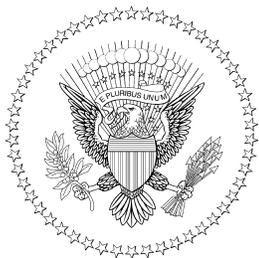


Weekly Compilation of  
**Presidential  
Documents**



Monday, July 17, 2006  
Volume 42—Number 28  
Pages 1301–1337

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**Editor's Note:** The President was in St. Petersburg, Russia, on July 14, the closing date of this issue. Releases and announcements issued by the Office of the Press Secretary but not received in time for inclusion in this issue will be printed next week.

## WEEKLY COMPILATION OF

## PRESIDENTIAL DOCUMENTS

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Week Ending Friday, July 14, 2006

### **The President's Radio Address**

*July 8, 2006*

Good morning. This week I visited the city of Chicago. In that great city and across America, our strong and growing economy is creating jobs and delivering prosperity to more of our people.

In the Chicago area, businesses have added more than 74,000 new jobs over the past 2 years. And in Illinois, the unemployment rate has fallen to 4.6 percent, the lowest rate there in over 5½ years.

We have good news about our national economy as well. On Friday, we learned that the American economy created 121,000 new jobs in June, and it has created over 5.4 million jobs since August 2003. We now have added jobs for 34 straight months, and the unemployment rate is 4.6 percent.

In the first quarter of 2006, our economy grew at an impressive annual rate of 5.6 percent. This follows our economic growth of 3.5 percent in 2005, the fastest rate of any major industrialized nation. And because taxes are low, our workers are keeping more of the money they earn.

Behind each of these positive statistics are countless stories—stories of workers who start each day with hope because they have a job that will help them build a better life, stories of families with more money in the bank for college tuition or a downpayment on a home, stories of small-business owners who know they can hire more workers and grow with confidence.

Our economic expansion is lifting the lives of millions of Americans, and to keep this expansion going, we must maintain the progrowth, low-tax policies that helped to launch it in the first place. The tax relief we delivered has helped unleash the entrepreneurial spirit of America and kept our economy the envy of the world. So I will continue to work with Congress to make that tax relief permanent.

Our economy is also thriving because America remains the world's most innovative nation. During my trip to Illinois, I visited a company called Cabot Microelectronics, which makes products for manufacturing semiconductor chips and other high-tech components. Cutting-edge firms like Cabot are creating good jobs for our workers and helping to keep America competitive in the global economy.

To help companies like Cabot maintain our Nation's competitive edge, I proposed my American Competitiveness Initiative. This initiative will double Federal funding for research in promising areas such as nanotechnology, supercomputing, and alternative energy sources. The initiative will also encourage bolder private sector investment in technology and help ensure that every American child has the math and science skills needed for the jobs of tomorrow.

Last month, the House of Representatives approved full funding for the basic research component of this initiative. I urge the Senate to follow the House's lead, so America can remain an innovative nation that competes with confidence.

Americans are living in times of great hope and great opportunity. By keeping our taxes low, keeping our country competitive, and keeping this a welcoming nation, we will add to our prosperity, and we will create a better America for future generations.

Thank you for listening.

NOTE: The address was recorded at approximately 10:06 a.m. on July 7 at the InterContinental Hotel in Chicago, IL, for broadcast at 10:06 a.m. on July 8. The transcript was made available by the Office of the Press Secretary on July 7 but was embargoed for release until the broadcast. The Office of the Press Secretary also released a Spanish language transcript of this address.

### Remarks Following Discussions With Prime Minister Janez Jansa of Slovenia

July 10, 2006

**President Bush.** Mr. Prime Minister, thank you for coming. It's been a really fascinating discussion we've had. First, I want to thank you for your friendship. I thank you for your leadership. I really appreciate the fact that you have made the courageous decision to help two young democracies, Afghanistan and Iraq, succeed. Your contributions in Afghanistan and Iraq will make a difference in achieving peace. And so thank you for that very much.

I really appreciate your briefing on your neighborhood. The Prime Minister is a man who has got clear vision. He understands how to explain problems in a way that will help yield results. And so the fact that you talked about the Balkans in such clear fashion will help us work with you to achieve certain objectives. I want to thank you for that.

I fondly remember my visit to your beautiful country. It was a spectacular visit. I came back to the States and I told people that if you really want to see an interesting slice of heaven, go to Slovenia. It's got a country that's got a lot to it. But the most important thing, it's got wonderful people. And I look forward to working with you, Mr. Prime Minister. I'm confident that by working together, we can improve the lives of our respective peoples as well as improve the lives of those who are struggling against forms of government that won't allow them to have free expression, won't allow them to self-govern.

And so welcome to the White House, and thank you for our wonderful meeting.

**Prime Minister Jansa.** Esteemed Mr. President, thank you very much for inviting me and my delegation to the White House. We still remember your visit in Slovenia, and we hope to continue with good cooperation in the future.

I found very useful your information regarding the development of events in the region of Western Balkans. I'm glad we share the same views regarding the prospectus of—in Western Balkans regarding the security and also the NATO. In spite of the fact that

Slovenia is a small country, it completed its allotment of troops in the NATO operations.

Based on the fact that we got a lot of help during our entering the NATO—and European Union, we got a lot of help—we feel that now it's our obligation that we help others to do the same. As I mentioned before, Slovenia will be presiding the European Union in 2008, during which time there will be a summit between the European Union countries and the United States. We would be very happy if we could welcome you then in Slovenia.

**President Bush.** Thanks for coming. Appreciate it very much. Thank you.

NOTE: The President spoke at 10:51 a.m. in the Oval Office at the White House. Prime Minister Jansa spoke in Slovenian, and his remarks were translated by an interpreter.

### Remarks at a Swearing-In Ceremony for Henry M. Paulson, Jr., as Secretary of the Treasury

July 10, 2006

Thank you all. Please be seated. Thanks for coming. Good morning. Thank you for being here. I'm pleased to be here at the Department of the Treasury to stand in one of its most historic rooms. A hundred years ago, the vaults of the Cash Room were stacked from floor to ceiling with bank notes and coins and bullion—right here in this room. Today there is no longer any cash in this room; there's a lot of talent in this room. But this historic space reminds us of our responsibility to treat the people's money with respect. And in a few moments, Chief Justice John Roberts will swear in a man that every American can have faith in—Hank Paulson.

Hank comes to his position with a lifetime of experience in business and finance. He has an intimate knowledge of global markets. He will work to keep this economy of ours competitive and growing, and he will work to ensure fair treatment for America's goods and services across the world.

We welcome his family here—his wife, Wendy, and his mom, Marianna, his son, Merritt, and daughter, Amanda. And the other members of the Paulson family who have joined us, thanks for coming. We join

them in congratulating Hank as he is sworn in as America's 74th Secretary of the Treasury.

I appreciate the Chief Justice joining us today. I appreciate the members of my Cabinet who are here to welcome your new colleague. I want to thank Deputy Secretary Bob Kimmitt and all the folks who work here at the Department of Treasury. You're getting a good boss. You're getting somebody you can work with and respect.

I appreciate the Chairman of the U.S. Federal Reserve—Chairman Bernanke is with us. Thanks for coming, Ben. Alright if I still call you, Ben? [*Laughter*] I appreciate the House majority leader, John Boehner, joining us. Thanks for coming, John. I appreciate the ranking member of the House Budget Committee, Congressman John Spratt. Thanks for coming, John. I appreciate you all joining us here today. I want to thank my friend Don Evans, former Secretary of the Commerce, joining us. Welcome.

The Treasury Department is one of the oldest in the Federal Government, and every person who leads this Department walks in the footsteps of our first Treasury Secretary, Alexander Hamilton. In more—in the more than two centuries since he led this department, his role has expanded and his responsibilities have increased. Today, the Treasury Secretary is responsible for policies effecting global financial markets, international trade and investment, taxes and spending, and other issues of vital importance to America's ability to compete in a worldwide economy. The Treasury Secretary also oversees the minting of the U.S. currency, the management of public finances, and the enforcement of important laws, including our efforts to crack down on terrorist financing.

As Treasury Secretary, Hank Paulson will be my leading policy adviser on a broad range of domestic and international economic issues, and he will be the principal spokesman for my administration's economic policies. He is supremely qualified to take on these important responsibilities. He has served as chairman and chief executive officer of one of the world's leading financial firms, the Goldman Sachs Group. His decades of experience have given him a keen insight into the workings of our global econ-

omy. As he showed in his Senate confirmation hearings, he has the ability to explain complex economic issues in clear terms. People understand him when he talks. His nomination received strong bipartisan support. He was confirmed unanimously by the United States Senate.

Hank is being sworn in in an optimistic time for our country and for our workers. In the first quarter of 2006, our economy grew at an annual rate of 5.6 percent. That's the fastest growth in 2½ years. We've added more than 5.4 million new jobs since August of 2003. The national unemployment rate is down to 4.6 percent. Consumers and businesses are confident in the future. Productivity is high. That's leading to higher wages and a higher standard of living for our people. And I look forward to working with Hank Paulson to keep this economy growing and to keep creating jobs and enhance opportunity for our people.

We have a broad agenda to pursue. Our first challenge is to keep taxes low. Hank shares my philosophy that the economy prospers when we trust the American people to save, spend, and invest their money as they see fit. Hank understands that cutting taxes have helped launch the strong economic expansion that is lifting the lives of millions of Americans. And he will work with the United States Congress to maintain a pro-growth, low-tax environment so we can keep our expansion growing.

Our second challenge is to bring Federal spending under control. We'll continue to cut wasteful and unnecessary spending in the annual budget. Hank Paulson understands we also need to rein in the growth of spending for entitlement programs like Social Security and Medicare and Medicaid. We have a problem with these programs; they're growing fast—they're growing at a rate faster than inflation, faster than the economy, and faster than we can afford. If Congress does not act, these vital programs will be jeopardized and unfairly burden future generations. And so we'll continue to call on the Congress to work with us to preserve important programs, like Social Security and Medicare and Medicaid, for our children and our grandchildren.

The third challenge is to expand opportunities for American workers and businesses

to compete in a global economy. Hank understands that the fastest growing markets for American goods and services are overseas, and that so long as the playing field is level, American workers and businesses can compete with anybody. So we will work to open up new markets to American products and to ensure that our trading partners play by the rules and respect intellectual property rights and maintain market-based exchange rates for their currencies.

Our fourth challenge is to prevent the Federal Government from burdening our economy with excessive regulations that will drive jobs and capital overseas. As one of the Nation's most accomplished investment bankers, Hank understands how important it is to maintain our openness to foreign investment and to keep America an attractive place to do business. So he's going to be a watchdog to prevent creeping over-regulation that burdens our economy and costs America jobs.

Our fifth challenge is to keep America competitive by fostering a spirit that rewards innovation and risk-taking and enterprise. America is the most innovative nation in the world because our free enterprise system unleashes the talent and creativity of our people. Hank will be a champion for our country's small businesses and entrepreneurs. And he's going to work to ensure that the American Dream is within reach of every one of our citizens.

As he pursues this agenda, Hank will build on the firm foundation laid by Secretary John Snow. John is a good fellow; he's a good man and a fine public servant. And he assumed leadership of this Department at a difficult time for our economy. During his tenure, John oversaw a strong economic resurgence that created millions of jobs for our families and made America's economy the fastest growing in the industrialized world.

John has also been an important leader in the war on terror. He directed the Treasury Department's efforts to crack down on terrorist financing, including a vital program to track terrorists' use of the international banking system. John Snow has helped make America safer and more prosperous, and I'm grateful for his distinguished service.

I'm also grateful that Hank Paulson has agreed to succeed John. He grew up on an Illinois farm. He rose to one of the highest positions on Wall Street, and now he's about to be sworn in as the Treasury Secretary of the United States of America. He's shown his talent and initiative as a leader in the private sector, and today he's showing his character and patriotism by leaving his career to serve our country. I'm grateful that Hank has answered the call to service.

The men and women of this Department will have an outstanding leader in Hank Paulson. I look forward to working with—welcome him to our Cabinet. I'm looking forward to working with him for the good of our country. And now I ask Chief Justice John Roberts to administer the oath.

NOTE: The President spoke at 11:15 a.m. at the Department of the Treasury. The transcript released by the Office of the Press Secretary also included the remarks of Secretary Paulson.

### **Statement on a Report of the Commission for Assistance to a Free Cuba**

*July 10, 2006*

Today I approved the second report of the Commission for Assistance to a Free Cuba. I also approved a Compact with the People of Cuba, which outlines how the United States will support the Cuban people as they transition from the repressive control of the Castro regime to freedom and a genuine democracy. The report demonstrates that we are actively working for change in Cuba, not simply waiting for change. I call on all our democratic friends and allies around the world to join us in supporting freedom for the Cuban people. I applaud the work of the Commission, cochaired by Secretary Rice and Secretary Gutierrez.

NOTE: The statement referred to President Fidel Castro of Cuba. The Office of the Press Secretary also released a Spanish language transcript of this statement.

**Message to the Senate Transmitting Amendments to the International Telecommunication Union Constitution and Convention**

July 10, 2006

*To the Senate of the United States:*

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the amendments to the Constitution and Convention of the International Telecommunication Union (Geneva, 1992), as amended by the Plenipotentiary Conference (Kyoto, 1994) and the Plenipotentiary Conference (Minneapolis, 1998), together with the declarations and reservations by the United States, all as contained in the Final Acts of the Plenipotentiary Conference (Marrakesh, 2002).

I transmit also, for the information of the Senate, the report of the Department of State concerning these amendments.

The Plenipotentiary Conference (Marrakesh, 2002) adopted amendments that would expand the field of individuals eligible for election to the Radio Regulations Board; provide for functional privileges and immunities for members of the Radio Regulations Board; strengthen the finances of the International Telecommunication Union by, among others, providing for sector member contributions to defray the expenses of regional conferences in which they participate and clarifying that operational plans prepared by the International Telecommunication Union Secretary-General and Directors of each of the International Telecommunication Union sectors must reflect the financial implications of the activities proposed; provide for sector members to be represented as observers at meetings of the Council; and recognize the authority of the Radiocommunication Assembly, the World Telecommunication Standardization Assembly, and the World Telecommunication Development Conference to adopt working methods and procedures for their respective sectors.

Consistent with long-standing practices, the United States, in signing the 2002 amendments, made certain declarations and reservations. Subject to those declarations and reservations, I believe the United States should ratify the 2002 amendments to the

International Telecommunication Union Constitution and Convention. Those amendments will contribute to the International Telecommunication Union's ability to adapt to changes in the telecommunication environment and, in so doing, serve the needs of the United States Government and United States industry. It is my hope that the Senate will take early action on this matter and give its advice and consent to ratification.

