course, there will be elections; I'm told that there will be an election before the end of the year. And I hope that it will be a real election that will produce somebody that will be democratically elected. I'm not—the President talked about perhaps it will be better to replace Mr. Arafat. I don't have the specific point of view on that. I will—I think it might be a good thing. I don't want to comment on that. But I just say that we need quick election there and to produce the best leadership, because—and it's very important to have a constitution and a real state, alongside Israel that has to be secure and well-protected.

Canada-U.S. Relations

Q. Prime Minister, there are several thorny issues that continue to divide Canada and the United States, and you appear to be making no headway on them. Everyone knows softwood lumber is another one. And I also wanted to ask you about the border pact, how far along are you on that?

Prime Minister Chretien. Oh, we're doing very well on that. We were supposed to have a meeting—we'll have a meeting very soon. I think that Governor Ridge and Deputy Prime Minister Manley have done a fabulous job. And I think that we've made a lot of progress on that, and we're supposed, eventually, to have an occasion to celebrate the good work between Governor Ridge and Deputy Prime Minister Manley.

President Bush. Let me comment on this.

Q. Sure.

President Bush. We've got a significant relationship together. It's a vibrant, positive friendship. We've got enormous trade between our two countries. The trade is in the interests of all of us. There are some problems on occasion, but we've got the kind of relationship where we can be very frank about it and try to work them out. And the opportunities and the benefits from our relationship far exceed—far exceed—the few problems that face us.

Adam [Adam Entous, Reuters], last question. There you are, Adam. Emerge.

Strength of the Dollar

Q. Thank you, Mr. President. Are you concerned about the weakening dollar? And should the United States do something about it?

President Bush. Adam, as you know, my position is, is that the dollar will seek its level based upon—based upon market forces and based upon whether or not our country can rein in spending, can recover, can revitalize our manufacturing base. And so the dollar will seek its appropriate level based upon market forces.

Prime Minister Chretien. And I say the same thing about the Canadian dollar. [*Laughter*]

President Bush. Good fastball.

NOTE: The President spoke at 7:09 p.m. in the Delta Lodge at the Kananaskis Village resort. Prime Minister Chretien referred to Chairman Yasser Arafat of the Palestinian Authority and Deputy Prime Minister John Manley of Canada. A tape was not available for verification of the content of these remarks.

Remarks Prior to Discussions With Prime Minister Tony Blair of the United Kingdom and an Exchange With Reporters in Kananaskis

June 26, 2002

President Bush. I'm going to make a comment; the Prime Minister will make one. We'll call in an orderly fashion, answer a couple of questions, if you don't mind.

First, I'm—it's great to be with my friend the Prime Minister. This is our second bilateral of the day. The first was in the gym. I went down after a run, and there was the Prime Minister working out—an impressive regime, I might add. [*Laughter*] So we had a good visit there, and we'll have a good visit here. America has got no better friend than the Government of Great Britain. And I really appreciate his advice and friendship. It's good to see him.

I am deeply concerned about some of the accounting practices that take place in America. Today the revelations that WorldCom has misaccounted $3.4 billion is outrageous. We will fully investigate and hold people accountable for misleading not only shareholders but employees as well.

There is a need for a renewed corporate responsibility in America. Those entrusted

with shareholders' money must—must—strive for the highest of high standards. The good news is, most corporate leaders in America are good, honest, open people who care deeply about shareholders and employees. And our economy is strong. When we find egregious practices, such as the one revealed today, we'll go after them—and need to.

Mr. Prime Minister.

Prime Minister Blair. Well, Mr. President, first of all, thank you for your kind words. And I thought you looked in pretty good shape yourself this morning.

And once again let me pay tribute to your leadership at this time, particularly post-September the 11th, but actually on all the range of issues in the world today. Our relationship is strong, partly because you and your colleagues are so easy and open and transparent to deal with it, and I thank you for that.

And obviously, we have discussed and will discuss all the key issues that are to do with the summit and the issues to do with the Middle East and so forth. And I'm sure our discussions will be good and fruitful, as they always are.

