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I look forward to working with Republicans and Democrats to come up with sensible solutions to solve these problems, so that we can say we solved the problems, and not pass them on to future generations.

I'm an optimistic person, particularly when it comes to the ability of Americans to create and dream and work hard. I'll be less optimistic if Congress has its way and raises taxes on the American people. And that's why we're going to work hard not to let them do so. We'll keep good policies in place. We want this to be the land of dreamers and doers. I love the stories of the small-business owner in Nashville or the idea that eBay didn't exist 12 years ago and now is a booming, thriving enterprise. The purpose of government is to make it more possible for people to realize dreams and to enhance the entrepreneurial spirit. That has been the policies of this administration, and it will continue to be the policies of this administration.

Thank you all very much.

NOTE: The President spoke at 12:44 p.m. at the Department of the Treasury. In his remarks, he referred to Cordia Harrington, chief executive officer, the Bun Companies.

The President's News Conference

August 9, 2007

The President. Good morning, thank you. When I came into office in 2001, our Nation was headed into a recession, so we cut the taxes across the board. And hard-working Americans have used this tax relief to produce strong and lasting economic growth.

Since we began cutting taxes in 2001, our economy has expanded by more than $1.9 trillion. Since the tax cuts took full effect in 2003, our economy has added more than 8.3 million new jobs and almost 4 years of uninterrupted growth. Inflation is low; unemployment is low; real after-tax income has grown by an average of more than $3,400 per person since I took office. The American economy is the envy of the world, and we need to keep it that way.

Our economy is growing in large part because America has the most ambitious, educated, and innovative people in the world—men and women who take risks, try out new ideas, and have the skills and courage to turn their dreams into new technologies and new businesses. To stay competitive in the global economy, we must continue to lead the world in human talent and creativity.

So in my 2006 State of the Union Address, I announced the American Competitiveness Initiative, and I called on Republicans and Democrats in Congress to join me in this effort to encourage innovation throughout our economy. As part of this initiative, I asked Congress to expand America's investment in basic research, so we can support our Nation's most creative minds as they explore new frontiers in nanotechnology or supercomputing or alternative energy sources. I asked Congress to strengthen math and science education, so our children have the skills they need to compete for the jobs of the future. I asked Congress to make permanent the research and development tax credit, so we can encourage bolder private-sector initiatives in technology.

Today I'm going to sign into law a bill that supports many of the key elements of the American Competitiveness Initiative. This legislation supports our efforts to double funding for basic research in physical sciences. This legislation authorizes most of the education programs I called for in the initiative I laid out at the State of the Union. These programs include Math Now proposals to improve instruction in mathematics and the Advanced Placement program my administration proposed to increase the number of teachers and students in AP and international baccalaureate classes.

These are important steps forward, and so I'm going to sign the bill. I'm looking forward to it. Yet the bill Congress sent to my desk leaves some of the key priorities unfulfilled and authorizes unnecessary and duplicative programs. I will continue to focus my budget requests on the key priorities in the bill I outlined and will work with Congress to focus its spending on those programs that will be most effective.

I will continue to press Congress to approve the remaining measures of the American Competitiveness Initiative. These measures include the Adjunct Teacher Corps program to encourage math and science professionals to take time out of their lives and

teach in our schools and to inspire the youth to become more interested in math and science. I believe Congress ought to make the research and development tax credit a permanent part of the Tax Code, to encourage investment.

The bill I will sign today will help ensure that we do remain the most competitive and innovative nation in the world. I thank Members of Congress from both parties who worked hard to secure its passage. I particularly want to thank Senators Pete Domenici, Jeff Bingaman, Lamar Alexander, and John Ensign, as well as Congressmen Bart Gordon and Vern Ehlers.

You know, this bill shows that we can work together to make sure we're a competitive nation. There's a lot of areas where we can seek common ground coming this fall, and I'm looking forward to working with members of both parties to do that.

Thank you for coming. I'll be glad to answer some of your questions, starting with you, Terry [Terence Hunt, Associated Press].

Transportation Infrastructure

Q. Mr. President, former chairman of the House Transportation Committee, Republican Don Young, says there are about 500 bridges around the country like the one that collapsed in Minneapolis last week. And Young and other Transportation Committee members are recommending an increase in Federal gasoline taxes to pay for repairs. Would you be willing to go along with an increase in gasoline taxes of 5 cents a gallon or more?

The President. First of all, Secretary Peters is gathering information and will report to the White House and report to the Nation about what she finds about whether there are any structural design flaws that may be applicable to other bridges. She's in the process of gathering this information now.

The American people need to know that we're working hard to find out why the bridge did what it did, so that we can assure people that the bridges over which they will be traveling will be safe. That's step one.

