

Thank you for listening.

NOTE: The address was recorded at 11:02 a.m. on May 9 in the Cabinet Room at the White House for broadcast at 10:06 a.m. on May 10. The transcript was made available by the Office of the Press Secretary on May 9 but was embargoed for release until the broadcast. The Office of the Press Secretary also released a Spanish language transcript of this address.

### Exchange With Reporters in Santa Fe, New Mexico

May 11, 2003

#### President's Golf Game

**Q.** How's the game?

**The President.** I need a lot of work.

**Q.** Better than yesterday?

**The President.** Equally as feeble—equally as feeble. It's been a fabulous weekend here in Santa Fe. I'm now ready to get back to work. Got some travel to do tomorrow, be talking to the country about the need for an economic stimulus package. And then we're going to go see, Tuesday afternoon, we're going to go to see some of the tornado sites. And it will give me a chance to tell the people who've suffered great loss how much a lot of the Nation prays for them and how we're concerned about them. But it's been a fabulous experience here in a wonderful part of the world. The hospitality by the people here has been just great. I really appreciate it.

Happy Mother's Day, everybody.

NOTE: The exchange began at 5:45 p.m. at the golf course at Las Campanas.

### Remarks in Albuquerque, New Mexico

May 12, 2003

**The President.** Thank you all very much. Claudine, thanks for those wonderful words. It is—let me just put it this way, we've had a great weekend here in the Land of the Enchanted.

I want to thank the good folks of Santa Fe for their warm hospitality. I particularly want to thank Governor Bill Richardson, not only for being here but for being so kind to

my wife Laura at a fantastic reception Friday night in Santa Fe. Thank you very much, Governor, for doing that. I'm sure the New Mexican people are going to thank you for cutting their taxes too.

You know, we had a great weekend. I'm here in Albuquerque today to talk about a big decision which is now before the United States Congress and the fact that you can help them make the right decision. I'm here to remind not only you all but our fellow Americans that when you raise your voices, the people in Washington tend to listen.

And I hope you'll join me in raising your voices to make sure that Congress enacts an economic stimulus plan big enough to help people who are looking for work, a plan big enough to encourage economic growth.

You see, the reason we're here at this small business is most new jobs in America are created by small businesses. And so the plan I've submitted understands that. A significant part of any good economic stimulus plan must focus on the entrepreneur in America. In order to make sure people can find work in this country, Congress must pass a plan which invigorates the small-business owner and the small-business dreams of America.

I want to thank the Martinez family for their hospitality and their invitation. I also want to thank the dad for not only being such a good dad but for having a dream and working hard to achieve the dream. We're standing in the midst of what we call the American Dream. The Martinez family is living that dream. They own their own business. And when you own something in America, it means you have a stake in the future. What we want to do is promote the ownership society around America by encouraging the entrepreneurial spirit to remain strong in this country.

I'm proud to be here with Senator Pete Domenici. Senator Domenici is one of the giants of the United States Senate. I'm also proud to be here with Heather Wilson and Steve Pearce, two fine Members of the Congress. I want to thank all the other State officials who are here along with the Governor. I appreciate the local officials who are here. I want to thank you for your warm hospitality.

I appreciate Hector Barreto, who's the Administrator of the Small Business Administration, for joining us today. Thank you for coming, Hector.

It just so happens the Deputy Secretary of the Department of Energy is here, Kyle McSillarow. I appreciate his service to our country.

And recently, I nominated a fine New Mexican citizen to become the Secretary of the Navy, and that would be Colin McMillan. I appreciate you coming, Colin, and thank you for your service to your country.

I want to thank the Chamber of Commerce members who are here. I want to thank small-business owners who are here. I want to thank the MCT employees and family members who are here as well. Thank you for letting me come by to say hello.

And finally, I met a fellow named William O'Leary. Let me tell you what William does; he works with individuals to help them find loans and financial support they need. In other words, he is a volunteer to be a part of a program to help people realize their dreams.

