held under this subsection, not later than 10 days after the Speaker announces that the vacancy exists, the political parties of the State that are authorized to nominate candidates by State law may each nominate one candidate to run in the election.

“(4) EXTRAORDINARY CIRCUMSTANCES.—

“(A) IN GENERAL.—In this subsection, ‘extraordinary circumstances’ occur when the Speaker of the House of Representatives announces that vacancies in the representation from the States in the House exceed 100.

“(B) JUDICIAL REVIEW.—If any action is brought for declaratory or injunctive relief to challenge an announcement made under subparagraph (A), the following rules shall apply:

“(i) Not later than 2 days after the announcement, the action shall be filed in the United States District Court having jurisdiction in the district of the Member of the House of Representatives whose seat has been announced to be vacant and shall be heard by a 3-judge court convened pursuant to section 2284 of title 28, United States Code.

“(ii) A copy of the complaint shall be delivered promptly to the Clerk of the House of Representatives.

“(iii) A final decision in the action shall be made within 3 days of the filing of such action and shall not be reviewable.

“(iv) The executive authority of the State that contains the district of the Member of the House of Representatives whose seat has been announced to be vacant shall have the right to intervene either in support of or opposition to the position of a party to the case regarding the announcement of such vacancy.”.

Amend the title so as to read:

A bill to require States to hold special elections to fill vacancies in the House of Representatives not later than 45 days after the vacancy is announced by the Speaker of the House of Representatives in extraordinary circumstances, and for other purposes.

PURPOSE AND SUMMARY

The “Continuity in Representation Act of 2003” provides for the expedited special election of new Members to fill seats left vacant in “extraordinary circumstances.” “Extraordinary circumstances” occur when the Speaker of the House announces that vacancies in the representation from the States in the House exceed 100. Under the bill as reported by the Committee on House Administration and the Committee on the Judiciary, when such “extraordinary circumstances” occur, a special election must be called within 45 days, unless a regularly scheduled general election for the office involved

Week Ending Friday, January 30, 2004

**Statement on Signing the
Consolidated Appropriations Act,
2004**

January 23, 2004

Today, I have signed into law H.R. 2673, the “Consolidated Appropriations Act, 2004” (CAA). The CAA consolidates into a single appropriations Act several appropriations bills that the Congress normally passes each year as separate bills to fund the operations of the Federal Government.

Many provisions of the CAA are inconsistent with the constitutional authority of the President to conduct foreign affairs, command the Armed Forces, protect sensitive information, supervise the unitary executive branch, make appointments, and make recommendations to the Congress. Many other provisions unconstitutionally condition execution of the laws by the executive branch upon approval by congressional committees.

The executive branch shall construe as advisory the provisions of the Act that purport to: (1) direct or burden the Executive’s conduct of foreign relations, including sections 514, 531, 548, 557, 570, 571, 589, 610, and 618(b) of, and language relating to an agreement under the heading “Other Bilateral Economic Assistance, Economic Support Fund” in, the Foreign Operations Appropriations Act; and sections 404, 612, and 635 of the Commerce, Justice, State Appropriations Act and language in that Act relating to World Trade Organization negotiations and United Nations Security Council voting; (2) limit the President’s authority as Commander in Chief, such as language under the heading “Andean Counterdrug Initiative” in the Foreign Operations Appropriations Act and section 610 of the Commerce, Justice, State Appropriations Act; (3) limit the President’s authority to supervise the unitary executive branch, such as section 610(3) of the Commerce, Justice, State Appropriations Act, and sections 618 and 628 of the Trans-

portation, Treasury Appropriations Act and the language in that Act relating to Office of Management and Budget (OMB) review of executive branch orders, activities, regulations, transcripts, and testimony; or (4) restrict the President’s constitutional authority to make appointments, such as section 604(c)(3)(B) of the Foreign Operations Appropriations Act and subsections 112(a) and (d) of the Commerce, Justice, State Appropriations Act.

In addition, the executive branch shall construe provisions in the CAA that mandate submission of information to the Congress, other entities outside the executive branch, or the public, such as section 637(e)(2) of the Commerce, Justice, State Appropriations Act, in a manner consistent with the President’s constitutional authority to withhold information that could impair foreign relations, national security, the deliberative processes of the Executive, or the performance of the Executive’s constitutional duties. Also, to the extent that provisions of the CAA, such as section 404 of the Transportation, Treasury Appropriations Act and section 721 of the Agriculture Appropriations Act, purport to require or regulate submission by executive branch officials of legislative recommendations to the Congress, the executive branch shall construe such provisions in a manner consistent with the President’s constitutional authority to submit for congressional consideration such measures as the President judges necessary and expedient. In particular, the executive branch shall construe sections 121 and 223 of the Veterans Affairs, Housing and Urban Development Appropriations Act in a manner consistent with the President’s authority under the Recommendations Clause to submit budget requests to the Congress in any form he determines appropriate.

The executive branch shall construe the phrase “developed by the Kimberley Process” in section 584 of the Foreign Operations

Appropriations Act as requiring the enforcement only of those standards that are in existence as of enactment of the CAA, for the reasons I stated upon signing the Clean Diamond Trade Act on April 25, 2003.

The executive branch shall construe as calling solely for notification the provisions of the CAA that are inconsistent with the requirements of bicameral passage and presentment set forth by the Constitution, as construed by the Supreme Court of the United States in 1983 in *INS v. Chadha*. Such provisions include: sections 704, 718, 732, and 786 in the Agriculture Appropriations Act and language relating to Food and Drug Administration fund transfers in that Act; section 436(5) of the District of Columbia Appropriations Act; section 207 of the Labor, Health and Human Services Appropriations Act and language under the Pension Benefit Guaranty Corporation Fund heading in that Act; sections 201, 211, 212, 217, 403, 526, 533, 614, 623, and 643 in the Transportation, Treasury Appropriations Act and language in that Act under the headings "Department of Transportation, Office of the Secretary, Salaries and Expenses," "Department of Transportation, Working Capital Fund," "Federal Transit Administration, Administrative Expenses," "Treasury Building Annex Repair and Restoration," "Internal Revenue Service, Business Systems Modernization," "Federal Drug Control Programs, High Intensity Drug Trafficking Areas Program," "General Services Administration, Real Property Activities, Federal Buildings Fund, Limitations on Availability of Revenue," and "Human Capital Performance Fund;" and section 111 of the Veterans Affairs, Housing and Urban Development Appropriations Act and language in that Act relating to additional amounts for Capital Asset Realignment for Enhanced Services Activities.

Section 409 of the Commerce, Justice, State Appropriations Act purports to compel the Secretary of State to furnish all Department of State cables, on any topic and of whatever classification, to any member of the House or Senate appropriations committees who requests them. The executive branch shall construe this provision consistent with the President's constitutional authority to

withhold information the disclosure of which could impair foreign relations, national security, the deliberative process of the Executive, or the performance of the Executive's constitutional duties.

The executive branch shall construe section 646 of the Transportation, Treasury Appropriations Act, relating to assignment of executive branch employees to perform functions in the legislative branch, in a manner consistent with the President's constitutional authority to supervise the unitary executive branch and as Commander in Chief, and recognizing that the President cannot be compelled to give up the authority of his office as a condition of receiving the funds necessary to carrying out the duties of his office.

Several provisions of the CAA relate to race, ethnicity, or gender. The executive branch shall construe such provisions in a manner consistent with the requirement to afford equal protection of the laws under the Due Process Clause of the Fifth Amendment to the Constitution.

Sections 153 and 154 of Division H of the CAA purport to establish interparliamentary groups of U.S. Senators to meet with members of the national legislatures of certain foreign countries for a discussion of common problems in the interest of relations between the United States and those countries. Consistent with the President's constitutional authority to conduct the Nation's foreign relations and as Commander in Chief, the executive branch shall construe sections 153 and 154 as authorizing neither representation of the United States nor disclosure of national security information protected by law or executive order.

The executive branch shall construe section 161 of Division H of the CAA as applicable only with respect to statutory functions assigned to the Director of OMB and not to the Director's role of assisting the President in the President's exercise of his constitutional powers of obtaining the opinions of the heads of departments, recommending for the consideration of the Congress such measures as the President judges necessary and expedient, and supervising the unitary executive branch. The executive branch shall not construe section 161 to affect the power

of the President to modify or amend the executive order to which the provision refers.

Several provisions in the CAA make specified changes in statements of managers of the House-Senate conference committees that accompanied various bills reported from conference that ultimately became laws. As with other committee materials, statements of managers accompanying a conference report do not have the force of law. Accordingly, although changes to these statements are directed by the terms of the statute, the statements themselves are not legally binding.

George W. Bush

The White House,
January 23, 2004.

NOTE: H.R. 2673, approved January 23, was assigned Public Law No. 108–199. An original was not available for verification of the content of this statement. This item was not received in time for publication in the appropriate issue.

Executive Order 13325— Amendment to Executive Order 12293, the Foreign Service of the United States

January 23, 2004

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the Foreign Service Act of 1980, as amended, and in order to adjust the basic salary rates for each class of the Senior Foreign Service in light of the changes made to the manner in which members of the Senior Executive Service will be paid pursuant to the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108–136), it is hereby ordered as follows:

Section 1. Section 4 of Executive Order 12293 of February 23, 1981, as amended, is amended to read as follows:

“**Sec. 4.** (a) In accord with Section 402 of the Act (22 U.S.C. 3962), there are established the following salary classes with titles for the Senior Foreign Service, at the following ranges of basic rates of pay.

(1) Career Minister

Range from 94 percent of the rate payable to level III of the Executive Schedule to 100 percent of the rate payable to level III of the Executive Schedule.

(2) Minister-Counselor

Range from 90 percent of the rate payable to level III of the Executive Schedule to 100 percent of the rate payable to level III of the Executive Schedule.

(3) Counselor

Range from 120 percent of the rate payable to GS–15/Step 1 to 100 percent of rate payable to level III of the Executive Schedule.

(b) Upon conversion to a rate of basic pay within the range of rates established for the applicable salary class by this section as of the first day of the first applicable pay period beginning on or after January 1, 2004, a member of the Senior Foreign Service shall receive the rate of basic pay to which he or she was entitled immediately before that date, including any locality-based comparability payment authorized under 5 U.S.C. 5304(h)(2)(C) that the member was receiving immediately before that date. On the same date, or on a later date specified by the Secretary of State (or the heads of the other agencies that utilize the Foreign Service personnel system (collectively the “Secretary”)), the Secretary may increase the member’s rate of basic pay upon a determination that the member’s performance or contribution to the mission of the agency so warrant and that the member is otherwise eligible for such a pay adjustment under Section 402 of the Foreign Service Act.”

Sec. 2. Effective Date. The salary rates contained herein are effective on the first day of the first applicable pay period beginning on or after January 1, 2004.

George W. Bush

The White House,
January 23, 2004.

[Filed with the Office of the Federal Register, 8:45 a.m., January 27, 2004]

NOTE: This Executive order was published in the *Federal Register* on January 28. This item was not

received in time for publication in the appropriate issue.

The President's Radio Address

January 24, 2004

Good morning. In my State of the Union Address, I spoke of a great priority for our Nation, to confront the rising cost of health care and make sure that more of our citizens can afford the health care they need. Health care costs are rising too fast for many families and businesses. It is time to address this problem directly, with five clear steps that Congress can take this year.

First, we can help control rising health care costs by cutting down on frivolous lawsuits against doctors and hospitals. When health care providers are responsible for injuries, they should be accountable. Yet no one was ever healed by a junk or frivolous lawsuit.

This week, I will travel to Little Rock, Arkansas, to visit Baptist Health Medical Center. For Baptist and other hospitals across the Nation, frivolous lawsuits have dramatically increased the cost of medical liability premiums. These costs are passed on to patients in higher bills. These costs are driving doctors from important work, such as delivering babies. And these costs are driving some doctors out of medicine entirely.

In order to protect the doctor-patient relationship, Congress should pass medical liability reform that removes the threat of frivolous lawsuits and the needless costs they impose on our health care system.

Second, we should help more small businesses afford health insurance for their workers by allowing these firms to band together and negotiate for lower insurance rates. These association health plans give small employers the same bargaining power as big companies, making it easier for them to provide employee health coverage. The House has passed a bill supporting these health plans, and the Senate needs to act.

Third, Congress should give lower income Americans refundable tax credits to help them purchase health insurance. These tax credits would total up to \$1,000 for individuals and \$3,000 for families. For many Amer-

icans lacking health insurance, these credits would make the difference between affording insurance and going without.

Fourth, we should help Americans with their health care costs by encouraging the use of health savings accounts. Congress passed these accounts last year in the Medicare bill, allowing people to save money for future medical expenses tax-free. People who make use of health savings accounts also will buy high-deductible insurance policies to protect them against catastrophic medical costs like hospitalization or major surgery. This year, I am urging Congress to make those premiums 100-percent tax deductible. This new deduction would strengthen health savings accounts and make health insurance more affordable for millions of Americans not covered through their workplace.

And fifth, we can control health care costs and improve care by moving American medicine into the information age. My budget for the coming year proposes doubling to \$100 million the money we spend on projects that use promising health information technology. This would encourage the replacement of handwritten charts and scattered medical files with a unified system of computerized records. By taking this action, we would improve care and help prevent dangerous medical errors, saving both lives and money.

In all these measures, we are upholding the basic principle that private health care and the sanctity of the doctor-patient relationship make America's health care the best in the world. And with the help of Congress, this year we will strengthen our private system of care by addressing the rising cost of health care and helping more Americans afford health coverage.

Thank you for listening.

NOTE: The address was recorded at 9:20 a.m. on January 23 in the Cabinet Room at the White House for broadcast at 10:06 a.m. on January 24. The transcript was made available by the Office of the Press Secretary on January 23 but was embargoed for release until the broadcast. The Office of the Press Secretary also released a Spanish language transcript of this address.

Remarks in Little Rock, Arkansas*January 26, 2004*

The President. Thank you. Thanks for coming. Thanks for having me. Thanks for the warm welcome. I appreciate the fact that a Texan is being treated so well here in Arkansas. *[Laughter]* It's nice to be in this part of the world again. Arkansas is full of really good people, decent, caring people, and so is this hospital. I'm honored that you would have allowed me and my rather significant entourage—*[laughter]*—to come to Baptist Health Medical Center.

I'm here to talk about health issues. I'm here to talk about one of the reasons why health care costs are going up. And that's the fact that we've got too many darn lawsuits, too many frivolous and junk lawsuits that are affecting people. I'm here to make sure that we talk in a way that says to the people of Arkansas and America that we need medical liability reform to make sure that medicine is affordable and available.

But I'm here, first and foremost, to thank the people of this medical center, those here in person and those listening via cable. I want to thank you for what you do. I want to thank you for your heart. I want to thank you for caring about your fellow citizens. I appreciate very much your being on the frontline of healing, healing lives in such a compassionate way. Our health care system is the best in the world, and we need to keep it that way.

