

or to fund its military requirements outside the North Atlantic area.

George W. Bush

The White House,
February 25, 2004.

NOTE: This message was released by the Office of the Press Secretary on February 26.

**Letter to Congressional Leaders
Transmitting a Report on the
Security Progress of NATO Invitees
Bulgaria, Estonia, Latvia, Lithuania,
Romania, Slovakia, and Slovenia**

February 26, 2004

Dear _____:

Consistent with Condition 3(2)(A) of the Senate resolution of advice and consent to ratification to the Protocols to the North Atlantic Treaty of 1949 on the Accession of Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia, passed on May 8, 2003, I am providing a report prepared by my Administration.

This report describes the progress of the seven NATO invitees in satisfying the security sector and security vetting requirements for membership in NATO. As the report makes clear, all seven satisfy these NATO requirements.

Sincerely,

George W. Bush

NOTE: Identical letters were sent to Pat Roberts, chairman, and John D. Rockefeller IV, vice chairman, Senate Select Committee on Intelligence, and Porter J. Goss, chairman, and Jane Harman, vice chairman, House Permanent Select Committee on Intelligence.

**Remarks in a Discussion on the
National Economy in Louisville,
Kentucky**

February 26, 2004

The President. Listen, thanks for having me. I want to thank you all for coming. What we're going to do here is have a—talk about how our economy works and how good public policy out of Washington can affect peo-

ple's lives in a positive way, can encourage job growth, so people have got a hopeful future. That's what we're here to talk about. And the best way to talk about it is to have people who are actually living lives that—which have been affected by policy.

But first, I want to say some things, if you don't mind.

James Kirchdorfer, Sr. Go right ahead. [Laughter]

The President. Okay, good. [Laughter] I love the entrepreneurial spirit of America. It's one of the things that, I think, makes the country unique and strong. I love family-owned businesses. Nothing wrong with a son trying to follow in a father's footsteps. [Laughter]

I appreciate the Kirchdorfer family and employees for welcoming us here. Jim was bragging backstage about the success of this company is really based upon the fact you've got great workers, highly productive, well-motivated workers, which speaks volumes about your management style and your ability to make good decisions, like marrying your wife, Carolyn. [Laughter]

I appreciate a member of my Cabinet being here today. Elaine Chao is with us. The Senator married really well. [Laughter] So did she. Elaine, I appreciate your hard work. I want to thank very much my friend Anne Northup, who flew down with me today. We had a fascinating discussion about Kentucky. She's doing a great job. She's straightforward. She cares about people.

It's good to see the Governor and the Lieutenant Governor here. I want to thank you for coming, Governor and Governor. I appreciate you all coming. Ernie, thanks for being here. And Steve Pence, thanks, Steve.

Mr. Mayor—where's the mayor? Oh, Mr. Mayor, thanks for coming. Jerry Abramson, honored you're here. I really appreciate you taking time to be here. I want to thank you all for taking time out of your day to come and listen to this dialog.

There's a person I met at the airport I want to herald. Her name is Marina Partee. She is—thank you, Marina. She helps victims of domestic violence. See, she is a volunteer to make Louisville, Kentucky, a better place for all. She's one of those thousands of loving

souls who are willing to provide comfort to those who hurt.

The reason I bring up Marina is that we talk about the strength of America a lot. We say that we're strong because we've got a great military—and we'll keep it that way, by the way—we're strong because we're a wealthy nation. The true strength of this country lies in the hearts and souls of our citizens. That's where we find the real strength of America. We find strength in the fact that there are souls who are willing to take time out of their busy lives to love a neighbor just like they would like to be loved themselves.

One of my jobs is to rally the armies of compassion, people who have heard the universal call to love. And Marina is a soldier in the army of compassion. I want to thank you for setting a fine example. I urge people in this fine city to help somebody who hurts. There are all kinds of ways that you can serve your community. You could mentor a child. You can help somebody who is homeless. You can help a shut-in. But be a part of the army of compassion. You represent the true strength of the country when you do so. So, Marina, thank you for coming. Thanks for the example. I'm proud you're here.

