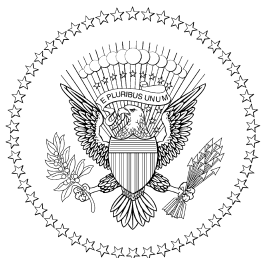


Weekly Compilation of
**Presidential
Documents**



Monday, February 26, 2007
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WEEKLY COMPILATION OF

PRESIDENTIAL DOCUMENTS

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Week Ending Friday, February 23, 2007

The President's Radio Address

February 17, 2007

Good morning. Today I would like to talk to you about an urgent priority for our Nation: confronting the rising costs of health care.

In my State of the Union Address, I invited Democrats and Republicans in Congress to work with my administration to reform our health care system. In the past few weeks, I've discussed my health care proposals with citizens across our country. Next week, I'll visit a hospital in Tennessee to hear directly from people who do not have access to basic, affordable health insurance. I will also meet with a panel of experts at the White House to discuss how we can build a vibrant market where individuals can buy their own health insurance.

The problem with our current system is clear: Health care costs are rising rapidly, more than twice as fast as wages. These rising costs are driving up the price of health insurance and making it harder for working families to afford coverage. These rising costs also make it harder for small businesses to offer health coverage to their employees. We must address these rising costs so that more Americans can afford basic private health insurance.

One of the most promising ways to make private coverage more affordable and accessible is to reform the Tax Code. Today, the Tax Code unfairly penalizes people who do not get health insurance through their job. If you buy health insurance on your own, you pay much more after taxes than if you get it through your job. I proposed to end this unfair bias in the Tax Code by creating a standard tax deduction for every American who has health insurance, whether they get it through their job or on their own.

For example, every family that has health insurance would get a \$15,000 deduction on their taxes. This deduction would also apply

to payroll taxes so that even those who pay no income taxes would benefit. Americans deserve a level playing field. If you're self-employed, a farmer, a rancher, or an employee at a small business who buys health insurance on your own, you should get the same tax advantage as those who get their health insurance through their job at a big business.

At the same time, I proposed "Affordable Choices" grants to help States provide coverage for the uninsured. Governors across our country have put forward innovative ideas for health care reform. Under my proposal, States that make basic private health insurance available to all their citizens would receive Federal funds to help them provide this coverage to the poor and the sick. Next week, the Nation's Governors will come to Washington to discuss challenges facing their States. I've asked my Secretary of Health and Human Services, Mike Leavitt, to meet with the Governors and discuss ways we can work together to help reduce the number of uninsured Americans.

Reforming health care is a bipartisan priority. Earlier this week, I was pleased to receive a letter from 10 Senators—5 Democrats and 5 Republicans—who expressed their desire to work together on health care reform. I look forward to discussing our proposals and hearing more about their ideas. I appreciate the commitment of this bipartisan group to work with my administration, and I will continue to reach across party lines to enact commonsense health care reforms.

From my conversations with Democrats and Republicans, it is clear both parties recognize that strengthening health care for all Americans is one of our most important responsibilities. I am confident that if we put politics aside, we can find practical ways to improve our private health care system and help millions of Americans enjoy better care, new choices, and healthier lives.

Thank you for listening.

NOTE: The address was recorded at 8 a.m. on February 16 in the Cabinet Room at the White House for broadcast at 10:06 a.m. on February 17. The transcript was made available by the Office of the Press Secretary on February 16 but was embargoed for release until the broadcast. The Office of the Press Secretary also released a Spanish language transcript of this address.

**Remarks Honoring President
George Washington's 275th Birthday
in Mount Vernon, Virginia**
February 19, 2007

Thank you all for coming. Laura and I are honored to be with you in this historic place on this special anniversary. I feel right at home here. After all, this is the home of the first George W. [*Laughter*] I thank President Washington for welcoming us today. He doesn't look a day over 275 years old. [*Laughter*]

We're really glad you're here. I look out and see a lot of the kids who are here today. When I was your age, I was a little fellow from Midland, Texas, and my grandmother brought me here. And then Laura and I brought our daughters here. And the reason I bring this up, this is a good place for Americans to come and bring your families. And we welcome you here today.

You know, we're celebrating around the country President's Day, but the folks that work here call it Washington's birthday. We've been celebrating this holiday for more than two centuries, and this morning we continue this tradition by honoring a man who was our first President, the Father of our Country, and a champion of liberty.

I appreciate Gay Gaines and the—regent of Mount Vernon Ladies Association. I appreciate Jim Rees, who is the executive director. I thank Togo West, who is the chairman of the Mount Vernon Advisory Committee. I appreciate the military who have joined us. General, thank you for being here today with us. I thank the members who work hard to make sure that Mount Vernon is preserved for the future. And I thank all of you all for being here.

You know, George Washington was born about 80 miles down the river from Mount Vernon in the year 1732. As a young man,

he went West and explored the frontier, and it changed his life. As he grew older, he became convinced that America had a great westward destiny as a nation of free people, independent of the empires of Europe. George Washington became the central figure in our Nation's struggle for independence. At age 43, he took command of the Continental Army. At age 51, he was a triumphant hero of the war. And at age 57, he was the obvious and only choice to be the first President of the United States.

With the advantage of hindsight, it is easy to take George Washington's successes for granted and to assume that all those events were destined to unfold as they did. Well, the truth is far different. America's path to freedom was long, and it was hard, and the outcome was really never certain. Honoring George Washington's life requires us to remember the many challenges that he overcame and the fact that American history would have turned out very differently without his steady leadership.

On the field of battle, Washington's forces were facing a mighty empire, and the odds against them were overwhelming. The ragged Continental Army lost more battles than it won, suffered waves of desertions, and stood on the brink of disaster many times. Yet George Washington's calm hand and determination kept the cause of independence and the principles of our declaration alive.

He rallied his troops to brilliant victories at Trenton and Princeton. He guided them through the terrible winter at Valley Forge. And he marched them to Virginia for the war's final battle at Yorktown. In the end, General Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable.

After winning the war, Washington did what victorious leaders rarely did at the time—he voluntarily gave up power. Many would have gladly made George Washington the king of America. Yet all he wanted to do was return here to Mount Vernon and to be with his loving wife, Martha. As he wrote with satisfaction to his friend Lafayette, "I am become a private citizen on the banks of the Potomac and under the shadow of my own vine and my own fig tree."

George Washington's retirement did not last long. In the years after the Revolution, America's freedom was still far from secure. There were uprisings and revolts. States argued over their borders. And under the Articles of Confederation, the Federal Government was virtually powerless. With the United States in crisis, George Washington was called back to public life to preside over a Convention of the States. And the result was the United States Constitution and a new executive office called the Presidency.

When the American people chose Washington for the role, he reluctantly accepted. He wrote a friend, "My movement to the chair of government will be accompanied by feelings not unlike those of a culprit who is going to the place of his execution." George Washington accepted the Presidency because the office needed him, not because he needed the office.

As President, George Washington understood that his decisions would shape the future of our young Nation and set precedent. He formed the first Cabinet, appointed the first judges, and issued the first veto. He also helped oversee the construction of a new Federal city between the Northern and Southern States. The Nation's new Capital would take his name, and George Washington hoped it would inspire Americans to put the welfare of their Nation above sectional loyalties.

This son of Virginia had come to see himself first and foremost as an American, and he urged his fellow citizens to do the same. More than two centuries later, the story of George Washington continues to bring Americans together. Every year, about a million people visit Mount Vernon to learn about this good man's life. We find the best of America in his spirit and our highest hopes for ourselves in his character. His honesty and courage have become the stuff of legend. Children are taught to revere his name and leaders to look to him for strength in uncertain times.

George Washington's long struggle for freedom has also inspired generation of Americans to stand for freedom in their own time. Today, we're fighting a new war to defend our liberty and our people and our way of life. And as we work to advance the cause

of freedom around the world, we remember that the Father of our Country believed that the freedoms we secured in our Revolution were not meant for Americans alone. He once wrote, "My best wishes are irresistibly excited whensoever, in any country, I see an oppressed nation unfurl the banners of freedom."

President Washington believed that the success of our democracy would also depend on the virtue of our citizens. In his farewell address to the American people, he said, "Morality is a necessary spring of popular government." Over the centuries, America has succeeded because we have always tried to maintain the decency and the honor of our first President.

His example guided us in his time; it guides us in our time; and it will guide us for all time. Thank you for coming, and may God bless.

NOTE: The President spoke at 10:04 a.m. at the Estate Mansion.

Message to the Senate Transmitting the Protocols to the Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region

February 15, 2007

To the Senate of the United States:

I transmit herewith, for the advice and consent of the Senate to ratification, the Protocol Concerning Pollution from Land-Based Sources and Activities (the "Protocol") to the Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region, with Annexes, done at Oranjestad, Aruba, on October 6, 1999, and signed by the United States on that same date. The report of the Secretary of State is enclosed for the information of the Senate.

The Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region (the "Cartagena Convention") is a regional framework agreement negotiated under the auspices of the Regional Seas Program of the United Nations Environment Program

(UNEP). It sets out general legal obligations to protect the marine environment of the Gulf of Mexico, Straits of Florida, Caribbean Sea, and immediately adjacent areas of the Atlantic Ocean—collectively known as the Wider Caribbean Region. The United States became a Party to the Cartagena Convention in 1984. The Cartagena Convention envisions the development of protocols to further elaborate certain of its general obligations and to facilitate its effective implementation.

Negotiated with the active participation and leadership of the United States, the Protocol addresses one of the most serious sources of marine pollution in the Wider Caribbean Region. It is estimated that 70 to 90 percent of pollution entering the marine environment emanates from land-based sources and activities. Among the principal land-based sources of marine pollution in the Caribbean are domestic wastewater and agricultural nonpoint source runoff. Such pollution contributes to the degradation of coral reefs and commercial fisheries, negatively affects regional economies, and endangers public health, recreation, and tourism throughout the region.

The Protocol and its Annexes list priority source categories, activities, and associated contaminants that affect the Wider Caribbean Region, and set forth factors that Parties will be required to apply in determining prevention, reduction, and control strategies to manage land-based sources of pollution. In particular, the Parties are required to ensure that domestic wastewater discharges meet specific effluent limitations, and to develop plans for the prevention and reduction of agricultural nonpoint source pollution. The Protocol is expected to raise standards for treating domestic wastewater throughout the region to levels close to those already in place in the United States.

The United States would be able to implement its obligations under the Protocol under existing statutory and regulatory authority.

The Protocol is the first regional agreement to establish effluent standards to protect one of our most valuable resources, the marine environment. It differs markedly from other, similar regional agreements in its conceptual approach and the specificity of its

obligations. As such, the Protocol is expected to set a new standard for regional agreements on this subject. Early ratification will demonstrate our continued commitment to global leadership and to the protection of the marine environment of the Wider Caribbean Region.