I appreciate Russ. Thank you for your introduction. Thanks for being the CEO of Baptist Health System. Thank you for joining us in—we just had what they call a roundtable. The table was square. *[Laughter]* But nevertheless, we had a great discussion, and Russ was there. He talked about this hospital, its outreach, its not only desire to serve people in the city of Little Rock but also its desire to serve people in rural Arkansas.

I want to thank Doug Weeks, the senior vice president and administrator, our host. I want to thank my friend the Governor for coming. Governor Huckabee is a—*[applause]*. Part of good health care depends on how you treat your own body. *[Laughter]* No, I'm serious. I'm absolutely serious. The best way to—one of the best ways to prevent disease is to make right choices. One of the right

choices is to watch what you eat. The Governor has clearly done that. *[Laughter]* He's setting a good example.

Another right choice is to exercise frequently. Some of us like to run—or used to like to run before we broke down. *[Laughter]* I try to exercise 6 days a week. The Governor exercises. And I hope people in Arkansas and around the country understand that the exercise is a good way to avoid disease in the first place. Making right choices is important. And Governor, I appreciate the example you've set for this great State.

I want to thank the Lieutenant Governor, Win Rockefeller, for joining us. Win, glad to see you. He exercises too. *[Laughter]* I appreciate the mayor, Mayor Dailey from Little Rock, for being here. Mr. Mayor, thank you for coming. Mayor Hays of North Little Rock is here as well. Thank you for coming, appreciate you. You've got a tough job. I like to remind the mayors, just go ahead and fill the potholes, and everything will be fine. *[Laughter]*

I know we've got leaders from the statehouse here, Senator Baker and Representative Parks and others. Thank you all for coming out and giving me a chance to share some thoughts with you.

Before I get into the issue of health, I do want to remind you that our country still faces big challenges. And we're rising to meet the challenges. The most important job of my administration is to protect the American people, is to chase down those who would do us harm and bring them to justice, is to never forget the lessons of September the 11th, is to stay on the offensive, and that's what we're doing.

We're spreading freedom, and as we do so, the world becomes more peaceful. Freedom is not America's gift to the world. Freedom is the Almighty's gift to each man and woman in the world.

I appreciate so very much the contribution of the Arkansas Guard. Over 4,000 troops are part of our effort to not only make America more secure but to make the world more free. I know that the Governor informed me that these troops are ready to go. They understand the mission. They're proud to serve our country. I'm proud to call them—I'm proud to be their Commander in Chief. And

I want their families to know how much we are grateful for their sacrifice as well. Arkansas ought to be proud of the men and women who wear the uniform, and they're going to make this Nation proud and more secure in their sacrifices.

I told everybody the other night at the State of the Union that we're going to stay on the offensive against Al Qaida, and we're making good progress. We're on an international manhunt. We're in a different kind of war. It used to be in the old days, you could measure progress based upon the number of airplanes that the enemy had or the number of ships in a flotilla. And the big battles of the past were clashes of equipment that were visible for people to see. And this is the kind of war where sometimes you see action, and sometimes you don't. Sometimes progress is being made, and it's hard to tell it, because in order to dismantle the Al Qaida terrorists network, we've got to be on a manhunt, and we've got a lot of people on the manhunt.

Just yesterday—not yesterday—just last week, we made further progress in making America more secure when a fellow named Hassan Ghul was captured in Iraq. Hassan Ghul was a—reported directly to Khalid Sheik Mohammed, who was the mastermind of the September the 11th attacks. He was a killer. He was moving money and messages around South Asia and the Middle East to other Al Qaida leaders. He was a part of this network of haters that we're dismantling. Our intelligence officers did a good job. He was captured in Iraq, where he was helping Al Qaida to put pressure on our troops. There is one less enemy we have to worry about with the capture of Hassan Ghul. Our people are doing great work.

This country's economy is getting better, and that's positive news for the people of Arkansas and the people of America. The tax relief we passed is working. See, I believe that when people have more money in their pocket, they will then spend or save or invest, and that causes the whole economy to grow, which then helps people find a job. Much of the tax relief we passed is set to expire, and it's set to expire right about the time the economy gets going. It makes no sense to have a tax increase on the American people

at this stage or any stage as far as I'm concerned. And therefore, we need to make the tax relief permanent.

In order to make this tax relief permanent, let people keep more of their own money to keep driving this economy forward. Small businesses need to keep more money. You see, most new jobs in America are created by small-business owners. If you're worried about job creation, we need to continue to stimulate the small-business sector of our economy. Congress needs to act. They need to make these tax relief packages we passed for small business permanent so people can find work here in America.

We also need to have an energy policy. The people of Arkansas understand energy. We need a policy. We need a policy that encourages conservation. We need a policy that helps modernize our electricity systems, and we need a policy that makes us less dependent on foreign sources of energy.

We need to open up markets for Arkansas' farmers and ranchers. When you're good at something, we ought to encourage the sale of those products elsewhere, outside of our markets. And we're good at things in America. We're good at growing crops, and we're good at raising cows, and we're good at being on the cutting edge of innovation. We need markets for those products. We need less regulation for businesses and small businesses.

And we've got to deal with rising health care costs. Rising health care costs are making it difficult for some entities to hire people. Rising health care costs affect all Americans. We want our families to feel more secure. Rising health care costs create insecurity in our Nation.

And so we need to continue the focus on costs. We're making some good progress, by the way, about helping people with health care. We've got what we call community health centers in America. I'm committed to the expansion and the building of new community health centers. These are places where people who don't have insurance or live in areas without enough doctors can find health care. Community health centers make sense. It takes the pressure off the emergency rooms of hospitals such as this. We've opened or expanded 600 community health

centers since 2001. The budget I proposed calls for another 218 to be opened or expanded. This is a good way to make sure that health care is available for those who don't have insurance yet. And so I call upon Congress to look at that part of my budget and continue working with the administration to expand these vital centers around Arkansas and around America.

And then we worked on Medicare. You might remember what it was like before this year when people talked about Medicare. The political issue was really called "Mediscare." [Laughter] If somebody would talk about it, somebody else would say, "Wait a minute. They're going to try to take away Medicare from the seniors." But I felt strongly that Medicare needed to be modernized. I felt like we needed to deal with the issue now and not pass it on like other Congresses and administrations had done. It's time to address the issue before it became so acute that the system didn't work. And it was time to fulfill a promise to our seniors, and so we acted. I was proud to sign that bill, and as I told the Congress, "If you try to change it and it hurts our seniors, I'll veto the bill."

It's going to take a while to implement the Medicare bill. It's a complex piece of legislation. After all, it's the first modernization since Lyndon Johnson signed Medicare in the mid-sixties.

This year, seniors are going to get a drug discount card, which will save them 10 to 25 percent off the retail price of most prescription drugs. And the lowest income seniors will get a \$600 credit. That will help seniors with drug costs.

Secondly, next year we'll begin preventive screenings against diabetes and heart disease for seniors just entering Medicare, plus they'll get a wellness exam. That's important. It's the first time that Medicare has actually been into the business of preventive screenings. Any good doc will tell you, you need to figure out what the issue is in order to deal with people. And a preventive screening will help the medical profession better treat our seniors.

Finally, in year 2006, seniors will receive the prescription drug coverage they've been promised. For about \$35 a month, most sen-

iors will see their drug bills cut in half. That's a good deal for America's seniors.

And finally, in the bill is an interesting innovation, one that isn't the first time it's been tried, but it's now been expanded—they're called health savings accounts, which will allow Americans to save for future medical expenses, tax-free. And that's an important innovation, an important reform.

Another way to help, by the way—or a way to help deal with rising costs is to understand the impact rising costs have on small businesses. A lot of big businesses are able to absorb the costs because they've got the capacity to negotiate better. When you've got a large universe of people that you're trying to cover, you can have more strength in negotiations. It gives you a better hand.

The problem we have with small businesses is they don't have the capacity to pool together, to negotiate on behalf of a lot of people. And that's why I'm a strong supporter of what's called association health plans that will allow small businesses to pool risk and have a better negotiation policy with those who offer insurance. Congress needs to pass this piece of legislation. It is good for the entrepreneurs of Arkansas.

Lower income Americans should be helped with health care by refundable tax credits. It's been a part of my budget. It's an important reform. It will help with the issue of the uninsured. People with health savings accounts, when they buy high deductible insurance policies to protect them against catastrophic medical costs or hospitalization or major surgery, should be allowed to deduct those premiums. See, that will help with the rising costs of health care as well. Those are some practical suggestions for Congress to look at, ways to strengthen the private delivery of medicine as opposed to strengthening the Government involvement in medicine.

There's something else we can do at the Federal level, and that is to promote promising health information technology. The truth of the matter is, medicine is on the leading edge of change. And some of the new drugs are fantastic about—to help save lives. Some of the new machinery is fantastic. The information systems of the health care system are a little antiquated. I mean, you're still

moving files by hand, aren't you? Kind of writing it out by hand. Well, what we need to do is to have standards and computerized records so that we can improve care and prevent errors, which will save money in the system. There's tremendous savings to be had by bringing technology into the medical field, and the Federal Government can help there as well.

These are good steps. Yet one of the main cost-drivers, that has nothing to do with what happens in an operating room or a waiting room, happen in the courtroom. One of the reasons people are finding their premiums are up and it's hard to find a doc these days is because frivolous and junk lawsuits are threatening medicine across the country. And there's a lot of them, people just filing these suits. I call them junk suits because they don't have any merit. The problem is they cost money to fight.

Every one of these junk suits that people put out there requires the expenditure of money, which affects consumers. That's you. It affects hospitals. That's you as well. In order to avoid protracted litigation, those who provide insurance oftentimes just settle the case. You've got these giant judgments looming out there, people say, "Well, I better just go ahead and settle this, rather than risk a bad jury verdict." That drives up costs too. People just filing these lawsuits right and left, and it's running up the costs. Doctors' premiums, the cost of doing business, they're rising. That makes it hard on the docs. It makes it hard on docs to do what they're called to do, which is to heal lives.

Medical liability premiums for Arkansas doctors rose more than 150 percent last year. That makes it awfully hard for doctors to do business. And what is their business? Their business is seeing patients. Their business is helping to make somebody's life better. Yet these lawsuits are making it hard for docs to practice their business in the State of Arkansas and other States as well.

You see, the costs get passed on. They get passed on to patients or their employers. One of the major cost-drivers in the delivery of health care are these junk and frivolous lawsuits. The risk of frivolous litigation drives doctors—and hear me out on this—they drive doctors to prescribe drugs and proce-

dures that may not be necessary, just to avoid lawsuits. That's called the defensive practice of medicine. According to a survey of the Arkansas Medical Society, 90 percent of Arkansas doctors say the fear of lawsuits have caused them to do unnecessary procedures.

See, lawsuits not only drive up premiums, which drives up the cost to the patient or the employer of the patient, but lawsuits cause docs to practice medicine in an expensive way in order to protect themselves in the courthouse.

The defensive practice of medicine affects the Federal budget. The direct cost of liability insurance and the indirect cost from unnecessary medical procedures raise the Federal Government's health care costs by at least \$28 billion a year. Remember, we provide—at the Federal level, we provide health care through Medicare and Medicaid and veteran's health and Government employee costs. The defensive—the cost of defensive medicine raises your bill as a taxpayer. Not only does it make it harder to go see a doc, it also costs you more as a taxpayer. Medical liability reform is a national issue because medical liability lawsuits raise the Federal budget. It's a national issue that requires a national solution.

You need to get your Governor—I know he's strongly, and the Lieutenant Governor is strongly in favor of liability reform—you need to work it here in Arkansas, by the way. Just don't rely upon the Federal Government, but get you good medical liability. It's tough, because some of these lawyer groups are some of the politically strongest groups in the State and the country. I understand how tough it is. But we're doing the right thing by insisting upon medical liability reform. We're doing the right thing by telling people the truth, and that is the health care system looks like a giant lottery. That's what it looks like these days because of these lawsuits. And somehow, the trial lawyers always hold the winning ticket. Lawyers walk away with up to 40 percent—40 percent—of every settlement and verdict, which adds up to billions of costs, billions of unnecessary costs.

Lawsuits don't heal patients. That's a fact. And they're driving a wedge between the docs and their patients. One of the most vital links of good medicine is the doctor-patient

relationship. Yet many doctors fear what they tell a patient will be used against them in a court of law. We've got a culture of lawsuit here in America, a culture of lawsuits, a litigation culture, which is driving a wedge between the doctors and patients, and that's not right. When docs treat their patients, the only thing they should worry about is the health of their patients, not some trial lawyer breathing down their neck.

Seventy-one percent of the doctors in Arkansas say they are considering early retirement. Let me tell you what's happening here in Arkansas, and it's happening in other States too. You're not alone. These frivolous and junk lawsuits are not only driving up the costs, but a lot of docs are thinking about quitting the practice of medicine. Remember, I talked about to make sure medicine is affordable and available. Lawsuits drive up the affordability. Lawsuits are driving docs out of the practice, which means there's less availability. You've got to have doctors in your communities. In order to be a vibrant, successful community, you need a viable health care industry with good docs. And yet, 71 percent of the doctors in this State say they're considering early retirement; 50 percent of the physicians say they're having difficulty recruiting new doctors to practice in Arkansas.

This litigation culture puts a sign up there saying, "If you come to our State, you're likely to get sued." Who wants to do that? People want to practice medicine. They don't want to spend their time defending themselves in the courthouse because of the frivolous and junk lawsuits that are too prevalent today in America. More than a third of the docs are considering moving out of State. See, that says to me you got a problem here in Arkansas. And by the way, again I repeat, you're not alone. Trust me, you're not alone. There's a lot of States that can't get good medical liability reform through.

Today I met with some decent docs and health administrators. Let me tell you their stories so that we get a better feel for why we need medical liability reform at the State and Federal level.

Sara McBee is here. There's Sara. She's from Fayetteville, Arkansas. She practices family medicine. She was delivering between

80 and 100 babies a year. Now, there's a soul—a good soul who loves life to the point where she's willing to take her talents and deliver babies. It must be an unbelievably satisfying profession to bring life to be.

And yet, in July of 2002, her insurance premiums more than doubled. See, the litigation culture made it nearly impossible for her to practice her love. I say nearly impossible, because she wouldn't break her commitments to expecting patients and hung in there for a year. But her premiums continued to rise, and Dr. McBee has stopped delivering babies, as a direct result of too many junk lawsuits, and that's not right. That's not right.

