

businesses create most of the growth in our economy, most of the job growth. And a sure way to stop that from happening is to take money out of their treasury.

So I'm a strong believer that tax cuts work, and we need to keep taxes low.

Yes, sir. Dow Jones man [Henry "Jay" Pulizzi, Dow Jones Newsletter]. How's the market?

Q. I don't know. I'll check.

The President. Okay. Good. Thanks.

U.S. Financial Markets/Foreign Investors

Q. The mortgage crisis is leading some of the Nation's biggest financial institutions to seek investments from funds that are controlled by foreign governments. Is that something that concerns you?

The President. No, I like to get our money back. I think the world that is open for investment and trade is a world that will lead to overall prosperity. It's interesting that they're going to have to do that. My attitude is, is that Wall Street needs to put all their—put it all out there for everybody to see. They need to have the—off-balance sheet this and put out there for investors to take a look at. And if there's some write-downs to be done, they need to do it now.

And so I'm fine with capital coming in from overseas to help bolster financial institutions; I don't think it's a problem. I think what will be a problem is to say, we're not going to accept foreign capital, or we're not going to open markets, or we become protectionists. Protectionism would be a huge mistake for this country. And what's going to be an interesting test next year on whether or not we're going to be a country that trades with others and opens up markets is these free trade votes. I applaud the Congress for passing the Peruvian free trade deal. But we got some votes coming up with Colombia. That's going to be an interesting test to determine whether or not we remain—that we remain an open economy and that we expect others to treat us the way we treat them.

And I spoke this morning to the President-elect of South Korea. And the people there are going to be watching very carefully as to whether or not our Congress understands the importance of the relationship and that

they pass that free trade agreement with Korea. It's in our interests we do so.

But, no, I understand that people are—when they write down their assets, they may need to get a little extra capital on their balance sheets. And it doesn't trouble me at all; it doesn't. What troubles me is the fact that they—is that some of this paper isn't worth what people thought it was, and it's going to have to work through the system.

Listen, thank you all. Have a wonderful holiday season. Appreciate it.

NOTE: The President's news conference began at 10:01 a.m. in the James S. Brady Press Briefing Room at the White House. In his remarks, he referred to Gen. Dan K. McNeill, USA, Commander, International Security Assistance Force, NATO, Afghanistan; President Hamid Karzai of Afghanistan; President Bashar al-Asad of Syria; and President-elect Lee Myung-bak of South Korea. A reporter referred to President Nicolas Sarkozy of France. The Office of the Press Secretary also released a Spanish language transcript of this news conference.

Remarks at a Swearing-In Ceremony for James B. Peake as Secretary of Veterans Affairs

December 20, 2007

The President. Good morning. Thanks for the warm welcome to the Department of Veterans Affairs. I am proud to introduce your new Secretary, Lieutenant General James Peake. And I am pleased to be joined by his wife, Janice, and daughter Kimberly, and her husband, Mack. I know they're proud of what Jim has accomplished during his career, and I thank them for supporting him in his work ahead.

I thank the Vice President for joining me today. We had a long ride over here, Jim. *[Laughter]* Plenty of time to visit. *[Laughter]* I want to thank the Secretary for joining us—Secretary of Defense Bob Gates; honored you're here, sir. Appreciate Elaine Chao, Secretary of Labor; Deputy Secretary Gordon Mansfield—I'm going to say something about you here in a minute. I appreciate Admiral Thad Allen, Commandant of the U.S. Coast Guard, for joining us. Thanks for coming, Admiral; General Dick Cody, Vice Chief

of Staff of the United States Army. I appreciate all those who wear the uniform who have joined us today as well.

I want to thank Arlen Specter, United States Senator, for joining us. Senator, thanks for coming. And my Congressman, the Congressman from central Texas, Congressman Chet Edwards, chairman of the Military Construction and Veterans Affairs Appropriations Subcommittee; proud you're here.

I want to thank the members of veterans service organizations who are with us today.

Audience member. Hoorah! [Laughter]

The President. Looking forward to working with you. [Laughter] And behave yourself. [Laughter]

The Secretary of Veterans Affairs has one of the most important jobs in our Government. The Secretary leads a Department of more than 240,000 employees, and I want to thank every one of them for serving our country; appreciate your hard work. The Secretary is charged with a solemn responsibility, to ensure our Nation's veterans receive the care and the benefits they deserve.

Dr. Jim Peake has the skills and experience to carry out this mission. He is both the first physician and the first general to lead this Department. His 36-year medical career has taken him to military bases across the world. And during the opening years of the war on terror, he directed the Army Medical Department as Army Surgeon General. In that position, he led more than 55,000 medical personnel and managed an operating budget of nearly \$5 billion. Throughout his long career, Dr. Peake has worked to improve the way we deliver medical care to our troops. And thanks to his efforts, many who once might have died on the battlefield have returned home to live lives of hope and promise.

We see this hope and promise in the story of Dr. Peake's own life. Dr. Peake's first stay at a military hospital came years before he entered his—earned his medical degree at Cornell. It came as a wounded patient during the Vietnam war. This West Point graduate received several medals for his valor, including the Silver Star; he earned a reputation for honor and selflessness.