**George W. Bush**

The White House,  
July 10, 2006.

**Remarks at a Dinner Honoring the Special Olympics**

July 10, 2006

Ladies and gentlemen, thank you for coming—Mrs. Shriver and Special Olympics athletes, friends and family. Mr. President—the President of Iceland has joined us—proud you're here, President Grimsson. And First Lady of Panama, First Lady Torrijos, is with us as well. We've got Members of the Congress and Members of the Senate. Laura and I are glad you all are here. Welcome to this special occasion.

We're here to celebrate the Special Olympics and to honor a woman who made them possible—Eunice Kennedy Shriver. And we're here to celebrate her birthday. [*Laughter*]

In a moment we'll hear from this woman who has made it her life's work to create opportunities for people with intellectual disabilities. She founded the Special Olympics in 1968 to get people with intellectual disabilities the chance to develop physical fitness, to create friendships, and experience the joy of sports competition and achievement. Today, the Special Olympics includes more than 2.25 million athletes in 150 countries. The games have become a source of unity and excitement for its participants. They've helped raise awareness of the challenges facing those with intellectual disabilities.

America upholds the values of every person and the possibilities of every life. And the Special Olympics are an example of America at its best. We share with the entire

world the spirit of joy and kindness that the Special Olympics brings.

If you ever had any doubt about how much good one person can do, look no further than this kind and gracious lady. On this special occasion, I ask you to join me in a toast to the Special Olympics and to Eunice Kennedy Shriver and to her contributions to our Nation—past, present, and future. God bless.

NOTE: The President spoke at 7:40 p.m. in the East Room at the White House. In his remarks, he referred to Eunice Kennedy Shriver, founder and honorary chairman, Special Olympics; President Olafur Grimsson of Iceland; and Vivian Fernandez de Torrijos, wife of President Martin Torrijos Espino of Panama.

## Interview With Foreign Journalists

July 10, 2006

**The President.** I'm looking forward to it. I'm going to see Angela Merkel on her home turf. She kindly invited me to go to her part of the country. I always view that as a sign of generous hospitality, when somebody says, "Come by my home area." And I'm looking forward to going, and I'm looking forward to having a good discussion with her on a variety of subjects.

I've spoken frequently with the Chancellor since she's gotten in, and that's important, because Germany has got a very important role to play, not only in Europe but around the world. So I'm looking forward to that a lot.

And then, of course, I'll be going to Russia and have—Laura and I and the Putins will be having dinner, which is a good chance to continue our friendship. We've got a good friendship with the Putins. We're comfortable around them. And then, of course, the next day we'll have a bilateral meeting, which will be more business than pleasure. I also am looking forward to that. I've spoken to Vladimir Putin frequently over the last couple of weeks on a variety of subjects. And the world is complex. There are problems that are surfacing. I've always felt like it's best to work with friends and allies to solve the problems. And so we'll have a variety of topics on the agenda.

And then we've got the G-8. I think the topics there are relevant—energy security. I view energy security, from my perspective, as how do we diversify away from hydrocarbons. That's the definition of security from an American perspective. I will be—it just so happens, it's a really interesting moment where there's the need to be—protect our national security and economic security comes at a time when there's great concern about global warming, and it turns out that you can achieve economic and national security and protect the environment at the same time. For example, civilian nuclear power—that's going to be an important subject, as far as I'm concerned.

If you truly are concerned about protecting the environment, then it seems like to me that civilian nuclear power is a good way to go. Technologies have changed; we'll discuss that. Some agree; some don't agree. But nevertheless, it's going to be a part of the dialog. I look forward to talking to them about our research and development efforts into new types of batteries that will be able to power automobiles for the first 40 miles without using gasoline, or talk about use of ethanol or our experimentation and our work with hydrogen. In other words, there's a variety of things we can talk about to help with energy—on the energy security issue.

We'll talk about infectious diseases. I thank the Russian President for putting that on the agenda. That's going to be a very important topic—if there were to be a pandemic flu outbreak. It's important for us to have discussed our individual plans and how we intend to work collectively on the problem.

We'll talk about education matters. I intend to talk about trade. We've got—the Doha round is out there, kind of—people are wondering whether or not we'll be able to move it. I'm still upbeat about it, by the way. I think we can get something done. I just finished meeting with my trade minister and our team involved on the subject. But this will be a good forum to talk about it, not only at the first days of the G-8 but when the members of the G-20 come. There will be an important discussion with the leader of Brazil and others.

As well, one of the things we will talk about are common values that are important—

transparency, anticorruption, free markets—values that tend to bind us and that can unite us in common purpose. So I'm looking forward to it.

Michael [Michael Backfisch, Handelsblatt].

### **Germany-U.S. Relations**

**Q.** Mr. President, German-American relations have improved since Angela Merkel became Chancellor. With Silvio Berlusconi being out of office and Tony Blair's days being numbered, has Germany become America's most important pillar in Europe, and would you even use a formula such as partnership and leadership, as your father dubbed the relationship with Helmut Kohl?

**The President.** First, let me say, we had disagreements over Iraq, obviously. But apart from that, I always felt our relationship with Germany was vital and important. Much has been made about the differences between Chancellor Schroeder and myself, and no question, there were differences. But I will tell you that from my perspective, and I think he would say this, is we've tried to work beyond that. There were other issues we had to deal with besides Iraq. So the relationship has been good since I've been the President.

Angela Merkel comes into office now at a time where we've gotten that behind us, and we're moving forward. Remember, one of the first decisions I made after 9/11 was to go into Afghanistan, and the Germans supported us on that. So there's—we've worked together, and I do believe that, as I mentioned to you, Germany has got a very important role to play in Europe and in the world. And Angela Merkel is assuming the mantle of leadership, for which I'm grateful.

From my perspective, I think the American President and the country must maintain a lot of good relations with Europe, since Europe is a—it's vital. It's a vital center of trade, and it's a vital center of exchange, and it's a vital center, I hope, of working together to, kind of, spread common values. But we've got a good relationship.

Andrei [Andrei K. Sitov, ITAR-TASS].

### **President's Birthday**

**Q.** Thank you, sir, for inviting us, for giving us this opportunity.

**The President.** Any time.

**Q.** May I congratulate you, sir, on your recent birthday. I was on the South Lawn there, watching.

**The President.** You were watching me turn 60? [Laughter]

**Q.** No, the Fourth of July, the celebration.

**The President.** Let me ask you something, does that seem old to you, 60?

**Q.** No, not at all, sir.

**The President.** Good, yes. [Laughter]

**Q.** Sir, you are——

**The President.** The American press corps seems to—makes it seem like it's a very old age—people—how old are you, Tom?

**Q.** Sixty-one.

**The President.** See.

**Q.** Everybody knows your medical stats, sir. You are in good condition.

**The President.** Thank you for wishing me a happy birthday. Finally ended. Go ahead.

### **Russia-U.S. Relations/World Trade Organization**

**Q.** Thank you, sir, for indulging us.

I wanted to ask you about the continuing Russian integration. Will there be——

**The President.** Continuing Russian integration?

**Q.** Integration into the world bodies. Will there be a deal on the WTO negotiations with Russia in St. Petersburg? And also, when do you expect Russia to gain a permanent seat at the financial G-7?

**The President.** First of all, as far as the G-8 goes, from my perspective, Russia is an active participant. President Putin has been there; he speaks; he talks; he acts; he interfaces. Plus, he's hosting it—is hosting this G-8.

Secondly, we talked about the WTO negotiations with Russia, and there is—I've presented the letter to the President, which makes it very clear, our position, so that there's no ambiguity about what needs to happen in terms of market access from both—the perspective of both countries. And we will continue to work, see if we can't get this done.

President Putin has got his issues at home; we've got issues here. And that is, we've got to make sure any agreement we strike is a good one. And there's two issues that are very

important for—a lot of issues are important, but I would say the two areas where a lot of people will be paying attention to it here in America is, one, on agriculture, we want to make sure that if somebody says they're going to take our products into their country, they'll do it. And secondly, the other is intellectual property rights. And that's what a lot of people will be looking at from this perspective. I'm sure Vladimir Putin has got pressures on his side too.

I do believe it's in our country's interest to have Russia as a member of the WTO. It's been a difficult negotiation, because there's more than one constituency. That's what President Putin has got to understand. One issue—not just satisfying what our trade negotiators think is fair; we've got to make sure we can get it through the Congress.

But others are watching as well; other nations are watching the set of negotiations. So hopefully we can get it done. I'm optimistic about it.

Mario [Mario Platero, *IlSole24Ore*], congratulations to you .

### **2006 World Cup**

**Q.** Thank you. Thank you, Mr. President. Did you watch the game?

**The President.** I watched some of it.

### **Italy-U.S. Relations/War on Terror**

**Q.** Mr. President, the new Italian Government has stated that there are, and I quote the Italian Foreign Minister, Mr. D'Alema, "evident differences with the U.S., certainly with respect to policies from the previous years." And a decision about whether to stay in Afghanistan will be made in the next few days, and a decision has been made to withdraw completely from Iraq, contrary to what the commitment of the previous Government was. Are you disappointed by that?

**The President.** First of all, I want to thank the Italian people and the Government for their contributions in Iraq. They were there during some of the most difficult times. And the previous Government made a commitment and met its commitment, and we're very grateful for that. The current Government campaigned on not staying in Iraq; that's what they said. So when you win elections, you're supposed to do what you say

you do. So I'm not surprised. I would hope—and I appreciate the commitments. I would hope they would—toward, for example, training through NATO or reconstruction aid. This is an historic time.

And one of the messages I'll be sending people at the G-8 is, liberty is universal; the world is better off when there's free societies. We'll worry about our own selves, of course, but we've also got to need to worry about others living under the—that may live under the clutches of a tyrant or others who are trying to build a democracy. And we would hope that established democracies would help young democracies grow, and there's all kinds of ways you can do that. There's a difference of opinion, obviously, in certain corners as to whether or not we should have gone into Iraq in the first place. But now that we're there, the hope is that we can work with nations to help build the new democracy. And that's not my appeal; that's the appeal of Prime Minister Maliki and others. So I'm confident we can work with the Government, looking forward to it.

**Q.** On Afghanistan, you hope they will stay?

**The President.** Of course I do. It's a new democracy. We'll see. Every country gets to make its own mind what to do, but I would hope that those who are weighing whether or not it makes sense to stay or go look at the consequences of failure and realize the great benefits of liberty for the people of Afghanistan. An elected government there—society is changing. It takes hard work. I happen to believe the hard work it takes is necessary for peace.

Masaomi. Did I say it right?

### **North Korea**

**Q.** Masaomi.

**The President.** Yes, see, pretty close. [Laughter]

**Q.** Thank you very much. I have a question on North Korea. Security Council is about to adopt North Korea resolution. The U.S. had vowed to continue diplomatic efforts to resolve the issue. But what kind of measures will you take to get North Korea back to the six-party talks?

**The President.** First of all, I want to thank the Japanese contribution in the Security

Council. Secondly, I think there's an interesting new development, that the Japanese have decided to delay tabling the resolution to give the Chinese a chance to go to Pyongyang to have a discussion with the leader in North Korea, with the desire of having them come back to the table. So that's where we are—they being the North Koreans—come back to the table.

And that's where we are. And so the Security Council option is always there. But to answer your question, the strategy at this point in time is for the Chinese to travel and to make the claim that it would be in North Korea's interests that they come back to the table and remind them they've already been at the table and they agreed to a Korean Peninsula that is nuclear-weapons free. That's what they've agreed to—they being the North Koreans, along with the United States, the Russians, the South Koreans, the Japanese, and the Chinese. So that's where we are.

Michael.

### **Energy**

**Q.** Mr. President, energy security—25 percent of Europe's natural gas consumption is satisfied by Russia. In the case of Germany, it's more than one-third. Is Europe, is Germany too energy-dependent on Russia, and do you see the ensuing danger that Russia has the means to potentially blackmail Europe?

**The President.** I think each nation or each group of nations has to make their own national security calculations. I can just give you my perspective where the United States is, and you can draw whatever conclusions you want from that.

I think—we are dependent on oil from, in some cases, unstable parts of the world. And while you may be able to manage your way through the short term; in the long term, eventually I think that will be a problem for national security purposes here. And therefore, when you talk about energy security, it is part—people say, “Well, security is how you guarantee supply.” That's one view of security. It's just that supplies can get disrupted sometimes. I view security as diversification away from a particular source of

energy that may be the cause of the worry about insecurity in the first place.

And so the German Government is going to have to make its decision as to whether or not it makes sense to have a supply—one-third of its supply from a single source. I can tell you this, I've told the American people we will spend billions to put technology in place or achieve technological breakthroughs that will enable future Presidents to say, “I no longer have to worry about a single source of supply; I no longer have to worry about disruption; I no longer have to worry about politics.” And I think the world needs to go there, in my own judgment. I think the whole world would be better off if we're less reliant upon forms of hydrocarbon.

Is it possible? Yes, it's possible. We're spending over a billion dollars on hydrogen technologies and research to determine whether or not you can actually drive your automobiles with hydrogen, a byproduct of which is nothing, water. The issue with hydrogen, however, is, one, obviously, the technologies. But it takes a fair amount of power to create the hydrogen. And therefore, the question is, will nations such as ours, and others, be willing to use nuclear power to be able to provide the power to create the hydrogen in the first place? It's a policy choice countries are going to have to make.

We are working with India and China, for example, on nuclear power. I think it's in everybody's interest that these new, growing economies have—that the appetite for hydrocarbons in these growing economies is lessened with the advent of nuclear power. I know it's in—it really is in everybody's interest because of the globalization of energy demand. In other words, India demands more; it causes your prices to go up.

And so our contribution to trying to deal with energy security is to not only spend money here at home but also to work with developing countries to reduce their appetite for hydrocarbons. And to this end, we're working with Japan and Russia, France, and Great Britain to spend money to come up with a fast breeder reactor program, so that we can reprocess, burn, and reduce the amount of waste, which will hopefully then make the idea of additional civilian nuclear

power in other countries more palatable politically.

**Q.** And Russia's potential blackmailing power?

**The President.** That's going to be up to the Europeans to make that decision. That's not an issue we worry about here at home. That's an issue that the European leaders are going to have to work through, particularly at the EU, to make sure that they're not in a position where somebody can change the equation. Obviously, there was—some of my friends who were the leaders in Europe were somewhat concerned about the Ukrainian issue. We expressed our opinion on that very clearly. But the decisionmakers, your leaders, are going to have to make the decision as to whether or not they view the current status as something that they need to diversify away from. And I just laid out some ideas as to how, at least, we're trying to do that.