You know, there's been a lot said about the might of our country, and we are a strong country. We're strong militarily. But our greatest strength is the heart and soul of our individual citizens. The greatest strength is the fact that we're a compassionate country who care deeply about neighbors. And when you—William works with people here, and if somebody's got an idea and they want to learn how to advance that idea, he's willing to help. And if you find a neighbor in need or somebody needs help, I urge you to do so.

The compassion of America sets us apart in many ways. We're strong because a lot of people in this country have heard that universal call to love a neighbor just like you'd like to be loved yourself. Many of you in this audience have heard that call. We thank you for your compassion, and we thank you for your decency.

This has been a time of testing for America. It's been a time of interesting testing.

**Audience members.** [*Inaudible*].

**The President.** But we have the strength and we have the confidence to meet every single challenge.

For 20 months—for 20 months we have waged a relentless campaign against global terror. An enemy struck us because they hate what we stand for. They hate the fact that we have freedom of speech in America. They hate the fact that we have freedom of religion in America. They hate the fact that we love freedom, and so they attacked us. And they thought we had quit.

**Audience members.** No-o-o!

**The President.** They thought we were soft.

**Audience members.** No-o-o!

**The President.** But we love our freedoms.

**Audience members.** Yes!

**The President.** Our biggest job is to make sure the American homeland is secure. We've done a lot here to protect the American homeland by creating a Department of Homeland Security. But the best way to secure the homeland is to hunt the killers down one by one and bring them to justice, which is what we'll do.

In bringing people to justice, we freed the people of Afghanistan from one of the most brutal regimes in the history of mankind. Thanks to the United States of America, young girls now go to school for the first time in their lives. We've got more work to do to make sure that's a free society. We will stay in Afghanistan to help the people of Afghanistan help themselves.

We've hunted down and found Al Qaida members in places other than Afghanistan. They just need to know that so long as they want to hurt our country, there is no cave deep enough for them to hide.

We're working with many nations around the world to cut off their money and disrupt their finances, to share intelligence to make sure that we can protect our people. And as part of the war on terror, we liberated the people of Iraq from a brutal dictator. We made America more secure by making sure he does not use weapons of mass destruction.

Two weeks ago, on the U.S.S. *Abraham Lincoln*, I shook hands with Navy Petty Officer Damian Lopez. Damian lives 50 miles from here. Sailors and officers of the *Abraham Lincoln* represent the best of our country. These folks, like many others, sacrificed on behalf of their Nation. Here's what he

said. He said, “When we needed to be serious about our job, everybody did their part. I had a part in freeing a nation and serving my country.” Our Nation is grateful to this young man from New Mexico, and we’re grateful to all the people who’ve sacrificed on our country’s behalf, the people who wear the uniform of the United States military.

We have a lot of work to do in Iraq. We have a lot of work to do in Iraq. Haven’t been there very long, by the way—less than 60 days ago that we started our mission. And in that period of time, not only did we remove a regime which threatened our security and held the American people hostage, not only did we remove a regime that brutalized their own people, but we will stay to make sure that the Iraqi people have got the security necessary, the food necessary, the medicines necessary, the conditions necessary to have an Iraq of—[*applause*]. We will stay as long as necessary to make sure that the Iraqi people have a Government of, by, and for the Iraqi people, and then we’ll come home.

We have faced big challenges in this country. But because of the actions we have taken and the sacrifices many have made, America is more secure, the world is more peaceful, and many people are more free.

And as we make sure that America is secure, we’ve also got to make sure we have job security in America. Too many of our people here aren’t working. The inflation—I mean, the unemployment rate hit 6 percent. That should serve as a warning signal for the reluctant Members of the United States Congress that we need to hear the voices of those who are looking for work. And so we’ve got challenges here at home. I’m optimistic we can meet those challenges. After all, we’ve been through a lot here in this country, and yet we’re still growing.