I'm optimistic about the future of this country because I know what we've been through. Yes, I saw firsthand what the Nation has overcome. We have overcome a recession. We overcame an attack. On September the 11th, the enemy attacked us, and it hurt our economy. It also affected our psychology, made us realize oceans were no longer—could no longer protect us from an enemy which hates what we stand for. And then, all of a sudden, we started to recover. Things got better because of the resiliency of our economy and the fact that Americans refused to give in to terror. Then we had some corporate scandals, scandals which affected our confidence. The capitalist system requires honesty and openness. But we dealt with it straightforward. We said, "If you're going to lie or cheat or steal, if you don't tell the truth to your shareholders and your employees, there will be serious consequences."

And then, as the economy kind of started to recover from those three, I made a tough decision, and that is to deal with threats be-

fore they fully materialize, threats abroad before they become imminent. And that, obviously, was not only in Afghanistan but in Iraq. I looked at intelligence and saw a threat. Congress looked at intelligence and saw a threat. The United Nations Security Council looked at the intelligence, and it saw a threat. Saddam Hussein said, "I'm not going to expose my weapons. I'm not going to get rid of my—I'm not going to allow inspectors in," he said. But this is the same man who had used them.

So I had to make a decision: Do I trust the word of madman, or do I remember the lessons of September the 11th? I vowed on September the 11th to do my duty to protect America, to deal with threats before they fully materialize. So I called upon our country and many other nations to respond. Some did; some didn't. But the world is better off without Saddam Hussein. The people of Iraq are better off without Saddam Hussein.

A march to war affects the confidence of the people. Laura reminded me, in July of 2002, on the television screens came the notation "America Is Marching to War." It's hard to invest capital when you're marching to war. It's hard to be optimistic, isn't it? War is not an optimistic thought. Now we're marching to peace. We're marching to peace.

But all those affected not only the psychology of the country but affected our economy. But we overcame the obstacles, and that's why I'm optimistic. I say we overcame them—the economy is growing. We added over 100,000 jobs since January, new jobs. Inflation is low; interest rates, low. Manufacturing activity is up. We're growing. The economy is getting better. There's more to do, but look at what we've overcome. And we overcame it because of good fiscal policy out of Washington, DC, in some part. We overcame it because the role of Government is not to manage the economy; the role of Government is to create an environment in which entrepreneurs are willing to take risk and create new jobs.

And so we cut the taxes on the people. We let people keep more of their own money. We understand that when somebody has got more of their own money to spend, they're likely to demand a good or a service.

And in this economy, when somebody demands a good or a service, somebody will supply that good or a service. And when somebody supplies that good or a service, it means somebody is working. That's what that means.

We cut all taxes. I believe if you're going to cut taxes, you shouldn't try to pick and choose winners and losers in the Tax Code. Everybody ought to get tax relief. And so we reduced taxes on everybody who paid taxes. And it particularly helps small businesses when you cut income taxes, because, you see, most small businesses, like some up here, are what they call Subchapter S corporations, which means they pay tax at the individual income tax level. A lot of small businesses are sole proprietorships, which means you pay tax at the individual income tax level. So when you hear people talking about cutting income taxes on individuals, not only does it help families, those tax cuts help small businesses. And if you're worried about job creation, like I am, and you understand that most new jobs are created by small businesses, it made eminent sense to have policies that affected small businesses in a positive way.

We also helped families. We increased the child credit to \$1,000 per child. That helps moms and dads do their solemn duty to raise their children. It reduced the marriage penalty—the tax relief reduced the marriage penalty. I think it makes sense to encourage marriage in our society through the Tax Code, not discourage marriage. We helped our senior citizens by reducing the tax on capital gains and dividends. We encouraged small-business investment by raising the limits of deductibility, and we'll hear some talk about that in a minute. And we put the death tax on its way to extinction.