President Bush. Finlay [Finlay Lewis, Copley News Service].

Middle East Peace Proposal/Reform of the Palestinian Authority

Q. Mr. President, in your speech you made it very clear that the current leadership in Palestinian is not acceptable. If the outcome of the election in January were to result in the reelection of Yasser Arafat, what would be the policy of your Government?

President Bush. I meant what I said, that there needs to be change. If people are interested in peace, something else has got to happen. We're mired in the situation now where there is terror on the one hand and hopelessness on the other, and that's unacceptable.

And therefore I laid out a way forward for Palestinians, the Israelis, the Arab world, and all the rest of us worried about. And it said basically the new institutions—there needs to be a new constitution; there needs to be elections; there needs to be balance of power; there needs to be new security forces; there needs to be transparency amongst financial institutions.

I also made it plenty clear that if their leadership compromised by terror, we won't be on the path to peace. I've got confidence in the Palestinian, when they understand fully what we're saying, that they'll make right decisions as to how we get down the road for peace. The status quo is simply unacceptable, and it should be unacceptable to them. They live in a—you know, they've been pawns in the game of peace. They have no hope. Their economy is in shambles. They live in squalor. Their leadership has let them down.

Q. Mr. President, who will be the judge, though, in the sufficiency of the reforms that you're calling for?

President Bush. The free world, the people that are going to be asked to put up money. Listen, I can assure you we won't be putting money into a society which is not transparent and corrupt, and I suspect other countries won't either.

Chairman Yasser Arafat of the Palestinian Authority

Q. Mr. Prime Minister, can I ask you, do you agree that there's got to be change, and that means an end to Yasser Arafat?

And can I ask you also, Mr. President, whether you agree with the Europeans that you're not as serious as Mr. Blair about helping Africa?

President Bush. Okay.

Prime Minister Blair. First of all, let me just make it clear, as I said to you yesterday, it's for the Palestinians to elect the people that they choose to elect. But if we're going to make progress, we need people that we can negotiate with who are serious about negotiating around the issues of security and political reform necessary for the peace process to work.

So this is no question of us going in and saying to the Palestinians, "Look, we're going to run your election." But it is a question of us saying, "If we want this peace process to work, there are certain clear preconditions. One, we've got to have leadership we can negotiate with that is serious about peace and resists and totally rejects terrorism. Two, we've got to have a security infrastructure in Palestine that has integrity.

And three, we've got to have political institutions capable of giving rise to the viable Palestinian state that we believe should be the outcome of this process. So if in the end you want, as we want, an Israeli state that is confident about its own security and a viable Palestinian state, those are the preconditions. For Israel to be confident, it's got to have a negotiating partner that is serious about tackling terrorism."

Now, that is, I think, the essence of it. So, you know, it's not a question of saying we're going to tell people who they elect or not elect; that's for them. But it's for us to say, the consequences of electing people who aren't serious negotiating partners is that we can't move this forward.

Q. And that's Arafat you're talking about——

Prime Minister Blair. Well, you know, as I said to you yesterday, we've had a situation over the past few years—and I've tried as hard as anyone. I think I've had 30 different meetings with Chairman Arafat over the past few years. But as I said to you yesterday, you've got a situation where we have not been able to make progress, and there has been an attitude towards terrorism that is inconsistent with the notion of Israel's security.

Assistance to Africa

President Bush. As to Africa, all of us are doing as much as we possibly can. I don't think this is a competition. I'm proud of the Blair government's efforts for Africa, and I'm proud of my efforts for Africa. After all, I laid out what I call a Millennium Challenge Account in Monterrey, Mexico, that says if countries adopt the habits of democracy and freedom and private property and reform, there will be $5 billion a year available. I laid out a new AIDS initiative that is the first of its kind, that says we're going to provide a lot of money, about half a billion dollars, to mother-to-child—to affect mother-to-child transmission of HIV/AIDS. We're also significantly involved in the AIDS fund. I laid out another initiative on a $200 million education fund. So I'm plenty pleased with the progress we're making.