I recommend that the Senate give early and favorable consideration to the Protocol and its Annexes, with the declaration described in the accompanying report of the Secretary of State, and give its advice and consent to ratification.

George W. Bush

The White House,
February 15, 2007.

NOTE: This message was released by the Office of the Press Secretary on February 20.

Remarks at a Swearing-In Ceremony for J. Michael McConnell as Director of National Intelligence

February 20, 2007

Thank you all. Please be seated. Thanks for the warm welcome. Good morning. I'm proud to be here at Bolling Air Force Base to congratulate Mike McConnell on becoming our Nation's second Director of National Intelligence. I'm really pleased that Mike's wife, Terry, his four children—Erin, Mark, Jennifer, and Christine—their grandchildren, his sister—[laughter]—and other family members have joined us. It's a big deal to watch your dad and granddad get sworn in to a position of this importance.

I appreciate members of my administration who have joined us, in particular the Secretary of Defense, Bob Gates; General Michael Hayden, Director of the CIA; Bob Mueller, Director of the FBI; and other important figures too numerous to mention. Thank you for serving our country.

I appreciate the members of the intelligence community who have joined us. Part of the reason I have come is to honor this good man, and part of the reason I have come is to honor your good work. This Nation owes you a debt of gratitude.

The Director of National Intelligence holds one of the most difficult and important

positions in our Government. In this time of war—and we are a nation at war—the President and his national security team must have the best intelligence about the plans and purpose of the enemy. And the job of the Director of National Intelligence is to ensure that we do. The Director of National Intelligence is the President's principal adviser on intelligence matters. He is also the leader of our entire intelligence community. He advises me about the national intelligence budget. He oversees the collection and analysis of intelligence information. He works to ensure that all of our intelligence agencies and offices work together as a single, unified enterprise.

These are enormous challenges, and Mike McConnell has the experience and the character and the talent to meet them. He spent most of his adult life working in the intelligence world. He served as the executive assistant to the Director of Naval Intelligence, as the chief of naval forces division at the National Security Agency, as director of intelligence for the Joint Chiefs of Staff during Operation Desert Storm, and as the Director for the National Security Agency. He's got a solid resume.

He also earned our Nation's highest award for service in the intelligence field. He not only has got a good resume, he backed it up with good action. His work over a career spanning three decades is earning the admiration of his colleagues, the respect of the intelligence community, and a reputation in Washington for personal integrity and effective leadership. In short, you're going to like working with him—[laughter]—and so am I.

Mike's long experience gives him a unique understanding of the threats we face in this new century. He knows that the terrorists who struck America on September the 11th, 2001, are determined to strike our Nation again. He understands that the enemy uses the tools of our modern economy—from rapid transportation to instant communications to global finance—to spread their extremist ideology and facilitate new attacks.

He knows that his task as the Director of National Intelligence is to make certain that America stays ahead of this enemy and learns their intentions before they strike. He knows that we must stop them from harming our

citizens, that the most important task of this Government of ours is to protect the American people.

In his new position, Mike builds on the work of an outstanding leader of our intelligence community, Ambassador John Negroponte. The creation of the Director of National Intelligence was one of the most important reforms enacted in response to the attacks of September the 11th. John Negroponte was the first person to fill this new and essential position. He did so with talent and distinction.

During his time in office, John established the DNI as a core member of my national security team. He increased the unity of our intelligence community. He helped strengthen our national counterterrorism capabilities and improved information sharing between our intelligence and law enforcement communities.

John's vision and vigilance helped keep the American people safe from harm. I appreciate his leadership as America's first Director of National Intelligence, and I thank him for agreeing to continue to serve our country as Deputy Secretary of State.

Mike McConnell will expand on the vital reforms that John Negroponte set in motion. I've asked Mike to focus on several key areas. I've asked him to better integrate the intelligence community, making our different intelligence agencies and offices stronger, more collaborative, and better focused on the needs of their customers.

I've asked him to improve information sharing within the intelligence community and with officials at all levels of our Government, so everyone responsible for the security of our communities has the intelligence they need to do their jobs. I've asked him to ensure that our intelligence agency focus on bringing in more Americans with language skills and cultural awareness necessary to meet the threats of this new century. I've asked him to restore agility and excellence to our acquisition community and ensure that our Nation invest in the right intelligence technologies. I've asked him to ensure that America has the dynamic intelligence collection and high-quality analysis that we need to protect our country and to win this war against these extremists and radicals.

As he carries out his new duties, Mike McConnell will be relying on the thousands of dedicated intelligence professionals who work day and night to keep us safe. They are America's first line of defense against the terrorists. And while many of their accomplishments must remain secret to our fellow citizens, those accomplishments are known to me. And they're doing good work. You're doing good work. And the American people owe you a strong debt of gratitude. I appreciate your willingness to take on the difficult and dangerous assignments. And you just need to know, you've got the full support of this Government and the American people.

Our intelligence community is going to have an able leader in Mike McConnell. I want to thank Congress for swiftly confirming Mike to this vital position. I look forward to working with him as a key member of my national security team. I'm anxious to have him in that Oval Office every morning. *[Laughter]* I hope he's anxious to show up. *[Laughter]*

He'll find that I value the intelligence products that you create. He's going to find that the intelligence product is an important part of my strategic thought and important part of helping me get this Government to respond to do our most important duty, which is to protect you. I look forward to working with Mike. I'm comfortable in knowing this is a good man who cares about one thing only, and that's his country. And I thank his family for supporting him as he returns to Government service.

And now I ask my Chief of Staff, Josh Bolten, to administer the oath of office.

NOTE: The President spoke at 10:16 a.m. at Bolling Air Force Base. The transcript released by the Office of the Press Secretary also included the remarks of Director McConnell.

Remarks Following a Meeting on Health Care

February 20, 2007

I just had a very interesting discussion with people who are deeply concerned about the status of health care in America today. These men and women around the table are

charged with designing products for businesses, both large and small, and individuals.

And I discussed my health care plan that would allow—would equalize the Tax Code so that the individual would be more likely to be able to purchase a plan, because I believe a good health care system is one that rewards the consumer, encourages the consumer, and makes sure the consumer has got the capacity to make viable choices. And when you have consumers in charge of their health care decisions, it is a force that is likely to keep the health care costs down.

And so part of our discussion was, how do we encourage the development of an individual market? And I thank you very much for your insights and your concerns about the current health—the state of health care today in America.

I have the duty to talk to the American people about what I think will be a better alternative than one in which the Federal Government makes the health care decisions for the patient and the provider. And I laid out such a plan in my State of the Union.

And now I call upon Members of the Congress to analyze this plan very carefully, to recognize the best decisions are made between the patients and their providers, and to work with the administration in a bipartisan fashion to make sure that health care is accessible and affordable for as many Americans as is possible.

We have a duty here in Washington to take care of the poor, the disabled, and the elderly, and we're meeting that duty. And now we have a duty to make sure the health care system is responsive to the American people, and I look forward to working with Democrats and Republicans to do just that.

Thank you.

NOTE: The President spoke at 1:53 p.m. in the Roosevelt Room at the White House. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

Memorandum on Designation of Officers of the Office of the United States Trade Representative To Act as the United States Trade Representative

February 20, 2007

Memorandum for the United States Trade Representative

Subject: Designation of Officers of the Office of the United States Trade Representative to Act as the United States Trade Representative

By the authority vested in me as President under the Constitution and the laws of the United States of America, including the Federal Vacancies Reform Act of 1998, 5 U.S.C. 3345, *et seq.*, it is hereby ordered that:

Section 1. Order of Succession.

During any period when the United States Trade Representative (USTR) has died, resigned, or otherwise becomes unable to perform the functions and duties of the office of the United States Trade Representative, the following officers of the Office of the United States Trade Representative, in the order listed, shall perform the functions and duties of the USTR, until such time as the USTR is able to perform the functions and duties of that office;

- (a) Deputy United States Trade Representatives (stationed in Washington, D.C.; in order of their length of service as a Deputy USTR);
- (b) Deputy United States Trade Representative (stationed in Geneva);
- (c) General Counsel;
- (d) Chief Negotiator for Agriculture;
- (e) Deputy General Counsel; and
- (f) Deputy Chief of Mission (stationed in Geneva).

Sec. 2. Exceptions.

- (a) No individual who is serving in an office listed in section 1 in an acting capacity, by virtue of so serving, shall act as the USTR pursuant to this memorandum.
- (b) No individual shall act as USTR unless that individual is otherwise eligible to so serve under the Federal Vacancies Reform Act of 1998.

- (c) Notwithstanding the provisions of this memorandum, the President retains discretion, to the extent permitted by law, to depart from this memorandum in designating an acting USTR.

Sec. 3. Judicial Review. This memorandum is intended to improve the internal management of the executive branch and is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

Sec. 4. Publication. You are authorized and directed to publish this memorandum in the *Federal Register*.

George W. Bush

[Filed with the Office of the Federal Register, 8:48 a.m., February 21, 2007]

NOTE: This memorandum was published in the *Federal Register* on February 22.

Remarks in a Discussion on Health Care in Chattanooga, Tennessee

February 21, 2007

The President. Thank you all very much. Please be seated. Thank you. Thank you very much. I'm honored to be here. Jim, thank you. We just toured a pretty fantastic hospital. He talked about robotics that are being used to operate on. He said that I was on the machine, and he's right, but there wasn't anybody at the other end of the machine, you'll be happy to hear. [*Laughter*]

I want to talk today about health care. I see people wearing our uniform—I want to thank you for wearing the uniform. I am the Commander in Chief, and proudly so. I'm also the educator in chief. The job of the educator in chief is to try to educate people about different ways to solve major problems facing our country, and we've got a problem with health care. It's not affordable, and it's not accessible to too many of our people. And the fundamental question is, how to deal with it? And so today we're going to have a conversation with experts. We've got people who call themselves experts, like me and the Secretary and the Governor. And we got people

who are living experts because they're having to deal with the health care problems.

And so I want to thank you for joining us. I particularly want to say thanks to Michael Leavitt, who is the Secretary of Health and Human Services. I asked him to join my Cabinet. He came from the State of Utah, where he was a Governor. I happen to believe Governors know how to set agendas and know how to achieve results. You've got you such a Governor here in the State of Tennessee as well. And, Mr. Governor, we appreciate you joining us. Mike and—[*applause*].

I think you're going to find it interesting as we discuss the proper relationship between the Federal Government and States, as we design programs that help individuals be in charge of their health care decisions. And so we're going to have a discussion with some of your fellow citizens here, and I want to thank you all for joining us. It seemed like a pretty good idea when you accepted—[*laughter*—and then you got out here, look at all the people and cameras. Anyway, I think you're going to find it interesting. I know I'm looking forward to hearing what you all have to say.

I'm keeping pretty good company today, as you can see. Not only have we got the Governor; we've got the Lieutenant Governor with us today. Lieutenant Governor Ramsey is with us. Thanks for coming. There he is, yes—Ramsey.