Let me give you another story. Dr. John Wilson is with us. Dr. Wilson is a good soul. He's an orthopedist from Little Rock, Arkansas. He's been practicing medicine for—I think he said 35 years, 30 of which he wasn't hassled by lawsuits. In other words, what we're talking about is a new phenomenon here in society—in this society. He is a—he believes that doctors are called to serve. Besides just healing people, they're called to serve people. And I bet you when you talk to most docs, that's the way they feel as well.

So he traveled every week to the Arkansas Delta. And for people who aren't familiar with Arkansas, that is a poor, rural area that, frankly, does not have enough doctors. And he heard a calling. So he would go there to help—to love, really, if you think about it—to practice his talent and skills and to love people by helping them, and then he got sued. And the lawsuits were dropped, but he was unable to find insurance because he was told if he kept going over there, the cost of his business, the cost of being a doctor, would rise dramatically. And so he quit going. He quit going.

By the way, I went to Mississippi a while ago and talked to a doc who was there in the Mississippi Delta. He came down from another State to practice medicine. He understood there's a lot of poor people there; he wanted to help them. He got sued—for helping poor people, because he's a doctor. And guess what? He left. The Wilson story and the story I just mentioned to you, it's just all too common. And people get affected. These junk lawsuits not only are running up the cost of medicine; they're making the

quality of life of some of our citizens—diminishing the quality of life.

Sully and Mary Ligon are with us. They're from Helena—or Henrietta?

Mrs. Ligon. It's Helena.

The President. Helena, yes, Helena. How quickly we forget. [*Laughter*] Anyway, see, the Ligans got help from Dr. Wilson. She was telling me she got injured during one Christmas and tore a rotator cuff, and Dr. Wilson being the good doc he is, fixed it. Her fastball is back up to about 85 miles an hour now. [*Laughter*] But Dr. Wilson no longer goes there. And Sully got knocked over by a cow. He said a wild cow, not a mad cow. [*Laughter*] He got hurt, see. And Dr. Wilson was their doc because he used to go there. He no longer goes there. So guess what? The Ligans now have to drive here. And as they were quick to point out, they can afford to do so, which is good. It's inconvenient as heck, but they can afford to do so. There's a lot of people there that can't, and they're missing out on a good doc. And the reason Dr. Wilson is not there is because lawsuits are running up the cost of medicine, make it hard for him to practice. His heart's right. Trust me. I heard him. But he just can't go there.

There's just too many junk and frivolous lawsuits. We need to do something about it for the sake of a lot of people. I met with Frank Wise. He's from Fulton County Hospital. It's a rural hospital. These junk lawsuits have raised the cost of delivering babies such that they no longer do so in his hospital. And he tells the story about people desperately looking for a place to—for a bed, and babies being delivered on a bridge.

Listen, I'm going to tell you something. We can have balance in our society when it comes to having a good legal system and a good medical system. It's not that way today. The pendulum has swung way, way too far.

D'Borai Lynn Cook—you might have heard of her if you work here. She's the emergency room case manager. She sees firsthand what it means to practice medicine defensively. She says they over-prescribe to cover themselves to make sure that, as they do their job, they're thinking about what would happen if they end up in a court of

law. She says that—she said then there's the negative aspect of defensive medicine with people saying, "I'm not going to handle that case."

See, too many lawsuits affect the lives of a lot of good people, and we need to do something about it. And so I proposed to the Congress to act. My job as the President, if I see problems, is to address them square on, and I expect Congress to do the same thing. I expect Congress to do the same.

First of all, we want to make sure the court system is uncluttered. We want to make sure that if a person is injured, they have their day in court. Frivolous and junk lawsuits make it hard for those who get injured to have their day in court, for starters. And secondly, obviously, if they've been hurt by a bad doc, there needs to be a judgment, and that person needs to be able to recover the cost of their care, the recovery, and the economic losses for the rest of their life. Every good doc wants to make sure that the legal system works fairly. Good docs aren't afraid to stand up in a court of law. They just don't want to be run out of business because of these junk lawsuits, just filing suit after suit after suit.

People ought to be allowed to recover economic damages. But for the sake of a strong health care system, for the sake of making sure health care is accessible and affordable, we need a \$250,000 cap on non-economic damages.

States that have got a hard cap have seen positive results, have seen the judicial system work well and the medical field stay vibrant. And if harm is caused by truly egregious behavior, patients should be able to recover reasonable punitive damages.

What I propose is fair, see. I've laid out something that's balanced and fair, something that addresses a critical national need, and that is the cost of medicine. The problem is, is that some in the United States Senate don't see it that way. That bill I put up there passed the House of Representatives, and it's stuck in the Senate. And your Senators need to hear from you about a balanced, fair system. For the sake of Arkansas and States around the country, you need medical liability reform.

We need to make sure we've got joint and several liability reform as well. See, what happens is some of these junk lawsuits, they'll just file against everybody. Even though they may not be like 100-percent responsible for an issue, they'll have to pay 100 percent of the cost. That's not fair. That hurts hospitals in particular and a lot of docs as well. There needs to be good reform. There just needs to be good, sound national reform that's fair and balanced and full of common sense.

The House passed a bill. It's stuck in the Senate. These Senators have got to understand no one has ever been healed by a frivolous lawsuit. And I'm going to stay on the issue until we get it fixed. This is a national problem.

Let me talk about one other issue, and then I'll let you get back to work. Today I met Mary Lynn Roberson at the airport. Mary Lynn has volunteered—she's right there. I told her I was going to say her name. Thank you, Mary Lynn. She has volunteered here for nearly three decades. She visits with family and friends of surgery patients. In other words, she's spreading love, is what she's doing. And the reason I bring that up, and her work, is because the true strength of America is the fact that there are Mary Lynns in every community who are willing to take time out of their personal life to love a neighbor just like you'd like to be loved yourself.

We're a mighty nation when it comes to our military, and we'll keep it that way. We're a mighty nation when it comes to wealth in our economy, and it's getting better. But the most mighty aspect of our Nation is the fact that our citizens, from all walks of life, care deeply about a neighbor in need.

One of the most compelling things about being the President is I get to see on a daily basis the true compassion of our fellow citizens. And I hear just unbelievably fantastic stories about people overcoming big odds, because a neighbor is helped. Somebody has just taken time out of their life to make a difference.

My call to the good people of Little Rock is to work with the Boy Scouts—and I thank you for being involved in such a values-based program—or to start a program in your house of worship to feed the hungry or find shelter

for the homeless. If you are interested in helping make a difference, mentor a child, teach a child how to read. What a fantastic gift that is to teach a child to read. After all, I like to say reading is the new civil right. And you can help.

The strength of this country is the fact that we're a compassionate country. And there are thousands of people who are soldiers in the army of compassion, working hard to change lives, just like you're doing here at this hospital.

I'm so grateful that you gave me a chance to come by and talk about issues of national concern. I'm particularly grateful for the love you show for people who hurt here in society. This country is a great country because it is full of great people.

I'm honored to be here. May God bless your work, and may God continue to bless America. Thank you.

NOTE: The President spoke at 11:14 a.m. at the Baptist Health Medical Center. In his remarks, he referred to Russell D. Harrington, Jr., president and chief executive officer, Baptist Health System; Doug Weeks, senior vice president and administrator, Baptist Health Medical Center; Gov. Mike Huckabee and Lt. Gov. Win Rockefeller of Arkansas; Mayor Jim Dailey of Little Rock, AR; Mayor Patrick Hays of North Little Rock, AR; State Senator Gilbert Baker and State Representative Marvin Parks of Arkansas; and Khalid Sheik Mohammed, senior Al Qaida leader responsible for planning the September 11 attack, who was captured in Pakistan on March 1, 2003.

Remarks Prior to Discussions With President Aleksander Kwasniewski of Poland and an Exchange With Reporters

January 27, 2004

President Bush. I want to welcome my good friend and a good friend of our country to the White House. I appreciate so very much you coming by, Mr. President.

I've gotten to know this man well over the years. He is a leader. He understands that people need to lead their country towards peace and freedom and prosperity, and President Kwasniewski is doing just that. He's making a mark on the continent of Europe through his leadership. He stands strong.

In every conversation I've had with him, he has a deep love for the Polish people. He expresses his desire for close relations, because he understands close relations between our countries is in the people's interest.

And Mr. President, I'm so glad you're back. I appreciate your friendship. I appreciate your strength. Welcome.

[At this point, President Kwasniewski spoke in Polish, and no translation was provided.]

President Kwasniewski. I was talking Polish because I see Polish TV here.

And now to Americans——

President Bush. We'll answer some questions here.

President Kwasniewski. Some questions and maybe short statement to you, because——

President Bush. Absolutely, they love to be informed.

President Kwasniewski. ——you understand Polish, or not fully?

President Bush. Well, he speaks French, but not Polish. [Laughter]

President Kwasniewski. French is the next time, not yet.

I would like to say that it is a tradition; we began each year with this Polish-American consultation. Last year was very important, difficult. We are together as allies in Iraq. I'm sure that we have all chances to finish this mission with success, in favor of Iraqi people, in favor of the security in the world, in favor of all of us. And this visit I hope will be very good to solve some of our bilateral issues, which are necessary to eliminate in our relations, because the people——especially the people in Poland and Polish Americans, they expect very much to make the relations between Poland and the United States as excellent as possible, and with such friend as George W. Bush, I'm sure that they are ready to do.

President Bush. Thank you, sir. Terry [Terence Hunt, Associated Press].

Iraqi Weapons of Mass Destruction

Q. Mr. President, a year ago you said the dictator of Iraq has got weapons of mass destruction. Are you still confident that weapons of mass destruction will be found in Iraq, given what Dr. Kay has said?

President Bush. Let me first compliment Dr. Kay for his work. I appreciate his willingness to go to Iraq and I appreciate his willingness to gather facts. And the Iraq Survey Group will continue to gather facts.

There is no doubt in my mind that Saddam Hussein was a gathering threat to America and others. That's what we know. We know from years of intelligence, not only our own intelligence services but other intelligence-gathering organizations, that he had weapons. After all, he used them. He had deep hatred in his heart for people who love freedom. We know he was a dangerous man in a dangerous part of the world. We know that he defied the United Nations year after year after year. And given the events of September the 11th, we know we could not trust the good intentions of Saddam Hussein, because he didn't have any.

There is no doubt in my mind the world is a better place without Saddam Hussein. America is more secure. The world is safer, and the people of Iraq are free.

You want to call on the Polish press?

President Kwasniewski. Yes, please.

U.S. Military Aid for Poland

Q. Polish Television, a question for Mr. President Bush. Mr. President, there is a feeling in Poland that America is not doing enough for Polish effort in Iraq. Are you planning to extend military support for Poland?

President Bush. I look forward to talking to my friend about that today. In my '05 budget request there is a \$66 million request to help the Polish military, particularly with airlift capacity, C-130 aircraft. The Polish army is a sophisticated, fine group of soldiers. And one area where Poland needs some help is capacity to move those soldiers, and we look forward to helping the Government do that.

Iraqi Weapons of Mass Destruction/ Prewar Intelligence

Q. Mr. President, do you have any questions about the prewar intelligence? And the Democrats are wanting an independent commission to look into this. Would you go along with that?

President Bush. First of all, I think it's very important for us to let the Iraq Survey Group do its work so we can find out the facts and compare the facts to what was thought.

The first part of your question was?

Q. Do you have any questions about the prewar intelligence? Were you ill-served by the intelligence community?

President Bush. Well, first of all, I've got great confidence in our intelligence community. These are unbelievably hard-working, dedicated people who are doing a great job for America. And secondly, there is no doubt in my mind that Saddam Hussein was a grave and gathering threat to America and the world. There is just no doubt in my mind.

And I say that based upon intelligence that I saw prior to the decision to go into Iraq, and I say that based upon what I know today. And the world is better off without him. And we're now in the business of making sure Iraq is free and democratic. And that's important as well for long-term stability and peace in the world. And we're making good progress toward that goal.

President Kwasniewski. May I add one thing?

President Bush. Sure, please.

President Kwasniewski. Because it might be interesting for American journalists. Many months before Iraqi action, I met predecessor of Hans Blix in Warsaw. I invited him to my palace, and we discussed about mass destruction weapons, Iraq, and everything. And he told me very important thing, that Saddam has these weapons or is ready to produce these weapons, because to have such impression that he has mass destruction weapons is a part of his doctrine to keep own power in Iraq and to be strong in the region.

So I think that it's very difficult today to judge how it was when he had—when he decided to continue this project of mass destruction weapons. But that was information of predecessor of Mr. Blix in Warsaw, that absolutely Iraq is ready to produce if it's necessary, to keep the power of—and the dictatorship of Saddam and to play such important role in the region.

President Bush. Yes, Dave [David Gregory, NBC News].

Q. Mr. President, but how do you describe and account for the difference between what you claimed prior to the war about what he possessed and what he was capable of and what the intelligence said he possessed and was capable of in terms of a nuclear weapon within the decade and the fact that David Kay says the intelligence was inaccurate and wrong and nothing has been found? Don't you owe the American people an explanation?

President Bush. Well, I think the Iraq Survey Group must do its work. Again, I appreciate David Kay's contribution. I said in the run-up to the war against Iraq that—first of all, I hoped the international community would take care of him. I was hoping the United Nations would enforce its resolutions, one of many. And then we went to the United Nations, of course, and got an overwhelming resolution—1441—unanimous resolution, that said to Saddam, "You must disclose and destroy your weapons programs," which obviously meant the world felt he had such programs. He chose defiance. It was his choice to make, and he did not let us in.

I said in the run-up that Saddam was a grave and gathering danger; that's what I said. And I believed it then, and I know it was true now, and as Mr. Kay said, that Iraq was a dangerous place. And given the circumstances of September the 11th, given the fact that we're vulnerable to attack, this Nation had to act for our security.

Visa Policy

Q. —visas for Polish tourists coming to the United States?

Q. Visa. Visas—do you offer anything on the visa policy for the Polish people?

President Bush. Well, we're working with the President on this very delicate issue. And there is the opportunity for some prescreening to make sure that Polish citizens headed to the United States are not inconvenienced. We've got a study group we're going to put together to make sure that we come up with rational policy. But let me make sure everybody understands: The Congress decides the visa policy. That's what the Congress decides. And our study group will work with the Polish authorities in a way that

makes it clear what the realities are here in the United States and makes it clear what the realities are on the ground in Poland.

Listen, let me just take a step back on this very important issue. We value our friendship with Poland. Poland is our great friend. There are thousands of Polish Americans who—

President Kwasniewski. Millions.

President Bush. Millions, excuse me. I just don't want to overstate the case here. [Laughter]

President Kwasniewski. Especially before the election—millions and millions. [Laughter]

President Bush. —that love Poland and that have got relatives in Poland. And we understand the need for dialog and travel. We've got visa rules set by the Congress that we just—that are on the books. And we look forward to working with the President on these issues.

President Kwasniewski. We will work, of course, but I would like to deliver this idea to you and to our friends. The future of the world is without visa, not with visa. That should be our goal.