Now, let me talk about the death tax, right quick. See, I think it's really unfair to tax a person's assets twice, while they're living and after they die. I think people ought to be able to leave their business to whomever they choose without the Federal Government making it difficult to do so. I think a person ought to be able to live their farm—leave their farm to whomever they choose without the Federal Government making it difficult to do so. The death tax is bad for small busi-

nesses. It's bad for farmers and ranchers. It makes—it's, in my judgment, bad policy, and it's on its way to being put to extinction. I say "on its way"—you'll hear me talk in a minute that these—some of these taxes don't really go away. It's like they go away for a period of time, but they come back.

Now, as I mentioned, we're doing well. But there are more things we need to do. We need an energy policy. It's hard to be a manufacturing company, for example, in America if you have uncertainty when it comes to energy supply and energy price.

We need tort reform. It is really hard to be a small-business owner and try to create new jobs if you're constantly worried about frivolous and junk lawsuits. We need to worry about the cost of medical care. You see, it's the cost of medical care that makes it awfully hard for this country to remain competitive. As the costs go up, it's harder for small businesses to provide employment, and it's very difficult for American families as well. We need what's called association health care plans that allow small businesses to pool risk so as to better control the cost of health care. We need to expand and market health savings accounts, which will make it easier for small business to provide affordable health care to their employees. We need medical liability reform, national medical liability reform. The cost of frivolous and junk lawsuits is high on our society. It makes it harder for people to be able to employ people because it increases the cost of medicine.

We need good trade policies. It's easy to trade into America; it makes sense for us to be able to trade in other countries easily as well. Listen, we're good. We're good at growing things. We're good at manufacturing things. We ought to be selling those into—not only here at home but into other markets as well.

There needs to be less regulation out of Washington. And frankly, Governor, there needs to be less regulation out of the State level as well, so small businesses can spend time becoming more productive and employing people as opposed to spending time filling out paperwork that, in some cases, probably isn't even read.

We need to do a series of things to make sure the economy grows. And one thing for

certain we need to do is make sure there is stable, reliable tax policy. See, as I mentioned to you, the tax relief exists today, but it is going to change unless Congress acts. The child credit will go down unless Congress acts. The marriage penalty will go back up unless Congress acts. The 10 percent bracket will be affected unless Congress acts. In other words, all the tax relief that we passed is set to expire. And unless Congress acts, they will be raising taxes on the American people at a time when we shouldn't be raising taxes on the American people.

In 2005, the child credit goes down, which is a tax on the families. In 2005, the marriage penalty goes up, which is a tax on people who are married. In 2005, the 10 percent bracket is altered, which is a tax on people. We don't need to be raising taxes right now as the economy is beginning to recover. We've got plenty of money in Washington, DC, by the way. We've got to be wise about how we spend it. And by the way, in 2006, many of the small-business deductions go away, which would be a tax on small businesses.

And so I'm calling on Congress to make the tax cuts that are set to expire permanent. I would like Congress to make all tax cuts permanent. But the very minimum—at the very minimum, they need to listen to the stories up here on the stage and make those set to expire in 2005 permanent. For the sake of our economy, for the sake of American families, for the sake of small-business owners, and for the sake of job creation, the tax cuts need to be permanent.

Finally, one other thing I do want to say, and that is that we are in a changing economy. And these are exciting times, but change creates the need for government at all levels to act in a way that takes advantage of the changing times. We need to make sure our job training programs work. We need to make sure that the community college system is capable of training people for the new jobs of the 21st century, higher paying jobs, better jobs.

I saw the mayor nodding his head. He understands that a good, viable community college system, which is flexible, which matches up employer demands with curriculum to make sure there are employees available for

those jobs, is really good at making sure Louisville, Kentucky, remains a viable place for people to live and to work. It's a good way to attract industry, if you've got a viable and real job training program system.