You know, it's an interesting question about how Congress spends and prioritizes highway money. My suggestion would be that they revisit the process by which they spend gasoline money in the first place.

As you probably know, the public works committee is the largest committee—one of the largest committees in the House of Representatives. From my perspective, the way it seems to have worked is that each member on that committee gets to set his or her own priority first, and then whatever is left over is spent through a funding formula. That's not the right way to prioritize the people's money. So before we raise taxes which could affect economic growth, I would strongly urge the Congress to examine how they set priorities. And if bridges are a priority, let's make sure we set that priority first and foremost before we raise taxes.

Situation in Pakistan

Q. Thank you, Mr. President. One of your chief allies in the war on terrorism, President Musharraf of Pakistan, has faced so much instability and civil strife recently that there has been talk of declaring a state of emergency. How concerned are you about President Musharraf's situation and whether this might undermine Pakistani efforts against the Taliban and Al Qaida elements in the bordering areas of his country, which have been roundly criticized recently?

The President. You know, I've seen the reports of what they call an emergency declaration. I have seen no such evidence that he's made that decision. In my discussions with President Musharraf, I have reminded him that we share a common enemy, extremists and radicals who would like to do harm to our respective societies. In his case, they would like to kill him, and they've tried.

I have made it clear to him that I would expect there to be full cooperation in sharing intelligence, and I believe we've got good intelligence sharing. I have indicated to him that the American people would expect there to be swift action taken if there is actionable intelligence on high-value targets inside his country. Now, I recognize Pakistan is a sovereign nation, and that's important for Americans to recognize that. But it's also important for Americans to understand that he shares the same concern about radicals and extremists as I do and as the American people do.

So my focus in terms of the domestic scene there is that he have a free and fair election. And that's what we have been talking to him about, and I'm hopeful they will.

Yes, we'll just go down the line here. Yes, you.

Pat Tillman

Q. Thank you, Mr. President. You speak often about taking care of the troops and honoring their sacrifice. But the family of Corporal Pat Tillman believes there was a coverup regarding his death, and some say perhaps he was even murdered, instead of just friendly fire. At a hearing last week on Capitol Hill your former Defense Secretary, Donald Rumsfeld, other officials used some version of "I don't recall" 82 times. When it was his term to step up, Pat Tillman gave up a lucrative NFL career, served his country, and paid the ultimate sacrifice. Now you have a chance to pledge to the family that your Government, your administration will finally get to the bottom of it. Will you make that pledge to the family today, that you'll finally, after seven investigations, find out what really happened?

The President. Well, first of all, I can understand why Pat Tillman's family, you know, has got significant emotions, because a man they loved and respected was killed while he was serving his country. I always admired the fact that a person who was relatively comfortable in life would be willing to take off one uniform and put on another to defend America. And the best way to honor that commitment of his is to find out the truth. And I'm confident the Defense Department wants to find out the truth too, and we'll lay it out for the Tillman family to know.

Q. But, Mr. President, there have been seven investigations and the Pentagon has not gotten to the bottom of it. Can you also tell us when you, personally, found out that it was not enemy fire, that it was friendly fire?

The President. I can't give you the precise moment. But obviously, the minute I heard that the facts that people believed were true were not true, that I expect there to be a full investigation and get to the bottom of it.

2008 Presidential Election/Al Qaida in Pakistan

Q. Sir, on Monday at Camp David, when you met with President Karzai from Afghanistan, you were asked if you had actionable intelligence in Pakistan of top Al Qaida leaders, would you take action unilaterally, if in fact you felt that President Musharraf simply, for one reason or another, just simply couldn't get his people there in time, would you move in? And you said, if we had actionable—good, actionable intelligence, we would get the job done.

My question, one, is, who is "we"? Does that we include the Pakistanis or—because the question says, Musharraf wouldn't be able to be in—would you do it unilaterally? And one reason this is a hot question this week is that one of the Democratic Presidential candidates, Barack Obama, talked about taking unilateral action. He kind of got beaten up by people in the Democratic Party and by Mitt Romney in your party, Romney comparing him to Dr. Strangelove. I don't know if you would agree with that, or if you would feel——

The President. John [John Cochran, ABC News], I suspect that over the course of the next months, when I hold a press conference, you'll be trying to get me to engage in Presidential politics; trying to get me to opine about what candidates are saying, whether they be Republicans or Democrats. And hopefully I'll be disciplined enough not to fall prey to your question, not to fall into that trap.

To the question you asked and to my answer in Camp David, I said I'm confident that we—both the Paks and the Americans—will be able to work up a plan, based upon actionable intelligence, that will bring the top Al Qaida targets to justice. I meant what I said. We spend a lot of time with the leadership in Pakistan, talking about what we will do with actionable intelligence. And the question was, am I confident that they will be brought to justice? And my answer to you is, yes, I am confident.