I want to review the history right quick. In March of 2000, the stock market started to decline. In January of 2001, we were in a recession, which meant three quarters of negative growth, and then it looked like we were kind of starting to come out. And then the enemy hit us. And they killed thousands of our citizens, and it affected the psychology of this country. We weren’t used to being attacked. The people are resolved and strong, and we overcame that. And then we found

out some of our citizens forgot what it means to be a responsible citizen. They cooked the books. They didn’t tell the truth to their employees and shareholders alike. They’re now being taken to account and held to account. We expect honest bookkeeping in America.

And it’s important for CEOs of big, publicly held corporations to understand that we expect them to learn the lessons of the past; that shareholders, that employees, that Americans will insist they be held to account if they ever lie, cheat, and steal.

We’re overcoming that. We’ve overcome those obstacles. And yet, too many of our people aren’t working. We’re growing, but we’re not growing fast enough. We’re growing. Inflation is low, which is good. We’re growing because interest rates are low. Energy prices are coming down, which is kind of like tax relief. [*Laughter*] But the greatest asset we have in America is the productivity of our workforce. We’ve got the finest workers in the world here in America.

But in spite of the good news, people are looking for work. And as long as our fellow citizens are looking for work, we must act. So long as families are struggling to pay the bills, we must act here in America. So long as small businesses are hesitant to expand and to create new jobs, we must act. And the “we” in this case is the United States Congress.

I have made my proposal, strongly supported by Senator Domenici, strongly supported by Congressman Wilson and Congressman Pearce. And my proposal is based upon this principle: If your economy is too slow, you need to increase demand for goods and services. And the best way to create demand for good and services is let the people keep more of their own money.

When you got more money in your pocket, it means you’re likely to demand a good or a service. And in our society, when somebody demands a good or a service, somebody is going to produce that good or a service, and when somebody produces the good or a service, it means somebody is more likely to find work. The best way to stimulate this economy is to have robust tax relief for the American people.

And the thing I like about Pete and Heather and Steve is, they know what I know.

When we're up there in Washington, we're not talking about the Government's money. If you listen closely to some of the rhetoric from some of the elected officials, they say, "Well, we're going to do this with the Government's money, or we're going to do that with the Government's money." Folks, we're not talking about the Government's money in Washington. We're talking about your money.

One of the central elements of this plan is to accelerate the tax rate reductions which Congress has already passed. You see, in 2001, I went in front of the Congress, said, "We've got an economic issue. Let's have tax relief for the American people." And they passed substantial tax relief, but the problem was the tax relief plan was phased in over 3, 5, or 7 years. We don't need it phased in over 3, 5, or 7 years. We've got people looking for work today. We want to help people today. We want to expand that economy today. If tax relief is good enough 7 years from now, it's good enough today.

This plan will reduce all taxes immediately. It will reduce the marriage penalty immediately. After all, we want the Tax Code to encourage marriage and not discourage marriage. As well, it will increase the child credit from \$600 to \$1,000 per child, retroactive to January of this year.

I just met Leanne Montoya. \* She's a hard-working lady. She's got two kids—sons—who are here. Right? They're somewhere here. [Laughter] There they are. They're little guys. She—her husband died unexpectedly. She's got the toughest job in America, being a single mom, raising two little guys that she loves dearly. This plan will let her keep \$800 of her own money per year. Now, that may not sound like a lot to some of the folks in Washington, but it's darn sure a lot for her and her two boys. And it's not \$800 for 1 year; it's \$800 every year. And it gives her a chance.

Pam and Robert Lucero are with us. And by the way, these good folks shared with me some of their stories. And the reason they're here is I want the American people to understand we're not talking about theory; we're not talking about numbers; we're talking

about what the tax relief plan does to help our citizens survive these difficult period of time. Pam and Robert, they've got two little kids, they'll save \$1,100 a year. It means a lot to them, because it's \$1,100 for every year. And all of a sudden now, it means they've got more of their own money to decide what to do for their families. They get to decide, not the Government. They get to decide what to do with the \$1,100.