I appreciate Elaine's hard work on this. This is a major initiative of our administration, is to provide the opportunity for people to retrain so that their skills—they've got the skills necessary for the new jobs being created in this economy, and I emphasize, better paying jobs being created in this new economy.

So these are the things we're working on in Washington. But you'll be happy to hear I'm about to turn the program over to people who are actually on the frontlines of creating jobs and providing employment, and they're treating people with dignity in the workplace.

Jim is an entrepreneur. He is a risktaker. He takes risks in order to make sure his company can compete. He takes risks in order to make sure the people behind us can work. And so I appreciate being invited into a successful family-owned business that does so much good for the people that you employ and, really, so much good for the economy, because there are thousands of companies all across America who base their hopes and aspirations on dreams and success and on being a responsible citizen by providing good work for people. So, Jim, thanks for having me. Tell us your story.

[At this point, James Kirchdorfer, Sr., chairman, ISCO Industries, made brief remarks.]

The President. Let me just ask you a question. When you made investments, what did you do? What did you buy? Investment means somebody—you went out and purchased something. So when you hear—when people hear the word “made an investment,” it means you went out and purchased. What did you buy?

Mr. Kirchdorfer. Well, to put our pipe together, it takes expensive equipment. And we do have McElroy Manufacturing here, which is where we purchased about \$3 million last year of equipment. They're in Tulsa, Oklahoma, a USA company. And this equipment—when we open a new location, we need equipment to put the pipe together at those locations, so we buy more equipment.

We need people to operate the equipment, so we employ more people. So the expansion has created growth in investment and jobs.

The President. See, the tax bill we passed encouraged this company to invest. It made it easier to make the decision to spend \$3 million, called bonus depreciation. That's fancy words for, we're trying to encourage Jim to make the decision to expand his business by buying new equipment. And when he buys new equipment, somebody has got to manufacture the equipment. And when somebody manufactures the equipment, it means they're working, right? And so the tax relief we passed had the effect of encouraging investment at the small-business level. And that's important because most new jobs—70 percent of new jobs, more or less, are created by small businesses like Jim's.

The second thing I want to point out is he started his business behind his dad's store. Is that right?

Mr. Kirchdorfer. Hardware store.

The President. Hardware store. You know, it's like, I started my business in my garage. You know how many times this happens in America? It is—think about a country that has got an environment that encourages people to start their business behind their dad's store. It's a really exciting part of our country, isn't it? And Government must not thwart this entrepreneurial spirit by bad tax policy, by bad medical policy, by bad regulatory policy. We need to encourage the entrepreneurial spirit. It's so hopeful to have a country where people can start their own business with a good idea.

Now, we can't guarantee success. But we can have an environment so if somebody decides to take the risk, that they can succeed and, therefore, end up employing people. I love the—are you going to employ anybody next year, you think?

Mr. Kirchdorfer. Oh, sure. We're going to add probably 30 or 40 jobs again next year—or this year.

The President. Which is good. Thirty jobs here, thirty jobs there; all around the country, small businesses are expanding because there's a sense of optimism about the future of this country. And that's how people are able to find work. And that's how we're able to provide stability in the workplace.

Speaking about that, we've got Rich Gimmel with us. He's the president—there's nothing wrong with being Mr. President—[laughter]—of Atlas Machine and Supply. Rich, thanks for coming.

[Rich Gimmel made brief remarks, concluding as follows.]

Mr. Gimmel. When my father took over the company in the late '50s, we had about 35 employees. When my brother Rob and I began to run the company together—Rob is in the front row here. He's our CEO.

The President. He's the pretty one.

Mr. Gimmel. That's right. He's the little brother with the gray hair, but he's been there longer than I have.

The President. I see. [Laughter]

Mr. Gimmel. But we had about 75 employees at that time. Now we have almost 170 employees at Atlas Machine. We are a very capital-intensive company. We provide—

The President. Explain what that means, “capital-intensive.”