President Bush. Yes.

President Kwasniewski. And of course, how to reach this important goal, that is task for politicians, because the future of the world, with Poland, with Eastern Europe, with the world is no visa, not visa. That's—me, very modest citizen of Poland, I speak to you. That is the future—that is the future.

President Bush. Well, it could be. Let me also say that I announced a very important piece of legislation—or called Congress to an important piece of legislation, which is to issue temporary-worker cards, which will help address much of the issue with the Polish people. And I would hope Congress would pass rational immigration policy—that is, not amnesty—rational immigration policy that matches willing worker with willing employer. And that also will help on this issue.

President Kwasniewski. It will help very much. We appreciate it very much. But, please, the President, the future is no visa.

NOTE: The President spoke at 11:23 a.m. in the Oval Office at the White House. In his remarks, he referred to David Kay, former CIA Special Advisor for Strategy Regarding Iraqi Weapons of

Mass Destruction Programs; and former President Saddam Hussein of Iraq. President Kwasniewski referred to Hans Blix, former executive chairman, United Nations Monitoring, Verification, and Inspection Commission (UNMOVIC). A tape was not available for verification of the content of these remarks.

The Polish-American Alliance for the 21st Century: Joint Statement by President George W. Bush and Polish President Aleksander Kwasniewski

January 27, 2004

As partners in building a Europe whole, free, and at peace at the end of the 20th century, Poland and the United States will continue to work together, and with our European friends and allies, to achieve a more secure, prosperous, and just world in the 21st century. Today, we pledge to deepen the strategic alliance that joins our two nations, an alliance rooted in shared values and a common struggle for freedom.

The foundation of Polish and American security remains the NATO Alliance, which will maintain its mission to defend its members in the face of new challenges. We welcome Poland's pending entry into the European Union, and affirm that NATO and the EU must work together for the common good of their members and the world. We are determined to strengthen transatlantic relations, forging renewed unity, and acting in common purpose on the many challenges before us. We will do so at the June NATO Summit in Istanbul, where we will celebrate a united, enlarged Alliance of 26 nations in strategic partnership with an enlarged EU, cooperating with Russia and Ukraine, and preparing to handle the security challenges of our time. We will work together to promote democratic and free market reforms in wider Europe, particularly in Ukraine and Georgia, as they strive to strengthen their integration with the Euro-Atlantic community.

We commit our nations to an ambitious goal, rooted in our shared values and experience: to promote freedom, democracy, human dignity, economic opportunity, and security cooperation in the Greater Middle

East. Our joint efforts in the war on terrorism, in Afghanistan, and in Iraq, are essential for the security of our people today. Yet over the long term, the growth of freedom is vital to unraveling the nexus of threats posed by terrorism, weapons of mass destruction, tyranny, the lack of opportunity, and violent extremism.

Today, American and Polish soldiers are serving bravely in a just struggle against terrorists and in the international effort to bring peace, security, and freedom to Afghanistan and Iraq. We thank them for their dedication and sacrifice.

We agree on the importance of the rapid reconstruction of a sovereign Iraq with democratic institutions and respecting the rule of law. We welcome the widespread international support for this process, and in particular, recognize the vital and growing role the United Nations should play in these efforts.

Polish-American military cooperation since 1989 has proven its value, and we have agreed to increase this cooperation. Poland is embarking on a comprehensive transformation program to modernize its armed forces, strengthening its ability to respond with the United States to global challenges. The United States supports this program. In particular, we remain committed to the goals of the U.S.-Polish Defense Transformation Initiative, and the United States will provide new assistance to Poland in acquiring C-130 military transport aircraft, which will increase the effectiveness and mobility of Polish capabilities.

We note with satisfaction the growing support worldwide for our shared efforts to implement the Proliferation Security Initiative, announced by President Bush in Krakow in May 2003, and we agree to enhance cooperation in bioterrorist attack prevention in Central and Eastern Europe.

Poland and the United States are growing partners in trade and investment, which will grow even faster as Poland continues to improve its business climate. The sale of U.S. combat-proven fighter aircraft to Poland marks an important opportunity to increase defense industry ties and other forms of industrial cooperation and investment. We welcome the interest of Polish firms in partici-

pating in the reconstruction of Iraq. To facilitate this participation, building on the recent visit of U.S. Commerce Secretary Evans to Poland, the United States will send experts to Poland to provide information on the Iraq reconstruction process and procurement opportunities to Polish firms. In addition, the United States will also establish in Poland a regional center to provide information on an ongoing basis regarding Iraqi reconstruction.

We support contacts between our societies and travel between our countries by our peoples. The United States recognizes that security concerns are imposing inconveniences on legitimate travelers. To improve the ease and safety of such travel, the United States will establish in Warsaw a program to pre-screen visitors traveling from Poland to the United States. We agree to hold regular, High-Level Working Group consultations starting at an early date to discuss ways to enhance travel security and facilitate travel for Polish and American citizens. We look forward as well to enactment of a U.S. temporary worker program that will provide new opportunities to Poles, among others, to work in the United States.

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

Remarks Prior to a Meeting With Congressional Leaders

January 27, 2004

Legislative Agenda

I want to thank the Members from the Senate and the House who are here, both Republicans and Democrat leaders who are here to discuss the upcoming session. We've got a lot of common interests this year, interests of continuing to fight and win the war against terror. We need to protect our homeland. We need to put policies in place that help people find work. We'll work together on the health needs of our fellow citizens. We've got to be wise with the people's money. I look forward to constructive conversation today and working together constructively throughout the year. This is an election year. It's a year where people say, "Nothing can get done." We need to prove

them wrong. We need to continue to do the people's business in a sound way.

I want to thank the Members for coming. I appreciate the chance to visit with you, and I look forward to a good relationship here in 2004.

NOTE: The President spoke at 3:34 p.m. in the Cabinet Room at the White House. A tape was not available for verification of the content of these remarks.

Remarks on Access to Health Care *January 28, 2004*

The President. Thank you for being here. Please be seated. Thanks for coming. If you're wondering who these characters are behind me, these are people who have just shared their stories about what it means to be an employer or employee and facing rising costs of health care. The cost of health care is an issue in our country, and we must deal with it in a rational way. And that's what I want to discuss with you today.

I want to thank those folks who are standing behind me for sharing their stories. I will try to do my best to share some of their stories with you. They come from all parts of our country. George Akers, for example, is from Naples. He's here with his boss, who owns the company, a small-business entrepreneur. That would be Naples, Florida. Joe is from Horizon Builders in Maryland. Pam Wimbish is from Illinois. She's self-employed. Rick Bezet is the pastor of the New Life Church in Little Rock, Arkansas. These are people who are working for a living, people who are employing people, people who are worried about health care.

Phil Hadley is, as I told you, is George's boss. He's an entrepreneur. He's a—one of the great parts of America is the entrepreneurial spirit of our country. The fact that small businesses are vibrant and alive is an important part of the economic recovery of our country. After all, most new jobs are created by small-business owners, people who are dreamers and hard workers. But Phil told me he's worried about making sure his employees are covered by good health care.

Lynn Martins is with us. She's a restaurant owner. She is selling food and, at the same

time, worried about whether or not the people that are waiting the tables can get insurance.

The Sameses are with us, Krista and Ted. They're self-employed. By the way, Kris is a home-schooler; she home-schools her children. And they've decided to do something about the high cost of health care by taking an innovative approach to buying health care, which I'm going to describe to you here in a minute.

Anyway, thank you all for coming. These are—their stories are typical stories. Their stories are the stories that occur every day in America as people make decisions about how to allocate money toward health care.

Fortunately, the positive news is that we've got the best health care system in the world. And we need to keep it that way. We need to keep it that way by keeping the private market strong, by resisting efforts that are happening in Washington, DC, to say the Federal Government should be running health care. See, we don't believe that. I don't believe it. I believe the best health care system is that health care system generated in the private markets.

And the best way to keep the private markets strong is to make sure we've got the best research and development, is to make sure the doctor-patient relationship is strong, is to empower consumers to make more choices, is to give them more opportunities to make choices in the private sector.

We're making progress in terms of the modernization of the health care system, starting with the Medicare bill that was passed. The Medicare bill said we have an obligation to our seniors in our country, and we need to fulfill that obligation. And for the first time since Medicare was founded, I had the honor of signing a bill that modernizes the system, which essentially says there needs to be prescription drug coverage for seniors; there needs to be preventive care available for seniors; and seniors need to be given options to choose from, to tailor a program that best meets their needs. The Medicare bill is a vital part of a vibrant health care system. I was proud to sign it, and any attempt by Congress to weaken it will meet my veto.

One of the ways to help make sure health care functions better is to help people who

can't afford health care to have access to health care, access other than emergency rooms and hospitals. And so I'm a big proponent of what's called community health centers that operate primary care services in rural and underserved urban areas. When I showed up here in Washington, there was about 3,000 of them. I vowed that we would expand and/or open 1,200 more. We've done 600—we've met 600—we've fulfilled half our obligation, as far as I'm concerned. And in the budget I'm submitting, we will finish the additional 600 in years 2005 and 2006. This is a smart way to make sure that people get health care. It's more cost-effective that people are able to go to these centers and not go to an emergency room, which is by far the most expensive way for somebody to get health care.

Congress needs to pass refundable tax credits to help the working uninsured. It's an approach that says we trust low-income Americans to be able to make the rational decision for their health care.

Another thing we need to do here in Washington is to promote the—make sure health care technology is widespread, that the—even though medicine is modern in the sense that we're making great new discoveries, it's kind of ancient when you think about how the records are kept. When you're still writing records down by hand and sharing information through files, it's not exactly a modern system. And we believe a lot of medical errors can be saved as a result of the use of proper technology, and there will be cost savings to be had as well.

Another way to save costs, to stop the rise of the cost of health care, is there for to be rational laws in dealing with doctors. Our legal system is out of control right now. There's just too much litigation. There's frivolous and junk lawsuits all over the country. It's like there's a giant lottery, and the lawyers are the only winners. And we're driving good docs out of business. Make no mistake about it, a lot of good docs are stopping to practice medicine because their premiums are going up because of the junk and frivolous lawsuits. And so these lawsuits, which are—people will settle just to get them out of the way—raises costs. Doctors, for fear of being sued, practice what's called defensive

medicine. That raises the cost. As a matter of fact, the cost of premium increases and the cost of defensive medicine—in other words, prescribing too much to cover yourself so if you get sued, you can say, "Well, wait a minute. I did everything I could"—costs the Federal Government about 28 billion a year. Think about that—\$28 billion. That means it's costly to the taxpayer.

I view this as a national issue that requires a national solution. And so I proposed medical liability reform. The House passed a good bill which recognizes that if—by the way, if you get hurt, you ought to recover full economic damages. In other words, if a bad doc practices bad medicine, there ought to be a consequence. But there ought to be a cap on noneconomic damages.

The House passed the bill. It's stuck in the Senate. Senators have got to understand, if they're truly worried about health care costs, we need medical liability reform that's fair and reasonable—fair and reasonable. We want health care to be affordable and accessible. When you drive doctors out of business and drive the cost up because of lawsuits, medicine becomes less affordable and less accessible.

The Medicare bill I signed in December created an additional tool that will help workers lower their health care costs, and they're called health savings accounts. They became available on January 1st. Health savings accounts address a growing need in our health care system. These accounts will help working Americans afford health insurance that is growing out of their reach. They will help restrain the health care costs that are affecting us all.

Right now, many insurance plans will cover virtually all of your health care costs in exchange for a high premium payment, which is paid by employers and their employees in various percentages, in different percentages. Under America's system of private medical care, families will continue to have this option, of course. We just want to provide additional options for families from which to choose, and the health savings account is one such option.

Under the system that currently exists, consumers really don't know how far their health care dollars are going. You pay the

premium, and then you just show up and collect the benefits. You have no idea what you're spending money on. They pay a flat rate for insurance, but they really don't know the true costs of medical services they receive. There's no demand for better prices. There's no selectivity in the marketplace. There's no pressure on the price structure of health care.

When consumers don't have the incentive to get better prices, costs go up, and that's what's happening in America. And then when costs go up, insurance companies pass on those costs in the form of higher premiums, so everybody pays. That's the current system we have today. And it's those higher premiums and increasing costs that make it difficult for some to have health care insurance.

The doctor-patient relationship is also a vital part of a good health care system. And as these folks behind me said, you know, they got a little tired of having bureaucracies in between the patient and the doc. And that's what's happened in certain segments of the health care industry.

And we need a consumer-driven health care system, and we need better information about health care prices. And a consumer-driven health care system with better information will help control the cost of health care. That's the rationale of the health savings accounts.

The best way to empower citizens is to let them save and spend their health care dollars as they see fit—in other words, start to empower people to make the right decisions with their health care dollars; give them control over routine costs so that people see the doctor when they need to, spend their dollars wisely, and still be able to have coverage for major medical bills.

The health savings account incorporates the philosophy I just described. There's two major features. First, to get a health savings account, you or your employer must obtain a separate high-deductible insurance policy to cover major medical expenses, such as surgery or hospital stays. The premiums for these high-deductible plans cost far less than traditional insurance. Yet the plans still cover for major expenses.

Secondly—the good news, by the way, is insurance companies are now beginning to

offer these plans more and more, along with HSAs. In other words, the market is demanding and the suppliers are providing these kinds of high-deductible catastrophic plans, I guess is the best way to describe them. They don't cost nearly as much as normal group plans cost.

Secondly, to cover routine medical expenses—in other words, this part of the—this aspect of the health care system says, "We'll cover major costs for you at a much reduced cost to the consumer." Second, to cover routine medical expenses such as bills for regular doctor visits or medicines, you can set up a health savings account with up to \$2,600 a year for an individual or up to \$5,150 for a family.

Now, contributions to these accounts are tax-free. The earnings in these accounts—in other words, if you don't spend all the money and you got that money invested, the earnings are tax-free, and when you withdraw them to pay for routine medical expenses, the withdrawals are tax-free. In other words, there's incentives built in for people to put money aside to meet routine medical expenses, expenses other than costly catastrophic expenses or high hospitalization expenses. Because the HSA is tax-free, it will save the Americans between 10 to 35 percent of out-of-pocket medical expenses, depending on a person's tax bracket.

Not only does the HSA start to empower you to make decisions; it actually provides tax relief at the same time. Whatever you don't spend, by the way, in a year—you put 2,600 in, you don't use all that money—that can be saved for future medical bills. In other words, you start to save money and accumulate money. So instead of sending all your health dollars to an insurance company, you and your employer can use an HSA to lower your insurance premiums, to cover major medical bills, and to keep the savings to cover routine costs, and to save for future issues you may have to deal with.