Oh, you'll hear the talk about how this plan, you know, only helps the rich people. That's just typical Washington, DC, political rhetoric, is what that is. That's just empty rhetoric. This plan for a family of four making \$40,000 a year would see their tax bill go from \$1,178 a year to \$45 a year.

This is a good plan because it makes a difference to all kinds of people, people who could use that extra money. And this economy could use the fact that people have got a little extra money, and that's important for our fellow citizens to understand.

The cornerstone of the plan, however, focuses on small business. It's an important part of the plan. It's an integral part of the plan. I told you earlier, most new jobs are—in America—are created by small-business owners, which makes it—see, if you're interested in expanding the job base and you go to the origin of job creation, it seems like to me—and the origin of job creation is a small-business owner.

Now what's interesting about America is most small-business owners pay business tax at the individual income tax rate. And the reason why is they're a limited liability corporation or an S corp or a sole proprietorship. And therefore, when you reduce the individual tax rates, you're really pumping capital into the treasuries of the small-business owners across America. It is important for Congress to know, a robust relief plan helps the entrepreneur in this country.

There is today a limitation on what a small business can deduct when they invest in new equipment, and that limitation is at \$25,000. In other words, it puts a cap on investment, so to speak, because of the tax plan—tax incentives or the lack thereof. This plan that Congress is now looking at, strongly supported by your Senator and the two

\* White House correction.

Congresspersons here, would raise the cap from \$25,000 to \$75,000 a year.

And here's why that's important. Phil Archuletta is here with us today.

**Audience member.** Yeah!

**The President.** Phil and his one friend. [Laughter] He started P&M Signs with his sister in 1991. He went from 1 employee, or maybe 2, to 19. He told me that he is going to expand. He told me that if this new cap goes in, he's more likely to invest in plant and equipment so he can expand his business.

The plan makes—incensed Phil to make the decision to make a capital investment. And if he makes that decision, it means somebody is going to have to make the machinery that he purchases. It means that when he purchases the machinery, his employees become more productive. In other words, the effect of creating incentives is that jobs will more likely be created from the supplier to Phil's business, and as Phil's business becomes more productive, it is more likely somebody is going to find employment from his business.

You see—and it's not just Phil who will be making a decision. Jay Walton of Jay Walton Automotive is here. Perhaps you've had your tires aligned there. Well, he started 29 years ago with three employees. He's kind of like the Martinezes here in Albuquerque. They start small, but they grow big. He's got 24 people. That's a big increase. That means people are working because of Jay's vision. He is a Subchapter S. So when you hear them talking about tax relief, it means the taxes on his business are going down.

But as well, he's interested in expanding. He wants more space for his shop. He wants to add on to his facility. He wants to be able to accommodate consumer demand by expanding his plant and facility. And when he does, it means somebody is going to have to build the plant, which means there's an additional job there. He might buy a hydraulic pump. That means somebody is going to have to manufacture the additional hydraulic pump. Somebody is going to work somewhere else.

The point I'm making to you is, is that when Phil makes the decision he makes and Jay makes the decision to expand their busi-

nesses, there are thousands like them all around America. And it's those cumulative acts of increased capital expenditure which makes it more likely one of our fellow citizens, or additional citizens, are going to be able to find work.

The final aspect of the plan says that we ought to get rid of the double taxation of dividends in America. First of all, there's just a simple fairness issue on the double taxation of dividends. Listen, we should be taxing corporate profits, and we do. But in this country, not only do we tax corporate profits; when part of those profits are distributed to the owners of the companies, small and large alike, it gets taxed again. And who are those owners? Well, 50 percent—

**Audience members.** [Inaudible].

**The President.** Yes, you're right. [Laughter] We are becoming an ownership society when it comes to stock ownership. Thousands of people own their own—they own equities directly. But thousands as well own equities through their pension plans. If you're a teacher, you own equities. If you're a policeman, you own equities. A lot of people in this country own equities. And therefore, the more the plan focus—or any plan focuses on helping the market, the more we're helping our average citizens realize wealth.