I am very proud of your—the Senators you've got up there—that you sent up to Washington. The senior Senator, Lamar Alexander—appreciate you coming, Lamar. Proud to be here. He's a good, thoughtful guy, who, by the way, paid me and Laura a high compliment the other day in the newspapers in Tennessee when he noticed that we had worked hard to increase the budget of the National Park System, thereby directly benefiting the people who care about the parks in eastern Tennessee. And so thank you for not only helping us get that piece of legislation into the process—I'm looking forward to getting it passed during the appropriations process.

The other United States Senator is a fellow you know pretty well, a man who made his marks in paving the roads and filling the pot-

holes—former mayor Bob Corker. Thanks for coming.

And finally, the United States Congressman—all he talks about is “Chatt-town” every time I see him. He says, “You remember Chattanooga, now, Mr. President, don't you?” [*Laughter*] “You came here when you were not in public office. We expect you to come back in public office.” And I'm glad, Zach, that I finally listened to you when it came to my travel schedule. I'm really thrilled to be here in this beautiful part of our country, and I'm also proud to be in the presence of your Congressman, Zach Wamp. Thanks for being here.

We got the mayor with us today—the mayors. We got the mayor, Ron Littlefield, of Chattanooga. Mr. Mayor, thank you for coming. Proud to have you here. Mayor Claude Ramsey of Hamilton County. I told the mayor, I said, “In Texas, we call them county judges.” [*Laughter*] So I said, “I might just call you ‘Judge.’ ” And he said, “Well, Mr. President, you can call me whatever you want to call me.” [*Laughter*] Mayor, thanks for coming. Appreciate you being here.

I do want to thank the good folks who work at Erlanger. Thanks for putting up with me and the entourage. We really had a wonderful tour. And the truth of the matter is, you can put all the robotics you want in a hospital, or all the x rays; what really matters is the compassion and care given by people. And so I want to thank the docs and the nurses and the staff of that wonderful facility for being on the leading edge of compassion.

It was really interesting, a couple of docs showed us some stroke recovery procedures, and one of the examples was a 26-year-old woman who got a stroke, and she couldn't talk. And then the next film they put up there was her talking, and how happy she was. And it had to make you feel great, doc, to know that you saved somebody's life. And so I thank you.

And the mission, by the way, of government is to make sure that the quality of health care received by our patients around this country remains the best in the world. Private medicine works. And we need to make sure that we put good policies in place to make sure private medicine is the norm, quality care is given to as many Americans

as possible. And that's what we're here to discuss.

Now look, we got a problem, and the problem is, health care costs are rising too fast for a lot of our individuals and small-business owners. Here's one of them right here. He's about to testify—[*laughter*]—about the rising cost of health care, see. Individuals are being priced out of the market. And so what is the proper policy to deal with it? You sent us up to Washington to identify problems, but you also sent us up there to identify solutions. And so I want to share some solutions with you today, some ideas that I hope the Members of Congress take seriously.

A first philosophical note is that the best decisions are made by providers and patients, not by government or insurance companies. In other words, if you want a health care system that really works, you want the decision-maker to be the individual, in consultation with somebody who knows what they're talking about, somebody trained to help that person make the proper decision—that would be your doctor.

Secondly, that when it comes time to helping people who need help, it makes sense for us to make sure the Federal Government does its job and to work in concert with States. Now, I believe the Federal Government has a solemn responsibility to take care of the sick—I mean, the disabled, the elderly, and the poor. We have made that commitment, and we've got to honor that commitment.

Recently we took on a big issue in the Congress, and that was to make sure that the Medicare system provided modern medicine for our seniors. And we passed new legislation that said, we're going to help with pharmaceutical drugs, that for the poor, they'll get their pharmaceuticals; but for those who aren't poor, they'll have some choices to make about how best to suit their needs when it comes to medicine. See, I believe in choice. I told you, I want those patients making the decisions.

And guess what? It's working. Part D reform for Medicare is working. I congratulate the Secretary on helping implement this piece of legislation.

My point to you is, is that we take our responsibility seriously. We want to make

sure there's adequate funding, and we will. We want to make sure that funding ends up in the hands of people who need help.

Other ways to control costs are to make sure that we introduce information technology into health care. If you want to be honest about it—I think we probably ought to be—a lot of health care is kind of lagging behind the rest of the country when it comes to IT. I mean, they're still filling out forms by hand, doctors signing things, which leads to, sometimes, confusion, since doctors can't write very well. [*Laughter*] Paper gets lost. Files move around, and they get reshuffled the wrong way. We need to help make sure that health care is as modern as other aspects of our society. We want people to have a medical identification record that you can take with you—by the way, that is secure from people snooping.

I'll tell you an interesting example of that is, our Veterans Affairs Department has done a good job of providing individualized health care records on the computers. And so when Katrina hit in New Orleans, all the files were destroyed for a lot of the health care providers, but each individual vet had his own health care chip. And so when they went to Houston, for example, they were able to take that, plug it into a computer. The doctors there at the VA was able to see what the previous treatments were or what the person needed, and there was a seamless transition from care in New Orleans to care in a VA place somewhere else.

And so we've got—we're working on that, and the Federal Government can help. After all, we're a huge provider of health care. We want there to be price transparency in health care. I don't know about you, but I don't remember ever asking how much something was going to cost when it came to health care. I do when it comes to a car—or I used to. [*Laughter*] I will soon. [*Laughter*] But there's not many consumers asking, “What does it cost, doc? And what's the quality of the product?”

And so there's—transparency in pricing will help control costs. It's amazing what happens when consumers are making decisions. And one way to help consumers to make decisions is to encourage systems that put consumers in charge of health care decisions,

like health savings accounts. Like, if you're running a small business, you need to look at a health savings account. People can save money with health savings accounts. These are innovative products, innovative ways of providing insurance for yourself and you're family, where you actually save money tax-free if you don't spend money on yourself.

We believe there needs to be association health plans. I'm very worried about small businesses not being able to afford insurance but not nearly as worried as the CEOs of small businesses. It's got to pain somebody running a small business to know they can't provide their employee with the coverage they need. And yet small businesses aren't able to have the same advantages that big corporations get when it comes time to spreading risk across a lot of people they're insuring.

And so I believe small businesses ought to be able to pool risk across jurisdictional boundary. That's fancy words for, I think a restaurant in Chattanooga ought to be able to put their employees in the same risk pool as a restaurant from Houston, Texas, so you can spread risk. Those are called association health plans.

Here's another innovative way to help people be able to have affordable insurance. I strongly believe we've got to do something about lawsuits. I don't want to get too—[*applause*]. We've got a system in some States where you can't find an ob-gyn in a county because the lawsuits are running these good people out of the county. And by the way, it's running up the cost of medicine. A doc, whether they'll admit it to you or not, can't help but think in the back of their mind, "I might get sued; I'm going to practice a little extra medicine." That's called the defensive practice of medicine. But it means that you're paying more for health costs than are absolutely necessary. If I was a doctor and worried about a lawsuit, I'd be doing the same thing. I'd be protecting myself for fear of a lawsuit that could conceivably damage my capacity to stay in business.

And I happen to believe lawsuit reform is a national issue. When I first got up to Washington, Governor, I thought the States ought to take care of it. And then I found out that we're spending about \$28 billion of

your money as a result of the defensive practice of medicine. See, we spend a lot of money on Medicare, Medicaid, Veterans Affairs. And so when somebody is practicing extra medicine to avoid the consequences of a lawsuit, it's costing our taxpayers money.

And I decided it was a national issue that requires a national response. And we hadn't done a very good job of getting that liability bill passed out of the Senate, but these two Senators are with us. And I'm going to keep pushing, so long as I'm the President, to get good national liability reform so to make medicine more accessible and more affordable for more of our citizens.

You probably think I'm going to do all the talking. Yes. [*Laughter*] My wife, by the way, who sends her love, would tend to agree with you. [*Laughter*] By the way, I am a lucky man that Laura said yes when I asked her to marry me, and I really—[*applause*]—I know this isn't very objective, but I firmly believe the country is lucky to have her as the First Lady. I really do.

There are some ideas I just laid out for people to think about on how to deal with the rising cost of medicine. I've got an idea as to how to make sure people can get private insurance. We ought to be striving to help people buy insurance so that hospitals like Erlanger don't have to pick up the tab.

So the fundamental question is, how do we help? Well, the Tax Code needs to be changed. If you work for a large corporation in Chattanooga, Tennessee, you get your health care free, basically. In other words, you don't have to pay any tax on the benefits. If you work for a small company and that small company can't afford your health care and you go out and buy health care on your own, you pay with after-tax dollars. In other words, it costs you more than the person who works for a large company to buy insurance. And that's unfair.

We're worried about helping make sure people can afford health care. But the Tax Code is so structured that if you're an individual or somebody working for a company that can't afford health care, you're disadvantaged relative to a company that is—a larger company.

And so here's an idea that Congress needs to consider: If you're married, got a family,

and buying health care, you get a \$15,000 deduction from your income taxes, right off the top. It doesn't matter whether you're working for the largest company in Chattanooga or one of the smallest, you get that deduction. If you're single, you get to deduct \$7,500 from your—not only your income tax but your payroll taxes. And the reason you do that—and you're going to hear some examples of how this will help our fellow citizens—one, it helps somebody afford insurance; two, it will help in the development of a market for individuals in the insurance world.

Right now there's a limited market for the individual. It makes it hard to find a product that either suits your needs or you can afford. The more policies written to meet the individual—in other words, the larger the risk pool—the more likely it is that costs will come down for the individualized policy. That's just the way it works. Yet the Tax Code discourages the individual from being in the market.

Now, one of the concerns I have about such a plan is that some people can't afford insurance—some people won't be able to get insurance. This plan will help a lot of people afford it, like the uninsured, the working uninsured. Now, remember, the Government is going to take care of the poor—that's called Medicaid—and SCHIP, plus what the innovative policies Phil is doing here in Tennessee. The Government is going to take care of the elderly; we take care of the disabled. And here's a way to help people who are working uninsured afford insurance. We'll give you some examples here in a minute.

But I am also worried that there is—that the process will kind of leave out people who may have preexisting conditions. In other words, it's okay for the individual who's healthy to go get insurance, but how about the person that's not healthy? And therefore, Secretary Leavitt is designing a plan that says, we will give you flexibility with Federal money that we give you—to the State to help you design risk pools—like they're doing here in Tennessee—that will help you take care of the uninsurable, like you're doing here in Tennessee. In other words, it's a collaboration with the Federal Government and the State government to come up with inno-

vative ways to deal with the issues as a result of adverse selectivity because of individual policies being the norm.

And so I'm going to have Leavitt start us off in talking about it. And by the way, in return for flexibility, we expect the States to design basic health care coverage—coverage that doesn't have all kinds of mandates on it; coverage that means somebody is more likely to be able to afford health care. And again, that's what the Governor has done here in Tennessee.