Andrei.

#### **Alternative Fuel Sources/Georgia**

**Q.** You just gave me an opening there—

**The President.** Well, I'm trying to, Andrei. I'm Mr. Thoughtful, as you know. [Laughter]

**Q.** —by referring to Ukraine, sir. Russia, for years, has been subsidizing its neighbors with energy supplies. President Putin recently suggested that it was to the tune of \$3 billion to \$5 billion a year. Basically he said, "If any new friends of those countries want them to have cheap energy, are they willing to pay?" So is this country willing to pay the same amount for cheap gas for Ukraine and Georgia?

**The President.** Well, look, there's a pretty good market. I mean, there's a marketplace. And the definition of price—you can judge whether or not it's fair, given kind of comparable situations elsewhere. Michael's point is, if you've got a sole source of supply or a significant sole source of supply, sometimes that source of supply can set the market. And I would think that what most consumers would want was fair, transparent pricing.

One way to make sure you've got fair pricing is to have alternative sources of energy so that you're able to make different choices, and that's very difficult, particularly when it comes to natural gas. Gas is a hard product

to transport. Gas requires enormous capital investment. Oil can be transferred by cart, by trucks. Gas has to be transferred by pipeline, more or less. Now there's a whole new technology coming, which is liquefied natural gas, so it can be transported by fleet. And so all I would ask is that there be transparency, that there be—that people know fully what the rules are, and that the contracts be open, easy to understand, and honored.

**Q.** And if I may stay with the neighborhood for a second there. You recently hosted the President of Georgia. Why do you think it's in NATO's interest to admit a country with two internal conflicts on its territory?

**The President.** I think it's in the world's interest that there be peaceful resolution of those two internal issues. I also think it's in NATO's interest to welcome countries which adhere to rule of law and marketplace economics, a country that is a democracy, a country which allows for public dissent and free press. I think those are all wonderful values that ought to be incorporated—that NATO—that will benefit NATO, with the incorporation of a country like Georgia. It's not a given that Georgia enters. All I said was that Georgia ought to be—that the way forward into NATO for Georgia ought to be clear, and the road ought to be clearly delineated so that they can then do the things necessary to earn NATO membership.

There's some question as to whether or not the United States was committed to this Georgian ascension, at least to be a part of the MAP Program. I think I cleared that up. I think people pretty understand—pretty well understand my position on that now.

**Q.** That's good. Thanks.

**The President.** Mario.

#### **Italy-U.S. Relations**

**Q.** Yes, Mr. President.

**The President.** So let me ask you something, Mario. Was your face painted yesterday? [Laughter]

**Q.** Mine wasn't. But one of a friend of mine was, but my dog had an Italian flag.

**The President.** Very good. [Laughter]

**Q.** So that created quite an impression. Mr. President, two senior officials of SISMI,

the Italian counterintelligence service, have been arrested just recently.

**The President.** Mario, I'm going to give you a chance to ask another question because I'm not going to talk about ongoing cases. If you'd like to come up with another question—

**Q.** It's an open case. It's open in the sense that today, there has been a request from the magistrate for the extradition of 26 CIA—

**The President.** Mario—Mario—

**Q.** In principle, you would—

**The President.** Mario, no, I'm not going to talk about the case. You can ask another question, since I cut you off before you were able to ask your full question.

**Q.** You confuse me with the soccer. [Laughter]

**The President.** This is just in fairness.

**Q.** Okay.

**The President.** Gone from Mr. Thoughtful to Mr. Openminded here. [Laughter]

**Q.** Well, Mr. President, you've known Mr. Prodi for a long time, and you've known Mr. Berlusconi—you've known both of them. And how would you assess the personal relationship that you had with Mr. Prodi and with Mr. Berlusconi? Is there a difference how comfortable would you feel with one or the other?

**The President.** I feel very comfortable with both. The first thing that's important is, I feel comfortable with the people of Italy. We've got very close ties.

And let me just take a step back. What's interesting about our country is that we've got—we've had close ties with a lot of countries. My ranch was settled by Germans.

**Q.** Really?

**The President.** Yes. There's a huge number of Italian Americans, a lot of Russian Americans. You know, Norm Mineta in my Cabinet is a Japanese American. In other words, so when you talk about relations with an American President, you've got to understand that there's a—at least I have, I know my predecessors have connections, close connections with people who have fond—either fond memories and/or great pride in their motherland.

And the way I like to define relations is that we've got—that I've got good relations

and great respect for the country of Italy. Obviously, people are so different that you've just got to gauge your relationship to meet certain objectives. And our objective with our European friends is to have a Europe that is whole, free, and at peace and is in close concert with the United States.

And so I think in this case, Prodi and Berlusconi share that objective, both share the same objective; same in Germany. And so I deal with them differently. They're just different types of people with different backgrounds. But I've known Romano Prodi, particularly since he was the head of the EU. I've worked with him quite a bit. Ask him about the time when I was riding my mountain bike on the beaches of Sea Island, Georgia. I came roaring by as fast as I could. There was Prodi with his head down. I made some kind of noise or something startled him out of his walking shoes, you know. [Laughter] My point is, there he was. He's a guy who I felt comfortable enough roaring by on a mountain bike, three Secret Service agents spewing up sand. [Laughter]

I know him. I feel comfortable talking to him. I may—he may not agree with me. But the fundamental question I think you're searching for is, can you still have a good relationship even though you disagree on issues? And the answer is, yes. That's part of life. There's a—look, I'm the kind of person, I make decisions; I deal with problems; I want to solve them. And sometimes—and, you know, I make it clear where I stand. And that creates—in the world, people say, “Wow, that creates tension.” But privately, it doesn't. That's what you've got to know, that there's a—and I work hard to make sure that I've got good personal relationships with these leaders so we can solve problems. And I'm confident that—

**Q.** Will you see him in—

**The President.** Prodi?

**Q.** —in St. Petersburg, in a bilateral—

**The President.** I don't even know. I'm not the scheduler, Mario. But I will see him.

**Q.** In a bilateral?

**The President.** Well, I'll take him aside, just the two of us, if that's—I'll take your recommendation for it. When I see him, I'll take him aside and congratulate him. I don't

know whether or not we're having bilaterals or not. Are we?

**National Security Adviser Stephen J. Hadley.** We're still looking at it.

**The President.** Mario, you want me focused on the big picture. I don't know my schedule. [Laughter]

**Q.** Thank you.

**The President.** All right. Masaomi.

### **Japan-U.S. Relations**

**Q.** Mr. President, U.S.-Japan relations are enjoying a golden age, a so-called golden age, which can be credited to close friendship that you and Prime Minister Koizumi share. On the other hand, Japanese relations with China and South Korea have chilled on Koizumi's watch. So how will you build the U.S.-Japan alliance with the next Prime Minister? And what do you hope to see in his approach to diplomacy towards Asia?

**The President.** First of all, our relations are good. I'm not sure any President and Prime Minister are going to be able to duplicate our trip to Graceland. [Laughter] It's an unbelievable experience, if you think about it. It's really one of the interesting lessons of history, isn't it? And what I—I'm told these guys are sick of hearing me say this, but I'm going to say it anyway—what the President referred to by "these guys" are the American people sitting behind—so my dad fought the Japanese. And that is startling to me that his son takes the Prime Minister to Graceland. Something happened. We fought the Germans; now we're very close friends.

And what happened was, there's a—liberty took hold, a Japanese-style democracy. That's what we're working on in Afghanistan and Iraq. Those are the stakes, as far as I'm concerned.

And so we've got a great relationship, and I intend to keep it that way. It's in American interests that we work closely with Japan. It's also in our interests that Japan have got better relations with China and South Korea. And that's going to be up to the Japanese leaders to make the determination of how to do that. I, of course, have said that to Prime Minister Koizumi: "We would hope that you would be able to improve relations." It's in our Nation's interest that our friends

have good relations with other friends and acquaintances.

And so that's going to be an interesting issue as to whether or not that's the case, whether that's a campaign issue in your democracy, whether or not it even matters to the people of Japan. But that's why you have elections. That's why you have decision-making in the democratic process, to determine whether that's an important issue.

And that's—you know what's interesting about the world in which we live, if the Chinese are able to get the North Koreans back to the table, think about a negotiating arrangement where you've actually got the Japanese and the Chinese and the South Koreans and the Americans and the Russians all sitting down, trying to convince Kim Jong Il to give up his nuclear weapons program. It's pretty remarkable, when you think about it.

And it's—and so I happen to believe—and the same thing is remarkable, in some ways, that we're still working very closely together on Iran. Germany has been great on Iran, by the way. Appreciate the Chancellor's strong position.

And the reason I bring this up, these are issues which we will solve, and we're more likely to solve them more quickly when we work together to solve them. And it's—to me, it's a very positive development. It's a new framework. It's kind of an interesting—it's an interesting data point in history to know that nations with different backgrounds and at times warring with each other are now working together to deal the common—with the common threats. And it's a threat if the Iranians have a nuclear weapon. It's a threat to world peace. It's a threat to all of us. It's a threat for North Korea to develop a nuclear weapon. It's a very destabilizing event in the Far East. So we're working very closely with each other to get it done.

### **Japan-China Relations**

**Q.** Do you have any worry about the relations between Japan and China?

**The President.** Do I worry about it?

**Q.** Yes.

**The President.** Well, I would hope it would improve, is the best way to put it—

hope it would improve. I think it's an important relationship. And I can't make it improve. That's up to the parties to make it improve. I can say, I hope it improves, to both parties, which I'm more than willing to do.

Anyway, looking forward to going. Who's going? You're going, Steve? Tom? Stretch, you going? You're going to be there.

**Q.** Mr. President—

**The President.** No more questions.

**Q.** That's it?

**Q.** One more?

**The President.** Okay, yes.

### Iran

**Q.** Great. [Laughter] Mr. President, you were mentioning Germany's role vis-a-vis Iran. Provided that there is no positive Iranian response before the G-8 summit—

**The President.** I'm not sure I accept that yet.

**Q.** Yes, well, let's just give it a try.

**The President.** Well, it's hypothetical, Michael.

**Q.** Okay, let's give it a try. What measures—

**The President.** You can try it. Give me a head's up. [Laughter]

**Q.** What measures—what kind of sanctions will the administration strive for? And how do you want to convince Russia and China to come aboard?

**The President.** We spent a lot of time talking about these—more than one issue now, obviously, Russia and China. But part of diplomacy is just constant work, constant dialog, and constant discussion, and remind people that we have declared common goals. The goal on the Korean Peninsula is a nuclear weapons-free peninsula. The goal of the Iranians is no nuclear program.

And everybody has got different interests. And so everybody has got different pressures. So diplomacy takes awhile. And what you're watching—what the world watches now is diplomacy in action. And we will work very quietly with our friends to work toward a resolution of the issue with the goal of achieving this thing diplomatically, of achieving this issue—success diplomatically but also with the goal of saying, you know, with common

voice to, in this case, the Iranians, no weapons program.

I'm not sure I necessarily accept your hypothesis that something positive isn't going to happen. I don't know. But what I'm going to tell you is, we'll react to it if it doesn't, if something positive doesn't happen.

**Q.** So far, nothing has happened. On the Iranian side, it's been going on for a long time.

**The President.** Right, but there's a meeting here pretty soon. Wednesday.

**Q.** So you're trusting the Iranians?

**The President.** No, no, no. You're asking me to—you're asking me—you're predicting the outcome of the meeting, and I'm saying, I'm not predicting the outcome of the meeting. And either way, we'll be prepared to react.

**Q.** So there is—

**The President.** Good try, though, on the hypothetical question.

**Q.** Very briefly.

**The President.** Yes, Andrei.

### War on Terror

**Q.** The Russians got their Usama bin Laden, Shamil Basayev, who was responsible for killing the children in Beslan. What do you have to say to the Russians about that? And also, will you be discussing with President Putin his new idea about the new binding treaty to replace the old START I that expires?

**The President.** I'll be talking to him about a variety of subjects. Yes, looking forward to hearing from that. And I—I guess we're gathering the details on the death of the guy, to find out more about it, you know. But if he's, in fact, the person that ordered the killing of children in Beslan, he deserved it.

**Q.** Mr. President, on the U.N.—United Nations, after Kofi Annan—

**The President.** It's an interesting thing about terrorists, by the way, they'll kill children like that. They don't care.

### United Nations Secretary-General

**Q.** The name surfaced recently of Prince Zeid, who is a member of the royal family of Jordan—was the representative of Jordan to the U.N. And he would be the first Muslim in case he would run for it.

**The President.** You're trying to rope me into the—

**Q.** No, I'm saying, would you be against a moderate Muslim?

**The President.** You're trying to get me to commit a name, actually talk about names.

**Q.** No, no, no. In general. [Laughter]

**The President.** As I understand it, the—traditionally, there's kind of a—regions rotate, and we're really looking in the Far East right now to be the Secretary-General—Secretary-General there. Holland [Steve Holland, Reuters].

**Q.** Oh, sorry. [Laughter]

**The President.** Well, that's kind of where the current—that's kind of where the current—he's over 60. No he's not—53?

**Q.** Fifty-one.

**The President.** Fifty-one. That's kind of—his birthday was recently. That's kind of—so the discussions mainly, at least the ones I've heard about this, somebody from the eastern—Far East—

**Q.** Asia.

**The President.** Asia, yes. So this is the first I've heard of this suggestion. And you'll find that we will work closely with friends and allies to come up with the best candidate, but we won't be committing publicly, like you're trying to get me to do.

**Q.** But with general principle, will you be against a Muslim, in Indonesia, for example, who is up for the position?

**The President.** Not at all, would not be against a Muslim. The criterion I'm for is somebody who wants to spread liberty and enhance the peace, do difficult things like confront tyranny, worry about the human condition, blow the whistle on human rights violations.

Yes, sir. Final question now, for certain. Michael roped me into another round there. [Laughter]

### **North Korea**

**Q.** Going back to North Korea, do you still think U.S. can deal with Kim Jong Il in resolving the crisis, or do you have sort of regime change in mind?

**The President.** What we want is for the North Korean leader to give up his weapons programs. And the United States tried to deal with him bilaterally in the past, and it didn't

work. So I changed the policy. I said it's not going to be just the United States dealing with the North Korean leader. We're also going to have other partners like Japan and South Korea and Russia and China.