Q. Are you confident—permit me to have one followup, sir?

The President. Sure.

Intelligence/Pakistan

Q. I assume the CIA——

The President. See, we're getting into kind of a relaxed period here. I'll try to be more accommodating to fellows like you.

Q. It's widely assumed that the CIA operatives are in Pakistan, cooperating with the Pakistanis, and that they're sharing everything with you and vice versa. Is that a fair assumption?

The President. John, what's fair is—what you must assume is that I'm not going to talk about ongoing intelligence matters.

Progress in Iraq

Q. Mr. President, I was talking with a journalist about an hour ago in Baghdad who says to be a cynic in Iraq is to be naive at this point; that there is discernable progress, undeniable progress on the battlefield, but there is just as discernable and undeniable lack of progress on political reconciliation. Given the premise of the surge is to give the Iraqi Government breathing space to gets its business done, given that they're not getting their business done, are the American people entitled to hear from you more than, "I've told Prime Minister Maliki he's got to do better"?

The President. As you know, General Petraeus and Ambassador Crocker will be coming back to report on the findings of the success of the surge. The surge success will not only include military successes and military failures but also political successes and political failures. And my own perspective is, is that they have made some progress but not enough. I fully recognize this is a difficult assignment. One of the things that—it's difficult because of years of tyrannical rule that have created a lot of suspicions. And there's a lot of—these folks need to trust each other more.

Secondly, from my perspective, we're watching leaders learn how to be leaders. This is a new process for people to be democratic leaders. Now, no question they haven't passed some of the law we expected them to pass up to now. That's where a lot of people will focus their attention. On the other hand, there is a Presidency Council, with people from different political parties, trying to work through some of these difficult issues, trying to work through the distrust that has caused them not to be able to pass some of the law we expect.

And the July 15th report that I submitted to Congress, there were indications that they had met about half the benchmarks and some of the political benchmarks they were falling short. One of the things I found interesting is that the assembly—their elected Parliament has passed about 60 pieces of legislation this year, some of which are directly relevant to reconciliations, like judicial reform, some of which were unwinding Saddam's laws in the past.

One of the questions I recently asked about, is there a functioning government? Is there—a lot of Americans look at it and say, "There's nothing happening there. There's, like, no government at all," I expect they're saying. So I asked about the budgeting process. In other words, is there a centralized budgeting system that takes the oil revenues? As I understand, about 97 percent of the Iraqi revenues to date come from oil. And do they have a rational way of spending that money for the good of society? Now most of the money, it turns out, is going into their military operations, operating expenses and capital expenses.

But one of the things I found interesting in my questions was there is revenue sharing. In other words, a central Government revenue sharing to Provincial governments. It surprised me, frankly, because the impression you get from people who are reporting out of Iraq is that it's, like, totally dysfunctional. That's what your—I guess your kind of—your friend or whoever you talked to is implying.

In 2006, the central Government allocated $2.3 billion to the Provinces. You know, I'm not exactly sure how the funding formula worked, but a quick analysis, there is no question that Shi'a and Sunni Provinces and Kurdish Provinces were receiving money. Of the 2.3 billion, 1.9 had been obligated or spent. Now, some of that money is being better spent now because of bottom-up reconciliation that's taken place in places like Anbar, particularly with the help of our Provincial Reconstruction Teams. The PRTs are helping. That's not to say what—my point to you there is that there needs still to be

work in making sure that the Provincial governments are functioning well, to earn the trust of the people. It's not just the central Government that we're working with; we're also working with Provincial governments to make sure that people have—are inspired to believe that the state is in their interest.

The point I'm making to you on this, Jim [Jim Axelrod, CBS News], is that there is a lot of work left to be done, don't get me wrong. If one were to look hard, they could find indications that—more than indications, facts that show the government is learning how to function. People say we need an oil revenue sharing law. I agree with that; that needs to be codified. However, there is oil revenue sharing taking place, is my point. There's a lot of work to be done, and the fundamental question facing America is, is it worth it? Does it matter whether or not we stay long enough for a ally in this war against radicals and extremists to emerge? And my answer is, it does matter. Long-term consequences will face our country if we leave before the job is done. How the troops are configured, what the deployment looks like will depend upon the recommendations of David Petraeus.

David [David Gregory, NBC News].

National Economy/Home Loan Industry/ Financial Literacy

Q. Mr. President, I want to get your thoughts about the volatility in the financial markets, but specifically, a series of questions. Do you think that housing prices will continue to fall? Do you think that the inability of people to borrow money the way they used to is going to spill over into economy generally? And what are you prepared to do about it? And specifically, are you considering some kind of government bailout for people who might lose their homes?