You've got yourself—you're on the leading edge of some really interesting ideas in your State. You really are. And I want Mike to kick off the discussions, and then we're going to bring the Governor in. And then—we're getting ready to talk among ourselves here. Anyway, Michael.

[At this point, Secretary of Health and Human Services Michael O. Leavitt and Governor Phil Bredesen of Tennessee made brief remarks.]

The President. Yes, Governor, thanks. It's really important for me and Mike to know that we've got Governors on the frontlines of health care decisionmaking, designing programs that meet the needs of your State. Truth of the matter is, I'd rather, Governor, you be making these decisions than some of our brothers and sisters in Washington. [Laughter]

Gov. Bredesen. I would agree with that, Mr. President.

The President. A couple of points—he said—you know, this is an interesting statistic—I think it's before age 30, most youngsters will have had, like, eight or nine jobs. Isn't that interesting? Baby boomers like us, we're not used to that kind of turnover in the job market, which means you better have health care policies that are able to follow the person.

One reason there's uncertainty in our economy is, people are worried about whether or not they're going to be able to have health insurance if they do what is the norm, which is to change jobs. And so I like the idea of the Governor designing a plan—health savings account has got the same sense of portability—you can take it with you. It's your—you own the deal.

And the other thing he talked about, preventative care. I want to remind you, it doesn't cost any money to walk outside and walk for a couple of miles. Make sure when you ride your mountain bike, you don't crash on caliche. [Laughter]

We've got Joe Cofer with us, mighty doctor.

Joe Cofer. Thank you, President Bush.

The President. What kind of doc are you?

Dr. Cofer. Surgeon.

The President. Oh, yes?

Dr. Cofer. Yes, sir.

The President. And what kind?

Dr. Cofer. General surgeon.

The President. Feeling pretty good here, by the way, thank you. [Laughter]

Dr. Cofer. If you need something out, let me know.

The President. Yes. You're working at Erlanger?

Dr. Cofer. Yes, sir.

The President. Good. Do you like working there?

Dr. Cofer. I love it.

The President. I guess otherwise you wouldn't be working there. [Laughter]

Dr. Cofer. I'd still be working there. [Laughter]

The President. Oh, that's right. Yes. That's a smart thing, the old boss is sitting over there—[laughter]. Give us your concerns. What's on your mind?

Dr. Cofer. Well, I think that the plans you've set forth are very important. I think we've got to develop health care for those that are uninsured, and I'd like to tell you about what we've done with Project Access.

The President. I'd like to hear it.

Dr. Cofer. Okay. First, let me welcome you and Secretary Leavitt, from the University of Tennessee College of Medicine, from Erlanger Hospital, and all the physicians who practice here in Hamilton County. Thank you for coming to Chattanooga, the best kept secret in America, and thank you for coming here to talk about health care.

The President. Working the chamber of commerce angle, that's good. [Laughter]

Dr. Cofer. That's right.

The President. Yes. Don't forget the Governor now—the University of Tennessee has got the budget, right?

[Dr. Cofer, surgeon, Erlanger Hospital—Baroness Campus, and chairman, Project Access, made further remarks.]

The President. You know, the great strength of the country is not our military, nor the size of our wallets; it's the size of our hearts and the compassion for fellow citizens. I appreciate, doc, what you're doing. We have an admonition to love our neighbor like we'd like to be loved ourself. A government cannot make people love one another. That happens when loving citizens decide, "I'm going to help solve a problem."

And I thank you for recognizing that the Federal Government and the State government can't solve all the problems. Instead of waiting around for them to do something they cannot possibly do, you have stood up and done it yourself. And for that, I congratulate you and thank you and the citizens.

Our job is to keep the economy growing as best we can so people are able to help themselves and get out of poverty and be able to afford health care, and to do smart policies to be able to make sure that the uninsured numbers shrink. That's the objective. That's the goal. That's why Phil is doing what he's doing. That's why I'm suggesting that Congress revisit the Tax Code to make it easier for citizens to be able to afford insurance.

We've got Danny Jennings with us. Welcome, Danny. You're married?

Danny Jennings. Yes.

The President. Yes, you are. And how many children?

Mr. Jennings. Two.

The President. Ages?

Mr. Jennings. Eight and ten.

The President. They're Chattanooga baseball fans?

Mr. Jennings. Probably will be after this. [Laughter]

The President. That's good. Yes. What do you do for a living?

Mr. Jennings. I manage a nursery in McMinnville, Tennessee.

The President. Really? Fantastic. Now's your chance if you want to put a pitch out there for some rhododendron. [Laughter]

Mr. Jennings. Those are coming in soon, by the way. [Laughter]

The President. Well, yes, see. I'm just showing off a little—flora. [Laughter]

Tell me about your health care—are you insured?

Mr. Jennings. No. At the present time, no. I'm in between insurance companies. I've had problems in the past with the rising cost of health insurance and, of course, the deductibles. And then there's preexisting conditions, which drive the price up even more.

The President. Yes. So here's a guy that's got two children.

Mr. Jennings. Yes.

The President. Eight and ten—and young family in America has got no health insurance. And it's got to be a little bit intimidating for you.

Mr. Jennings. Oh, absolutely. I own my own home, and, yes, that's very intimidating.

The President. One of the reasons I've asked Danny to come is because I want to help you understand how the standard deduction, in his case, of \$15,000, will help him better afford health insurance. As I understand it right now, that when you—it costs Danny about 450 a month to be able to get insurance to cover his family's needs.

Mr. Jennings. Yes.

The President. If we can get Congress to change the Tax Code—now, here's a fellow working for a small company that does not have insurance, can't afford to go in the market himself. But if we can get the standard deduction passed so that he's able to deduct \$15,000 off his income tax and payroll tax, he saves about 4,500 a year in taxes, which means that the cost per month for him and his family for health insurance goes down to \$47 a month when you apply the tax savings.

The reason I asked Danny to come is because I want you to understand that the standard deduction can mean a lot to a fellow who's working and trying to be able to afford private health insurance. In other words, there's more money in his pocket as a result of the tax standard deduction, and there's more peace of mind knowing that his kids and that he and his wife are covered.

Mr. Jennings. Absolutely.

The President. So I want you to do me a favor. You don't need to write Wamp; he's on board. We'll find you another Congressman to write. [Laughter] Sounds pretty good.

Mr. Jennings. Absolutely.

The President. Yes, I think it will work for you, Danny. I really do. And Danny—I'm concerned about a lot of our citizens, but I don't like to think about a society where the cost of health care has gotten such that a fellow who is trying to do the best he can for his family—got him a house, got him a steady job, but he can't afford health care. And here's one idea for the people of this—for the Congress to think about. Lets Danny make the decision; he gets to buy health insurance; but he's got 4,500 extra dollars to do so on an annual basis.

Mr. Jennings. Definitely.

The President. Thanks for coming.

Mr. Jennings. Thank you.

The President. Marty Ginn.

Martha "Marty" Ginn. Yes, sir.

The President. Glad you're with us.

Ms. Ginn. I'm glad to be here.

The President. What do you do for a living, besides being—she's got the toughest job in America, and that's being a single mom. That's the toughest job, by the way, in my judgment. So what do you do?

Ms. Ginn. I'm an office manager in McMinnville, Tennessee. I've been working there for about 10 years.

The President. Good.

Ms. Ginn. And I love it.

The President. Do you?

Ms. Ginn. Yes, I do. I'm very good at it.

The President. It's important to have high job satisfaction. Are you good at it?

Ms. Ginn. Yes, sir. [Laughter]

The President. Give the girl a raise, will you? [Laughter] And so do you have health insurance?

Ms. Ginn. No, sir.

The President. Yes, so you work for a company that does not offer health insurance?

Ms. Ginn. Yes, sir. I have a—I have inquired on some insurance, but I have a pre-existing condition—I have trouble with my left knee—and the quotes were just outrageous. So I'm just kind of stuck.

The President. So you'd rather go without insurance—or not rather go—you just can't afford it. Let me put it that way.

Ms. Ginn. Well, there you go.

The President. It's not a matter of rather; it's a matter of necessity.

Ms. Ginn. Can't afford it.

The President. Yes. Since Marty is a single person, she gets to deduct \$7,500 off of income and payroll taxes, which would yield her about \$1,900 in savings on an annual basis, which could then be applied toward health insurance. In other words, Marty can't afford health insurance; the plan needs to—we've got to have something in government to help encourage people who cannot afford health insurance to do so. One is to help deal with the cost, and we've laid out some ways to do it, but another is to change the Tax Code.

She doesn't get the same benefit when she buys health insurance as somebody working for a larger company. That's patently unfair. I know it wasn't designed that way when they did that in the health care system. But it's unfair for her. And all I'm going to ask from people in Congress is, be fair. Treat the Marty's of the world in a fair way. And we believe in treating her fairly, she'll be able to better afford health care.

Ms. Ginn. That would be great. [*Laughter*]

The President. Yes. Good. And you've got your daughter out there. She's 21?

Ms. Ginn. My son.

The President. Your son? Yes.

Ms. Ginn. My son.

The President. As I said, your son. [*Laughter*]

Ms. Ginn. Trust me, he's a son. [*Laughter*]

The President. That's good. Is he listening to his mother?

Ms. Ginn. He always does.

The President. Yes. Mine can't say the same thing. [*Laughter*]

Ms. Ginn. The Marines taught him well.

The President. He's a marine?

Ms. Ginn. Yes.

The President. Yes, ma'am. I appreciate it. I know you're proud of him. Where is he? Is he out there? Yes, sir. Thanks for serving. Thank you. Yes, sir. He yelled, "Semper Fi," at the Commander in Chief—proudly received.

Audience member. Hooah!

The President. There you are. [*Laughter*]

Okay. That's enough. [*Laughter*]

Amy Childers—isn't that right?

Amy Childers. Yes, sir.

The President. So are you gainfully employed?

Ms. Childers. Yes, sir.

The President. Like, what do you do?

Ms. Childers. I'm an interior designer in Nashville, Tennessee.

The President. Great. You came over with the Governor?

Ms. Childers. I did.

The President. That's good—from the same area. Nashville is an exciting town, isn't it?

Ms. Childers. Yes, sir.

The President. It really is a vibrant town; it's an exciting place. Thanks for coming. And so who do you work for?

Ms. Childers. I work for Lumen Lamps.

The President. Yes. That means you sell lamps?

Ms. Childers. I do. [*Laughter*]

The President. I'm occasionally in the market. [*Laughter*] And so what's your—give us a feel—your company—once again, she works for a company that does not provide health insurance.