And that's what we want. We want our citizens to be wealthier, not poorer. Any plan has got to say, how do we help our citizens have more wealth in their pockets? It doesn't make any sense, in a country that is trying to attract capital to increase the job base, to have a shareholder receive about 40 cents on every dollar of profit on his or her investment. That doesn't make any sense. That provides a disincentive from people investing. And we need investment. I've told you the effect of capital investment in our society. The easier it is for companies to attract capital, the more likely it is somebody is going to be able to find work.

I want to talk about two other aspects of the dividend plan. Thirty-one thousand seniors here in New Mexico rely upon dividends to meet their financial needs. We get rid of the double taxation of dividends, that means 31,000 seniors in this good State are to have

more money in their pocket. And that's good public policy, it seems like to me.

The other thing that's important to know is we just went through a period of time in American corporate history where folks said, "Would you invest in my company because, you know, the sky is the limit. I may not have any cashflow, but I've got a heck of a good tale." [Laughter] "Nobody seems to be buying my product, but I've got a good story. After all, we're in a new economy." The problem is the new economy was fine, but old accounting practices still mattered. And when you ran out of cash, you're broke.

Well, in a dividend society, in a dividend-paying society, the pie-in-the-sky pronouncements no longer hold water. Because if your competitor is paying a dividend, you can only pay dividends when you make cash, when you generate enough cash to send to the owners. A good corporate reform would be to have a dividend-paying society, so that the investors, shareholders, small and large alike, will know whether the company is real or not, on whether they get that check every month or every quarter, whether that dividend is coming in.

Dividend—getting rid of the double taxation of dividends will encourage more companies to pay dividends, will encourage more ownership, will help ease the cost of capital, and will serve as good and positive corporate reform in America. Congress needs to get rid of the double taxation of dividends.

So this is the plan. And we're making progress. I want to thank the House of Representatives for passing a plan to the tune of \$550 billion. And as the Senate debates this plan, they've got to remember what drives this economy. The small-business owner drives this economy. Investment drives this economy. And as the Senate talks about this plan, I hope they hear the voices of those looking for work. The more robust the plan, the more likely it is somebody is going to find a job here in America.

Now, you're going to hear a lot of talk about the deficit as an excuse not to cut taxes. And I am concerned about the deficit. But let me explain to you why we have a deficit. We have got a deficit because this economy went into a recession, which means less revenues were coming into our Treasury. The

country slowed down, and as a result, there was less taxes coming into Washington, DC.

We have got a recession because we went to war, and I told the American people, "If we're going to commit our troops into harm's way, we're going to spend whatever money is necessary to make sure we win." Yes, we've got a deficit, but we can deal with that two ways. One is to make sure Congress does not overspend. And I want to thank Pete and Heather and Steve for joining with me on a budget which restricts discretionary spending to 4 percent. In other words—and I will continue to do my part, I assure you, to make sure Congress does not overspend on the expense side.

I fully recognize that some people up there, when they hear—have the word "appropriator" by their name, appropriate. [Laughter] My job is to encourage them to appropriate but in a wise way, and I will continue to do so. But if we hold down spending, the way to deal with the deficit is to encourage revenue growth in the Treasury, and the way to deal with—encourage revenue growth is to stimulate this economy. The best way to deal with the recession is to have an economic growth plan that will cause economic vitality.

Yes, I'm worried about the deficit. I'm worried about the deficit, but I'm more worried about the fellow looking for work. I'm worried about the deficit, but I'm more worried about the single mom who's worried about putting food on the table for her children, so she could find work. And that's where the focus of this administration is going to be.