When more Americans sign up for these HSAs, we'll see positive effects for our families and the economy this way: First, many American families who choose HSAs will pay less overall for their health care. People behind me who have chosen HSAs will testify that that's the case. I'm going to testify on

their behalf here in a minute. *[Laughter]* Insurance premiums will be lower, and people will be able to draw from tax-free money to pay for routine expenses.

Secondly, HSAs will encourage people to spend wisely for their routine medical expenses. If you put in 2,600 tax-free, that 2,600 is yours, and if you spend unwisely, you're spending your own money unwisely, and you begin to see the consequences as the savings for that particular—or the contribution for that year begins to dwindle. When people consider the true costs of their medical care, they will push health care providers to offer better services and better prices. When it's your money you're spending, you see it; you write the check; you have the tendency to demand better service. If somebody else is spending the money for you, there's no cost control because the demand—the decisionmaking process has been taken out of the economic equation.

Third, HSAs will encourage people to save for their health care needs both now and in the future. We encourage people to save for their future retirement needs. HSAs do the same thing for medical needs. There's incentives built in to encourage savings, and that's important.

Fourth, because citizens will see savings on an annual basis as a result of wise choices they make, there is an incentive to take care of their bodies and to live healthier lives. This is the beginning of, hopefully, what will be the next wave of medicine and the direction of medicine, is how do we encourage people to make right choices? How do we prevent disease in the first place?

As you know, I'm an exerciser. I like to exercise. I exercised a little too much, and my knee hurts. *[Laughter]* But nevertheless, I feel—I made the right choice to exercise on a daily basis. I'm a healthier person for it. And HSA—that would show up in an HSA because there would be more money left over on an annual basis because I am a healthier person, more of my own money that will be accumulating, that will be being saved. The healthier your life, the more money you build up tax-free in your health savings account.

Fifth, HSAs will make it easier for some people who are now uninsured to purchase

health insurance. Low premiums mean greater affordability and greater accessibility, especially for small businesses who are having trouble paying for the health insurance for their employees.

Because some people may not be able to afford these low-cost plans, I made a proposal to strengthen HSAs. I did so in my State of the Union. If your employer does not contribute to your premiums, you should be able to deduct from your income taxes the cost of your premiums for your high-deductible insurance. If you really think about what I've just said, it provides an interesting opportunity for small businesses who aren't paying for health insurance to be able to encourage an employee to do so.

Much of the money you contribute to the HSA and the money you spend on premiums—so the money you contribute—not “much,” all the money you contribute to your HSA—and the money you spend on your premiums for high-deductible insurance will not be taxed. This is an incentive plan to encourage people to be able to have an insurance policy that's affordable. And it's necessary, and it's needed. And the Congress needs to understand how responsible the decision they made in the Medicare bill was. I mean, this is a major reform in a positive way for the American people.

The other thing we need to do—and Congress needs to listen to—is the call for association health plans. What that means is small businesses can band together across the country to negotiate lower health insurance rates and cover more workers. See, State rules prevent many small businesses from working together to increase their buying power, which makes it harder for them to offer affordable coverage for their employees. It makes sense, when you think about it, to allow people from Texas and Oklahoma to bind risk, to share risk. If you're a restaurant owner in Texas, you ought to be able to take your employees and put them in the same pool as a restaurant owner in Maryland, so you can spread the risk.

You'll hear a story here in a second about a restaurant owner that can't share risk and, therefore, is in a—has to buy a group plan or try to buy a group plan without the benefits of large purchasing power. Big companies

have got purchasing power. Small businesses ought to be allowed to bind together so they've got the same purchasing power.

And the Congress needs to act on association health plans. This is an important part of making sure the small-business sector of America is strong and vibrant. The bill passed the House. It's stuck in the Senate. The Senate ought to act. And for those of you who are concerned about health care for—the cost of health care for small businesses, you need to let your Senators know. There's no excuse for this bill not to go forward. It would be a major reform. It would help a lot of small-business owners in the country.

Let me tell you some stories. Speaking about small businesses, I told you Phil Hadley is here. He's with Collier Pest Control out of Naples, Florida. He's got an employee with him named George Akers, who's with us. George is the guy with the flat-top, the turtleneck—[laughter]—has never seen snow before. [Laughter] He's the real deal. [Laughter]

Collier was having trouble buying health insurance that the company could afford, the people could afford, working for them. The premiums were going up year after year. And George was getting tired of it and was contemplating not having any insurance at all—wanted to work but—about to try to self-insure, which would be highly risky. He bought him a new HSA. Phil found it; they worked together on it. The HSA and the lower premiums that he pays to cover catastrophic care saves George about \$5,500 a month.

George Akers. No, a year.

The President. A year—[laughter]—5,500 a year. I meant to say \$550 a month. Five thousand, five hundred a year. Think about that. He went from worrying about having health insurance at all to taking a health savings account, and he now saves \$550 a month. Actually, it's more than \$5,500 a year. [Laughter] He's covered for catastrophic care. He's got incentives in his own plan to make right choices, to cover the routine medical costs.

Pam Wimbish is with us from the Chicago area. She's self-employed. She was worried about health care. There's Pam. She was really worried about health care. She had a high-cost insurance plan, and being a self-em-

ployed person, she was kind of wondering what's next, what happens next year or next month, when you get high bills. There are a lot of self-employed people in America, by the way, a lot, a lot of sole proprietors, a lot of one-person shops out there making a huge contribution to our economy.

She signed up for an HSA. It's made a huge difference, she said. She's saving money. She's saving money not only in the outflow; she's saving money by the account building up, the HSA account, which is her savings account. It's her own money available for health. And there's nothing like having your own—managing your own system, is there? I mean, there's just something inherently American about controlling your own destiny, and that's what these HSAs do.

The Sameeses are with us. I mentioned that Krista is a home-schooler. I also forgot to tell you she's an accountant. Ted is a doc. They're a professional family, just like a lot of other families in America. They purchased an HSA. They're using HSAs. They found that an HSA makes their life—their desire to make sure their family is insured so much more affordable and reasonable.

Rick Bezet is with us. He's a pastor in a Little Rock church. You think—he's got a couple of flocks he must tend to—one is the people who come to church, but he's also an employer. He's got people working for him. He's saving about \$5,000 per employee per year by switching to a health savings account.

These people care deeply about their employees. They want them to be satisfied workers. And they're now taking advantage of new law, which provides interesting financial opportunities for their businesses.

Joe Bohm is with us. Joe is a homebuilder from Crofton, Maryland. He's got 90 employees. Just like a lot of other small businesses, his premiums went up 15 percent this year, and he's tired of it. And he's tired of not having the capacity to bargain better with a group of people just like—in the same situation he's in. But the law won't allow it.

There's some—people say, “Why won't the law? It sounds rational, why won't it?” Because there are some vested interests that won't allow this to happen. I guess there's people not willing to allow for there to be

competition. They don't want to give up any market share. They like the fact that Government won't let people compete. I don't. The more competition the better, particularly when it comes to making sure people are able to get a better deal for their health insurance.

Lynn Martins is with us. She runs Seibel's Restaurant. She says it's pretty good food, if you're interested. *[Laughter]* She used to be in an association health plan in her State, Maryland. Then, incredibly enough, they said, "You can't use those plans anymore. You can't have an association health plan." And guess what happened? The premiums went up 50 percent—because the State wouldn't allow for there to be association health plans, and her little stand-alone business doesn't have the same purchasing power in the marketplace, and the premiums went up. Bad law, bad decisions by lawmakers, ran her premiums up. And they're still going up.

And so she, too, wants to be able to be in an association health plan. She wants restaurateurs to be able to pool and get better costs in the marketplace. She's also fascinated by health savings accounts. She wasn't exactly sure what they were, and then all of a sudden she started hearing the stories of people standing behind me, and it dawned on her that this is perhaps a really good way to make sure her employees have got health insurance.

Imagine the combination of health savings accounts and association health care plans together. I mean, you're talking about providing interesting opportunity for the small-business sector in America. And remember, we're interested in job creation, and we need to make sure the small-business sector is as strong as possible. Tax relief is one way to invigorate the small-business sector. Congress needs to make all that tax relief permanent, by the way. And another way is to address the high cost of health care by rational policy. And today I described a series of steps of rational policy. The Congress must act on it. If they're truly interested in health care costs in America, I've just laid out a way, a strategy for them to address the costs, address the costs in a way that does not undermine the private sector, undermine that part of our health care philosophy that has made us the greatest in the world.

We don't want the Federal Government running health care. We don't want the Federal Government making decisions. Private medicine needs to be invigorated and strengthened, and the way to do that is give people more options, empower consumers, protect the doctor-patient relationship, and allow small businesses to pool their risk so they can provide good insurance for their employees.

Thank you for coming and giving me a chance to describe a vision for a better America when it comes to health care. Please feel free to contact the Members of Congress in the Senate. *[Laughter]*

Again, I want to thank my fellow Americans for standing up here to help add some credibility to the stories I've just told you. They are living proof of what can happen when people are given good choices to make, and proof of what happened—for the need for us to make sure Congress continues to implement good policy.

Appreciate you all coming. God bless. Thank you.

NOTE: The President spoke at 10:55 a.m. in Room 450 of the Dwight D. Eisenhower Executive Office Building.

Remarks Following Discussions With Prime Minister Recep Tayyip Erdogan of Turkey

January 28, 2004

The President. It is my honor to welcome Prime Minister Erdogan to the Oval Office for the second time. I've been looking forward to this meeting because Turkey is a friend and an important ally of America. I have found that the Prime Minister is a person who is easy to talk to. He's a straightforward man, which makes it easy to be able to deal with common issues.

And we talked about Iraq, and I assured him the United States' ambition is for a peaceful country, a democratic Iraq that is territorially intact.

He briefed me on the Cyprus talks, and I appreciated his trying to find a solution—a solution to a long-standing dispute.

I appreciate the Prime Minister's steadfast determination to fight terror. Both of us understand what it means to have our fellow citizens destroyed by the merciless killing of terrorists. Both of us understand that we must stay on the offensive against terrorists and bring them to justice before they hurt innocent people.

Over lunch, we'll discuss other issues of importance. I'm really looking forward to going to Turkey later on this year. It's going to be an important meeting. Every one of my friends who has traveled to your country has come back with great stories of warm hospitality and magnificent sights.

So I'm proud to welcome our friend to the Oval Office.

Prime Minister Erdogan. First of all, I would like to thank you very much. It, indeed, made us very happy to learn that after listing PKK and KADEK in the list of terrorist organizations, the United States has decided to list KONGRA-GEL among terrorist organizations. We were very happy for that. We thank you.

It's very obvious where Turkey stands in the fight against terrorism—that needs to be mutual and international, especially in the aftermath of what happened on September 11th. We are in a common effort to fight terrorism, and we share the same views regarding our strategic partnership in restructuring Iraq.

I also share the same views in—in developing Middle East. And we spoke of the fact that we support the good will mission of the Secretary-General of the United Nations, and we are willing to restart the negotiations, taking Annan's plan as a reference point.

I state once again that the Turkish side is determined for a solution. We will always be a step ahead of our Greek counterparts, and we're determined to solve this as soon as possible.

I thank you for your invitation, for your—

The President. Thank you.

NOTE: The President spoke at 12:05 p.m. in the Oval Office at the White House. In his remarks, Prime Minister Erdogan referred to Secretary-

General Kofi Annan of the United Nations. A tape was not available for verification of the content of these remarks.

Message to the Congress Reporting a Certification Required by the Ratification Resolution of the Chemical Weapons Convention

January 28, 2004

To the Congress of the United States:

Consistent with the resolution of advice and consent to ratification of the Convention on the Prohibition of the Development, Production, Stockpiling, and Use of Chemical Weapons and on Their Destruction, adopted by the Senate of the United States on April 24, 1997, I hereby certify pursuant to Condition 7(C)(i), Effectiveness of the Australia Group, that:

- Australia Group members continue to maintain equally effective or more comprehensive controls over the export of: toxic chemicals and their precursors; dual-use processing equipment; human, animal, and plant pathogens and toxins with potential biological weapons applications; and dual-use biological equipment, as that afforded by the Australia Group as of April 25, 1997; and
- The Australia Group remains a viable mechanism for limiting the spread of chemical and biological weapons-related materials and technology, and the effectiveness of the Australia Group has not been undermined by changes in membership, lack of compliance with common export controls and non-proliferation measures, or the weakening of common controls and non-proliferation measures, in force as of April 25, 1997.

The factors underlying this certification are described in the enclosed statement of justification.

George W. Bush

The White House,
January 28, 2004.

**Message to the Congress on the
United States Air Force Operating
Location Near Groom Lake, Nevada**
January 28, 2004

To the Congress of the United States:

Consistent with section 6001(a) of the Resource Conservation and Recovery Act (RCRA) (the “Act”), as amended, 42 U.S.C. 6961(a), notification is hereby given that on September 16, 2003, I issued Presidential Determination 2003–39 (copy enclosed) and thereby exercised the authority to grant certain exemptions under section 6001(a) of the Act.

Presidential Determination 2003–39 exempted the United States Air Force’s operating location near Groom Lake, Nevada, from any Federal, State, interstate, or local hazardous or solid waste laws that might require the disclosure of classified information concerning that operating location to unauthorized persons. Information concerning activities at the operating location near Groom Lake has been properly determined to be classified, and its disclosure would be harmful to national security. Continued protection of this information is, therefore, in the paramount interest of the United States.

The determination was not intended to imply that, in the absence of a Presidential exemption, RCRA or any other provision of law permits or requires the disclosure of classified information to unauthorized persons. The determination also was not intended to limit the applicability or enforcement of any requirement of law applicable to the Air Force’s operating location near Groom Lake except those provisions, if any, that might require the disclosure of classified information.

George W. Bush

The White House,
January 28, 2004.

**Remarks in a Discussion on the
National Economy in Merrimack,
New Hampshire**
January 29, 2004

The President. Thank you, Dale. Appreciate it. Thank you all. Be seated, please. It’s

nice to be back. I understand there’s been some activity in the State of New Hampshire recently. *[Laughter]* I appreciate your hospitality. It’s great to be back at Fidelity. It’s good to see Mr. Johnson, Ned Johnson, who is the founder of this fantastic company. And Abby, the president—Abby Johnson. There is nothing wrong with a child following in the father’s footsteps. *[Laughter]*

It is really good to be back here again. I really appreciate you coming. We’re going to have an interesting discussion today about the economy. And before we get to there, I do want to say something about some of the elected officials that have joined us, starting with your two United States Senators. My buddy Judd Gregg does a fabulous job for the people of New Hampshire, and I’m really proud he’s here. Thank you, Judd. And so is Sununu—John Sununu is doing a fine job as well.

I am proud that Jeb Bradley, the Congressman from this district, traveled with me today. I appreciate Jeb’s leadership and his friendship in the Congress. Thank you, Jeb. And of course, there’s Charlie Bass, who is the other Congressman from this great State—good friend, fine Congressman. I appreciate you coming, Charlie.