Ms. Childers. We are a very small company. I'm the only full-time employee besides my employer, and he can't afford for us. And so I turned 35 last summer and my—

The President. You don't look a day over 34. [*Laughter*]

Ms. Childers. Most people say 22, but thanks. [*Laughter*]

The President. Good one. Yes, I'm not running again. [*Laughter*]

Ms. Childers. I'll let you slide. [*Laughter*]

The President. Who invited Amy? Where is the guy? [*Laughter*]

Ms. Childers. Okay. So I turned 35, and my cover went from 130 a month to 210. So my dad wasn't supposed to know this—I dropped that health insurance—

The President. He knows it now. [*Laughter*]

Ms. Childers. Yes, he does.

The President. I hate to tell you, Amy, but see those cameras back there? [*Laughter*]

Ms. Childers. He's over there.

The President. Where is your dad? Is he here?

Ms. Childers. He is.

The President. Good. Okay, well, I'll see him afterwards.

Ms. Childers. All right.

The President. I'll cover for you. [Laughter] So anyway, you dropped your health insurance because—

Ms. Childers. It went up to \$210 a month, and so I got one that's \$5,000 deductible at \$100 a month.

The President. Here's the thing. Amy—look, I can't tell you how many people there are that work for small businesses who cannot afford insurance. I mean, a big slug of the uninsured in America works for small business companies—some, by the way, of the uninsured are young people who never think they're going to get sick and don't bother to buy insurance. But a big slug work for people that are struggling to make ends meet.

It's hard to be a small-business owner. It's hard to survive in a competitive world. And yet we've got to make sure our small businesses are strong—after all, they create 70 percent of the new jobs in America. We want the entrepreneurial spirit to be strong. One of the roadblocks to success is the cost of health care. And so here's a man who's got a small business. He has to make a difficult decision not to provide insurance for his employee. She has to decide.

Doesn't it make sense to change the Tax Code so that Amy Childers can better afford insurance? And so if she gets the \$7,500 deduction, she saves about \$2,000 a year—which means something other than the kind of plan you have is more affordable to you. Isn't that right?

Ms. Childers. Yes, sir.

The President. Yes. See, the reason I've asked these three folks to come to talk about—first of all, I just want people to be able to identify with what it means to be in a society in which you either don't have health insurance or you don't have adequate coverage. And there's a lot of our citizens who are just that way, and we've got to do something about it. It's not right, and it's not fair.

And there's an interesting debate going on, how best to solve the problem. Some say, "Well, maybe the Federal Government

ought to do it all." I don't believe that. I believe we can do a combination of good policy with the Tax Code, good policy to help those who we have an obligation to help, good policy with State, and good policy with charity—to make sure that we're able to provide that mosaic so that people can know that the society is better off as a result of accessible and affordable health care.

Now, we've got a man—thank you for coming, by the way. You did a wonderful job.

Will Smith, living the American Dream.

Will Smith. Thank you, Mr. President.

The President. Is that an accurate statement?

Mr. Smith. Yes, it's a correct statement.

The President. You know, I love a society where a fellow like Will Smith says, "I want to start my own business." We want people from all across the country saying, "I want to take a risk and start my own business." It's good for the country. Ownership is good for the country. Creating jobs through the small-business sector is good for the country.

So tell us what you're doing.

Mr. Smith. All right. I'm a developer, sir. I was one of the—we're the largest real estate developer in the city right now.

The President. Really? Good. Married?

Mr. Smith. Yes, married—four kids.

The President. That's good. And the name of your company?

Mr. Smith. It's WAS Properties.

The President. Put his wife's name in the deal. Will, and your wife's name is Andrea.

Mr. Smith. Andrea.

The President. See, W-A. Get it? Will and Andrea? [Laughter] And Smith—S. [Laughter]

Mr. Smith. That's correct.

The President. That is a smart move to put the wife's name in the company. [Laughter] So what are your problems?

Mr. Smith. Well, I have 9 full-time employees, and I count my contractors, which is about 50—subcontractors, which is about 50 employees. And in the nine employees that I have full time, they're not only just my employees; they're part of my family, because they've been with me for about 4 or 5 years. And we just can't afford insurance for them.

The President. First of all, I want you to hear the spirit that he just talked to me. He said, “These are my close friends.” In other words, these are more than just employees. A CEO of a small business views—many times—views the employees as family. And so he’s concerned about whether or not he is providing for his family, which is, frankly, an obligation of people who run a company. But the problem is, insurance has gotten too expensive to be able to do that, I guess.

Mr. Smith. Exactly.

The President. Yes. So I got an idea for you—two ideas. One is to look at health savings accounts—high deductible plans with a cash contribution to take care of ongoing medical expenses. If your employee does not spend the money, he or she gets to keep it and earn money tax-free and gets to save it; that’s one idea. You ought to take a look.

The other idea is—I know I’m beating a dead horse, but sometimes you have to say the same thing over and over and over again, and I’m going to say it one more time—we need to let Will and his employees be able to deduct the cost—a standard deduction off their income taxes so that he’s got just as good a chance to provide insurance for his employees that big companies do here in Chattanooga. That’s what we need to do. It is a really important idea.

I know that you’re looking and you’re scrambling, but it would be a lot easier if you were able to work with your employees because of the money that they save as a result of tax deductions.

Mr. Smith. That’s correct.

The President. And so the whole purpose, by the way, of this discussion is to help the individual, but to also help the entrepreneur do their duty. That’s why I’ve come. I’ve really come to say thanks to your Governor for being innovative. See, he’s helping lay out a basic health care plan. One of the problems we have at State level is that over time, a lot of mandates have been added to insurance. You know, the hair follicle benefit—well, you don’t need hair follicles, particularly if you have hair. [Laughter] If you’re going bald, you might think you do, but it’s probably not a necessary part of a health care plan.

I’m not saying that’s happening in Tennessee. [Laughter] But after a while—the Governor knows what I’m talking about, and so does this Governor—it’s hard to resist. And so they get—these insurance plans get all kinds of things added on to them, which makes the expense beyond the reach. And so the Governor said, “Look, we’re going to try—well, that’s fine, we’ll have those plans, but we’re going to devise another plan too, just to provide for basic health care.” That will help his employees, and so will change in the Tax Code.

I firmly believe we can do a better job in helping people get private insurance than we’re doing today. Matter of fact—and we need to. See, the status quo is unacceptable. And so I’ve come to talk to you about some ideas, and I want to thank you for giving us the forum to do that. Ideas matter in the public life. And here’s an idea, a series of ideas.

I strongly urge both Republicans and Democrats to take a look at what we’ve announced. We want to work with people in Washington, DC. I’m tired of the politics, just like you’re tired of the politics. We can do a better job of finding common ground on commonsense ideas to solve common problems.

And so I thank you for giving us a chance to come today. I want to thank our fellow citizens—my fellow citizens for joining us in helping to illuminate the problem and helping me highlight the solution.

Governor, I’m honored that you came. You didn’t need to come. It’s a great honor that you’re here. In return, Laura and I will have you for dinner next Sunday night. [Laughter] Well, we were going to do it anyway but—[laughter]—all the Governors are coming to town. I’m looking forward to welcoming your Governor. [Laughter] And I thank the Secretary. Doc, thanks for coming.

God bless you all. Thanks for your time.

NOTE: The President spoke at 12:33 p.m. at the Chattanooga Convention Center. In his remarks, he referred to Jim Brexler, president and chief executive officer, Erlanger Health System; and Lt. Gov. Ron Ramsey of Tennessee. A portion of these remarks could not be verified because the tape was incomplete.

**Remarks in a Discussion on
Alternative Fuel Sources in
Franklinton, North Carolina**

February 22, 2007

The President. Thank you. Please be seated. Thank you all very much. I like to tell people, part of my job is to be the educator in chief. And today we're at a really interesting facility in North Carolina to talk about what's possible, what dreamers are doing to enable us to achieve a very important national goal, and that is to become less dependent on oil from overseas, thereby ensuring that our national security interests are better intact and our economic security interests are better intact and that we're better stewards of the environment. That's what we're here to talk about.

But before I do, I do want to thank some people. First, Laura sends her regrets. I'm a lucky boy to have her—[laughter]—to have her as my wife. We've got a lot of friends here in Carolina, and she sends her best wishes to our Carolina friends. I told some folks yesterday, I'm not very objective when it comes to my wife, but I think the country is really lucky to have her as the First Lady.

We're here at Novozymes, which is a company that makes enzymes. We're going to talk to Thomas, who is the president and plant manager, about what they do here and why it's relevant. But before we get there, I do want to say something about Steen Riisgaard. He's the president and CEO—Steen. He flew over from Denmark. I can't thank you enough for coming. I appreciate you being here. It's interesting, isn't it, when you're able to sit in North Carolina and talk about a Danish company that is investing to not only help us become less dependent on oil but, equally importantly, is investing capital, which enables citizens from the United States to find good work.

I toured around the facility, and I asked people at the facility how long they had been working here. And a lot of people have been here 20-plus years. So for those people who are worried about free trade, I want you to remember that if this country were to wall ourselves off from the world, we would miss opportunities to find markets for our products, and at the same time, miss opportuni-

ties for citizens who work at a facility like this to find good work. It's in our interests that we have free and fair trade.

And so I thank you very much, Steen, for investing in the United States of America, and I appreciate the fact that you're sensitive to the needs of the workers here in the United States of America. And I see you're sitting next to your Ambassador. Mr. Ambassador, welcome. I'm glad you're here.

A person who understands the vast potential in the lands here in North Carolina to make us less dependent on oil is Richard Burr. He's the United States Senator. I'm proud he's joined us today, and thank you for coming, Senator. [Applause] There you go. Congressman G.K. Butterfield—thank you for being here, G.K. Appreciate you coming. He's the United States Congressman from the neighboring district, but he has enough interest in making sure that we succeed in alternative sources of energy that he's here. He's also on an important subcommittee in the House. I appreciate your interest; appreciate you joining us.

I want to thank the agricultural commissioner from the great State of North Carolina, Steven Troxler, who's joined us today. Steve, thank you for coming. There he is, right there. Good to see you. See, Steve needs to take an interest in this, like he is, because doesn't it make sense to be able to say to our farmers, "Grow what you can grow so we become less dependent on oil." I like the idea of a President being able to say, "Wow, the crop report is in; we're growing more corn than ever before, which means we're importing less oil from overseas." It's an exciting time to think about, that our farmers not only are going to grow what we need to eat, but it's going to grow what we need to run our automobiles.

And that's coming. That's what we're here to discuss today. I know it sounds like a pipe-dream to some—you know, there goes the optimistic President talking again. But you're going to hear from some experts here. I'm just a history major. [Laughter] And I'm with Ph.D.s. [Laughter] Let me remind you who the President is. [Laughter] Yes.

But the Ph.D.s are providing the brain power necessary to help plants like this develop technologies that will enable us to convert wood chips into fuels that are running automobiles. It's an interesting time, isn't it, when you're able to say, we're on the verge of some breakthroughs that will enable a pile of wood chips to become the raw materials for fuels that will run your car.

