

NOTE: The statement referred to ANWR, the Arctic National Wildlife Refuge.

Remarks on the National Economy and an Exchange With Reporters in Crawford

April 26, 2002

The President. Good morning. The Department of Commerce announced that our economy grew by 5.8 percent in the first quarter of 2002. That's a very encouraging sign for American workers and American families. Yet, as encouraging as this number is, I am not content. We've got more to do.

This morning I had a conference with my economic team, and we all agree that a major force contributing to the high growth figure is a short-term swing in inventories. This means that the impetus behind growth won't last very long, that we must continue working to make sure the short-term recovery is a long-term recovery.

Today's report is strong evidence, however, that our tax relief plan is working. If you look at the figures behind—the rationale behind the figures, you'll see that a lot of it had to do with consumer spending. And the more people—money people have in their pockets, the more likely it is they're going to spend. And tax relief is an incredibly important part of this recovery.

Now that's why, as part of making sure that the economy grows long term, is that we make the tax relief permanent, so that there's certainty in the Tax Code. The economic stimulus bill I signed—passed out of both Houses and then I signed—will help for the long-term growth—was an important piece of legislation that will help in the out-months and out-years.

We must continue to encourage investment and hiring. One way to do that is to get this energy bill done and get it to my desk. I'm pleased that it passed the House; I'm pleased that it passed the Senate. I look forward to working with them on the reconciliation to get it to my desk.

A second way to encourage long-term growth is to give me trade promotion authority, allow me to negotiate trade agreements, which will open up markets for U.S.-manu-

factured products as well as products produced by American farmers and entrepreneurs. I'd like to get that bill soon. I think it's an important piece of legislation. It passed the House. Senator Daschle said he'd bring it up in the Senate. I hope it's done quickly. It's important that it be done quickly.

Also, to make sure that our economy grows, it's important for Congress to hold the line on spending. I submitted a budget; I expect them to adhere to the budget. If we overspend this year, it's going to have an effect on long-term growth.

And finally, it is important to pass the terrorism insurance bill. One of our concerns is that as a result of people not being able to get proper insurance against terrorist acts, capital—construction projects in the private sector that normally would have gone forward, haven't done so, so far.

So these are the steps that are necessary to make sure the—that we have long-term growth in our economy. I'm pleased with the numbers. I realize there's going to be some—it's an estimate—there will be other revisions on this quarter. But it's a good sign. It's a good sign that we're on the path to long-term recovery. But, as I repeat, I'm not content with this number, and I know we've got a lot of work to do.

I'll answer a couple of questions. Scott [Scott Pelley, CBS News], why don't you start.

Discussions With Crown Prince Abdullah of Saudi Arabia

Q. Mr. President, late yesterday the Saudis said they had warned you that U.S. credibility could suffer because you haven't done enough to rein in Sharon. What did you say to the Crown Prince on that, and what's the next U.S. move?

The President. Well, I told the Crown Prince that we've got a unique relationship with Israel, and that one thing that the world can count on is that we will not allow Israel to be crushed. And I think that's an important statement to make. It's a part of our foreign policy; it has been a part of our foreign policy; it will continue to be a part of our foreign—the Saudis understand that.

I also reiterated what I told the country and the world on—early April, and that is, all parties have responsibilities in order to make sure there is peace. The Crown Prince is interested in peace in the region, and so am I. And I said to the Crown Prince, and he—and we had a good discussion about the obligations of the Arab nations. The Crown Prince was clear in his denunciation of terror. Chairman Arafat has got obligations, and so does the Israelis. And I once again enunciated what those obligations are, and—so that the Crown Prince understands my foreign policy. And it's important that we speak with clarity, and I will continue to do so.

Israeli Incursions Into Palestinian Territory

Q. It's been 2 weeks since you said that Israeli withdrawal ought to be coming without delay, and yet yesterday there was yet again another incursion looking for Palestinians. Have you talked—what else can you say to the Israelis to make your point clear?

The President. The Israelis understand my position. I've been very clear on that. And there has been some progress, but it's now time to quit it altogether. It's time to end this—

Q. Why don't they—

The President. Well, we'll see what happens. It's—I know they've heard us.

Tax Cuts and Federal Deficit

Q. Mr. President, you've called again for making the tax cut permanent. But there's new figures out now suggesting that the deficit may double—may be double earlier forecasts because of a shortfall in tax collections. How do you reconcile that? How do you deal with that larger—

The President. Well, first of all, let me remind everybody of the facts. I haven't seen this particular story. Of course, it's all speculative to begin with. I don't know the models that they guessed, but it's guesswork thus far. In our guesswork from the OMB, we projected over \$100 billion of deficit.