I know we got State officials here. The attorney general is here; the leader of the senate is here; the speaker of the house is here. I appreciate Bernie Streeter, the mayor of Nashua, being here. It’s good to see you again, Bernie. I want to thank a lot of my buddies who are on the Executive Council for the great State of New Hampshire. It’s good to see Ruthie Griffin and Ray and Dave Wheeler. I appreciate you all coming. I’m honored that you’re here.

Most of all, I want to thank you all for giving us a chance to talk about the economy. Before we do so, though, I do want to point out a citizen named Dan Hebert who is with us. Dan is a USA Freedom Corps volunteer. Two years ago, I started what’s called the USA Freedom Corps. It was started to give people a chance to serve their communities. There’s a lot of volunteering going on in this State, and you just witnessed an accolade for one.

But so we in Washington started this website for people to be able to tap into kind

of modern technology to find out what was available in your area, if you wanted to follow your heart and serve your community. And Dan is one such person. He is a—he's using his 25 years in business to help youngsters understand the basics of the economy. In other words, he's mentoring a child.

We talk about the great strengths of our country—oftentimes, people think about the military might of America. And by the way, it is a great strength, and we're going to keep it that way. They talk about the wealth of the country. But the truth of the matter is, the strength of our country is the heart and soul of our citizens, people who are willing to volunteer time to serve in a cause greater than themselves, which is to help somebody who hurts or to lend a talent to help somebody achieve the American Dream.

And I appreciate all of you who are volunteering. I love it when I hear a company like Fidelity is at 3,500 man-hours of volunteer time. It speaks to the—it speaks to the charitable nature of the executives of this company, and it speaks to the great hearts of the employees.

Dan, I want to thank you for coming as well. I appreciate you coming out to the airport. I appreciate you setting an example. And if the people of New Hampshire are interested in serving your State, love your neighbor just like you'd like to be loved yourself. Volunteer of your time to help somebody who hurts, and New Hampshire will be a better place when you do so.

We're here to talk about this economy. I want to remind you what our economy has been through. See, I'm really optimistic about the future. I think after you hear this discussion, I think you'll be optimistic—at least, if you pay attention to what you hear. *[Laughter]* But I'm optimistic because I know what we've been through, and I want you to think about what we've been through.

First, we had a recession in America. The stock market started to decline in March of 2000. It was kind of a leading indicator of what was to come. And then the country went into a recession. The first three quarters of '01 were negative growth. When you have negative growth, it means people are not working. And times were tough. The people of New Hampshire know what I'm talking

about. When that recession came, it was awfully hard for some people to be able to do their duty as a mom and a dad to put food on the table, because their work wasn't steady. And they were worried about employment, if they were working at all.

And then things started to get pretty good; we started coming out of it. And then the enemy hit us. And make no mistake about it, that affected America. It affected our economy in a big way. It also affected our psychology. There was a day when we thought oceans could protect us from an enemy, that we were okay if there was a threat overseas because oceans served as protection for America. September the 11th changed that forever. It changed that point of view, and the war affected us.

As an aside, I do want to thank the people of New Hampshire for understanding the stakes, that the world has changed, that in order to make America secure, we must stay on the offensive against those who would do us harm. And to that end, you've sent brave souls from the New Hampshire National Guard into harm's way. And I want to thank the moms and dads and husbands and wives of those troops who are making a great sacrifice for the country.

I particularly want to pay tribute to Sergeant Randy Rosenberg of Berlin, New Hampshire, who paid the ultimate price for our security and freedom. Our prayers go to his loved ones, and we thank him for his service. I want his loved ones to know and the people of New Hampshire know that a free and peaceful Iraq is in this Nation's interests. A free and peaceful Iraq in the heart of the Middle East is in our Nation's long-term security interests. It will mean our children can grow up in a more secure and peaceful world.

I also want you to know strongly that I believe that freedom is not America's gift to the world; freedom is the Almighty's gift to each person in this world. And where we see suffering and tyranny and starvation and brutalization, this Nation will act. We'll act for our own security; we'll act for the freedom of others. We've made some tough choices recently. But all these choices were aimed for one thing, to make America more secure, the world more free, and the world more peaceful.

And then when we got going after the attacks, we had some corporate scandals in America which affected the economy. It affected the economy because when CEOs act incredibly irresponsibly like they were, it creates doubt. In a system that requires trust, there was doubt. And we acted, though. We didn't sit around trying to figure out what to do. We passed tough laws to hold corporate criminals to account. The message is very clear now to people in corporate America: If you've got the responsibility to shareholders and employees, we expect you to tell the truth; we expect you to be above-board; we expect you to be honest; and if not, there will be consequences.

And then, finally, we began a march to war for our security, and it's hard to be optimistic during a period when you're marching to war. March to war is not a positive thought. Now we're marching to peace. Now times have changed. We're beyond that period. We'll debate about the decision, and I look forward to those discussions with the American people. I'm absolutely convinced it was the right thing to do, and I look forward to explaining it clearly to the American people.

But now we're secure in the peace. And we move—we've been through a lot, if you think about it, in 3 years. It's a lot for an economy to go through and a nation to go through. But this is a strong nation because we're entrepreneurial, we believe in our people. It's a strong nation, really, because the American people are strong, tough, resilient, compassionate people.

Congress acted too—I had a little hand in it. *[Laughter]* It said, "If we've got a slow economy, if we've got a lot of things we overcome, let us let people keep more of their own money." We believe that when people have more money to spend, to save, or invest, the economy will grow and people are more likely to find work. The tax relief we passed was essential to get the economy going. It's essential to let people have money.

It's working. It's working. The economy is growing. People are finding work. There's an excitement in our economy. And the tax relief we passed made sense then; it makes sense now; and Congress needs to make this tax relief permanent. We need to make sure that people—*[applause]*.

Yesterday I gave a talk about how to continue economic vitality. One of them is to help—controlling costs of health care. There's ways to do that without nationalizing health care. I'm absolutely convinced, if the Federal Government tries to run the health care system, it will foul it up: People will get lousy care; the doctor-patient relationship will be destroyed; and the cost of medicine will go up. I believe in allowing small businesses to pool risk across association health plans in order to control costs. I believe in expanding health savings accounts for Americans, which will create cost savings in the system. I believe we need medical liability reform all across America to get rid of the junk lawsuits that raise the cost of medicine.

Our housing market is strong. We intend to keep it that way. There's a homeownership gap in America, by the way, that we need to address. There's a minority homeownership gap. I want to thank the Congress for working with us to pass what we call a downpayment plan to help the poor—the poor make a downpayment on a home. We're simplifying the fine print, the rules in Washington.

Listen, if you're a first-time homebuyer and you take a look at one of these mortgage application forms, you pass out over the amount of small words in the thing. *[Laughter]* It makes you nervous. So we're simplifying it. We're helping people understand what it means to buy a home. We're making good progress when it comes to closing the minority homeownership gap. Homeownership is high in America today, and that's good for the country. The more people own something, the more they have a stake in the future of this country.

You can tell I'm upbeat, and I've got reason to be. And I've got reason to be. Not only the numbers say things are looking pretty good; the American people are telling me they feel pretty good. The American people feel confident about the future.

I'm here with Louise Hickey. She's a Fidelity employee, been here 5 years. She is—she saved \$1,100 on tax relief last year. Now, that may not sound like a lot to some of the people who are rolling in cash—*[laughter]*—that's a lot. It made a difference.

Welcome.

[*Louise Hickey, senior executive secretary, human resources/payroll department, Fidelity Investments, made brief remarks.*]

Ms. Hickey. My future is with Fidelity, I hope. I hope to retire from Fidelity.

The President. It is now. [*Laughter*]

Ms. Hickey. Well, the only thing that would keep me from that would be an offer from the White House that I couldn't refuse. [*Laughter*]

The President. I don't know; I'm not so sure. [*Laughter*]

[*Ms. Hickey made further remarks.*]

The President. Louise talked about the marriage penalty relief. It doesn't make any sense to tax marriage. I mean, you're trying to encourage marriage in America, not discourage it. And the Tax Code ought to do so.

By the way, part of the tax relief we passed, of course, was to raise the child credit from \$600 to \$1,000 a child. It means if you've got young kids, it helps. We're about to talk to somebody, Steve Marshall, who has got young kids. It helps a lot.

I want to remind you about another aspect of the tax relief. We're reduced taxes on everybody, as opposed to trying to pick or choose winners in the political debate. Everybody got tax relief. It had a significant impact not only on individuals' lives—that is, rate reduction did—but it also affected small businesses.

A lot of small businesses are what they call sole proprietorships or Subchapter S corps. They pay tax at the individual tax rate level. And by reducing all taxes, we benefited the small-business sector of America. And that's very important, for this reason: 70 percent of new jobs in America are created by small businesses. And if you're interested in job creation, it seems to make sense to stimulate growth in the small-business sector, which is precisely what we did.

We're going to hear from some small-business owners in a minute. But I just wanted to remind you about some of those aspects of the Tax Code—by the way, all of which are set to expire. In order to get the bill out of the Congress, they said, "Fine, we'll give you tax relief, but we're going to take it away pretty soon." So when you hear me talk about

making it permanent, the reason I have to say that is that the law isn't permanent.

And you're about to hear the story of a fellow who's got three young kids. Steve Marshall works at Fidelity, been here since '96. Steve, I appreciate you coming. Tell us about your family. Tell us about the tax savings, about \$2,200. By the way—and that's per year. It's not just a year. This is permanent, so long as it's in existence. And one of the things we're going to keep talking to Congress about—I don't have any problem with these Congressmen and Senators but—[*laughter*—is to make it permanent.

Steve, welcome.

[*Steve Marshall, manager, Fidelity Investments, Nashua, NH, made brief remarks.*]

The President. One of the things that he mentioned, he said, he spent the money to renew his—to remodel his house. Well, somebody had to come and remodel the house. Somebody had to buy the equipment. The way this economy works is, when you put money in circulation, you increase demand for goods and services, and that's important when times are slow. So Steve goes out and demands an additional good and a service. He demanded the service of somebody remodeling his house. The good was the toilet or whatever he put in the bathroom. [*Laughter*]

Mr. Marshall. Toilet and shower. It's beautiful.

The President. Shower, yes, the shower. [*Laughter*] I'd suggest a toilet as well. [*Laughter*] But any rate, it puts money in circulation. That's how the economy works. So when you hear people say, "Tax relief didn't affect the economy," think about Steve and the fact that he had additional money that not only could he set aside for savings, but he had additional money to go spend. And it's that spending on the margin that got things moving throughout the economy, because there's millions of decisions being made daily with people who have got extra money.

The other thing you've got to know is that if the tax relief isn't made permanent, just next year alone he will have a \$1,000 tax increase. In other words, the child credit goes away in 2005. That means the benefits of the

tax relief start getting sucked out of the economy at the exact wrong time. We need to keep this money in the hands of the people of America.

Listen, Government has got plenty of money, and it needs to stay focused and principled. We need to be wise with the taxpayers' money. But it turns out, when you're trying to keep your economy going, the best way to do so is not through Government spending, but it's through the spending of thousands of individuals across our economic spectrum.

And this is exactly why I've asked Steve to come today, so he can help explain how you increase demand and what it means for a family's security. He's got three young kids. He's now got a little extra money in his pocket to save or to spend, and all of a sudden, life looks better. He's more optimistic, and that's important for this Nation, for people to feel that way.

So thanks for coming. Your baby is beautiful, by the way. I see her back there.

Amy Meaney is with us. Amy is an employee of Fidelity as well. She's ready to go.

[*Amy Meaney, health, welfare, and payroll benefits associate, Fidelity Investments, Goffstown, NH, made brief remarks.*]

Ms. Meaney. And I do have a question for you on behalf of New England. We need to know, are you rooting for the Pats this weekend? [*Laughter*]

The President. Did you notice who was in the box with Mrs. Bush at the State of the Union? Tom Brady.

Let me change the subject here. [*Laughter*] See, if you're a young family—[*laughter*]—no kidding, think about this. [*Laughter*] Think about a young family worried about their future, worried about jobs, worried about the economy, worried about what we've been through, and all of a sudden, there's \$2,000 additional a year to spend. It makes a huge difference. It makes a huge difference.

Sometimes in Washington we forget the effects of policy on people, the positive effects. And this \$2,000 means a lot to the Meaney family. By the way, if Congress doesn't act to make the child credit permanent, they lose \$715. It's like a tax increase.

When you're coming out of economic slow times, you don't want to tax people. It will slow this economy down. We're making progress. The third quarter growth of last year was the highest in nearly 20 years. Things are positive.

And Congress has got to know that when they say, "Oh, we must let the tax cuts expire," it affects the Meaney's. It affects them to the tune of \$715 per year. And with two little kids, that matters.

I appreciate you coming. Quit putting me on the spot. [*Laughter*]

So we've got employees of Fidelity here, citizens who are trying to get ahead. And I appreciate you sharing the stories. We've also got some entrepreneurs, some business owners, some dreamers, some people who are willing to take risk in order to produce good product or good services and, at the same time, employ people.

Michael Barrett is with us. He's the CEO of AeroSat Corporation. Michael, how long you been in business? Give us a little feel for what you're doing. Let her go. [*Laughter*]

Michael Barrett. Thank you, Mr. President. Thank you for having us here. AeroSat Corporation was inspired by your father in 1991. At that time —

The President. I'll tell him. [*Laughter*]

Mr. Barrett. Thank you.

[*Mr. Barrett made brief remarks.*]

The President. The role of Government is not to create wealth; it is to create an environment in which people like Michael feel free and comfortable about taking risk. Listen, we can't make Michael have good ideas. We can't make him develop a good business plan. We can't make people be good business people, but we can say, "If you're willing to invest, here's some more money. Here's some incentive to do so."

He invests \$1.4 million. That means he's buying equipment from somebody. Somebody has to manufacture it. Somebody is now working to manufacture that product. There is more vibrancy in the economy. Just like when an individual makes a decision to purchase something, when a business does, the same thing happens; the effect throughout the economy is so positive and so strong. He said, "You know, well, we hired 11 people

last year.” That doesn’t sound like a lot to some of these mega-corporations. It’s a lot to a small business, and it’s a lot to America, when you think about the number of Michaels there are all over the country hiring an additional 11 people on an annual basis.

Most new jobs in America are created by people like Michael, small-business owners, 70 percent of the new jobs. And therefore, any good policy says, we must recognize the worth of the small businesses, provide incentive for small businesses, and when we do so, make those incentives permanent.

So I appreciate you, Michael, for coming.

Are you ready, Gerardine? We’ve got Gerardine Ferlins with us. Gerardine is the president of Cirtronics. Gerardine is running a big company, and we’re honored you’re here. Thanks for coming. We look forward to hearing your story.