I appreciate the mayor, Jenny Edwards, here, mayor of Franklinton, for joining us. Where are you, Madam Mayor? Thanks for coming. Proud to see you again. And all the Novozymes employees, I appreciate you setting this deal up, and I appreciate you putting up with the hundreds who travel with me. [Laughter] And thank you for your warm hospitality. I really do.

Look, here's the—I just told you the goal. The goal is for the United States to be—to diversify away from old, old ways, and it's possible. And I do believe it is a proper use of your money, taxpayers' money, to spend to encourage research on interesting ideas. We spent about \$12 billion since I've been your President to try to stimulate technologies that will literally change the way we live. A lot of that money has gone into clean coal technologies. If you're worried about dependency on oil from overseas, then it seems to make sense to me that we ought to be able to have the technology so that we can better use the resources we have here at home.

I don't know if you know this, we've got about 250 years worth of coal in America. That's what they estimate. And it makes sense, therefore, to spend money at the Federal level to develop technologies so we can burn that coal in environmentally friendly ways. The idea is to have zero-emission coal-fired plants here in America, and it's possible, and we're making progress toward that goal.

I happen to believe that if you're concerned about the environment and want to deal with renewable sources of energy, that we need to pursue nuclear power. Those powerplants emit zero greenhouse gases. It doesn't require any hydrocarbons from overseas to run those plants. So we're beginning to license new plants. We're spending money on wind and solar energies. It makes sense to be able to—as the price of hydrocarbons

goes up, it makes sense that there be alternative sources of energy coming to the market as quickly as possible.

So we're making pretty good progress. But if you really want to reduce the amount of oil that you consume, you got to reduce the amount of gasoline you use. In other words, if you say, "We want to reduce our dependence on oil," what you really got to do is change gasoline usage in the United States. And there's a couple of exciting things that are taking place—one is new battery technologies. We're spending money at the Federal level—and by the way, there's a lot of private sector money going into alternative sources of energy. And someday, you're going to be able to get in your car, particularly if you're a big-city person, and drive 40 miles on a battery. It's coming. And by the way, the car doesn't have to look like a golf cart—[laughter]—it could be a pickup truck. [Laughter]

And that technology is around the corner. And if we're able to drive the first 40 miles, or, say, 20 miles on gasoline, [electricity]* there's a lot of big-city folks that will never have to use a drop of gasoline on a daily basis. They'll be driving via electricity. These are lithium ionic batteries, technology—so when you hear that term, you just got to know, there's a lot of folks and a lot of money aiming hard to get this to the market as quickly as possible. Why? Because we've set a goal for the United States to be less dependent on oil.

Secondly—and this is what we're here to talk about today—is ethanol. It says that the new developments in ethanol—in other words, fuel derived from corn—can be diversified. Here's the problem. Right now we're consuming about 7 billion gallons of ethanol a year made from corn. And it's a pretty standard process. People here at this facilities have developed the enzymes necessary to break the corn down in an efficient way so that we can use ethanol derived from corn. The problem is, we got a lot of hog growers around the United States—and a lot of them here in North Carolina—who are beginning to feel the pinch as a result of high corn prices. A lot of the cattle people around the

* White House correction.

United States—I have got a few of them in my home State of Texas—they're worried about high corn prices affecting their making a livelihood. In other words, the demand for corn, because of agricultural use and now energy use, is causing corn prices to go up. I bet you the agriculture commissioner is hearing from folks.

And so how do—the question then is, how do you achieve your goal of less dependence on oil without breaking your farmers—without breaking your hog raisers? Corn farmers happen to like it, but I'm talking about the—[*laughter*]*—*people dependent on corn.

And here's how: You develop new technologies that will enable you to make ethanol from wood chips or stalk grass or agricultural waste. And that's what we're here to talk about. Is it possible, and if it is possible, how close are we to achieving the technological breakthroughs that I believe are possible so that our—so that we're changing our habits?

And these are exciting times; they really are. I've always said, "America needs to stay on the leading edge of technological change." It will mean we remain a really important economy in the world, but it will also mean that our folks will be able to find good, high-paying jobs.

In this case, being on the leading edge of technological change means that we'll also be able to deal simultaneous with economic insecurities that come when China demands more for oil, the world produces less, the price of oil goes up, and so does the price of gas at the pump here in North Carolina; national security concerns, where some people who've got oil don't like us, and therefore, may be willing to use their energy resources to try to cause America to take a different view of the world; and environmental concerns. And all these three concerns come together with technology as the solution.

And so, Thomas, tell people what you do. [*Laughter*]

Thomas Nagy. Well, that was a nice introduction, and thank you, Mr. President. You may know, and many of you here—first of all, I want to welcome you very, very deep from my heart, and from all my colleagues here in Franklinton, welcome to North Carolina, welcome to Novozymes, and also, welcome to the guests here.

The President. Well, thank you. Like, you're the president, right?

Mr. Nagy. Well, you're the President. I'm—[*laughter*]*—*well, okay, no anyways—

The President. It didn't take him long to learn, you know. [*Laughter*]

Mr. Nagy. Novozymes is the world's leading biotechnology company within the field of industrial enzymes and microorganisms. We market more than 600 products around the globe, and all of these products have the same in common, that they—sort of like it's good for the environment. It's good for businesses because when using our products, you use less resources, less energy, less water, and hence, you make better use—

The President. So you make enzymes.

Mr. Nagy. We make enzymes. And enzymes is sort of like the key component you need to have when you convert starch or the corn to sugar that you can then make to alcohol or the ethanol.

The President. Right.

Mr. Nagy. But also, it's got to be the key component when you want to make your switch grass or your biomass to sugar and then to ethanol.

The President. So the enzyme begins to break down the raw materials in a particular raw material that will enable us to make more ethanol.

Mr. Nagy. That is correct.

The President. Is that what you're saying?

Mr. Nagy. Yes.

The President. Now—so is this a—is this like a huge distillery? [*Laughter*]

Mr. Nagy. Our plant here?

The President. Yes.

Mr. Nagy. Well, you could say what we do here—we use microorganisms, and the way we make these enzymes is by the use of these microorganisms. And you could compare our process to if you brew beer or wine. We take some agriculture raw materials like starch, again, or corn, and then we ferment the enzymes, basically, like you would ferment wine. Then the product here is the enzymes that we can then ship off to ethanol plants around in the U.S. And they use it today to break down the starch in corn and make ethanol. So we are a key provider of

a key technology to make this happen for you.

The President. Absolutely. And I presume that one of the bottlenecks to achieving widespread ethanol production is the cost of enzymes. Have you seen any appreciable decline in the cost of enzymes since you have been producing it?

[At this point, Mr. Nagy, president, Novozymes North America, Inc., made further remarks.]

The President. Yes. I want to repeat this, because you actually—he’s talking about your money. [Laughter] And he said that we gave a grant—we, the taxpayers of the United States, gave a grant to the researchers of this company. See, if they could not reduce the cost of producing the enzymes that would be critical to making ethanol, and this company was able to do so—reduced the cost by a factor of 30, which, I think, is a justifiable use of taxpayers’ money, to see those kinds of results.

Mr. Nagy. Thank you.

The President. Yes. You got a lot of Ph.D.s and advanced degrees here?

Mr. Nagy. Yes, we do. [Laughter] We have a few, yes.

The President. You do?

Mr. Nagy. Yes, we do.

The President. The reason I mention that is that part of remaining a competitive society is to make sure our children get a good education early, so that it is possible to get advanced degrees or high—at least a degree beyond high school. If you want a good job in America, you better go on after high school. I mean, the jobs in places like this are jobs that require brain power, as much as anything else. And therefore, the educational system of this State, for example, has been critical in attracting industries such as the company we’re talking about here. I mean, I go walking through the halls and shaking hands with people—we got people on—doing sophisticated computer programming; we got lab technicians who have got advanced degrees in bioengineering. And my only point is, it reminds me of how important higher education is for this country. And I applaud the folks of North Carolina about being on the leading edge of education, and

that’s why you got companies like here—like this company here paying pretty good money for jobs, I guess.

[Mr. Nagy made further remarks.]

The President. Good. Well, Thomas, thanks, buddy.

Mr. Nagy. You’re welcome.

The President. I appreciate it. You handled it well. [Laughter]

Kevin Wenger.

Kevin Wenger. Yes.

The President. Yes, Kevin, how are you? What do you do?

Mr. Wenger. I’m great. I’m the manager of the R&D group that we have here in North Carolina for ethanol research.

The President. For this company.

Mr. Wenger. For this company, yes, yes. We, about 5 years ago, decided to invest in a dedicated R&D group for ethanol process development, and we decided to anchor that research group here in North Carolina, because the U.S. is really where the ethanol market has been very strong.

The President. And you’ve got a degree in what?

Mr. Wenger. I have a degree in chemical engineering, Ph.D. from Colorado State University.

The President. Good.

Mr. Wenger. And I’ve been here in Novozymes since I finished graduate school in 1994.

The President. And so in 1994, were you thinking switch grass into—[laughter].

Mr. Wenger. I’ve always been interested in alternative energy and making ethanol. There wasn’t so many jobs related to switch grass in 1994. [Laughter]

The President. Well, cellulosic.

Mr. Wenger. Yes. But I was always—I’ve always been interested in fermentation also, and so Novozymes is a fermentation company, and that’s how I ended up here.

The President. Yes. Interesting.

Mr. Wenger. Yes.

The President. And so I’d like to quote what he said. Kevin said, “It’s going to be a challenge,”—talking about achieving what we’re talking about here—“but if we look at how far we have come in the past 5 years,

we have so much momentum, it shouldn't be that tough."

And the reason I quote a person who knows what he's talking about when it comes to developments necessary to bring the cellulosic ethanol to market, I quote it because I presume in that optimism, there's realism.

[*Mr. Wenger, senior manager, Biofuels Research and Development, Novozymes North America, Inc., made further remarks.*]

The President. What he referred to is something I should have talked about earlier, and that is, I set a goal of the United States reducing our gasoline consumption by 20 percent over the next 10 years. That's the 20-10 goal. In other words, it is a goal. And I mandated a fuel standard that says, we'll be using 35 million gallons of ethanol or alternative fuel over the next 10 years.

Now, the reason I did that is because I think it's possible to do it. And the reason I think it's possible to do it is because of people like Kevin telling me it's possible. Remember, I'm the history major. [*Laughter*] And so the advances you've seen in 5 years—if you're able to take yourself back 5 years ago to today, it is a noticeable difference, a—obviously reduced the cost of enzyme, for example, which is an important development.

Mr. Wenger. Yes, absolutely, it's a very noticeable difference, and in terms of the number of industry players that are really interested in this technology and are also willing to invest in making this technology happen, including Novozymes as an industry player, it's really amazing what we've seen over the last 5 years.

The President. Yes, great.

Mr. Wenger. Yes.