Stretch [David Gregory, NBC News]. We call him Stretch.

National Economy/Corporate Responsibility

Q. Glad to have it back. [*Laughter*] Mr. President, if Yasser Arafat is compromised by terror and if the Palestinian Authority has trafficked with terrorists, under your doctrine are you prepared for the U.S. to step up its military role in eliminating him and those terror organizations which the administration believes that he props up?

And totally unrelated to that, do you believe that there is a crisis in confidence among the American people vis-a-vis the economy, and particularly the stock market, in view of yet another failure of an American corporation?

President Bush. Let me answer the second question first. The market isn't as strong as it should be for three reasons. One, corporate profits: There's no question some sectors of our economy are recovering from the slow-down. But they'll recover.

Secondly, there are still some concerns as to whether or not the United States and our friends and allies will be able to prevent further terrorist attack. In other words, there's some concerns about the capacity of the enemy to hit us again. And I want to assure American investors and our friends that we're doing everything we possibly can—the Government is on full alert, attempting to run down every hint and every lead.

And thirdly, there are some concerns about the validity of the balance sheets of corporate America, and I can understand why. We've had too many cases of people abusing their responsibilities. And people just need to know that the SEC is on it; our Government is on it. After all, Arthur Andersen has been prosecuted. We will pursue, within the full—within our laws, those who are irresponsible.

Having said that, I do believe the economy is strong, and I know that most people that run businesses in America are above board, honest, care deeply about their employees and their shareholders.

First question?

Bush Doctrine

Q. Under the Bush Doctrine, any——

President Bush. Under the Bush Doctrine, I said we'd use all resources, all available resources, to fight off terror. And that includes working with our friends and allies to cut off money, to use diplomatic pressure, to convince—to convince those that think they can traffic in terror that they're going to face a mighty coalition. And sometimes we use military force, and sometimes we won't.

In the case of the Middle East, obviously, the roadmap I've laid out is one that calls upon all our friends and allies to join and bind together against terror. It calls upon the Arab nations to step up and firmly reject terror. If you remember, in my speech, I said they need to get on their public airways and denounce terror; they need to work on Syria and Lebanon to prevent Hezbollah from creating chaos in the Middle East. We all have responsibilities, and in this case the tool I'm using is diplomatic pressure, to work with our friends and allies to convince all parties they have a responsibility to bear.

Q. Are you ruling out military action?

President Bush. I'm never ruling out military. All options are available. But in this case, at the path I've laid out, is the path that ought to be clear to you by now. It's one that—the one that I spoke to clearly.

Press Secretary Ari Fleischer. Final question, British reporter.

War on Terrorism

Q. I'm the only British reporter here. [*Laughter*]

President Bush. [*Inaudible*]—British accent? [*Laughter*]

Q. I speak English.

President Bush. I may not understand you. [*Laughter*]

Q. Can we just ask about the war on terror, because you know, anyone who has come up here knows what a fortress you've got here. What more have you got to agree with your G–8 partners here on——

President Bush. On the war on terror?

Q. On the war on terror.

President Bush. I think it's just an up time to give an update. We've got to do everything we can to cut off their money, do everything we can to keep the pressure on countries which might not realize that we're still serious.

We've had some great successes. One of the most recent successes, of course, is Gloria Arroyo in the Philippines. She's a part of our vast coalition. She early on said, we need to get after Abu—you know, the Abu Sayyaf* group. And she did it. And to her credit, it looks like the leader met his demise. And the Philippines are better off for that, and so is the world.

And so this is a chance for us to continually remind each other that we—our countries are still under threat, but we're making good progress. This is a different kind of war; I readily concede that. Sometimes people are going to see success, and sometimes they're not, but we're making success.

Prime Minister Blair. And I think the important thing, too, is to emphasize to people that it's a continuing trend. I mean, this threat is not over yet. We have to make sure that in every single battle we carry this fight on, and it will take a long time.