See, in the past, negotiators from the United States sat down and said this, that, and the other, and the North Koreans didn't honor the agreement. So I'm trying a different approach. My last approach didn't work, so hopefully this approach will work. And I think it's more likely to work because you've got more than just one person saying it—you know, "Get rid of your weapons programs." Now we've got neighbors saying the same thing. And so that's where we are right now.

What's interesting, I thought, was that, you know, the Chinese, the United States, Japan, and South Korea, Russia all said, "Don't fire your weapon; don't fire your rockets." And he fired his rockets.

And that ought to be an interesting lesson to all of us involved in this relationship, that we've got to stay very close together and speak with one voice, because it's very—he must hear clearly that that kind of behavior is unacceptable. People have asked me, what do I think he's trying to achieve? I don't know. It's a nontransparent society. It's hard to tell. Like, if I were to make a decision, you'd be reading about it. People, reporters all over the place trying to—"Why did he do this; why did he do that?" And that's good. That's what an open society does. I don't know what objective he was trying to achieve.

But from my perspective, it sent a signal that he really was not afraid of isolating himself even further. My attitude is, is that the people of North Korea can have a much better life than they've—than their leader has chosen for them. There's tremendous starvation in North Korea. There's huge concentration camps. It's unacceptable behavior, as far as I'm concerned.

And I would hope that the North Korean leader would choose a different path forward. And the way to do that is to get rid of your weapons programs in a verifiable fashion. There's a better way forward for the Iranian leadership than isolation, and that is to get rid of the weapons programs in a verifiable fashion. It's their choice to make. We've

made our—the United States has made its choice; Germany has made its choice; Russia has made her choice; Japan has made its choice. We've made our choice; the choice is theirs. And I would hope that these leaders would recognize that there is—there's benefits for their people. They truly care about their people. There's benefits for their people.

You know, one of the most moving moments of my Presidency came when the young—when the mother of—young daughter was kidnaped by the North Koreans. Imagine. Anybody got children here? Imagine if some foreign nation ordered your child to be kidnaped, just removed. And never—they never heard from the girl again. They went—she was telling me, she was wondering whether she was murdered, and they searched everywhere. It's unbelievable, isn't it? It turns out that they believe that she was in North Korea, a regime that just felt like there was no accountability and no regard for human rights and just took this young child.

So the mother was sitting there in the Oval Office with me. It was incredibly emotional. After all these years, she still felt this pain in her heart. And my point is, is that there's a better way forward than that, to live in a society like that. And the choice is his to make, in North Korea's case. I hope he makes the right choice. It's important for all of us to continue to make that very clear. If he chooses the other way, he'll be isolated and his people won't benefit.

Okay. Thank you all. I enjoyed it.

NOTE: The interview was taped at 2:30 p.m. in the Roosevelt Room at the White House. In his remarks, the President referred to Chancellor Angela Merkel and former Chancellor Gerhard Schroeder of Germany; President Vladimir Putin of Russia, and his wife, Lyudmila; President Luiz Inacio Lula da Silva of Brazil; Prime Minister Nuri al-Maliki of Iraq; Chairman Kim Jong Il of North Korea; Prime Minister Romano Prodi and former Prime Minister Silvio Berlusconi of Italy; Prime Minister Junichiro Koizumi of Japan; Shamil Basayev, a Chechen separatist leader, who was killed on July 10; and Sakie Yokata, mother of a Japanese woman abducted by North Korean authorities. Reporters referred to Prime Minister Tony Blair of the United Kingdom; Usama bin Laden, leader of the Al Qaida terrorist organiza-

tion; Secretary-General Kofi Annan of the United Nations; and Prince Zeid Ra'ad Zeid al-Hussein of Jordan. The transcript was released by the Office of the Press Secretary on July 11. A tape was not available for verification of the content of this interview.

### Remarks on the Office of Management and Budget Mid-Session Review

July 11, 2006

**The President.** Thank you. Thanks for coming. The White House is the people's house, and I'm here to talk about the people's money. We're glad you're here. As you know, every year, my administration produces a budget that lays out our priorities and our goals. And every summer, the Office of Management and Budget releases a report called the Mid-Session Review that tells the American people how much progress we're making towards meeting our fiscal goals.

Today OMB Director Rob Portman released the latest review. I'm pleased to report that it's got some good news for the American taxpayer. This economy is growing; Federal taxes are rising; and we're cutting the Federal deficit faster than we expected.

This good news is no accident. It's the result of the hard work of the American people and sound policies in Washington, DC. This morning I'm going to discuss the way forward; I'll explain why our progrowth policies are vital to our efforts to reduce the Federal deficit, what my administration is doing to work with Congress to eliminate wasteful spending, and why we need to confront the unsustainable growth in entitlement spending.

I appreciate our new Secretary of the Treasury, Hank Paulson, joining us today. Mr. Secretary, you've been on the job one day, and you've got a pretty strong record. I'm proud that Rob Portman is here, and he brought his lad with him. [Laughter] I thank the Senate President pro tem, Senator Ted Stevens, for joining us. Senator, thanks for coming. I'm proud you're here. Thank you for your leadership. I also want to thank David Dreier, Conrad Burns—Senator Conrad Burns, excuse me—

**Senator Burns.** That's okay. [Laughter]

**The President.** —Congressman Joe Knollenberg, Ander Crenshaw, Marilyn Musgrave, thank you all for coming. Pence is with us; thanks for coming. I'm proud you're here, Mike. Thank you all for taking time to be here to hear this good news. You're responsible, in many ways, for creating the conditions for the good news we're about to talk about.

When I came to Washington, taxes were too high and the economy was headed into a recession. Some said the answer was to centralize power in Washington and let the politicians make the decisions about what to do with the people's money. That was one point of view.

We had a different point of view. I believe that the economy prospers when we trust the American people to make their own decisions about how to save, spend, and invest. So starting in 2001, my administration worked with the United States Congress, and we delivered the largest tax relief since Ronald Reagan was in the White House. We cut rates for everyone who pays income taxes. We reduced the marriage penalty; we doubled the child tax credit; and we cut the death tax. We cut the tax paid by most small businesses, because we understand that most new jobs are created by small businesses. And we encouraged economic expansion by cutting taxes on dividends and capital gains.

Together, these tax cuts left nearly \$1.1 trillion in the hands of American workers and families and small-business owners, and they used this money to help fuel an economic resurgence that's now in its 18th straight quarter of growth. The tax cuts we passed work.

Last year, our economy grew at 3.5 percent, and in the first quarter of this year, it grew at an annual rate of 5.6 percent. Over the past 3 years, our economy has grown by more than \$1.3 trillion, an amount that is larger than the size of the entire Canadian or South Korean economy.

Since August 2003, the U.S. economy has added more than 5.4 million new jobs. Our unemployment rate is down to 4.6 percent. People are working. Behind these numbers, there are American workers who start each day with hope because they have a job to help them build a better life. Behind these

numbers, there are more families with more money in the bank for college tuition or a downpayment on their homes. Behind these numbers are small-business owners who are hiring more workers, expanding their businesses, and realizing the great promise of our country.

Our job in Washington is to keep this expansion growing—going and to promote progrowth policies that let Americans keep more of their hard-earned paychecks and aid us in reducing our fiscal deficit.

In order to reduce the deficit, you got to set priorities. And in working with Congress, we've set clear priorities. And the number-one priority of this administration and this Congress is to make sure men and women who are defending the security of the United States and helping to spread peace through the spread of liberty get all the help they need from our Government. We will always fund the troops in harm's way.

In an age when terrorists have attacked our country and want to hurt us again, we will do everything in our power to protect the American homeland. Those are the clear priorities of this administration, and the clear priorities of the United States Congress.

Fighting a war on terror and defending the homeland imposes great costs, and those costs have helped create budget deficits. Our responsibility is to win this war on terror and to keep the economy growing. And those are the kind of policies we have in place. Some in Washington say we had to choose between cutting taxes and cutting the deficit. You might remember those debates. You endured that rhetoric hour after hour on the floor of the Senate and the House. Today's numbers show that that was a false choice. The economic growth fueled by tax relief has helped send our tax revenues soaring. That's what's happened.

When the economy grows, businesses grow; people earn more money; profits are higher; and they pay additional taxes on the new income. In 2005, tax revenues grew by \$274 billion, or 14.5 percent; it's the largest increase in 24 years. Based on tax collections to date, the Treasury projects that tax revenues for this year will grow by \$246 billion, or an 11 percent increase. The increase in

tax revenues is much better than we had projected, and it's helping us cut the budget deficit.

One of the most important measures of our success in cutting the deficit is the size of the deficit in relation to the size of our economy. Think of it like a mortgage. When you take out a home loan, the most important measure is not how much you borrow; it is how much you borrow compared to how much you earn. If your income goes up, your mortgage takes up less of your family's budget. Same is true of our national economy. When the economy expands, our Nation's income goes up and the burden of the deficit shrinks. And that's what's happening today. Thanks to economic growth and the rise in tax revenues, this year the deficit will shrink to 2.3 percent of GDP. That's about the same as the average over the past 40 years.

Here are some hard numbers: Our regional projection for this year's budget deficit was \$423 billion. That was a projection. That's what we thought was going to happen. That's what we sent up to the Congress: "Here's what we think." Today's report from OMB tells us that this year's deficit will actually come in at about \$296 billion.

That's what happens when you implement pro-growth economic policies. We faced difficult economic times. We cut the taxes on the American people because we strongly believe that the American people should lead us out of recession. Our small businesses flourished; people invested; tax revenue is up; and we're way ahead of cutting the deficit—Federal deficit in half by 2009.

As a matter of fact, we're a year ahead of fulfilling a pledge that I told the Congress and the American people. I said to the American people, give this plan a chance to work. We worked with Congress to implement this plan. I said, we can cut the Federal deficit in half by 2008—or 2009. We're now a full year ahead of schedule. Our policies are working, and I thank the Members of Congress for standing with us.

See, we cannot depend on just a growing economy, though, to keep cutting the deficit. That's just one part of the equation. We also got to cut out wasteful spending. See, it's okay to create revenue growth; that's good. But if we spend all that revenue growth on

wasteful programs, it's not going to help us meet our objectives. And so the second half of the equation is for this administration to continue working with the Congress to be wise about how we spend the people's money.

Every year, Congress votes to fund the day-to-day spending of the Federal Government. That's called discretionary spending. In other words, the Congress decides how much to spend on these types of programs on an annual basis. Every year since I took office, we've reduced the growth of discretionary spending that's not related to the military or homeland security. I told you, our priorities are our military and protecting the homeland. But on other programs, we've reduced the growth of that discretionary spending. The last two budgets have actually cut this kind of spending.

The philosophy is clear: Every American family has to set priorities and live within its budget, and so does the Federal Government. And I thank the Members of Congress for making the tough votes, setting priorities, and doing the hard work on behalf of the taxpayers of this country.

We made good progress with the emergency spending bill that Congress approved in June. You might remember the debate leading up to that supplemental bill. And there was a good, constructive debate. And I weighed in. I said that we got to make sure that the emergency funding in the bill supported our troops and provided help to citizens that were hit by last year's hurricanes and to prepare for the dangers of an outbreak of pandemic flu.

The onset—I also set limits that I thought were acceptable. In other words, we came up with our view of what would be a rational spending limit for this important piece of legislation. And I made it clear to the Congress, they sent me a bill that went over the limit, I'd veto it. We got good relations with Congress. People took that threat seriously because I meant it. Congress responded by removing nearly \$15 billion in spending that had been added to the bill. By meeting the limit I'd set, Congress ensured funding for vital programs and provided a good example of fiscal discipline.

The next test is whether or not we can get a line-item veto out of the United States Senate. A line-item veto is an important tool for controlling spending. See, it will allow the President to target unnecessary spending that sometimes lawmakers put into large bills. Today, when a lawmaker loads up a good bill with wasteful spending, I don't have any choices. I either sign the bill with the bad spending or veto the whole bill that's got good spending in it. And I think it would be wise if we're seriously concerned about wasteful spending to enable the executive branch to interface effectively with the legislative branch to eliminate that kind of wasteful spending.

And so we've proposed a line-item veto that the House of Representatives passed. Under this proposal, the President can approve spending that's necessary; redline spending that's not; and send back the wasteful, unnecessary spending to the Congress for a prompt up-or-down vote. In other words, it's a collaborative effort between the two branches of Government, all aimed at making sure we can earn the trust of the taxpayers.

Listen, the line-item veto works. Forty-three Governors of both parties have this authority, and they use it effectively to help restrain spending in their State budgets. I've talked to some of these Governors—used to be a Governor. I know what I'm talking about when it comes to line-item veto being an effective tool. The line-item veto provides a lot of advantages, and one of them is, it acts as a deterrent. See, when legislators think they can slip their individual items in a spending bill without notice, they do it.

If they think that they're going to try to slip something in that gets noticed, it means they're less likely to try to do so. We want to make sure that the system we have here in Washington is transparent and above-board and fair to the people's—taxpayers' money.

And one way to do so is to make sure that the President can work with the Congress through the line-item veto proposal I submitted. I strongly urge the United States Senate to take this matter up and pass it into law.

We're dealing with the short-term deficit, but there's another challenge that we face. In the long run, the biggest challenge to our Nation's economic health is the unsustainable growth in spending for entitlement programs, mandatory programs such as Social Security, Medicare, and Medicaid. Millions of our fellow Americans rely on these programs for retirement and health care needs. They're important programs. But the spending for these programs is growing faster than inflation, faster than the economy, and faster than our ability to pay for them.

To solve the problem, we need to cut entitlement spending. We need to do something about it, is what we need to do. One reason Secretary Paulson agreed to join this administration is because he wants to get something done about these entitlement programs, and I want to work with him.

You know it's so much—easy just to shove these problems down the road. The easy fix is to say, "Let somebody else deal with it." This administration is going to continue trying to work with Congress to deal with these issues. That's why I ran for office in the first place, to confront big problems and to solve them. That's why Henry Paulson made the tough decision to leave the comfort of private life to come in and do something good for this country. And the United States Congress needs to feel that same sense of obligation. The time of playing politics with Social Security and Medicare and Medicaid is over. We need to fix this for younger generations of Americans to come.

I'm optimistic about the future of this country, because I'm optimistic about the—because I understand the nature of the people we got here. I mean, we are an entrepreneurial people. We're a hard-working, decent group of citizens. And the role of Government is to foster the entrepreneurial spirit. It's to encourage people. And one way you do that is to keep people's taxes low, let them keep more of their own money.

We've got great faith in the people's ability to spend their money wiser than the Federal Government can do. And our faith in the people has been proven by the numbers we're talking about today.