Dr. Peake learned those values from his loving parents who taught him the meaning

of service. His mother was an Army nurse. His father was an Army officer, who spent most of his 30-year career in the Medical Service Corps. And I know they both would be proud to see their oldest son, Jim, become the Secretary of Veterans Affairs.

Dr. Peake follows in the footsteps of another fine public servant and Vietnam combat veteran, Secretary Jim Nicholson. Throughout his career, Jim Nicholson has served our Nation with honor and integrity—as an Army Ranger, an ambassador, and as Secretary of Veterans Affairs. Secretary Nicholson built on the fine record of his predecessor, Tony Principi—Mr. Secretary, glad you're here today—and he leaves an impressive legacy of his own. Under his leadership, this Department has worked to meet the needs of new veterans returning home from Afghanistan and Iraq. Secretary Nicholson also launched an effort to modernize the Department's information technology systems, so we can better protect patients' personal information. I want to thank Jim for his work on behalf of our Nation's veterans, and I wish him and his wife Suzanne all the very best.

I also want to thank Deputy Secretary Gordon Mansfield. He served as the Acting Secretary for Veterans Affairs since October. Gordon is a retired Army officer who has dedicated much of his career to serving his fellow veterans. I've benefited from Gordon's wisdom and counsel, and he did a terrific job as Acting Secretary during this time of transition.

Dr. Peake takes office at a critical moment in the history of this Department. Our Nation is at war, and many new veterans are leaving the battlefield and entering the VA system. This system provides our veterans with the finest care, but sometimes the bureaucracy can be difficult. To address these problems, our administration, along with the Secretary's leadership, is implementing recommendations of the Dole-Shalala Commission on Wounded Warriors. In other words, we're not going to tolerate bureaucratic delays. We want the very best for our veterans. Some of the Commission's recommendations require the approval of Congress—and Congressman and Senator, we're looking forward to working with you on

those. I've sent legislation to Congress to carry out these additional recommendations, and Dr. Peake is going to work with Members from both sides of the aisle to get me a good bill that I can sign into law.

Our Nation has no higher calling than to provide for those who have borne the cost of battle, and we will honor our responsibilities. I am confident in the future of this Department because I have seen firsthand the dedication and character of the men and women who work here. And I am confident that you will have a worthy and strong leader in our new Secretary.

Congratulations, Jim. I appreciate your willingness to serve. And now I ask the Vice President to administer the oath.

NOTE: The President spoke at 11:24 a.m. at the Department of Veterans Affairs. In his remarks, he referred to former Senator Bob Dole and former Secretary of Health and Human Services Donna E. Shalala, Cochairs, President's Commission on Care for America's Returning Wounded Warriors. The transcript released by the Office of the Press Secretary also included the remarks of Secretary Peake.

Remarks on Signing the Mortgage Forgiveness Debt Relief Act of 2007

December 20, 2007

Thank you all for coming. Welcome to the White House. I'm pleased to sign a bill that will help homeowners who are struggling with rising mortgage payments. The Mortgage Forgiveness Debt Relief Act of 2007 will protect families from higher taxes when they refinance their homes. It will help hard-working Americans take steps to avoid foreclosure during a period of uncertainty in the housing market. I want to thank Members of Congress for getting this bill passed. I appreciate it very much. It's been a joy working with you.

I thank my Secretary of the Treasury, Hank Paulson, and Secretary of Housing and Urban Development Alphonso Jackson for taking the lead in helping people stay in their homes. I particularly want to thank the chairman of the Finance Committee, Max Baucus, Senator Debbie Stabenow of Michigan, and

Senator George Voinovich of Ohio for sponsoring this legislation.

I remember calling you on the phone, telling you that I'm going to propose the same thing you are—talked to George as well—and it's been a joy to work with you.

I want to thank Jim McCreery of the House, Stephanie Tubbs Jones, and Rob Andrews. Appreciate you all being here.

I want to thank the staff who works hard at the Treasury and HUD to make this deal work. Appreciate your hard work.

In recent months, our Nation's housing market has faced serious strains. Home values have fallen in many parts of our country. At the same time, many homeowners with adjustable rate mortgages have seen their monthly payments increase faster than their ability to pay. And now some homeowners face the prospect of foreclosure.

My administration has taken strong steps to help homeowners avoid foreclosure by making it easier to refinance loans. We gave the Federal Housing Administration greater flexibility to refinance loans for struggling homeowners. We helped assemble a private-sector group of lenders, loan servicers, investors, and mortgage counselors called the HOPE NOW Alliance. This group has agreed on a set of industry-wide standards to help those with subprime loans refinance or modify their mortgages, so more families can stay in their homes.

The bill I sign today will help this effort by ensuring that refinancing a mortgage does not result in a higher tax bill. Under current law, if the value of your house declines and your bank or lender forgives a portion of your mortgage, the Tax Code treats the amount forgiven as money that can be taxed. And of course, this makes a difficult situation even worse. When you're worried about making your payments, higher taxes are the last thing you need to worry about. So this bill will create a 3-year window for homeowners to refinance their mortgage and pay no taxes on any debt forgiveness that they receive. And it's a really good piece of legislation. The provision will increase the incentive for borrowers and lenders to work together to refinance loans, and it will allow American families to secure lower mortgage payments without facing higher taxes.