Mr. Gimmel. Well, we have to reinvest. We have to reinvest a lot in our company every year to keep it productive. We have to buy machine tools. We have to expand plant. We have to expand our facilities. We have to expand our workforce. And all of this is extremely demanding of capital.

We provide plant maintenance services in the Ohio Valley, and also, we're the compressed air and pump provider for industry in the Ohio Valley. Compressed air is vital to an industry. It's like another utility. It's as important as their electricity. If they lose their air, they're out of business, so we're the air people. We're kind of an industrial—

The President. It kind of sounds like Washington.

Mr. Gimmel. That's right. We're the air people. [Laughter]

The President. Is it hot air? [Laughter]

Mr. Gimmel. Yes, it can be.

The President. You need to tap into the Nation's Capital. [Laughter]

Mr. Gimmel. Maybe you guys could be supplying us. How about that?

The President. That's what I—that was my point. [Laughter]

[Mr. Gimmel made additional remarks.]

The President. Good. If somebody's listening out there, here's a shot to find work. [Laughter] If you're willing to work hard. Thanks for coming.

Jeannie Unruh is with us. One of the exciting things about our country is that there's a lot of companies run by very skilled women. Women-owned business is, I think, a very hopeful part of the future of this country. And I want to thank Jeannie for coming. By the way, she's a Subchapter S corporation. So when you hear the people rail on taxes and this, that, and the other—when you reduce all taxes, it affects her business. She pays taxes. Don't tax the rich—well, the so-called rich happen to be, in many cases, small businesses that are out providing opportunities for people.

Anyway, Jeannie is the head of MAC Construction & Excavating, Inc. Thanks for coming.

[Jeannie Unruh, chief executive officer, MAC Construction & Excavating, Inc., made brief remarks.]

The President. The country grows because people who run small businesses are confident about the future. And what I've come away with here is that these three businessowners are confident, and that's important. It bodes well for the people who are working for these companies and for those who they're going to hire.

The other thing about the tax relief plan, obviously, it affected people's lives. And I want to talk to two people whose lives were affected. I do want to remind you, however, that this year if the Congress doesn't act on making the tax cuts that expire in '05 permanent, they're raising taxes on people. You'll hear, "Let's get rid of Bush's tax plan." That's code word for, "I'm going to raise your taxes." That's what that is.

Just to give you a sense of what that means, a married couple with two children with an income of \$40,000 would face a \$915 tax increase in 2005 if the Congress does not act. Remember the child credit—the benefits of the child credit go away, which is like a tax increase. The marriage penalty goes back up, which is like a tax increase. And the 10 percent bracket is affected, which is a tax increase.

With us is Libby McKinney. She's got a husband and two children. She works here as a collections specialist. Libby, thank you for coming. Tell us what's on your mind.

[Elizabeth McKinney, credit and collections specialist, ISCO Industries, made brief remarks.]

The President. Well, that's great. Congratulations. Doing her duty, by the way. Some people spend the money; some people save the money. But it all has a positive effect on the economy. And, by the way, you can't have investment unless there's savings. And so I appreciate your story. The family saved about \$1,700 because of the tax relief. We throw a lot of numbers around in Washington. That may not sound like a lot in Washington-speak; it's a lot for the family, \$1,700 tax relief this year.

And by the way, I just, again, want to remind the people listening that if Congress does not act, this family will have a \$725 tax increase, if Congress doesn't make the tax relief permanent. You see, they've got two children, and they're married, and the 10 percent bracket affects them. There will be a tax increase on Libby and her family. I don't think that makes sense to be raising taxes on hard-working people who are trying to get ahead and do their duty as a mom and a dad to raise their children. So, Libby, thanks for coming.

Big Rob is with us, accounting specialist Rob Hansen. Thanks for coming, Rob.

[Robert Hansen, accounting specialist, ISCO Industries, made brief remarks.]