The President. The high price of energy has caused private capital to say that it's going to be impossible for a society like the United States to sustain its use on gasoline. So whether it be Novozymes who is investing or private sector funds, that money is coming in. See, they're fueling new research and development. So we've got the Government helping, but also, you've just got to know that the private sector is very much involved with trying to invent the technologies necessary to take advantage of a society that recognizes it has to diversify away from energy.

And I repeat to you, we're all connected, and so when a Chinese economy grows and their demand for oil goes up, it affects the price that you pay for gasoline. People got to know that. And therefore, it's important for us to continue to advance these kinds of research projects.

I met Dr. Mike in Greeley, Colorado, a year ago.

Michael Pacheco. Golden, Colorado, Mr. President.

The President. Golden—exactly, Golden, Colorado. [*Laughter*] How quickly they forget, anyway—[*laughter*]. I am 60. [*Laughter*] Golden, Colorado. Michael, tell them who you work for.

[*Mr. Pacheco, Director, National Bioenergy Center, National Renewable Energy Laboratory, made further remarks, concluding as follows.*]

Mr. Pacheco. Two years ago, we issued a study with USDA, put two agencies together, that showed that the U.S. could produce enough raw biomass that's equivalent to about 60 percent of all the oil that we use in the United States. The problem is, is most of that biomass is not an easy material to convert. It's not like corn grain. And so our research at NREL—

The President. Explain to people what you're talking about, like—

Mr. Pacheco. Things like forest residues, things like fast-growing trees and switch grass—the major constituent in that material is a cellulose fiber—usually accounts for more than half of the—

The President. Do you know what switch grass is? Tell them what switch grass is.

Mr. Pacheco. Switch grass is a native grass that grew in the Midwest. It's a grass that grows in relatively poor conditions; it can survive droughts very well.

The President. Rocky soil and dry. Sounds kind of like parts of Texas, doesn't it? [*Laughter*] Imagine, however, if you're able to grow a grass, where it's rocky soil and dry, that you're able to convert into energy. You're talking about a major change in the lifestyle of your children and my children and their kids. I mean, this is—anyway, go ahead.

Mr. Pacheco. That's a—[laughter]—you're doing very well. [Laughter] That's a big part—

The President. I am passionate on the subject. [Laughter]

[Mr. Pacheco, made further remarks.]

The President. You know, it's interesting, you're probably wondering whether or not automobiles can be easily converted to use ethanol, and the answer is, absolutely. There's a lot of automobiles in the Midwest that are filling up with 85-percent ethanol, called E-85 pumps. It doesn't take much. So one of the barriers to the advent of a lot of ethanol use is not the automobile. It's easy to convert them. As a matter of fact, some of you out there probably have got a car that can use ethanol, and you just don't know it—flex-fuel automobiles, they're called.

Secondly, the production process—once we figure out what needs to take place internally—is not that expensive, relative to huge gasoline refineries. What will happen is, when you get a wood chip breakthrough, for example, where it becomes cost effective, you're going to have ethanol production plants all across North Carolina, where the wood chips can be gathered.

One of the reasons we keep talking about costs, it's just real practical. Somebody is not going to fill up their car with ethanol if it costs a lot more than gasoline. The consumer is pretty wise, and they care about the environment—no question about it. But if a person is having to drive back and forth to work, they're going to generally pick the most economically competitive fuel to do that. People want to keep money in their pocket, and therefore, if it costs less using gasoline, they'll use it. So therefore, that's why we're driving these research dollars, to get the cost of producing ethanol down so it can compete. And it's going to happen, because as that price of oil goes up, the price of gasoline goes up, which makes ethanol more competitive. And one reason—just so you know—one reason why there's been such a push is because when the price of oil went up from early 2001 to where it is today, about \$60 a barrel, people saying, "We may not be able to sustain this; we better get moving." And that's what's happening.

North Carolina State—Ratna, welcome. Thank you. You're a doctor of?

Ratna Sharma. Biological engineering.

The President. Biological engineering. Chemical engineering. Biological engineering. [Laughter] People should be getting the picture that we've got a lot of smart people working on this project. When you've got Ph.D.s surrounding the President talking about doing what's right, we've got a lot of brain power working on it. And that's where you're going to get your breakthroughs.

Anyway, so what are you working on?

[Ms. Sharma, assistant professor, Department of Biological and Agricultural Engineering, North Carolina State University, made brief remarks.]

The President. So what do you think? I mean, how long have you been doing this for?

Ms. Sharma. I've been doing this for about 4 years.

The President. Really? So when you got your Ph.D., you never dreamt you'd be thinking about converting wood to oil or fuel. What did you feel?

Ms. Sharma. Well, I was trained as an agricultural engineer, and I grew up on—in our ag university campus with farms around me.

The President. Oh, I see.

Ms. Sharma. So I always saw residues lying around and plants and stuff. And I got my Ph.D. in food safety engineering, where I learned about microorganisms. So then I saw this opportunity—it was like putting together engineering and microbiology, to process something and get value from something that's typically not—

The President. And there are other people at North Carolina State working with you on this project?

Ms. Sharma. Yes, there are. There are people working on utilizing forest residues, wood chips for converting to ethanol. There are people working on different ag residues—sweet potatoes, which is a starch base, feedstock, people working on biodiesel, from—again, from agricultural resources.

So there are a lot of people working on overcoming the challenges of pretreatment and converting the carbohydrates into sugars

and then eventually fermenting it into ethanol. And my focus has been more on ag residues like cotton stalks, hays, and straws, which would typically not be useful.

The President. Cotton stalks, pretty interesting, isn't it?

Ms. Sharma. They are.

The President. They now get plowed up into the ground. Your idea is to get them so they can end up in somebody's automobile, not in the ground.

Ms. Sharma. Exactly, because there is a lot of potential. And like switch grass, which grows in marginal lands—and we have, like you mentioned, a big swine industry here in North Carolina. So the advantage is, we could possibly put the two together, use animal waste as a nutrient source to grow the switch grass and then convert it into ethanol, so you're getting energy from waste.

The President. So are people pretty upbeat about it? People feel pretty upbeat?

Ms. Sharma. Well, people who are aware and looking forward to switching from fossil fuels to renewable energy, yes, they are.

The President. Feeling pretty good.

Ms. Sharma. And they feel it's achievable. We can do it. We just need to work a little harder on that.

The President. Yes. A little more money and a little harder. [Laughter] Talk to my man, Michael. He's the guy distributing some of the money. [Laughter] Well, good. Thanks, doc. Thanks for joining us.

Ms. Sharma. Thanks, Mr. President.

The President. I'm sure proud you're here. NC State is a fine, fine institution. I know you're proud to work there.

Ms. Sharma. Yes, I am, definitely.

The President. Ryan, where are you from?

Ryan Adolphson. I'm from the University of Georgia in Athens, Georgia.

The President. It's a bold man to come here to North Carolina. [Laughter] A great school, by the way. What do you do?

Mr. Adolphson. I'm with the university's—I'm in charge of our bio—our pilot facilities that are looking into early transitioning some of this technology from the bench out to industry, looking at really the wide or broad spectrum of this concept of biomass to energy that includes fuels and

includes electrical and different bioproducts, and really running the gamut of this whole type of industry. And we have a pretty large research facility looking into this at all levels.

The President. In Athens?

Mr. Adolphson. In Athens, yes—bio-refining and carbon cycling center that we've recently started in the last 2 years.

The President. What is a bio—I mean, what is a carbon recycling center?

Mr. Adolphson. Carbon cycling.

The President. Carbon cycling.

Mr. Adolphson. Right. So we're looking into the concept of a biorefinery, which Mike mentioned, and really taking a little bit bigger picture view, stepping back, not looking only at ethanol but counting ethanol as a significant piece to the puzzle, but looking at all the other products that can be generated from biomass. You know, similar to a petroleum refinery that takes a barrel of crude and doesn't just make diesel and gasoline but 50, 60 other products out of that.

So we're looking at our wood chips as that barrel of crude, taking that, and turning it into a larger profit stream than just a single product. And we believe that's going to drive the economics—

The President. Like what other products?

Mr. Adolphson. Well, there's a whole host of products. You know, the char, the stuff that's in a thermochemical process, instead of a biological process, or the sugar platform. The Department of Energy really breaks up when they talk about our production of ethanol in two pathways: One is thermochemical, and the other is our fermentation—or our sugar platform that we've kind of been talking about now.

The thermochemical platform allows us to take all these different biomass streams, treat them with heat in a certain way, release all of the energy from those, and we can capture that, turn that into our product.

So one product we have left is the carbon that's left over, and we're able to look at that as a soil amendment and take that carbon, without releasing it into the atmosphere, and put it back into the ground. And then we have everything that comes out of that biomass that we can turn into ethanol and we can turn into specialty chemicals for our chemical industry as precursors to things like

nutriceuticals, pharmaceuticals. And then we have the gas that comes off that could be, maybe, cleaned up and used as a pipeline-quality gas, like natural gas, to heat homes.

The President. All from one big pile of wood chips?

Mr. Adolphson. All from one big pile of wood chips, right. You know, we're at a very unique place—

The President. You've got to dream big in order to be able to get it done. [Laughter] That's good.

Mr. Adolphson. We are at a unique place right now, and the technology is there.

The President. Pretty interesting, isn't it? It's—I'm not so sure if they'd believe me in the coffee shop in Crawford if I told them what he just told me. [Laughter] But it's possible.

Mr. Adolphson. It is, right. I like to say, we're not there yet, but we can see it from here.

The President. You can, yes.

Mr. Adolphson. We've got two—on the ground in the next 18 months in Georgia, we've got a biorefinery taking wood chips to ethanol; we've got a traditional corn ethanol plant going in; we've got two, what we call integrated biorefineries that are going to be pulling mostly—we have 24 million acres of commercial forest in Georgia. So that's a big priority for us. And the pulp and paper industry has been going other places.

The President. Are they investing?

Mr. Adolphson. The industry itself?

The President. Yes.

[Mr. Adolphson, director, Georgia Industrial Technology Partnership and the University of Georgia Biomass Processing Facilities, made further remarks.]

The President. Yes, yes. Absolutely, yes. That's pretty interesting, isn't it? Thanks for coming. I'm glad you came over.

Mr. Adolphson. Thank you, Mr. President. We're excited to be here. Great opportunity.

The President. And then we're going to end up with Terry. Terry Ruse.

Terry Ruse. All of the Ph.D.s around the table—I don't have one of those, but I—

The President. I'm glad to join you. [Laughter]

Mr. Ruse. I'm happy to report to you that the ethanol industry is alive and well and up and taking nourishment.

The President. And so what do you do?

Mr. Ruse. I am the chief operating officer for Agri-Ethanol. That's a privately held ethanol company in Raleigh.

The President. And what do you—so what—

Mr. Ruse. We are developing—our strategic plan is to develop 10, 108-million-gallon-a-year ethanol plants in the South—

The President. So you're going to be the manufacturer?