There's no doubt in my mind this Nation will rise to the challenges which we face. There's absolutely no doubt in my mind that the world is going to be more peaceful because of the actions taken by the United States of America and our friends. There are no doubt in my mind this Nation is going to be more secure because of the resolve and will of the American people.

And there is no doubt in my mind with the right policy out of Washington, DC, that the entrepreneurial spirit of this country is going to remain strong, the productivity of our workers is going to be high, and this economy is going to come back so our fellow

citizens can find work. And there's no doubt in my mind I feel that way, because I'm a fortunate man. I'm the President of the greatest nation on the face of the Earth.

Thank you all for coming. God bless, and God bless America.

NOTE: The President spoke at 9:35 a.m. in the president's office at MCT Industries. In his remarks, he referred to Gov. Bill Richardson of New Mexico; Ted R. Martinez, president, MCT Industries, and his daughter Claudine; former President Saddam Hussein of Iraq; Phil T. Archuletta, chief executive officer, P&M Signs, and his sister, Mabel; and Jay Walton, owner, Jay Walton's Automotive.

## Remarks in Omaha, Nebraska

May 12, 2003

**The President.** Thank you all very much. Thank you all for coming. It is—I'm so glad to be back in Nebraska. Thanks for coming by to say hello. It's an honor to be here. Brad, I want to thank you very much for opening up your fine facility to the entourage that travels with me and all these fine folks. I appreciate the entrepreneurial spirit of Airlite Plastics. I want to thank all the good, hard-working folks that work here to make this company a going concern. I appreciate your hospitality, and I want to congratulate you on your new building. It's a beautiful facility.

I'm here to talk about some important matters facing this country. But before I do, I want to remind you about something in this administration: One half of the ticket was born right here in Nebraska. Our great Vice President, Dick Cheney, was born in Nebraska. No wonder he's given me such good advice.

Thanks for coming out. I'm really proud to be introduced by Chuck Hagel. He's a fine United States Senator and a good friend. I appreciate him. He mentioned the Governor. I'm proud to call Mike Johanns my friend, and I'm glad he's here. And I appreciate the first lady of the State of Nebraska joining us here today too. It's good to see you all. Thanks for coming.

I also appreciate so very much Ben Nelson for coming, and his wife, Diane. I'm honored

you all are here. I'm pleased to have you here. Thanks for coming.

You've done a pretty good job about selecting Congressmen—well, better than a pretty good job. You've done a great job here in Nebraska. I'm proud that Doug Bereuter is here and Lee Terry and Tom Osborne—all of them fine Members, and all of them good to work with. And you know what else—you let a man come across the border today to come here. And that would be Congressman Steve King from right across the way in Iowa.

I'm honored the Lieutenant Governor is here. I'm honored the secretary of state is here. I'm honored the attorney general is here. I'm honored the state treasurer is here. I'm honored the state auditor is here. And I'm honored you all are here too. Thanks for coming.

Before we talk about the issue facing this country and our responsibilities and how we're going to assume those responsibilities, I do want to talk about a lady I met at the airport today, a woman named Anne Carroll.

**Audience member.** Woo-hoo!

**The President.** Well, somebody's heard of her. That's good. [Laughter] You're probably wondering why I would even mention Anne Carroll. Well, let me tell you why. You see, there's a lot of talk across our country and around the world about America's muscle. They talk about our military might. They talk about our strength, but they overlook the true strength of the country. The true strength of the country is the heart and soul of the individuals in this country.

Anne Carroll volunteers her time. She's very actively involved in the Habitat for Humanity and the International Meals on Wheels. She's involved with helping make somebody else's life better. You know, the great strength of America happens when a neighbor loves a neighbor in need.

The great strength of this country is the hearts and souls of the American people. Don't ever let them tell you the great strength is the military strength. No, that's good. That helps. [Laughter] But we're a loving nation and a compassionate nation and a decent nation.

And I want to thank Anne Carroll, and I want to thank all of you all who work hard to help a neighbor in need. And keep doing