But I think if you—if we're to look at Afghanistan today and think back 7, 8 months, I think we've come a very, very long way indeed. And I'm optimistic about it, because I think the coalition against terror is as strong today as it was all those months ago.

President Bush. Let me just make sure you understand, Fournier [Ron Fournier, Associated Press], what I said. I can tell from the tone of your question that there was a little doubt in your mind—some doubt.

No leader ever takes options off a table. But the path to peace that I believe is appropriate is the one I talked about in the Rose Garden the other day—just to make sure you understand.

Q. Diplomacy.

President Bush. Absolutely.

NOTE: The President spoke at 9:07 a.m. in the Delta Lodge at the Kananaskis Village resort. In his remarks, he referred to President Gloria Macapagal-Arroyo of the Philippines; and Abu Sabaya, a leader of the Abu Sayyaf terrorist group who was killed June 21 by Philippine military forces. Prime Minister Blair referred to Chairman Yasser Arafat of the Palestinian Authority. A tape was not available for verification of the content of these remarks.

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* White House correction.

Remarks Prior to Discussions With President Vladimir Putin of Russia and an Exchange With Reporters in Kananaskis

June 27, 2002

President Bush. First——

Q. Okay, President Bush——

President Bush. Wait a minute, please. I first want to say how pleased I am to meet with Vladimir Putin again. Every time we meet, we have a very constructive dialog, and we have a very important dialog. And I appreciate so very much his leadership and his continued willingness to find a new common ground in this most important relationship.

Yesterday a court in America made a ruling that I want to comment on. America is a nation that is—a nation that values our relationship with an Almighty. Declaration of God in the Pledge of Allegiance doesn't violate rights. As a matter of fact, it's a confirmation of the fact that we received our rights from God, as proclaimed in our Declaration of Independence. I—I believe that it points up the fact that we need commonsense judges who understand that our rights were derived from God. And those are the kind of judges I intend to put on the bench.

Mr. President, do you want to make a comment or just answer questions?

[*At this point, President Putin began his remarks in Russian.*]

President Bush. Do you want to interpret this for the American press?

President Putin. I want to say that I'm also very glad to meet with President Bush. And moreover, I'd like to emphasize that the President and I are having very good personal relations, and our colleagues in our capitals also note that interaction between our countries is becoming very efficient, not only from the viewpoint of bilateral relations and solving bilateral issues but also as regards to resolution of major international problems.

And there is one subject that is of particular importance and responsibility the U.S. and Russia undertook; that is the promotion of international security. And during the time since the signature of our international treaties on stability, international stability between our countries, we have had an opportunity to evaluate these documents and pass them to the parliament for further ratification—I mean the treaty between the United States and Russia on cutting strategic offenses.

And I'm simply very glad to meet George again and have a chat with him and discuss all the problems that are of concern for both our nations.

President Bush. Thank you.

Patience, please. Terry [Terry Moran, ABC News].

WorldCom/Corporate Responsibility

Q. Mr. President, there are some Democrats who think they can make some political hay out of the WorldCom failure and other business scandals by, first, noting that polls show a lot of Americans think you're too close to big business and, second, arguing that because of that, your reform proposals aren't tough enough. What do you think the political impact of WorldCom will be? Are you concerned about it?

President Bush. I'm concerned about the economic impact of the fact that there are some corporate leaders who have not upheld their responsibility. If you are a responsible citizen and you run a corporation in America, you must fully disclose all assets and liabilities, and you must treat your shareholders and employees with respect.

President Putin. During the general discussion at the G–8 meeting, the President paid attention to this issue. And for me and my other colleagues, it was very important to listen to the President's opinion, because under the circumstances of the globalized community and world, a lot depends on the state of the U.S. economy these days. And therefore, the willingness of the President of the United States to secure the stock market and market of the securities is very important, as well as the notion of transparency in the U.S. business, and is a very good signal.

President Bush. Do you want to call on a Russian media?

Middle East Peace Proposal

Q. President Bush, were you astonished by the European reaction towards your proposal in regards to Arafat?