Mr. Ruse. We are going to be the manufacturer.

The President. Right.

Mr. Ruse. Thanks to the vision of Dave Brady and the guys that own Agri-Ethanol, I've been able to develop a really flexible project in that we have a design to start out as a corn plant to process corn. We were building 11,000 foot of track—big loop track to be able to bring corn in by rail and take ethanol back out.

In the center of that loop track, we've engineered the ability to handle wood chips.

The President. Interesting.

Mr. Ruse. But we've got all that in place. We have a CO₂ company that will process the CO₂, anything—any of the CO₂ that doesn't go to that direction to make food-grade liquid carbon dioxide will be directed into hydroponic gardening or into growing algae to support an adjacent biodiesel plant, that we have the real estate to put one of those on.

The President. So you intend to buy the enzymes from this company to run in your plant—

Mr. Ruse. We have this—as a matter of fact, we have offered them the opportunity to establish a field research laboratory on our site so that they don't have to go long distances to get their people and do really groundwork at our facility.

The President. And where is this thing?

Mr. Ruse. It's in Aurora, North Carolina. It's the first one. It's about 160 miles east of Raleigh.

The President. And when will you—are you building it now?

[Mr. Ruse made further remarks.]

The President. You see, you can't build a plant far away from the raw material. That's the interesting thing about this industry. What he's basically saying is, is that investors think you have to be in the middle of a corn field, really. And that's why there's a lot of plants being built in the Midwest, because there's a lot of corn in the Midwest.

Mr. Ruse. But because of the fact we're closer to the population density centers for the ethanol and the animals that we have in North Carolina, we can prove that our plant is as competitive as the plant in Iowa.

The President. You can't have a centralized plant and ship your ethanol long distances, either. The production needs to be close to the raw material and the users, is what you're saying. It's the economics.

Mr. Ruse. That's exactly correct. And this—each one of these plants will produce about 400,000 tons a year of highly digestible, high protein feed to help the hog farmers, that you alluded to, get over their heart pain of—

The President. High corn.

Mr. Ruse. —of high corn. And coming from the farm, the thing that I understand most is the resiliency of the American farmer.

The President. You bet.

Mr. Ruse. You give him a good price for the corn, and he will grow the corn. And I think that when the March planning report comes out, you'll see closer to—

The President. A lot of corn.

Mr. Ruse. —13 billion or 13½ billion bushel corn market and 90 million acres planted than what we've seen in the past.

The President. That's right.

Mr. Ruse. And so all of the price concerns from the animal growers and from the Wall Streeters will be evaporated.

The President. Will be eased somewhat. That's right. He's right. It's amazing how the market responds.

Mr. Ruse. And the one last piece of our project is that we intend to build a "green" truckstop on each one of these sites that sells biodiesel, sell E-10 and E-85.

The President. That would be good. E-10 is ethanol—10-percent ethanol.

Mr. Ruse. Ten-percent ethanol and 85-percent ethanol and then biodiesel.

The President. Yes. Well, the purpose was to give everybody a sense of where a lot of

smart people and good capital are moving. And smart people are here working on some amazing technologies that—you know, that I believe 10 years from now, people will say, "Gosh, it's interesting that they were worried about this particular technology coming to fruition," because it's coming to fruition. And the role of the Government is to stimulate thought and investment and set goals. And we've set a big goal, really have—reduction of gasoline by 20 percent over the next 10 years.

I wouldn't have done that if I didn't think it was achievable. Part of it is to change our CAFE standards on automobiles, which will encourage conservation. The other part is to change the fuel mix across America.

And this is a coming time. It really is. And I want to thank those of you who are on the frontline of changing it. It must be exciting for you to be able to work on something so novel and so encouraging and so important for our country.

I thank the good folks at this important company for letting me come by to say hello. I ask for God's blessings on the United States of America. Thank you.

NOTE: The President spoke at 12:10 p.m. at Novozymes North America, Inc. In his remarks, he referred to Steen Riisgaard, president and chief executive officer, Novozymes; and Denmark's Ambassador to the U.S. Friis Arne Petersen. A participant referred to David L. Brady, chairman and chief executive officer, Agri-Ethanol Products, LLC.

Remarks Following a Meeting With Transportation Fuel Experts and Researchers

February 23, 2007

Listen, I just had a fascinating discussion. First, I'm dealing with some entrepreneurs, people who believe that there is a market developing for automobiles that will use high technology batteries to—for people to be able to motor back and forth from work.

I also met with some of our scientists who are working on new battery technology. I also met with people that are working to help us develop a fuel industry that will be able to

have ethanols derived from produce other than corn. In other words, I'm talking with people on the leading edge of change. And the reason why I've asked them to come in to see me is because I want to make sure that the goal I set by reducing gasoline usage by 20 percent over a 10-year period is a realistic goal. I know it's a necessary goal. It's necessary for national security purposes; it's necessary for economic security purposes; and it's necessary in order to be good stewards of the environment.

My question is, is a practical goal, can we achieve that goal? And the answer is, absolutely. Now, it's going to require continued Federal research dollars, and I call upon the Congress to fully fund my request for alternative sources of energy. It's going to require collaboration between the public sector and the private sector. It's going to require making sure our smartest scientists understand that this is a national priority. But I firmly believe that the goal I laid out, that Americans will use 20 percent less gasoline over the next 10 years, is going to be achieved, and here's living proof of how we're going to get there.

So I want to thank my fellow citizens for joining us. We've got a Nobel Prize winner; we've got all kinds of Ph.D.s, a couple of history majors. But what we're talking about is practical and necessary for the country. So thanks for coming. Americans ought to feel optimistic about our future. We're going to be driving our cars using all kinds of different fuels other than gasoline and using batteries that will be able to be recharged in vehicles that don't have to look like golf carts.

Thank you.

NOTE: The President spoke at 11:35 a.m. on the South Lawn at the White House. Participating in the meeting were David Bransby, professor of agronomy and soils, College of Agriculture, Auburn University; Steve Chu, director, Lawrence Berkeley National Laboratory; Bruce E. Dale, professor, Department of Chemical Engineering and Materials Science, Michigan State University; Daniel J. Elliott, president and chief executive officer, Phoenix Motorcars, Inc.; Lonnie O. Ingram, professor, Department of Microbiology and Cell Science, University of Florida; Stephen P. Long, professor of crop sciences, University of Illinois at Urbana-Champaign; Alex Molinaroli, president, Power Solutions, Johnson Controls, Inc.; Michael

M. Thackeray, senior scientist, Argonne National Laboratory; and David Vieau, president and chief executive officer, A123 Systems.

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.

February 17

In the morning, the President had an intelligence briefing.

February 19

In the morning, the President had an intelligence briefing. Later, he and Mrs. Bush traveled to President George Washington's Estate in Mount Vernon, VA, where they toured the grounds and participated in a wreath-laying ceremony at President Washington's tomb.

Later in the morning, the President and Mrs. Bush returned to Washington, DC.

February 20

In the morning, the President had an intelligence briefing.

The President announced his intention to appoint Dennis W. Carlton as a member of the Antitrust Modernization Commission (Government Representative).

The President announced his intention to designate Clay Lowery as the Acting U.S. Executive Director of the International Bank for Reconstruction and Development.

February 21

In the morning, the President had an intelligence briefing. Later, he traveled to Chattanooga, TN, where, upon arrival, he met with USA Freedom Corps volunteer Debbie Chadwick. He then went to Erlanger Hospital—Baroness Campus, where he toured the facility.

In the afternoon, the President went to Porkers Bar-B-Que, where he had lunch and

met with patrons. Later, he returned to Washington, DC.

The White House announced that the President will welcome President Elias Antonio Saca Gonzalez of El Salvador to the White House on February 27.

February 22

In the morning, the President had an intelligence briefing. Later, he traveled to Morrisville, NC, where, at the Raleigh-Durham International Airport, he met with USA Freedom Corps volunteer Jamie Lathan. He then traveled to Franklinton, NC, where he toured Novozymes North America, Inc.

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

The White House announced that the President will host the annual U.S.-EU Summit in Washington, DC, on April 30.

The President announced his intention to nominate S. Ward Casscells to be Assistant Secretary of Defense (Health Affairs).

The President announced his intention to nominate Claude M. Kicklighter to be Inspector General of the Department of Defense.

The President announced his intention to nominate William Charles Ostendorff to be Principal Deputy Administrator of the National Nuclear Security Administration.

The President announced his intention to designate Dennis R. Spurgeon as Acting Under Secretary of Energy.

The President announced his intention to designate Thomas J. Barrett as Acting Deputy Secretary of Transportation.

The President announced his intention to designate Kimberly A. Owens as Chairman of the Board of Trustees of the Christopher Columbus Fellowship Foundation.

The President announced his intention to appoint James H. Herring as a member of the Board of Trustees of the Christopher Columbus Fellowship Foundation.

The President declared a major disaster in Oregon and ordered Federal aid to supplement State and local recovery efforts in the area struck by a severe winter storm and flooding on December 14–15, 2006.

February 23

In the morning, the President had an intelligence briefing. Later, in the Roosevelt Room, he met with transportation fuel experts and researchers to discuss alternative fuel sources.

The President declared a major disaster in Pennsylvania and ordered Federal aid to supplement Commonwealth and local recovery efforts in the area struck by severe storms and flooding on November 16–17, 2006.

The President declared an emergency in New York and ordered Federal aid to supplement State and local response efforts in the area struck by record snow and near record snow on February 2–12.

The President declared a major disaster in Louisiana and ordered Federal aid to supplement State and local recovery efforts in the area struck by severe storms and tornadoes on February 12–13.

Nominations Submitted to the Senate

NOTE: No nominations were submitted to the Senate during the period covered by this issue.

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 February 17

Statement by the Press Secretary on Senate action on a nonbinding resolution on Iraq

Released February 20

Transcript of a press briefing by Press Secretary Tony Snow

Released February 21

Transcript of a press gaggle by Press Secretary Tony Snow

Statement by the Press Secretary: Visit by President Elias Antonio Saca Gonzalez of the Republic of El Salvador

Fact sheet: Helping More Americans Afford Health Insurance

Released February 22

Transcript of a press gaggle by Deputy Press Secretary Dana Perino

Statement by the Deputy Press Secretary on the annual U.S.-EU Summit

Statement by the Press Secretary on disaster assistance to Oregon

Fact sheet: Harnessing the Power of Technology for a Secure Energy Future

Released February 23

Transcript of a press briefing by Deputy Press Secretary Tony Fratto

Statement by the Press Secretary on disaster assistance to Pennsylvania

Statement of the Press Secretary on disaster assistance to New York

Statement by the Press Secretary on disaster assistance to Louisiana

Fact sheet: Making Private Health Insurance More Affordable for Low-Income Americans

**Acts Approved
by the President**

NOTE: No acts approved by the President were received by the Office of the Federal Register during the period covered by this issue.