We said we got an economic issue, and we're going to let you have more of your own

money to help us recover from recession, the stock market correction, and terrorist attacks and war and natural disasters. And the people haven't let us down, have they? This economy is strong.

We also said, let's just be patient about solving this Federal deficit; we're not going to take money out of your pocket; let's grow our way out of it. Let's keep—let's set priorities when it comes to spending and keep the people's taxes low, and these revenues will catch up into our Treasury. And they have. And we're reducing that Federal deficit, through the people's hard work and the wise policies in Washington, DC.

Today is a good day for the American taxpayer. Tax relief is working; the economy is growing; revenues are up; the deficit is down; and all across this great land, Americans are realizing their dreams and building better futures for their families.

I want to thank you all for supporting our policies. Thank you for giving me a chance to come to visit with you. I thank the Members of Congress for doing good work. God bless you all.

NOTE: The President spoke at 9:45 a.m. in the East Room at the White House.

### Remarks at Allen-Edmonds Shoe Corporation in Port Washington, Wisconsin

July 11, 2006

**The President.** John, thanks for the shoes, and thanks for—

**John Stollenwerk.** You're welcome.

**The President.** —employing people.

**Mr. Stollenwerk.** You're welcome.

**The President.** We're at one of America's great companies. It's a privately held company that is making a good product. This is a company that has benefited because of the tax cuts. It's a subchapter S company. You've often heard me talk about cutting taxes on individuals benefits small businesses; this is a company that had benefited from the tax cuts. It's also a company that made additional investments because of the tax relief we passed.

And when you make investments, it makes your company more productive. And when

you're more productive, it makes you more competitive. And so the tax cuts we passed have helped this company. It made a lot of sense. They've also helped our country. This economy of ours is growing. The unemployment rate is 4.6 percent nationally, and that's good news for workers. People are making more money, and that's good news for workers.

And as a result of a growing economy, we collected more money for the Treasury. I told the American people we would keep spending down and keep progrowth policies in place to help cut the deficit in half by 2009. As a result of the Mid-Session Review, the numbers that came out of the Mid-Session Review, I'm able to tell the American people, we'll cut the deficit in half by 2008. The projected budget deficit over—of over 420 billion is now assumed to be 296 billion. See, what happens is, when you grow the economy by cutting taxes, more tax revenues come into the Treasury, and that's what we're seeing here.

I'm looking forward to working with Congress to make sure that we continue to hold spending down, to set priorities, and to be wise about how we spend the money. And one of the problems we have in Congress is, sometimes Congressmen and Senators stick unnecessary spending into bills. And I believe the President needs a line-item veto to help make sure that there's fiscal responsibility in Washington, DC.

I'm traveling with Congressman Ryan. He is the sponsor of the House bill, and I appreciate his leadership on this issue. The United States Senate needs to get the line-item veto to the President's desk so that the American people can have confidence in our ability to be wise about how we spend the money. This practice about stuffing stuff into these bills that never gets a hearing or the light of day is just—it's just not right. And one way to bring fiscal sanity to Washington and fiscal discipline to Washington is to give the President the line-item veto.

I'm thrilled to be here at Allen-Edmonds. I'm thrilled with my new shoes. [Laughter] I wish I had them on the Fourth of July. [Laughter]

**Mr. Stollenwerk.** You're a little late.

**The President.** But these shoes last a long period of time. I intend to be wearing them for a lot of Fourth of Julys in coming. This is an American-based company making good American products. And I'm proud of what you're doing here, John.

I'll tell you something interesting: So we're working the floor out there, talking to the people who make this company go, and he knows everybody's name. That's a good sign. That's a caring chief executive officer who cares first and foremost about the people here on the floor. And guess what happens when you have somebody like that who takes care of his workers? They make good product. And so I'm proud to be an Allen-Edmonds customer, and I'm proud to be here at this factory, and thanks for having me.

**Mr. Stollenwerk.** Thank you.

**The President.** Yes, sir.

**Mr. Stollenwerk.** And a paying customer at that.

**The President.** Oh, yes. [*Laughter*] Part of the accountability system in Washington. [*Laughter*] Thank you all.

**Q.** Do you have a comment on India?

**The President.** No comments today. Thank you very much. Thank you. Good to see you.

NOTE: The President spoke at 4:24 p.m. In his remarks, he referred to John Stollenwerk, president and chief executive officer, Allen-Edmonds Shoe Corp.

### Remarks at a Reception for Gubernatorial Candidate Mark Green in Milwaukee, Wisconsin

July 11, 2006

Thanks for coming. Thanks for the introduction. Thanks for supporting the next Governor of Wisconsin, Mark Green.

I know a little something about what it means to be a Governor and a chief executive officer of government. Here is what you need: You need somebody who knows how to set an agenda; you need somebody who knows how to achieve the agenda; you need somebody who can get results without worrying about public opinion polls; you need somebody who stands on principle; you need

somebody who shoots straight with the people. And that person is Mark Green.

There is no doubt in my mind he will be a great Governor for Wisconsin. I got to know him; this isn't the first time I've been with him before. I've seen him in action in Washington, DC. He is a highly respected Member of the United States Congress. People trust his word. When he says something, he means it. He is a positive influence in Washington, DC. He can bring people together, which is what you need in this State. He is an honorable, decent man, and I am proud to stand with him as he runs for Governor. I want to thank you all for supporting him.

I know something about running; you cannot win unless your friends step up. And tonight you have stepped up. And I know Mark is grateful, and so am I, for coming tonight. So, thanks for being here.

You can't run for Governor unless you have a wife who loves you and a family standing with you. And the Green family is a fine, fine family. I want to thank Sue for being here and Rachel and Anna and Alex.

I was also proud to have met Jeremy and Elizabeth Green, the mom and dad. The mom kind of reminded me of my mom—[*laughter*]—constantly reminding Mark, you know, what to do, how to say it. [*Laughter*] I said, "Are you listening to her?" He said, "Yes, all the time." I said, "Then you're going to win." Thank you all for being here.

And by the way, Laura sends her love to the Greens. If you really need help coming down the stretch, I suggest you invite Laura to come here to Wisconsin. She'll help you win. She's a great First Lady.

We're having the time of our lives, by the way, and it really helps to—well, I have a 45-second commute. [*Laughter*] And it helps to commute to a home where there's somebody you respect and love there. And she sends her best. She knows what I know, that you can't win in politics alone. And so for those who have given money, thanks. And for those of you who are kind of warming up for the campaign, thanks in advance for what you're going to do; which is to put up the signs, knock on the doors, get on the telephones; go to your churches, community centers, your synagogues, your houses of

worship and say you've got a good, decent man in Mark Green who can lead this State.

So thanks for being here. It means a lot to Mark, and it means a lot to me. I'm traveling over from Washington, by the way, with another fine public servant from Wisconsin, and that's Congressman Paul Ryan.

By the way, we're working on an important piece of legislation in Washington. That is to give the President the opportunity to kind of take some of these special interest spending out of these spending bills. We call it the line-item veto. It's one way to bring some fiscal sanity to Washington, DC. It's one way to make sure that people don't play politics with your money. Interestingly enough, the bill passed the United States House of Representatives, and the bill sponsor was this fine Member from Wisconsin, Paul Ryan. I want to thank you for your leadership.

Green's leaving the House, and he's going to be succeeded by speaker John Gard. And I want to thank you for running, and I wish you all the very best in your run for the United States Congress, Mr. Speaker. You'll make a fine Member of the House of Representatives.

I want to thank all the local officials who are here in the statehouse. By the way, if you're a member of the statehouse, a senator or representative, you're fixing to have a sea change when Mark wins the governorship. You're going to find somebody that's going to be a joy to work with, somebody who will make an agenda, a clear agenda, somebody who is making decisions based upon sound principles. So I look forward on your behalf to get yourself a new Governor for the State of Wisconsin.

I want to thank the grassroots leaders who are here. First of all, Margaret Farrow is here, former Lieutenant Governor. Margaret, thank you for coming. I appreciate you being here. Good to see you again. I've spent some quality time here in the State of Wisconsin. Some of my most fond memories campaigning in 2000 and 2004 were in this State. And I had the honor of getting to know Margaret. So, it's great to see you. Thanks for coming. Thanks for helping the next Governor. He needs your help.

I want to thank Rick Graber, who is the chairman of the Republican Party of Wis-

consin. He is a good friend of mine and a good man. I want to thank Mary Buestrin, and I want to thank Klauser, Jim Klauser and thank all the grassroots activists again for coming.

These are historic times in which we live. And I'm glad to have had Congressman Green in Washington, DC, during a time where the President has had to make some tough decisions and the country has been through some tough times. We are a nation at war. I wish I could report differently. But you need to have a President and you need to have leaders who see the world the way it is, not the way we would hope it would be. And my biggest job, and the biggest job of people in Washington, DC, is to protect the American people from further attack. And the way to do that is to stay on the offense, to give the enemy no quarter, and to bring them to justice before they hurt us again, and that's precisely what this administration will continue to do.

Iraq is a part of the war on terror. It's the central front in the war on terror, and the reason it's a central front is because the enemy that attacked us has made it clear they would like to have a safe haven from which to attack us again. I didn't make this up. I'm just telling you what the enemy has said. In order to make sure this country is secure, you better have a Commander in Chief who listens carefully to what the enemy says and takes them seriously, which I do.

By the way, just so you know, when you're the Chief Executive Officer, you make a lot of decisions. And 9/11 affected my decision-making a lot. I vowed that the country would do everything—we would do everything to protect the country. I meant what I said. Iraq is part of protecting the country—not to revisit a lot of history.

But one of the lessons of September the 11th is when this Nation sees a threat, it must take these threats seriously before they fully materialize. That's a lesson we must learn and we must not forget. And we saw a threat; Republicans and Democrats saw a threat in Saddam Hussein. After all, he had attacked his neighbors. He had used weapons of mass destruction. At the very least, he had the capacity to make weapons of mass destruction.

He had terrorist connections. He was shooting at American pilots. The decision I made was the right decision. America is safer and the world is better off without Saddam Hussein in power.

The enemy believes we're weak. That's what they say. They believe we'll lose our nerve. They believe it's just a matter of time before we pull out of Iraq. The stakes in Iraq are incredibly high. But we've got some things going for us. We've got a fantastic United States military. And I want to thank Mark Green and Brian for supporting these men and women. Listen, any time you have a man or a woman in uniform in harm's way, they deserve the full support of the United States Government. And thanks to these good Congressmen and this administration, we've given them the full support of the United States Government.

We also have 12 million people in Iraq who say, "I want to live in freedom." I know it seems like an eternity since the elections last December. I guess it's because we've got too many TV channels that things seem to move real quick. But it wasn't all that long ago that the people, when given the chance, went to the polls and said, "We want to be free. We want to live in a Iraqi-style democracy. Just give us a chance." That's what they said.

And there are a group of killers, cold-blooded killers, that are trying to stop the advance of this young democracy. That's what they're trying to do. You got to ask yourself, what kind of people fear democracy? Who wouldn't want people to worship freely? What is the mindset where you can't go to the public square and express yourself openly? It's the same mindset that wants to attack us for what we believe in.

We're not going to lose in Iraq. As a matter of fact, we will win in Iraq so long as we stay the course. Twelve million people have voted. They've now got a unity government.

I went over there and saw the man, Prime Minister Maliki. You know what I was looking for? I was looking for, do we have someone there who can set an agenda; somebody who can follow through; somebody who is dedicated to a government of, by, and for the people. And I found a courageous man there. And he's wondering, he's wondering

when he hears all the rhetoric in Washington, DC, and around the country, he's wondering whether the United States can keep its word. And I told him this, I said, "So long as you're willing to make the tough decisions, so long as you're willing to represent the people, the United States of America will keep our word."

It's in our interest we succeed in Iraq. And we're going to succeed in Iraq. And when we succeed in Iraq, we'll be a powerful example of freedom in the heart of the Middle East.

You know, you might have noticed recently that I went to Graceland—that's Elvis's place—[laughter]—with Prime Minister Koizumi. I think that's really interesting. I think we need to put that visit in perspective about what we're talking about and the hard decisions we've made in Washington, DC.

You see, 60 years ago my dad, and I'm sure some of your relatives, fought the Japanese. They were the sworn enemy of the United States of America. A lot of people lost their lives in that war, a lot.

By the way, as you might recall, they attacked us at Pearl Harbor. We lost more people on 9/11 than we did in Pearl Harbor. And yet 60 years later, after fighting this bloody war, I go to Graceland with Prime Minister Koizumi. Something happened. And what happened in between that war and today was the Japanese adopted a Japanese-style democracy.

Democracies yield the peace we want. And guess what we talked about after we got past talking about Elvis? [Laughter] We talked about North Korea. I congratulated Prime Minister Koizumi for committing 1,000 troops into Iraq to help this young democracy. And he did so because he knows what I know: The best way to defeat the terrorists in the short run is to find them and bring them to justice and to prevent them from having safe haven. The best way to defeat them in the long run is the spread of liberty. Freedom yields the peace we want. Freedom is able to convert. Liberty has the capacity of converting an enemy into an ally, and someday an American president will be talking with a duly elected leader of Iraq and talking about the peace.

We're doing the hard work necessary to protect ourselves, and we're doing the hard work of supporting young democracies. So we're laying the foundation of peace for generations to come. And I appreciate the vision and strength and courage of Mark Green on this tough issue.

So today I had an interesting announcement to make, and that is that the projected deficit of 423 billion is now down to 296 billion—in one year. It now means the deficit is 2.3 percent of GDP, which is about average over the last 40 years. What's interesting about that announcement is that we were able to achieve deficit reduction primarily because the revenues increased in spite of the fact that we cut taxes.

You might remember the history of this administration and working with Mark—he understands that and so does Ryan—that we've been through a recession and corporate scandals, a stock market correction, an attack on the United States of America, two wars—two battles in theaters to defend ourselves—Afghanistan and Iraq, major natural disasters, high energy prices. And yet this economy of ours is strong, and we intend to keep it that way.

And one of the reasons it's strong and one of the reasons we recovered is because we cut the taxes. We cut the taxes on small-business people. We cut the taxes on workers. We cut the taxes on families raising children. We cut the taxes on dividends. We cut the taxes on capital gains.

I was at Allen-Edmonds today; we accelerated depreciation, which caused him to buy more equipment, which makes him an incredibly, productive, competitive company. Cutting the taxes works. It makes this economy strong.

You need a Governor who will cut the taxes in Wisconsin. Mark Green is that Governor.