[Gerardine Ferlins made brief remarks.]

The President. I appreciate it. I knew our generation would amount to something. [Laughter] Listen, one of the things that really is so wonderful about our country is the entrepreneurial spirit. You’ve just—you’ve heard it. You’ve heard people talk about the joy of creating job opportunities for fellow citizens and the joy of beating all odds and succeeding and then the recognition of the responsibility that comes with success. And I appreciate that a lot. It’s really a good example for people to see.

By the way, if there’s any young women here in New Hampshire wondering whether or not they can go into the business world, just take a look at Gerardine. Realize what is absolutely possible if you’ve got a good idea and the heart to work hard and the ability to dream big—

Ms. Ferlins. We’re 65 percent women. That’s the good and bad news for the men in the organization. [Laughter]

The President. All right, big Joe. Joe Landers is with us. He’s the president and CEO of Customized Structures, Inc. He’s in the housing industry, not a bad place to be these days, I suspect. Tell us about your company. Tell us about whatever you want to tell us. You’ve got the floor.

[Joseph Landers made brief remarks.]

Mr. Landers. If I might add, just as a side note, I don’t know if you’re aware of it, but your father’s compound in Kennebunkport actually has a modular home on it that was put there for the Secret Service when he was President.

The President. Oh, yes, that’s good. [Laughter] Well, I’ll tell him to buy a new one here—[laughter]—from you. [Laughter]

Listen, I started off by telling everybody I felt optimistic about the future of this country. And they’ve made my case. I hope—if you listen to the stories of what’s happening in America, you get this sense of optimism and the can-do spirit and the willingness of people to invest and save, because they’re confident about this country. And I am too. And I’ll tell you, I’m going to repeat one reason why: I love the people of this country. I love the spirit of America. I love the entrepreneurial spirit, the spirit of love, the deep compassion, the love of family. The values of this country are strong, which makes America strong, which makes me grateful to be the President of the greatest country on the face of the Earth.

Thank you all for coming, and God bless.

NOTE: The President spoke at 2:37 p.m. at Fidelity Investments. In his remarks, he referred to Dale Gilpin, vice president and general manager, Merrimack Regional Site, Fidelity Investments; Edward C. “Ned” Johnson 3d, chairman and chief executive officer, Fidelity Investments; Abigail Johnson, president, Fidelity Management and Research Co.; Bernie Streeter, mayor, Nashua, NH; Ruth L. Griffin, Raymond J. Wiczorek, and David K. Wheeler, members, New Hampshire Executive Council; and Tom Brady, quarterback, New England Patriots.

Exchange With Reporters in Merrimack

January 29, 2004

Swan Chocolates

Q. Mr. President—

The President. Now what was that look for?

Q. I’m wondering what you think of John Kerry, sir?

The President. You’re supposed to be thinking about what it means to start your

own business, like these people here have done.

Q. Mr. President, what about consternation over weapons of mass destruction?

[At this point, the President continued his tour of the chocolate shop.]

The President. Here are the owners, right here. They started their business last year. Had a dream, living their dream, and they're making good product. And I expect people in the national press corps to leave some cash behind. [Laughter]

That would be you, Allen [Mike Allen, Washington Post]. Go buy some—[laughter]—they'll help you, right over there. [Laughter]

NOTE: The exchange began at approximately 3:45 p.m. at Swan Chocolates. In his remarks, the President referred to Michael and Theresa Anderson, owners, Swan Chocolates. A tape was not available for verification of the content of this exchange.

Remarks at a Bush-Cheney Reception in Old Greenwich, Connecticut

January 29, 2004

Thank you all for coming. Thanks for coming. This is a huge crowd. I'm honored. I appreciate so many people being here tonight. I appreciate Debbie mentioning Yale. Some of my classmates from the mighty class of 1968 are here. They were the ones who invented shock and awe when they heard I was President. [Laughter] They're all fine lads. They themselves were C students. [Laughter] Vice President Cheney went to Yale. It just goes to show if you drop out, you can be the Vice President. [Laughter]

But I appreciate you coming. We're laying the foundation for what is going to be a great national victory in November of this year. I'm loosening up. [Laughter] And I'm getting ready. [Laughter] But politics is going to come in its own time. See, I've still got a job to do, and I want you to tell your friends and neighbors that my administration will continue to work hard to earn the confidence of every American by keeping this Nation strong and secure, prosperous and free.

I want to thank my cousin Debbie for finally doing something positive. [Laughter] No, I want to thank her. I love Debbie, and I want to thank her for her leadership for this event. She married my great friend Craig, the former Ambassador to the Czech Republic, who represented our Nation so well.

I'm not Debbie's favorite in my family. [Laughter] Laura is her favorite. [Laughter] And Laura was her first choice. [Laughter] She couldn't make it, but she sends her love. She's a fabulous First Lady for this country.

I want to thank Rick as well for your hard work, thank your team. You've done a fabulous job. It's important that you be well-funded if you're going to run a national campaign, so I want to thank you for your help. I also want to thank my friend Mercer Reynolds. He's from Cincinnati, Ohio. He is the national chairman for the Bush-Cheney campaign, and he's doing a fabulous job on my behalf. Thank you for coming, Mercer. I appreciate you being here.

I want to thank your fine Congressman, Chris Shays, for his friendship and leadership. Somebody told me the funniest thing, that somebody is actually challenging Shays in this year. We need to send him back to Congress. He's doing a great job.

I want to thank you, Lieutenant Governor, for being here tonight, and all the State and local officials. I appreciate you coming. I'm counting on you. You need to organize and turn out that vote. And I appreciate your service to your State, and I appreciate what you're fixing to do for this campaign.

I want to thank—Debbie mentioned that we have some family in this neck of the woods. I remember coming to Grove Lane here in Greenwich to visit my grandfather and grandmother, two really fine, fine people. If you can't count on your family, it's hard to count on anybody in politics, so I'm really happy that some of my family has showed up tonight. [Laughter] I appreciate Uncle Jon and Uncle Pres—that's Jon Bush and Prescott Bush—and Jody and Beth. I'm honored that they're here and proud to be a member of their family with them.

I want to thank the political activists who are here, Herb Shephardson and Charlie Glazer and Jo McKenzie. Thank you all for coming. I want to thank all the grassroots activists. These are the people who put up the signs, get on the phones, turn out the vote. These are the people who go to the community centers, places of worship, coffee shops, and you put out the word. I'm counting on you. You cannot win a campaign without a good grassroots organization. So for those of you getting ready to get after this campaign, I want to thank you.

And when you're out there, you tell them this: You tell them, in the last 3 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. My administration is 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 the Al Qaida network. And the rest of them know—and the rest of them can be certain we're on their trail.

In Afghanistan and Iraq, we gave ultimatums to terror regimes. Those regimes chose defiance, and those regimes are no more. Fifty million people—50 million—in those 2 countries once lived under tyranny, and today they live in freedom.

Three years ago, our military was not receiving the resources it needed, and morale was beginning to suffer, so we increased the defense budgets 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.

Three years ago, the economy was in trouble, and a recession was beginning. And then attacks on our country and scandals in corporate America and war all 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, I have twice led the United States Congress to pass historic tax relief for the American people.

This administration understands that when Americans have more money to spend or

save or invest, the whole economy grows, and people are more likely to find a job. So we're returning more money to the people to help them raise their families. We're reducing taxes on dividends and capital gains to encourage investment. We've given small businesses incentives to expand and to hire new workers. With all these actions, we're laying the foundation for greater prosperity so that every single citizen has a chance to realize the American Dream.

This economy in America is strong, and it is getting stronger. The figures for third quarter of 2003 showed that the economy grew at the fastest rate in nearly 20 years. Productivity is high. Business investment is rising. Housing construction is expanding. Manufacturing activity is increasing. We've added over a quarter million new jobs. The tax relief we passed is working.

Three years ago, there was a lot of talk about education reform in Washington, but there wasn't much action. So I acted. I called for and the Congress passed the No Child Left Behind Act. With a solid bipartisan majority, we delivered the most dramatic education reforms in a generation. We've increased funding, particularly for poor students. But for the first time, the Federal Government is asking the question, "Can our children read and write and add and subtract?" This administration is challenging the soft bigotry of low expectations. We're raising the bar. We expect every child to read and write and add and subtract, and we expect every school to teach every child. The days of excuse-making are over in America. No child shall be left behind in this country.

We reorganized our Government and created the Department of Homeland Security to better protect our borders and ports and to safeguard the American people. We passed trade promotion authority to open up new markets for America's entrepreneurs and farmers and ranchers. We passed budget agreements to bring much-needed spending discipline to Washington, DC.

And last month, we completed the greatest advance in health care coverage for America's senior citizens since the founding of Medicare. There's a lot of talk about Medicare in Washington over the years. The system got old and tired and stale. So we acted.

The new Medicare law that I proudly signed will give older Americans the option of a prescription drug benefit and more control over their health care, so they can receive the modern medicine they deserve.

We've got a record of accomplishment. On issue after issue, this administration has acted on principle, has kept its word, and has made progress for the American people. And the Congress gets a lot of credit. I enjoy working with Congressman Shays and the Speaker of the House, Denny Hastert, Majority Leader Bill Frist. We're working hard to change the tone in Washington—there's just too much politics up there, too much needless politics, endless backbiting, zero-sum attitude—and the best way to do that is to work on behalf of the people and deliver results.

And the Congress gets a lot of credit for the successes over the last 3 years, and so do the people in my administration. I put together a fantastic group of Americans from all walks of life to serve the American people, people who came to Washington, DC, with one thing in mind, service to their country. Speaking about good people in my administration, our Nation has had no finer Vice President than Dick Cheney. Mother may have a second opinion. *[Laughter]*

In 3 years, we've come far, but our work is only beginning. I've set great goals worthy of a great nation. First, America is committed to expanding the realm of freedom and peace for our own security and for the benefit of the world. And second, in our own country, we will continue to work for a society which is prosperous and compassionate, so every citizen has a chance to realize the full promise of our land.

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. The war on terror continues. I wish I could tell you it didn't, but it does. The enemies of freedom are not idle, and neither are we. This country will not rest; we will not tire; we will not stop until this danger to civilization is removed.

We are confronting that danger in Iraq, where all people can be certain they will never again have to fear the brutality of Saddam Hussein. The Ba'athist holdouts largely

responsible for the current violence now know there will be no return to corrupt power and privilege they once held. All Iraqis who have taken the side of freedom have taken the winning side.

We face terrorists who would rather go on killing the innocent than accept the rise of liberty in the Middle East. And there is a reason why, because, see, they know that the advance of freedom in Iraq would be a major defeat in the cause of terror. The collection of killers is trying to shake the will of America. America will never be intimidated by thugs or assassins.

We're aggressively after the terrorists in Iraq, defeating them there so we do not have to face them in our own cities. Other nations are helping in Iraq, because they understand a free and democratic and peaceful Iraq is in their interests. The whole world becomes more secure. And the Iraqi people are assuming more of their own defense and heading towards self-government. And these are not easy tasks. I recognize that, but I believe they're essential tasks. We will finish what we have begun, and America will win this essential victory in the war on terror.

We're working to oppose proliferation around the world. Last month, after talks with the United States and Great Britain, Libya voluntarily committed to disclose and dismantle all of its weapons of mass destruction programs. Leaders around the world now know with certainty, weapons of mass destruction do not bring influence or prestige; they bring isolation and other unwelcome consequences. Nations who abandon the pursuit of these weapons will find an open path to better relations with the United States of America.

Our greatest security comes from the advance of human liberty, because free nations don't support terror, free nations do not attack their neighbors, free nations do not threaten the world with weapons of mass destruction. And Americans believe that freedom is the deepest need and hope of every human heart. I believe that freedom is the future of every nation. And I know, like you know, that freedom is not America's gift to the world; freedom is the Almighty God's gift to every man and woman in this world.

My administration also understands that unprecedented influence brings tremendous responsibilities. We have duties in this world, and when we see disease and starvation or hopeless poverty, we will not turn away. This strong and powerful Nation is a compassionate nation. And America now leads the world in bringing hope and medicines to millions of men and women and children suffering from AIDS. This incredible Nation of ours is leading the world in this very important work of human rescue.

We have challenges here at home, and our actions will prove that we're equal to those challenges. This administration understands entrepreneurship. We understand the vital role of risktaking. We will continue to promote a pro-growth economic agenda so fellow citizens can find work.

We also understand the effects of frivolous and junk lawsuits on our society. For example, in health care, we need to cut down on these frivolous lawsuits which are running up the cost of medicine. People who have been harmed by a bad doc deserve their day in court, yet the system should not reward lawyers who are simply fishing for a rich settlement. Frivolous lawsuits drive up the cost of health care for every citizen, and they affect the Federal budget. Medical liability reform is a national issue which requires a national solution.

This administration has acted. We passed good legislation up to the Hill, and it was passed by the United States House of Representatives, for which I am grateful. It's stuck in the Senate. Perhaps you ought to notify your two United States Senators to get it unstuck. For the sake of a health care system that is available and affordable, we need medical liability reform now. No one has ever been healed by a frivolous lawsuit.

I have a responsibility to make sure the judicial system runs well, and I've met that duty. I have nominated superb men and women for 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. It is time for some Members of the United States Sen-

ate to stop playing politics with American justice.

We've got more work to do, and the Congress needs to get me an energy bill. We need a bill which encourages more conservation. We need a bill which unleashes the technology of our country to be advanced in how we explore and use energy. But for the sake of economic security and for the sake of national security, this Nation must become less dependent on foreign sources of energy.

A strong and prosperous nation must also be a compassionate nation. I will continue to advance what I call compassionate conservatism, which means we'll use the most innovative ideas to the task of helping our fellow citizens who hurt. There are still millions of men and women who want to end their dependence on Government and become independent through hard work. Congress must build on the success of welfare reform to bring training and, therefore, work into the lives of more of our fellow citizens. We need to make sure more Americans can serve their communities and their country through vibrant citizen service programs. Congress needs to complete work on the Faith-Based Initiative.

You see, many of the problems that citizens face are problems of the heart, problems of addiction, problems that can't be solved necessarily by a Government program. And yet one of the great strengths of our country is the fact that we're a country of many faiths, Christian, Jewish, Muslim. And in many of those programs emanating out of those faiths come healing programs, programs that change people's lives. Our country should not fear faith-based programs. We ought to welcome faith-based programs, and Government ought to be their ally.

I believe part of being a compassionate society is one in which we encourage ownership. This administration will constantly strive to promote an ownership society in America. We want more people owning their own home. There's a minority homeownership gap in America that must be addressed. This administration is addressing it. We want more people owning and controlling their own retirement accounts. We want people owning and managing their own health care plans, like health savings accounts. We want

more people owning their own small businesses, and the administration understands that. You see, we fully understand that when a person owns something, he or she has a vital stake in the future of this country.