I remind—I want to remind you what I told the American people, that if I'm the President—when I was campaigning—if I were to become the President, we would have deficits only in the case of war, a recession,

or a national emergency. In this case, we got all three. And therefore, we're recovering from all three.

Now, I have submitted a budget that sets clear priorities, and the number one priority is to defend the homeland. And I expect Congress to pass the defense appropriations bill early and get it to my desk. That's going to be an important signal to send our own military, for the country to send to the world, that we're in this for the long haul.

But the best way to build up—you know, the best way to reduce deficits and to get back into balance is to encourage economic growth. The more growth there is, the more tax revenues there will be coming into the Treasury—and hold the line on spending. It is very important for Congress not to overspend.

We'll see whether they can get a budget. The House got a budget. We'll see whether or not the Senate gets a budget. But I've laid out my budget. I'm very serious about the budget. And the best tool I have besides persuasion is to veto. And I'm mindful of what overspending can mean to interest rates or expectations of interest rates. And it's very important that we hold the line on spending.

Morning Run

Stretch [Richard Keil, Bloomberg News]. Did you run today?

Q. I did, this morning.

The President. Good. Do you care to tell the country what your time was?

Q. You know what, I forgot to turn my watch on. [Laughter]

The President. Feeble excuse for a slow run. [Laughter]

Aid to Israel

Q. It was a slow run. It was a slow run.

Some conservatives in Congress, including Representative DeLay, are pushing at a resolution to take a very strong pro-Israel stand. A bipartisan group of lawmakers want to put some more aid to Israel, roughly \$200 million, into the supplemental. Do you support these positions, and do they in any way complicate your desire to make clear to moderate Arab nations that, you know, you're making demands on everybody, including Israel?

The President. Well, first, let me address the supplemental. I submitted a supplemental, and when I did so, I was mindful that oftentimes supplementals become—a supplemental can be a vehicle for a lot of additional spending. In order to make sure our economy remains strong, we've got to watch the line on spending. And so when I said, when I submitted the supplemental, that this was a number that was comfortable with, I meant that.

In terms of the resolution, I haven't seen it, but I'm not surprised that Congress would want to express its strong support of Israel. This is clearly a Congress that believes that our relationship with Israel is unique, and Israel is a democracy. I also hope and believe that Congress recognizes we've got interests in the area as well, beyond Israel, that we've got—have good relationships with the Saudis and the Jordanians and the Egyptians, and our foreign policy is aimed to do that. People know exactly where I stand, and that's very important in the realm of foreign policy.

Now I've got to go over to a friendraiser.

RNC Luncheon/Logan Walters Wedding

Q. A friendraiser?

The President. Well, that's opposed to a fundraiser.

Q. What's a friendraiser? Tell us about that.

The President. A friendraiser? Well, it's a—well, it's just kind of a cute way of saying I'm going to go over and see people and thank them for being a part of my campaign. And they actually get to do this for free. And I'm glad. But these will be people, evidently, from all around the country. I haven't seen the list, but I'm told that they are. And I look forward to thanking them. It's really a way of thanking people, many of whom I—I suspect I haven't seen since I've been the President. It's a nice, casual setting to say hello to people, and I'm looking forward to it.

And then, of course, tomorrow night, for those of you who followed the campaign, we'll all be going to watch little Logan get married. It's going to be an emotional moment for us, because we love Logan. And interestingly enough, Logan is marrying the niece of Don Evans' wife. And so I've known

them for a—known the family for a long period of time. Logan's bride's father was the Boy Scout in my Cub Scout den. Now, you can chew on that for the rest of the day. [Laughter]

Root [Jay Root, Fort Star-Telegram], good to see you. How's little Root?

Q. Good, he's doing good. His fingers are about like mine. [Laughter]

The President. That's good. Tell him hello for me. Tell the bride hello.

Q. You know, they've got a lot of planes out at the airport there.

The President. Are there?

Q. [Inaudible]—little planes—[inaudible]—flying in—

The President. Well, they're coming in for a friendraiser.

NOTE: The President spoke at 11:42 a.m. at the Bush Ranch. In his remarks, he referred to Crown Prince Abdullah of Saudi Arabia; Chairman Yasser Arafat of the Palestinian Authority; and Logan Walters, former Presidential Aide, and his fiancée, Katherine Marinis, executive assistant, political affairs, Executive Office of the President. A reporter referred to Prime Minister Ariel Sharon of Israel.

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.

April 22

In the morning, the President traveled from Camp David, MD, to Wilmington, NY, where he worked on a trail maintenance project on the Ausable River Trail in Adirondack Park. In the afternoon, he returned to Washington, DC.

April 23

In the morning, the President had intelligence briefings. In the afternoon, he met with Prime Minister Simeon Saxe-Coburg-Gotha of Bulgaria to discuss Bulgaria's potential admission into NATO.