You know, it's amazing—the rhetoric in Washington is beyond belief at times. They say in order to solve the deficit, you've got to raise taxes. We just proved them wrong. In order to solve the deficit, you cut taxes; you increase economic vitality, which yields more taxes. That's how it works. You need a tax cutter as your Governor here. It's just a philosophical difference, by the way, be-

tween people like myself and others—me and Mark and others. And it's this: We trust you with your money. Who best to spend your money? You? Or the government?

We believe that you can best spend your money. Do you realize the tax cuts we passed left \$1.1 trillion in the hands of workers and small-business owners and entrepreneurs and farmers?

And I made the point today: You have clearly shown that you can spend your money better than the Federal Government can, and therefore, our economy is strong. It's the envy of the world. One thing we've got to do in Washington, DC, is to make sure that we continue to grow. And one good way to do that is to make the tax cuts permanent.

The other equation in reducing the deficit, by the way, is to make sure we're wise about how we spend your money. You need a Governor who knows how to set priorities. I appreciate working with the Speaker and the Leader in the Senate; we've set priorities. I told you what the priorities are. It's defending this country and giving our troops what they need to win the war on terror. Beyond that, believe it or not, we've actually cut discretionary spending on non-homeland and defense spending.

We're doing a good job about watching your money. And it's hard work. Everybody's got a good idea. Every program sounds fantastic. You've got to make sure you've got a good fiscal hawk in your Governor's seat. You've got to have somebody who's willing to take on the sacred cow. Somebody's asking, "Do these programs produce results?" Somebody who is willing to look beyond the title of the program to determine whether or not they're delivering result for the people. Mark Green is that kind of guy. He's going to do you a fine job as the Governor when it comes to watching your money.

This is a little off subject here, but the biggest problem we got in the long term is dealing with these entitlement programs that we can't pay for—that's Medicare and Social Security and Medicaid. If you're an older person, you're in good shape. If you're a younger person who is just working, you're in lousy shape. And I can't wait to work with Congress to solve the Social Security and Medicare issue.

One reason I ran for office is to solve problems and not pass them on to other Presidents and other Members of Congress. It's time for the United States Congress to stop playing politics with Social Security and Medicare so a young generation of Americans can look at these entitlement programs and say, "I'm not putting my money into a black hole." And it's hard work.

It's hard work, but I'm confident we can get it done. I'm going to keep working it. That's what the people expect us to do. And I appreciate Congressman Ryan. He's not afraid to take on the tough issues. That's the kind of person you want in Washington, DC—and neither is Mark Green. You see, you've got to have somebody in the Governor's chair who sees a tough issue and says, "I'm going to take it on; that's why I ran." You've got too many people in politics who say, "Well, it might affect my poll numbers and therefore, I'm going to duck it." I just can't imagine people running for office and saying I'm going the duck the tough issue.

You've got to have you a Governor who is willing to stand up and make the tough calls. And Mark Green is that man. He also understands this—I used to tell people when I was the Governor of Texas that education is to a State what national defense is to the Federal Government. I really believe that a Governor has got to make education the number-one priority of the State. And Mark Green is going to do that.

I worked with him on passing the No Child Left Behind Act, and this is a powerful piece of legislation and necessary reform. Here's the way it works: It says, first of all, that we believe everybody can learn to read and write and add and subtract, and we refuse to accept a system that doesn't hold people to account if they're not learning to read and write and add and subtract. We said in Washington, DC, if you're going to receive Federal money, which States do, that we expect you, the State, to measure to determine whether we are achieving certain objectives.

There was a huge howl, of course, when you lay that kind of initiative out there. People said, "How dare you measure." And my answer is, how dare we not measure. How can you expect the school system to be good unless you're willing to test to see whether

or not children are learning to read and write and add and subtract. And guess what happens, by the way, in a school system that has no accountability? Guess who loses? Generally inner-city kids or parents who don't speak English as a first language.

See, it's easy to quit on those kinds of children. It's easy just to shuffle them through the grades: say, "When you're 10, you're supposed to be here; if you're 11, you're supposed to be in this grade." We blew the whistle on that kind of soft bigotry of low expectations. We said we were going to measure to determine whether or not the schools are succeeding. And if they're not succeeding, we're going to make sure a child gets extra help early, before it gets too late.

I know there's a big debate here about school choice, and there should be a debate. And it's an important debate. And my attitude is, when you find a child trapped in a school that will not teach and will not change, you have got to give parents other options.

In Mark Green you'll have a Governor who's willing to challenge the status quo in education, a Governor who's willing to insist upon high standards and excellence in the classroom, a Governor who will not rest if he finds children trapped in mediocrity. He understands that the future of a State depends upon the State's capacity to provide an excellent education for every child regardless of what he or she looks like. And that's the Governor Mark Green's going to be.

I bet the doctors in this State can't wait to get yourself a Governor who's willing to support medical liability reform. You can't have good health care; you cannot have affordable and available health care if you have a liability system that has run amok. And I know how tough these trial lawyers are in some of these States. I took them on in the State of Texas. And you need to have a Governor, for the sake of good medicine, for the sake of affordable medicine, for the sake of patients, and for the sake of needed professionals, to stand up to the trial bar and pass medical liability reform. And Mark Green is going to do that.

I think you can tell I'm quite enthusiastic about him. *[Laughter]* I do want to conclude

by saying this about Mark: He and I understand that government is limited in its capacity to love. I mean government—you can pass laws, and you can hold people to account. And government is justice, as it should be. Government is fairness. But government can't put hope in a person's heart or a sense of purpose in a person's life. That happens when a loving person puts their arm around a lost soul and says, "I love you, brother," or, "I love you, sister. What can I do to help?"

I think the State of Wisconsin will benefit mightily from having a person as Governor who is willing to rally the faith-based community and community center groups to do their duty to help change Wisconsin one heart and one soul and one conscience at a time.

Our society should not fear the involvement of faith in helping to cure some of the intractable social ills. We ought to have leaders who welcome those who've heard the universal call to love a neighbor just like you'd like to be loved yourself, to make your State as good as it can possibly be. And that Governor is going to be Governor Mark Green. Thank you all for coming tonight. God bless.

NOTE: The President spoke at 5:51 p.m. at the Hilton Milwaukee City Center. In his remarks, he referred to Mary Buestrin, national committee-woman, Republican Party of Wisconsin; James R. Klauser, former secretary of the Wisconsin department of administration; former President Saddam Hussein and Prime Minister Nuri al-Maliki of Iraq; and Prime Minister Junichiro Koizumi of Japan.

### **Statement on the Terrorist Attacks on Commuter Trains in Mumbai, India**

*July 11, 2006*

On behalf of the American people, Laura and I send our deepest condolences to the friends and families of the victims of today's brutal attacks on commuter rail passengers in Mumbai. The United States stands with the people and the Government of India and condemns in the strongest terms these atrocities, which were committed against innocent people as they went about their daily lives. Such acts only strengthen the resolve of the international community to stand united

against terrorism and to declare unequivocally that there is no justification for the vicious murder of innocent people.

### **Statement on Signing the Coast Guard and Maritime Transportation Act of 2006**

*July 11, 2006*

I have today signed into law H.R. 889, the "Coast Guard and Maritime Transportation Act of 2006." The Act authorizes funding for and strengthens the ability of the United States Coast Guard to perform its missions.

The executive branch shall construe the reference to the "National Intelligence Director" in section 309 of the Act, amending section 70105(c) of title 46, United States Code, to be a reference to the position of Director of National Intelligence established by law (50 U.S.C. 403(a)(1)).

The executive branch shall construe section 408(c) of the Act, which purports to make consultation with a legislative agent a precondition to execution of the law, to call for but not mandate such consultation, as is consistent with the Constitution's provisions concerning the separate powers of the Congress to legislate and the President to execute the laws.

Section 801 of the Act purports to require the Secretary of the department in which the Coast Guard is operating to work at the International Maritime Organization with foreign nations toward specified international objectives. The executive branch shall construe the provision to be advisory, as is consistent with the constitutional commitment to the President of responsibility for conducting the foreign relations of the United States, including the exclusive responsibility for formulating the position of the United States in international fora and conducting negotiations with foreign nations.

**George W. Bush**

The White House,  
July 11, 2006.

NOTE: H.R. 889, approved July 11, was assigned Public Law No. 109-241.

## **Proclamation 8035—Parents' Day, 2006**

*July 12, 2006*

*By the President of the United States of America*

### **A Proclamation**

As a child's first teachers, mentors, and role models, parents shape the character of those who will help to build the future of our Nation. On Parents' Day, we pay tribute to the hard work and sacrifice of the millions of devoted parents who provide guidance, support, and unconditional love to their children.

Mothers and fathers help kindle imaginations, inspire a love of learning, nurture the formation of young minds, and give children the courage and the drive to realize their dreams. By instilling in children the difference between right and wrong, parents guide their children toward developing into successful adults and responsible citizens who lead lives of purpose. In addition, the commitment of parents to the welfare of young people strengthens families and communities throughout our great country.

My Administration supports grants and programs to promote healthy marriages and responsible fatherhood. The No Child Left Behind Act is helping us ensure that every child has the opportunity to learn, and recognizes that parental involvement is a vital part of the success of schools across America. Federal, State, and local programs, and faith-based and community groups provide additional resources to help parents as they work to raise children of conviction and character.

On this special day, we express our deep gratitude to parents for their dedication to a bright and hopeful future for their children. We also pray for parents in the military who stand up for America, and we resolve that their sacrifice will always be honored by a grateful Nation.

**Now, Therefore, I, George W. Bush,** President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States and consistent with Public Law 103-362, as amended, do hereby proclaim Sunday, July 23, 2006, as Parents' Day. I call

upon citizens, private organizations, and governmental bodies at all levels to engage in activities and educational efforts that recognize, support, and honor parents, and I encourage American sons and daughters to convey their love, respect, and appreciation to their parents.

**In Witness Whereof,** I have hereunto set my hand this twelfth day of July, in the year of our Lord two thousand six, and of the Independence of the United States of America the two hundred and thirty-first.

**George W. Bush**

[Filed with the Office of the Federal Register, 8:45 a.m., July 14, 2006]

NOTE: This proclamation was released by the Office of the Press Secretary on July 13, and it was published in the *Federal Register* on July 17.

## **Remarks at a Welcoming Ceremony in Stralsund, Germany**

*July 13, 2006*

### **Chancellor Angela Merkel of Germany.**

Mr. President, Mrs. Bush, Minister President, Lord Mayor, ladies and gentlemen, citizens of Stralsund, let me say that I am delighted to be able to welcome you on behalf of the representatives of the land and also of the city. I'm delighted to welcome most warmly the President of the United States of America. Mr. President, a very, very warm welcome to you.

Mr. President, I'm delighted to be able to welcome you here in this part of our country that I can truly call my political home, the Hanseatic City of Stralsund. Stralsund was part of the League of Hanseatic Cities—that is to say, it is imbued with a spirit of openness to the rest of the world. And in 1989, it was also one of the many cities where, on Monday, demonstrations took place, where people went out into the streets to demand freedom, to demonstrate for freedom. And we're happy to say in these days it is part of the land of Mecklenburg-Vorpommern and also part of the Federal Republic of Germany.

And I think that this is a very good opportunity, indeed, to say a word of thanks. Thank you for the contribution, for the support that we have enjoyed throughout from the people

of the United States of America, from the American Government, to help us along the way towards German unification. I think we owe you a big debt of gratitude for being able to finally live within one country in peace and freedom; one country—Germany.

I think one can safely say that ever since we were able to achieve German unity, a lot has happened and indeed, Stralsund is a case in point. If you look at the fact that when the GDR finally collapsed, you had about 600 monuments here of historic importance in the city itself that were slowly decaying, that were slowly in ruins, and part of them have been restored over time. But there are still quite a lot of problems that remain to be solved. One of them, obviously, is the fairly high unemployment in this particular part of the country. They urgently need economic progress, an economic upturn. And this is why I am also delighted to have you here, to show you here in my constituency what it means when people try to take their own fate, their own future into their own hands and try to turn it to something positive—they are willing to work for the future of the city, for the future of this region.

And I think it also clearly illustrates what we can do together in order to confront the international dangers, the threats at the international level that are common to us all, and that we can do in order to, together, work for peace and freedom for our two countries.

Yet again, a very, very warm welcome to you, Mr. President.

**President Bush.** Thank you all. Thank you, Chancellor Merkel. Thank you all for coming. Laura and I feel welcome here in Stralsund. To the Mayor and Minister President and the people of this beautiful town, we say, *guten morgen*.

For decades, the German people were separated by an ugly wall. Here in the East, millions of you lived in darkness and tyranny. Today, your nation is whole again. The German people are at the center of Europe that is united and free and peaceful.

You've given Germany a fine Chancellor in Angela Merkel, who I'm proud to call friend. The American people and the German people see the same qualities of character in your nation's leader. We see a bold vision and a humble heart. We see that she's

willing to make hard decisions and eager to build strong partnerships. And like many others in the international community, I respect her judgment and I value her opinion.

It's such an honor to be in her constituency. When I met with her in the Oval Office, she said, "When you come to Germany, you need to come to one of the best parts of Germany." She didn't predict the weather. [Laughter] But I want to thank the Mayor for delivering such a beautiful day. And she forgot to tell me I was going to get some herring, and I thank you for that gift.

I bring a message from the American people: We're honored to call the German people friends and allies. We share common values and common interests. We want to work together to keep the peace. We want to work together to promote freedom. There's so much that we can do, working together, and that's part of my visit today, is to pledge to you and the Chancellor: America and Germany stand side by side.

Thank you for your warm welcome. May God bless you all. Thank you very much.

NOTE: The President spoke at approximately 9:55 a.m. in Stralsund Market Square. In his remarks, he referred to Mayor Harald Lastovka of Stralsund, Germany; and Minister President Harald Ringstorff of Mecklenburg-Vorpommern. Chancellor Merkel spoke in German, and her remarks were translated by an interpreter.

### The President's News Conference With Chancellor Angela Merkel of Germany in Stralsund

July 13, 2006

**Chancellor Merkel.** Ladies and gentlemen, I am delighted to be able to welcome the President of the United States here to Stralsund yet again. We had a lengthy conversation just now in the Office of the Mayor. We felt very much at home here in this beautiful city hall. We talked about all of the different issues on the global agenda.

We shall, later on, see a little bit more of the countryside here, of the city itself. I am really pleased to be able to show to the President of the United States how matters have developed here, with some problems still existing but also what sort of problems we've

coped with quite successfully. And it's such a great thing to have this lovely weather for our visits.