A compassionate society is one in which people respect one another, respect their religious views, respect their opinions. It's a society in which people take responsibility for the decisions they make. The culture of this country is changing from one that has said, "If it feels good, just go ahead and do it," and "If you've got a problem, blame somebody else," to a culture in which each of us understands we are responsible for the decisions we make in life. If you are lucky enough to be a mom or a dad, you are responsible for loving your child with all your heart. If you're worried about the quality of the education in the community in which you live, you're responsible for doing something about it. If you are a CEO in corporate America, you're responsible for telling the truth to your shareholders and your employees. And in this new responsibility society, each of us is responsible for loving our neighbor just like we would like to be loved ourselves.

The culture of service and responsibility is strong here in America. I really believe it's the great strength of our country. Two years ago, I started what's called the USA Freedom Corps to encourage people to love their neighbor, to do something to help somebody in need. And the response has been really strong, and I am grateful. Our faith-based programs and charities all across America are vibrant—integral part of our society. Policemen and firefighters and people who wear our Nation's uniform are reminding us what it means to sacrifice for something greater than ourself. Once again, the children of America believe in heroes because they see them every day.

In these challenging times, the world has seen the resolve and courage of America. I've been privileged to see the compassion and the character of the American people. All the tests of the last 3 years have come to the right nation. We're 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 up whole nations by spreading

freedom. At home, we seek to lift up lives by spreading opportunity to every corner of America. This is the history—this is the work that history has set before us. We welcome it and know that for our country, the best days lie ahead.

God bless.

NOTE: The President spoke at 7:10 p.m. at the Hyatt Regency Hotel. In his remarks, he referred to Debbie Stapleton, master of ceremonies and second cousin of the President, and her husband, Craig; Rick Lazio, chief executive officer, Financial Services Forum; Lt. Gov. M. Jodi Rell of Connecticut; his relatives Jonathan J. Bush and his wife, Jody, and Prescott Bush, Jr., and his wife, Beth; and Hebert J. Shepardson, State chairman, Charles L. Glazer, national committeeman, and Jo McKenzie, national committeewoman, Connecticut State Central Committee, Republican Party.

Remarks Following a Meeting With Economists and an Exchange With Reporters

January 30, 2004

The President. Thank you all for coming. I just had a very interesting discussion with some of our Nation's finest economists about the state of our economy and how we can work together to make sure that the economy continues to grow. Today we received news that indicates that the economy is strong and getting stronger. Fourth quarter growth in 2003 was at 4 percent.

We also discussed ways for Congress to make sure we sustain growth. We need to make sure the tax cuts are permanent. If Congress doesn't make the tax cuts permanent, they will have raised taxes on the working people of this country at the exact wrong time. We need to make sure we continue to be a nation which trades freely. We need to make sure that we have less regulation. We need to do things that are wise to control the cost of medicine without nationalizing health care.

We had a really good discussion. I want to thank you all for coming. These economists are optimistic about our future, and so am I. And the American people can know that we continue to work hard to make sure

this economy is vibrant and robust and strong so our fellow citizens can find good jobs.

I'll be glad to answer a couple of questions. Scott [Scott Lindlaw, Associated Press], have you got one today, perhaps?

Iraqi Weapons of Mass Destruction

Q. Yes, sir, I do. Thanks, Mr. President. Senator McCain, David Kay, among many others, say it's time for an independent investigation into weapons of mass destruction in Iraq and intelligence. Why resist this kind of inquiry now, when your own weapons inspector says it's needed?

The President. I want the American people to know that I too want to know the facts. I want to be able to compare what the Iraqi Survey Group has found with what we thought prior to going into Iraq.

One thing is for certain, one thing we do know from Mr. Kay's testimony as well as from the years of intelligence that we had gathered, is that Saddam Hussein was a danger. He was a growing danger. And given the circumstances of September the 11th, this country went to the United Nations and said, "Saddam Hussein is a danger. Let us work together to get him to disarm." He was defiant. He ignored the request of the international community, and this country led a coalition to remove him. We dealt with the danger, and as a result, the world is a better place and a more peaceful place, and the Iraqi people are free. And a free Iraq is in this Nation's national interest. A free Iraq will bring a much-needed change in a part of the world that has fostered terror.

Caren [Caren Bohan, Reuters].

Q. Are you dead set against it?

The President. Caren.

Q. Ruling it out?

The President. I want to know the facts. Caren.

Q. Are you against the idea of a new—

The President. Is this a followup to Scott's question?

Q. Yes.

The President. Let me repeat, I just—let me repeat what I just said.

Q. Okay.

The President. I want to know the facts. And I want to know exactly—I want to compare what the ISG finds with what we thought going in.

Keil [Richard Keil, Bloomberg News].

Medicare Prescription Drug, Improvement, and Modernization Act of 2003

Q. Mr. President, are you concerned at all that the new ballooning cost of Medicare bill will get you in trouble, political trouble, with members of your own party who voted for it only on the assurance that it wouldn't go above \$400 billion?

The President. Well, I, 2 weeks ago, received an estimate about Medicare. I asked two questions to the estimators. One, does the Medicare reform do what we want it to do still, which is to provide modern medicine for our seniors and to introduce competition, which will eventually hold down costs of Medicare. And secondly, the new estimate of Medicare costs fulfilled my promise to reduce the deficit in half over a 5-year period of time.

And the budget we'll submit on Monday does fulfill that promise, that we'll reduce the deficit in half. Now, it's going to require Congress to be wise with the taxpayers' money. The Medicare reform we did is a good reform, fulfills a long-standing promise to our seniors. Congress is now going to have to work with us to make sure that we set priorities and are fiscally wise with the taxpayers' money. I'm confident they can do that if they're willing to make tough choices. And so the budget we submit will show that we can cut the deficit in half over a 5-year period.

NOTE: The exchange began at 11:34 a.m. in the Roosevelt Room at the White House. In his remarks, the President referred to David Kay, former CIA Special Advisor for Strategy Regarding Iraqi Weapons of Mass Destruction Programs, and former President Saddam Hussein of Iraq. A tape was not available for verification of the content of this exchange.

**Remarks Following Discussions With
North Atlantic Treaty Organization
Secretary General Jaap de Hoop
Scheffer**

January 30, 2004

President Bush. Mr. Secretary General, welcome. We are proud that you're here. The Secretary General and I have had a good discussion about NATO, my administration's commitment to a strong and vibrant NATO, our mutual desire to make the world more peaceful through freedom. I appreciate your willingness to discuss important theaters like Afghanistan and Iraq, the need for us to make sure our militaries are transformed and modern. I know that we will have a good working relationship, and I know you'll do a great job on behalf of all of us who treasure the NATO—the NATO Alliance.

So welcome, sir.

Secretary General de Hoop Scheffer. Thank you very much. Thank you very much, Mr. President. Also, from my side, may I say that I entirely share your opinion, as we discussed in our conversation. But NATO is about values. NATO is defending values which might be normal for us, but our—in other parts of the world, less normal.

And that's why we are in Afghanistan fighting terrorism. And NATO is going to take a larger role in Afghanistan. That's what we discussed. We have, of course, touched upon Iraq, the political developments in Iraq, the upcoming 1st of May for the transfer of sovereignty in Iraq, and a possible greater NATO role after that. We discussed the Balkans. We have discussed NATO-Russian relationship.

In other words, the full range of subjects NATO is dealing with, defending these values as an organization which is undergoing a fundamental transformation process, taking in, in a short time, new member states, seven new member states—it's a matter of weeks—transforming into an organization which can defend those values wherever there is a necessity in the world—be it in the Balkans, where NATO has been very successful be it in Afghanistan; be it in Iraq, where NATO is now supporting the Polish-led multinational division and where NATO might take on a greater role when the sovereign

Iraqi Government would ask NATO to do that.

So I very much enjoyed, Mr. President, my conversation with you. And I'm sure that with your support, with the support of the United States, and all the other NATO Alliance, we are going to make this a success.

Thank you so much.

NOTE: The President spoke at 2 p.m. in the Oval Office at the White House. A tape was not available for verification of the content of these remarks.

**Digest of Other
White House Announcements**

The following list includes the President's public schedule and other items of general interest announced by the Office of the Press Secretary and not included elsewhere in this issue.

January 24

In the morning, the President had an intelligence briefing.

In the evening, at the Capitol Hilton Hotel, the President and Mrs. Bush attended the Alfalfa Club Dinner.

January 26

In the morning, the President had an intelligence briefing. Later, he traveled to Little Rock, AR, where, upon arrival, he greeted USA Freedom Corps volunteer Mary Lynn Roberson. Then, at the Baptist Health Medical Center, he participated in a roundtable discussion on medical liability reform.

In the afternoon, the President returned to Washington, DC.

In the evening, the President hosted an annual meeting and dinner with the Joint Chiefs of Staff and combat commanders.

The President announced his intention to nominate Pamela M. Iovino to be Assistant Secretary of Veterans Affairs for Congressional Affairs.

The President announced his intention to appoint Dionel E. Aviles and Susan C. Schwab as members of the Board of Visitors of the U.S. Air Force Academy.

The President announced his intention to appoint J.C. Watts, Jr., and David Horton Wilkins as members of the Board of Visitors of the U.S. Military Academy.

January 27

In the morning, the President had an intelligence briefing.

In the afternoon, in the Old Family Dining Room, the President hosted a lunch for President Aleksander Kwasniewski of Poland.

The President declared an emergency in Maine and ordered Federal aid to supplement State and local recovery efforts in the area struck by record/near record snow on December 14–15, 2003.

The President declared a major disaster in Ohio and ordered Federal aid to supplement State and local recovery efforts in the area struck by severe storms, flooding, mudslides, and landslides on January 3, 2004, and continuing.

January 28

In the morning, the President had an intelligence briefing. Later, he met with Secretary of Defense Donald H. Rumsfeld.

Later in the morning, at the Dwight D. Eisenhower Executive Office Building, the President met with small-business owners and individuals to discuss medical savings accounts and association health plans.

In the afternoon, the President had lunch with Prime Minister Recep Tayyip Erdogan of Turkey in the Residence. Later, he met with Secretary of State Colin L. Powell.

January 29

In the morning, the President had an intelligence briefing. Later, he participated in an interview with the Arabic language satellite television station Al Hurra, for later broadcast.

In the afternoon, the President traveled to Merrimack, NH, where, upon arrival, he greeted USA Freedom Corps volunteer Daniel Hebert.

In the evening, the President traveled to Greenwich, CT, where, upon arrival, he greeted USA Freedom Corps volunteer Kimberly Lucia. Later, he returned to Washington, DC.

The President announced his intention to nominate Sue Ellen Wooldridge to be Solicitor of the Department of the Interior.

The President announced his intention to nominate Isaac Fulwood, Jr., to be a Commissioner of the U.S. Parole Commission.

The President announced his intention to nominate Maria Otero to be a member of the Board of Directors of the U.S. Institute of Peace.

January 30

In the morning, the President had an intelligence briefing.

In the afternoon, the President had lunch with Vice President Dick Cheney. Later, he made remarks at a Republican National Committee winter meeting at the White House.

In the evening, at the Naval Observatory, the President had dinner with Vice President and Mrs. Cheney.

The White House announced that the President will welcome Chancellor Gerhard Schroeder of Germany to the White House for a meeting and working lunch on February 27.

The President announced his intention to nominate William T. Hiller, Juan R. Olivarez, and Richard Kenneth Wagner to be members of the National Institute for Literacy Advisory Board.

The President announced his intention to appoint the following individuals to be members of the Presidential Commission on Implementation of United States Space Exploration Policy: Edward C. Aldridge, Jr. of Virginia; Carleton S. Fiorina of California; Michael P. Jackson of Virginia; Laurie Ann Leshin of Arizona; Lester L. Lyles of Ohio; Paul Spudis of Maryland; Neil deGrasse Tyson of New York; Robert Smith Walker of Pennsylvania; Maria Zuber of Massachusetts.

Nominations Submitted to the Senate

The following list does not include promotions of members of the Uniformed Services, nominations to the Service Academies, or nominations of Foreign Service officers.

Submitted January 26

Peter Eide,
of Maryland, to be General Counsel of the Federal Labor Relations Authority for a term of 5 years, vice Joseph Swerdzewski, resigned.

Susanne T. Marshall,
of Virginia, to be Chairman of the Merit Systems Protection Board, vice Beth Susan Slavet.

Neil McPhie,
of Virginia, to be a member of the Merit Systems Protection Board for the term of 7 years expiring March 1, 2009, vice Beth Susan Slavet, term expired.

James C. Miller III,
of Virginia, to be a Governor of the U.S. Postal Service for the term expiring December 8, 2010, vice Einar V. Dyhrkopp, term expired.

David B. Rivkin, Jr.,
of Virginia, to be a member of the Foreign Claims Settlement Commission of the United States for the term expiring September 30, 2004, vice Laramie Faith McNamara.

Louis S. Thompson,
of Maryland, to be a member of the Reform Board (Amtrak) for a term of 5 years, vice John Robert Smith, term expired.

Kirk Van Tine,
of Virginia, to be Deputy Secretary of Transportation, vice Michael P. Jackson, resigned.

Submitted January 28

Linda Mysliwy Conlin,
of New Jersey, to be a member of the Board of Directors of the Export-Import Bank of the United States for a term expiring January 20, 2007, vice April H. Foley.

Eugene Hickok,
of Pennsylvania, to be Deputy Secretary of Education, vice William D. Hansen, resigned.

Pamela M. Iovino,
of the District of Columbia, to be an Assistant Secretary of Veterans Affairs (Congressional Affairs), vice Gordon H. Mansfield.

Alphonso R. Jackson,
of Texas, to be Secretary of Housing and Urban Development, vice Melquiades Rafael Martinez, resigned.

Checklist of White House Press Releases

The following list contains releases of the Office of the Press Secretary that are neither printed as items nor covered by entries in the Digest of Other White House Announcements.

Released January 26

Transcript of a press gaggle by Press Secretary Scott McClellan

Released January 27

Transcript of a press briefing by Press Secretary Scott McClellan

Released January 28

Transcript of a press briefing by Press Secretary Scott McClellan

Fact sheet: The President's Health Care Agenda

Released January 29

Fact sheet: USA Freedom Corps Celebrates Two-Year Anniversary

Released January 30

Transcript of a press briefing by Press Secretary Scott McClellan

Statement by the Press Secretary: Visit of Chancellor Gerhard Schroeder of Germany

Fact sheet: Strong Economic Growth Shows President's Policies Are Working

**Acts Approved
by the President**

Approved January 23 *

H.R. 2673 / Public Law 108–199
Consolidated Appropriations Act, 2004

* This Public Law was not received in time for
inclusion in the appropriate issue.