The President. Good. See, he made a decision with the extra money to go out and purchase a good, and that just helps the economy. There are millions of these decisions being made on a daily basis, which is how the economy works.

I often have to argue that the tax relief was better spent than Government could have spent the money. It's a—it affected—[applause]. I appreciate the checks finally arriving. I was a little nervous when we said we were going to put checks in the mail. [Laughter] You've heard it before. [Laughter] It actually made it. [Laughter]

But if the Congress doesn't act, this family will pay \$1,000 in taxes—*increase*. It's a tax increase. They don't make—if they don't make the child credit permanent or the marriage penalty permanent or the 10 percent bracket permanent, they pay \$1,000 next year. We're running up taxes on this family, and it affects their ability to make decisions. It affects their future. It's just—it doesn't make any sense for Congress not to make the tax relief permanent. And the best way that I can possibly tell the story—they're used to me—is all they've got to do is listen to what tax relief meant for people in their lives and what tax increases would do. And so I call upon Congress to listen to the voices of the people out here struggling to get ahead in America, people who are making good decisions, people who are doing their duty as responsible citizens to love their children with all their heart, people who are putting food on the table.

I want to repeat to you what I said before. This country has overcome a lot, and we're moving forward with optimism and confidence. You know why? Because we've got great people. And I'm proud to be the leader of such a strong nation.

Thank you all for coming. God bless.

NOTE: The President spoke at 10:52 a.m. at ISCO Industries. In his remarks, he referred to Senator Mitch McConnell of Kentucky, husband of Secretary of Labor Elaine L. Chao; Gov. Ernie Fletcher and Lt. Gov. Steve Pence of Kentucky; and Mayor Jerry E. Abramson of Louisville, KY.

Remarks at a Bush-Cheney Luncheon in Louisville

February 26, 2004

Thank you all for coming. Thanks for your support. Thanks for your friendship. Thanks for your warm welcome. I'm proud to be back here in the great Commonwealth of Kentucky. I'm pleased to be with so many friends.

I appreciate my friend Darrell Waltrip being here. I was at NASCAR the other day. Man, I can see why he liked that so much. [*Laughter*] It's an amazing environment. He has a lot to be proud of. He had a fabulous career. I know one of his proudest moments

came when his little brother won the big race in Florida. I went through the same experience. [*Laughter*]

We're ready to go here in Kentucky. We've got a great organization. I want to thank the people who are going to man the phones and put up the signs and get the people to the polls. The Vice President and I appreciate all you did for us last time. We appreciate all you're going to do for us this time. We intend to win the State of Kentucky.

Vice President Cheney is a great Vice President. He's done a heck of a good job for our country. Our country has had no finer Vice President, although Mother may have a second opinion. No, I'm proud to have him by my side, proud to be campaigning with him.

I'm also proud of the job Laura is doing. She's a fabulous First Lady for this country. She sends her best, her best wishes and her love to our friends here in Kentucky.

I want to thank Cathy Bailey for taking on a tough job and doing such a good job.

I want to thank Elaine Chao, who is with us today, a member of my Cabinet. I think when people start to analyze an administration's effectiveness, they need to look at the people in the Cabinet. When people surround themselves with excellence—they should surround themselves with excellence, and I have. I've attracted a really good team of people from all walks of life to come to the Nation's Capital and to serve something greater than their self-interest, their country. And Elaine is part of the fabulous Cabinet I put together, and I want to thank you for being here, Elaine. And I understand why your husband is not here—he's voting. But Mitch has done a really good job for the people of Kentucky, and I'm proud to call him friend.

You need to send Jim Bunning back to Washington, DC, as well. I flew down with Anne Northup today on the plane. We had a great visit about Kentucky and the issues down here. She's a really competent, good person. I know Woody is with us; Anne had to go back and cast an important vote. I gave her permission to do so. [*Laughter*] But she really is a fine, fine Representative of the people of Louisville, Kentucky. You need to send her back too.