Just now in our talks, we talked at great length about international issues. Unfortunately, there are quite a lot of problems that we need to deal with and for whose solution we feel responsible. The first and foremost on top of the agenda is certainly Iran. The international community actually submitted a very substantial, very fundamental offer to Iran, starting from the firm view that Iran should not be in possession of a nuclear weapon, but that, on the other hand, Iran should have—should know good development. So far we have not received any sort of reaction from the Iranian leadership as to how their position is on this offer.

And this is why it was only consistent that yesterday the foreign ministers decided yet again to show clearly, also through a resolution in the U.N. Security Council, that should Iran not in any way reply to this offer and accept this offer, we unfortunately have to embark on a new course. The door has not been closed, but Iran must know that those who have submitted this offer are willing—and this is the success of yesterday's meeting—Russia, China, the E-3, and the United States of America—all of them together are willing to act in concert and to show this clearly through their action in the Security Council.

We also addressed the very disturbing situation in the Middle East, and it fills us with concern. And we have also stated clearly that everything needs to be done in order to come back to a peaceful resolution. We need to remind all of us again how this escalation started, with the kidnaping of a soldier, through rockets—for the firing of missiles against Israeli territory. And we can only urge all parties, appeal to all parties to stop, to cease violence, and to also release the kidnaped soldier and to stop this firing of missiles at Israeli territory.

We would like to appeal to the powers in the region to see to it that further escalation is warded off and that, first and foremost, the root causes of this conflict are removed. And only in this way will a negotiating process become possible again. We have every interest in seeing the Lebanese Government

be strengthened and this Government being able to pursue its policies in a sensible and secure environment.

We also addressed matters of trade, global trade. Here we—and I'm saying this from a German perspective—have a common interest in seeing this world round be a successful one, this world trade round. But that means there has to be movement on all sides. And we're expecting a reasonable, sensible offer by the G-20, because this is where movement is necessary. Europe and others have submitted far-reaching proposals, and we would like to explore every possibility of these negotiations, but that means, as I said, movement on all sides. And here I see that the G-20 has to deliver.

We also addressed those issues that will be on the agenda at the G-8 in St. Petersburg. Here, first and foremost, energy policy, secure energy supply, was at the top of the agenda. We addressed African issues, Darfur and the Congo mission. We as Germans, as you know, have taken out a commitment as regards Congo. We also, however, see the situation in Darfur as a threatening one.

We found that there is a lot that we agree on, as regards our common responsibilities, responsibilities that we see for the two of us the world over. And I, for one, think that as regards, for example, Iran, this responsibility ought to be shouldered by more and more countries—that goes for Russia; that goes for China. It will only be if we act in concert that we will be able to vanquish the tyrants, remove dictatorships, and contain those who sponsor terrorism. And Germany would like to give its contribution to that.

**President Bush.** Chancellor, thank you very much. Thanks for the invitation. This is a beautiful part of the world, and Laura and I are so honored to come to your constituency and meet some of the friendly people who live here. I remember you coming to the Oval Office, and you said, "If you are coming to Germany, this is the part of Germany I want you to see." And now I can see why you suggested it. I'm looking forward to the feast you're going to have tonight. I understand I may have the honor of slicing the pig.

We had a good discussion—it's more than a discussion; it's really a strategy session, is

the way I'd like to describe it. We talked about a lot of subjects. We talked about the Middle East and Iran, and I briefed the Chancellor on North Korea. We talked about Iraq and Afghanistan as well.

But when we talked about the issues, it's important for you to understand, we're really trying to figure out how to work together to solve problems. And I appreciate—appreciate the Chancellor's judgment a lot. It's an interesting conversation, you know, when you toss out what may seem to be a problem that's insoluble, and all of a sudden, two people start thinking about how to solve it, solve the problem. And that's what we're doing.

You know, on the Iranian issue, for example, the last time that we were together, we talked—spent a lot of time on Iran, and the Chancellor was wondering whether or not the United States would ever come to the table to negotiate with the Iranians. You made that pretty clear to me that you thought it was something—an option we ought to consider, which I did. And I made it clear to the Iranians that if they were to do what they said they would do, which is to stop enrichment in a verifiable fashion, we're more than pleased to come back to the table.

There's no question that this issue can be solved diplomatically, and there's no question that it can be solved diplomatically with Germany and the United States strategizing as how to solve it. And I want to thank the Chancellor's leadership on this issue. It's really important for Europe to speak with one common voice. And it's important for Angela and myself to work with Vladimir Putin, which we will do at the G-8, to continue to encourage him to join us in saying to the Iranians loud and clear, "We're not kidding; it's a serious issue. The world is united in insisting that you not have a nuclear weapons program."

We talked about the Israeli-Palestinian and the Israeli issues with Hizballah and our common desire to work together to help bring peace to that troubled region. My attitude is this: There are a group of terrorists who want to stop the advance of peace. And those of us who are peace-loving must work together to help the agents of peace—Israel, President Abbas, and others—to achieve their objective. You got to understand, when

peace advances, it's in the terrorists' interests in some cases to stop it. And that's what's happening.

We were headed toward the roadmap; things looked positive. And terrorists stepped up and kidnaped a soldier, fired rockets into Israel. Now we've got two more kidnappings up north. Hizballah doesn't want there to be peace. The militant arm of Hamas doesn't want there to be peace. And those of us who do want peace will continue to work together to encourage peace.

We talked about North Korea. I assured the Chancellor that I'm committed to the six-party talks and that the five of us in the six-party talks will work to convince North Korea to come back to the table. I'm hopeful that we can get some U.N. action on North Korea.

We did talk about Doha, the trade round, and it's—look, these trade rounds are difficult to negotiate with; we've all got our own interests. But the good news is, we do share a common desire to open up markets. Germany is a great exporter. It's in Germany's interest that tariffs be reduced around the world. It's in our interests that tariffs be reduced around the world. And I committed to what I told the world back last September: We will reduce agricultural subsidies. But all we want is fair treatment when it comes to market access.

I'm optimistic we can still get something done on the Doha round. It's going to take work, but G-8 is a good place for us to continue the dialog, and we will.

And I guess that's about all—we discussed a lot of things, in other words. And thank you for having me. I'm looking forward to that pig tonight. [*Laughter*]

I'll be glad to answer a couple of questions. Do you want to start her off?

### **Iran**

**Q.** Chancellor, you spoke about charting a new course as regards a response to the Iranian conflict. What new course will that be? You talked about the results of the foreign ministers' meeting where they will appeal to the Security Council. What sort of action will there be? Again, just a resolution that only demands certain things, or is the objective a resolution that will then actually

threaten sanctions of a specific nature? This question is also addressed to the President.

**Chancellor Merkel.** Well, essentially what we're talking about here is not a totally new process; it's just another phase. We have waited patiently whether Iran will examine this offer and in which way it will react. So far we have not had any sort of reliable reaction. And for us, the precondition for talks has always been suspension of the enrichment activities, and a precondition for talks has always been, well, we will then, under the circumstances, not react with sanctions. But through this common action, we are now making clear, because we are not receiving a reply, that there will be a concerted action and that there will be specific steps. And we're defining what steps these will be if Iran continues to let us wait with its response.

So we wanted to demonstrate yet again that the international community is willing to show resolve to pursue this strategy further in every direction. Iran has received a proposal that I think is a very substantive one, a very good one, one that is good for the development of its own country, of its own interests—is in its own interests. But if Iran should not reply, if they think they can prevaricate in the hope of the international community being split, then this proves them wrong. And this is why I am so happy about the conclusion of that meeting of the foreign ministers.

**President Bush.** This notion that the Iranians must understand that they can't wait us out and can't hope to split a coalition—and so the first step is to go to the United Nations and speak with as common a voice as possible.

Your question really is, how fast should the process move along? And my attitude is, the answer to that is, it should move as fast as necessary to make it effective, which is a non-answer, admittedly. But the truth of the matter is, diplomacy takes a lot of work, and there are different interests involved here. We do share a common goal of no nuclear weapon and no program. And, by the way, we've already sanctioned Iran, so we've got a different position than others. It's easy for me to espouse sanctions, since it's already a *fait accompli*. But we understand other nations have got—there's a pace to this diplo-

macy. And I assured the Chancellor that the United States will continue to work to make sure the process is steady as it moves forward.

The key first step is—common goal, which is no nuclear weapon or program—and united message to the Iranians. I truly think they're trying to wait us out. They think it's a matter of time before people lose their nerve or a matter of time before different interests are able to influence the process. And I think they're going to be sorely mistaken. I think they're going to be disappointed that this coalition is a lot firmer than they think.

It is in our interests to make sure they don't have a weapon. It would be dangerous if the Iranians had a nuclear weapon. And that's a recognizable fact now. So I appreciate the Chancellor's position on this.

Yes, Terry.

#### **Russia**

**Q.** Madam Chancellor, Mr. President—Terry Hunt with the AP. Looking ahead to St. Petersburg, I'd like to ask you, do you think that Russia is honoring human rights and democratic freedoms and has a responsible approach to energy security?

And, Mr. President, were you surprised by President Putin replying to Vice President Cheney's criticism, saying that it was an "unsuccessful hunting shot?"

**President Bush.** Did I think it was a clever response? It was pretty clever. Actually, quite humorous—not to dis my friend the Vice President. I don't know, do you want to start with this? I'd be glad to—[laughter]. No, I think our job is to continually remind Russia that if she wants to do—have good relations, that she ought to share common values with us. We share common values—free press is a common value we share. And I've expressed my opinion to President Putin. You might remember my visit with him in Slovakia where I was quite pointed in my concerns about whether or not there is a free and vibrant press in Russia. We share concerns about the ability for people to go to the town square and express their opinions and whether or not dissent is tolerated, whether or not there's active political opposition.

And so I will continue to carry that message. My own view of dealing with President Putin, though, is that nobody really likes to be lectured a lot, and if you want to be an effective person, what you don't go is scold the person publicly all the time; that you remind him where we may have a difference of opinion, but you do so in a respectful way, so you can then sit down and have a constructive dialog.

And that's exactly how I'm going to continue my relations with President Putin. I'll be firm about my belief in certain democratic institutions; I'll be firm in my belief about the need for there to be an active civil society, and NGOs should be allowed to function in Russia without intimidation. But I'm also going to be respectful of the leader of an important country. And I may not tell you exactly what I talked to him about in private, and I would hope that he wouldn't tell you what he talks to me about in private.

But yes, we've got issues. Listen, we've got common problems that we need to work together to solve—North Korea and Iran are two. And we've also got—I hope he continues to understand that it's in his country's interest to implement the values that Germany and Russia—Germany and the United States share.

**Chancellor Merkel.** Well, first, as to the issue of energy security, I can safely say that, looking at Germany over the past few decades, Russia has always proved to be a reliable supplier of energy. They have always abided by the treaties that we signed. But we would wish—and I've addressed this with the Russian President—that they actually bring the energy charter to its completion, that is to say, commit themselves to it, because then we would have a greater degree of certainty and security that we understand our common commitments on this.

As regards—a strategic link between Russia and Europe, obviously, is of tremendous importance. It's important because we need energy supplies from Russia. And this is why we shall work towards Russia accepting that charter, that energy charter, so that we get a legitimate charter that is also based on contracts. But again, it has to be said that Russia has always been a reliable supplier.

As to democracy and human rights, during my visit to Russia, I met with a number of representatives of nongovernmental organizations. We discussed what is desirable, what ought to be there as regards Russia's further development, and what needs to be addressed, time and again. And let me tell you that I talked to the President about these issues.

I think also we ought to have an open, confidential dialog. We should not, sort of, speak loudly and in public about certain issues; that we have different ideas about how a pluralist society, a democratic society ought to work; that there ought to be a strong opposition is certainly one of the realities of life. There are differences of opinion between Russia and the European Union. We would wish for Russia to embark on a path that leads to a lively and very pluralistic political landscape, that they enter into a dialog with their civil society, which is at yet not there, for many reasons.

But we would like to share with them also the experience that we've made with democracy, that pluralism in a democracy, last but not least, actually enhances stability in a country. And that is an experience that we have made, and that is a very strong force which drives reform processes forward. For example, we've seen that in German unity. It's sometimes complicated to bring those decisionmaking processes forward in a democracy, but then you receive the necessary legitimacy. And that is the experience that informs us in our talks.

#### **Situation in the Middle East**

**Q.** A question addressed to you both. You talked about the Middle East, and what is your assessment of the military action of Israel in Lebanon? The French Foreign Minister already said it is disproportionate. Does that give you cause for Europe or the United States to intervene?

And apart from the pig, Mr. President, what sort of insights have you been able to gain as regards East Germany? [*Inaudible*]

**Chancellor Merkel.** Neither have I, but apparently a camera team was there when it was shot. So apparently it is already there,

physically. [*Laughter*] I hope it's actually already roasting; otherwise, we won't be able to eat it tonight.

Well, as to the violence in the Middle East, particularly as regards Lebanon, I think that one needs to be very careful to make a clear distinction between the root causes and the consequences of something. So we started here from a case of kidnaping of a soldier, and one of the other root causes, also, is the activity of Hizballah. And it's most important for the Israeli Government to be strengthened, but it is also clearly shown that these incursions, such as the kidnaping of soldiers, is not acceptable.

And the parties to that conflict obviously have to use proportionate means, but I am not at all for, sort of, blurring the lines between the root causes and the consequences of an action. There has to be a good reaction now, not from the Israeli Government but from those who started these attacks in the first place.

**President Bush.** —to help calm the situation, we've got diplomats in the region. Secretary of State Rice, who is here, is on the phone talking to her counterparts. I'll be making calls.

I gave you my initial impression earlier, and that is that it's a sad situation where—when there is a very good chance for there to be a two-state solution enacted—that is two states living side by side in peace—it's really sad where people are willing to take innocent life in order to stop that progress. As a matter of fact, it's pathetic.

And having said that, Israel has a right to defend herself. Every nation must defend herself against terrorist attacks and the killing of innocent life. It's a necessary part of the 21st century.

Secondly, we—whatever Israel does, though, should not weaken the Siniora Government in Lebanon. We're concerned about the fragile democracy in Lebanon. We've been working very hard through the United Nations and with partners to strengthen the democracy in Lebanon. The Lebanese people have democratic aspirations, which is being undermined by the actions and activities of Hizballah.

Thirdly, Syria needs to be held to account. Syria is housing the militant wing of Hamas.

Hizballah has got an active presence in Syria. The truth of the matter is, if we really want there to be—the situation to settle down, the soldiers need to be returned, and President Asad needs to show some leadership toward peace.

To answer your question about involvement, we will be involved diplomatically and are involved diplomatically.

Steve [Steve Holland, Reuters].

### Iran

**Q.** Thank you, sir. Just to follow up—**President Bush.** Follow up on?

**Q.** On both of these. Does it concern you that the Beirut Airport has been bombed? And do you see a risk of triggering a wider war?

And on Iran, they've so far refused to respond. Is it now past the deadline, or do they still have more time to respond?

**President Bush.** I thought you were going to ask me about the pig.

**Q.** I'm curious about that too. [*Laughter*]

**President Bush.** The pig? I'll tell you tomorrow after I eat it.

The Iranian issue is—will be taken to the U.N. Security Council. We said that we have—to the Iranians, we said, "Here's your chance to move forward, and we'd like a response in a reasonable period of time." And we meant what we said. One of the important things about moving toward the Security Council, it shows that when we say something, we mean it. In order for—to help solve these problems, you just can't say things and not mean it. And so when we spoke, we said, reasonable period of time—weeks, not months—that's what we explained to the Iranians. They evidently didn't believe us. And so now we're going to go to the Security Council, and we're united in doing that.

**Q.** Their deadline has passed—

**President Bush.** Their deadline passed, right. That's why we're going to the U.N. Security Council.

**Q.** —have time?

**President Bush.** Oh, they've got plenty of time. I mean, the U.N. Security Council—they've got time to react. They've got time to make a decision. By the way, it's their choice. We've made our choice. It's the Iranian choice. And as Angela mentioned, there

was an offer put on the table, a reasonable offer, for them to make the choice as to the way forward.

And our choice is, look, we want to have relations with you, but you're not going to have a weapon or the capacity to make a weapon. It would be incredibly dangerous if we—5 years from now, Iran shows up with a nuclear weapon and threatens people in the neighborhood, and they're going to say, "Where were you? What were you doing during that period of time?" And that's what we're working on.

And so time—when we said, weeks, not months, we meant it. And now we're heading to the U.N. Security Council. They can show up any time and say, "Wait a minute; now we'd like to go back and negotiate, now—take a look at the interests." We're not precluding any further negotiations with the Iranians.

In order for us to come to the table, however, what they must do is verifiably show that they're not enriching, like they said they would do earlier. This is not a—this is not a new statement by them. They agreed to this in Paris. All we're asking them to do is to honor what they said they would do in the past in a verifiable fashion.

The rest of your four-part question?

### **Situation in the Middle East**

**Q.** Sorry about that, sir.

**President Bush.** That's okay, it just—it's a bad habit.

**Q.** Does the Beirut—the attack on the Beirut Airport, does that concern you, and are you concerned about triggering a wider Middle East war?

**President Bush.** As I mentioned, my biggest concern is whether or not actions taken will weaken the Siniora Government. Democracy in Lebanon is an important part of laying a foundation for peace in that region. We have worked really hard to get Syria out of Lebanon—U.N. Resolution 1559 and its followup Resolution 1680 were manifestations of the work of the international community to get Syria out of Lebanon. We've always felt that a democracy in Lebanon is important for the Lebanese people, and it's important for the region.

So the concern is that any activities by Israel to protect herself will weaken that Government. And we have made that—or topple that Government—and we've made it clear in our discussions.

Having said all that, people need to protect themselves. There are terrorists who will blow up innocent people in order to achieve tactical objectives. In this case, the objective is to stop the advance of peace—which is a remarkable statement, isn't it—willing to kill to stop peace.

We have a good chance to get a two-state solution, two democracies living side by side in peace. It is a clear and achievable vision. There is a way forward called the roadmap—to achieve that vision. What will prevent that vision from being achieved is—are terrorist activities, and that's what you're seeing taking place.

Thank you all.

**Chancellor Merkel.** Thank you.

NOTE: The President's news conference began at 12:34 p.m. in the Town Hall. In his remarks, he referred to President Vladimir Putin of Russia; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; Prime Minister Fuad Siniora of Lebanon; and President Bashar al-Asad of Syria. A reporter referred to Minister of Foreign Affairs Philippe Douste-Blazy of France. Chancellor Merkel spoke in German, and her remarks were translated by an interpreter.

### **Remarks in a Discussion With Civic Leaders in St. Petersburg, Russia**

*July 14, 2006*

Ambassador, thank you for setting up this meeting. I've just had a really interesting meeting. I've been meeting with young, vibrant Russian activists who, first, love their country; secondly, care deeply about the form of government of the country; and third, care deeply about the human condition in their country.

These folks come from a variety of different NGOs and civic groups, representing a variety of issues—all bound together to be involved in their governments, in their countries, so that it's the best it can possibly be.

I spent a lot of time listening to their concerns. I assured them that the United States

of America cares about the form of government in Russia, that we believe in the universal values embedded in democracy. We believe in rule of law; we believe in human rights; we believe everybody has a right to be treated equally.

I explained to them that our own government and our country took a while to evolve, but nevertheless, it's important to be aiming toward a better tomorrow.

I hope my visit here was encouraging to them; it certainly was instructional for me. I explained to them my strategy of dealing with Vladimir Putin, who is my friend. Some asked me to deliver messages, which I'd be more than happy to do. I explained to them that it's in the U.S. interests to remain engaged with Russia—Russia is a great country with a fantastic future—and that the foreign policy of my administration will be to work with Russia to solve common problems and at the same time be in a position where we can have a frank exchange of ideas and philosophies and views.

I told the young leaders here that this has been a very enriching experience for me. I shared the thought—shared the idea that I'm the father of 24-year-old twin daughters. I'm looking at some folks here at the table who are their age; I'm impressed by their courage and their idealism and their desire to make their societies a better place.

So I want to thank you all for your visit. Thank you for your frank exchanges. I will you all the very best, and I ask for God's blessings on the people of Russia.

NOTE: The President spoke at 4:06 p.m. at the Counsel General's residence. In his remarks, he referred to U.S. Ambassador to Russia William J. Burns; and President Vladimir Putin of Russia. A tape was not available for verification of the content of these remarks.

### **Statement Honoring Former President Gerald Ford's Birthday**

*July 14, 2006*

President Gerald Ford's story is a true American story. It is the tale of a son of the Midwest who achieved great things through hard work, dedication, courage, and humility. President Ford played football at Michigan,

received a law degree from Yale, served in the Navy during World War II, and for decades he represented western Michigan as a Republican Congressman from Grand Rapids.

Then came his appointment with history. He assumed the Presidency at a perilous moment for our country. A President had resigned; the United States was involved in a cold war; the economy was sputtering; and America's confidence was deeply shaken.

Few leaders have ever faced such challenges upon taking office. Yet President Ford met them with steadfastness and courage. His leadership helped heal a wounded nation.

Since leaving office, President Ford has set a high standard for grace and character. He has never forgotten his roots or lost sight of the things that matter—including his deep love for his wife and partner, Betty.

Laura and I join all Americans in wishing President Ford a happy birthday.

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### **Digest of Other White House Announcements**

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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.

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#### **July 8**

In the morning, the President had an intelligence briefing.

#### **July 10**

In the morning, the President had an intelligence briefing.

In the evening, in the State Dining Room and the East Room, the President and Mrs. Bush hosted a social dinner and entertainment in honor of the Special Olympics.

The President announced his designation of the following individuals as members of a Presidential delegation to Abuja, Nigeria, to attend the Leon H. Sullivan Summit on July 19: Alphonso Jackson (head of delegation); John Campbell; John A. Simon; Herbert H. Lusk II; and Anita Smith.

The President announced his designation of the following individuals as members of a Presidential delegation to Ulaanbaatar, Mongolia, to attend the 800th anniversary of the Great Mongolian State from July 12–13: Mike Johanns (head of delegation); and Robert M. Peck.

The President announced his designation of the following individuals as members of a Presidential delegation to Turkey to attend the opening of the Baku-Tbilisi-Ceyhan Pipeline on July 13: Jeffrey Clay Sell (head of delegation); and Ross Wilson.

### **July 11**

In the morning, the President had breakfast with Republican congressional leaders. Later, he had an intelligence briefing. Then, in the Oval Office, he and Mrs. Bush met with President Alejandro Toledo of Peru and his wife, Eliane Karp de Toledo.

Later in the morning, in the Oval Office, the President participated in a telephone conversation with crew members of the Space Shuttle *Discovery*. He then participated in a photo opportunity with members of the National Council on the Arts.

In the afternoon, the President traveled to Port Washington, WI. Later, he traveled to Milwaukee, WI.

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

The President announced his intention to nominate Cindy Lou Courville to be U.S. Representative to the African Union with the rank of Ambassador.

The President announced his intention to nominate Philip S. Goldberg to be Ambassador to Bolivia.

The President announced his intention to nominate Henry M. Paulson, Jr., to be U.S. Governor of the following organizations: the International Monetary Fund; the International Bank for Reconstruction and Development; the Inter-American Development Bank; the African Development Fund; the Asian Development Fund; and the European Bank for Reconstruction and Development.

The President announced his intention to nominate John C. Rood to be Assistant Secretary of State for International Security and Non-Proliferation.

The President announced his appointment of Peter W. Tredick as a member of the Presidential Emergency Board No. 239.

The President announced his intention to designate C.W. Bill Young as the President's Personal Representative at the Farnborough International Aerospace and Defense Exhibition and Air Show from July 17–23.

The President announced his appointment of Kevin Sullivan as Assistant to the President for Communications.

### **July 12**

In the morning, the President had an intelligence briefing. Later, he and Mrs. Bush traveled to Heiligendamm, Germany, arriving in the evening.

### **July 13**

In the morning, the President had an intelligence briefing. He and Mrs. Bush then traveled to Stralsund, Germany. Later, in the Kollegien Room at the Town Hall, they participated in a guestbook signing ceremony and a greeting with local community representatives.

In the afternoon, in the Achtmannskammer Room of the Town Hall, the President had a working lunch with Chancellor Angela Merkel of Germany. Later, he and Mrs. Bush toured St. Nikolai Church.

In the evening, the President and Mrs. Bush traveled to Trinwillershagen, Germany, where, at the Zu den Linden restaurant, they attended a social dinner and entertainment hosted by Chancellor Merkel. They then returned to Heiligendamm, Germany.

The White House announced that the President will host Prime Minister Nuri al-Maliki of Iraq at the White House on July 25.

The President announced his intention to nominate Richard W. Graber to be Ambassador to the Czech Republic.

The President announced his intention to nominate Christopher A. Padilla to be Assistant Secretary of Commerce (Export Administration).

The President announced his intention to nominate Calvin L. Scovel to be Inspector General at the Department of Transportation.

The President declared a major disaster in Virginia and ordered Federal aid to supplement Commonwealth and local recovery efforts in the area struck by severe storms, tornadoes, and flooding from June 23 to July 6.

#### **July 14**

In the morning, the President had an intelligence briefing. Later, he and Mrs. Bush traveled to St. Petersburg, Russia. While en route aboard Air Force One, the President had separate telephone conversations with King Abdallah II of Jordan, President Mohammed Hosni Mubarak of Egypt, and Prime Minister Fuad Siniora of Lebanon to discuss the situation in the Middle East. Upon arrival, he and Mrs. Bush participated in a wreath-laying ceremony at the Monument to the Heroic Defenders of Leningrad.

In the afternoon, the President and Mrs. Bush traveled to Strelna, Russia.

In the evening, in the Italian Guest Room at Konstantinovsky Palace, the President and Mrs. Bush attended a social dinner hosted by President Vladimir Putin of Russia and his wife, Lyudmila.

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### **Nominations Submitted to the Senate**

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

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#### **Submitted July 12**

Philip S. Goldberg,  
of Massachusetts, a career member of the Senior Foreign Service, class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Bolivia.

Henry M. Paulson, Jr.,  
of New York, to be U.S. Governor of the International Monetary Fund for a term of 5 years; U.S. Governor of the International

Bank for Reconstruction and Development for a term of 5 years; U.S. Governor of the Inter-American Development Bank for a term of 5 years; U.S. Governor of the African Development Bank for a term of 5 years; U.S. Governor of the Asian Development Bank; U.S. Governor of the African Development Fund; U.S. Governor of the European Bank for Reconstruction and Development, vice John W. Snow, resigned.

John C. Rood,  
of Arizona, to be an Assistant Secretary of State (International Security and Non-Proliferation), vice Stephen Geoffrey Rademaker, resigned.

#### **Submitted July 13**

Cindy Lou Courville,  
of Virginia, to be Representative of the United States of America to the African Union, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

Nora Barry Fischer,  
of Pennsylvania, to be U.S. District Judge for the Western District of Pennsylvania, vice Robert J. Cindrlich, resigned.

Richard W. Graber,  
of Wisconsin, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Czech Republic.

Sara Elizabeth Lioi,  
of Ohio, to be U.S. District Judge for the Northern District of Ohio, vice Lesley Brooks Wells, retired.

Christopher A. Padilla,  
of the District of Columbia, to be an Assistant Secretary of Commerce, vice Peter Lichtenbaum.

Calvin L. Scovel,  
of Virginia, to be Inspector General, Department of Transportation, vice Kenneth M. Mead, resigned.

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**Checklist  
of White House Press Releases**

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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.

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***Released July 10***

Transcript of a press briefing by Press Secretary Tony Snow

Transcript of a press briefing by National Security Adviser Stephen J. Hadley on the President's upcoming visit to Russia and Germany

Statement by the Press Secretary announcing that the President signed H.R. 4912

Fact sheet: Commission for Assistance to a Free Cuba Report to the President

***Released July 11***

Transcript of a press gaggle by Press Secretary Tony Snow

Fact sheet: Strong Economic Growth and Fiscal Discipline Help Reduce Budget Deficit

***Released July 12***

Transcript of a press gaggle by Press Secretary Tony Snow

Statement by the Press Secretary: Condemnation of Hizballah Kidnapping of Two Israeli Soldiers

***Released July 13***

Transcript of a press briefing by Secretary of State Condoleezza Rice and National Security Adviser Stephen J. Hadley

Statement by the Press Secretary: President Bush To Welcome Prime Minister of Iraq to the White House

***Released July 14***

Transcript of a press gaggle by Press Secretary Tony Snow

Statement by the Press Secretary on disaster assistance to Virginia

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**Acts Approved  
by the President**

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***Approved July 10***

H.R. 4912 / Public Law 109-240  
Rural Health Care Capital Access Act of 2006

***Approved July 11***

H.R. 889 / Public Law 109-241  
Coast Guard and Maritime Transportation Act of 2006