The President. David, I'm wise enough to remind you that I'm not an economist, and that I would ask you direct predictions and forecasts about economic matters to those who make a living making forecasts and predictions. I suspect you'll find, "on the one hand; on the other hand," in how they predict. [*Laughter*]

Now, what I focus on are the fundamentals of our economy. My belief is that people will make rational decision based upon facts. And the fundamentals of our economy are strong. I mentioned some of them before. Job creation is strong; real after-tax wages are on the rise; inflation is low. Interestingly enough, the global economy is strong, which has enabled us to gain more exports, which helped the second-quarter growth numbers to be robust at 3.4 percent.

Another factor one has got to look at is the amount of liquidity in the system. In other words, is there enough liquidity to enable markets to be able to correct? And I am told there is enough liquidity in the system to enable markets to correct. One area where we can help consumer—and obviously anybody who loses their home is somebody with whom we must show enormous empathy.

The word "bailout," I'm not exactly sure what you mean. If you mean direct grants to homeowners, the answer would be no, I don't support that. If you mean making sure that financial institutions like the FHA have got flexibility to help these folks refinance their homes, the answer is yes, I support that.

One thing is for certain, is that there needs to be more transparency in the—in financial documents. In other words, a lot of people sign up to something they're not exactly sure what they're signing up for. More financial literacy, I guess, is the best way to put it. We've had a lot of really hard-working Americans sign up for loans, and the truth of the matter is, they probably didn't fully understand what they were signing up for. And therefore, I do believe it's a proper role for Government to enhance financial education initiatives. And we're doing that; we've got money in the budget to do that.

Let's see here——

Housing Market

Q. Can I just ask one followup, sir? Come on. [*Laughter*]

The President. Sure.

Q. Because you weren't this circumspect when you were talking to reporters yesterday about the economy.

The President. How do you know? You weren't there, David.

Q. Well, you're right, I wasn't, but——

The President. I'm curious to know why you weren't there. Ask Baker [Peter Baker, Washington Post], he was there. [*Laughter*]

Q. Only economics reporters were allowed.

The President. I think I pretty much said the same thing yesterday, in all due respect.

Q. What's going on in the housing market, is it a correction or a crisis, in your view? Can you assess that?

The President. Yesterday I did comment upon that, that there was a—I talked about the different scenarios that I had been briefed on about whether or not there would be a precipitous decline in housing or whether it would be what one would call a soft landing. And it appeared at this point that it looks we're headed for a soft landing. And that's what the facts say.

Thank you. Mike [Michael Emmanuel, FOX News].

Iran-Iraq Meeting/Iran

Q. Mr. President, thank you. There is more evidence of Iranian weapons ending up in Iraq and ultimately killing U.S. troops. And I'm wondering today, sir, if you have a message to the regime in Tehran about these weapons ending up in Iraq and obviously doing harm to American citizens?

The President. One of the main reasons that I asked Ambassador Crocker to meet with Iranians inside Iraq was to send the message that there will be consequences for people transporting, delivering EFPs, highly sophisticated IEDs that kill Americans in Iraq. Prime Minister Maliki is visiting in Tehran today. His message, I'm confident, will be, "Stabilize; don't destabilize." And the sending of weapons into Iraq is a destabilizing factor. That's why we—yes, we've sent the message Peter here and in that meeting.

Holly [Holly Rosenkrantz, Bloomberg News].

Fannie Mae and Freddie Mac Corporations

Q. Sir, getting back to the credit crunch caused by defaults of subprime mortgages, should Fannie Mae and Freddie Mac be allowed to buy mortgages beyond their current limits or play any additional role that could help revive mortgage finance?

The President. As you know, we put up a robust reform package for these two institutions, a reform package that will cause them to focus on their core mission, first and foremost; a reform package that says, like other lending institutions, there ought to be regulatory oversight. And therefore, first things first when it comes to those two institutions. Congress needs to get them reformed, get them streamlined, get them focused, and then I will consider other options.

Baker.

Guantanamo Bay Detainees

Q. Thank you, sir. A two-part question. The New Yorker reports that the Red Cross has found the interrogation program in the CIA detention facilities used interrogation techniques that were tantamount to torture. I'm wondering if you have read that report, and what your reaction to it is? And the second part of the question is, more than a year ago, you said that you wanted to close the detention facility at Guantanamo, and a year later, nothing has actually happened in that regard. Your Vice President, Attorney General, and Homeland Security Secretary are reported to be resisting such a move. I wonder if you could tell us who's really in charge on this issue, are you doing anything about it, do you expect Guantanamo to be open or closed when you leave office?

The President. I did say it should be a goal of the Nation to shut down Guantanamo. I also made it clear that part of the delay was the reluctance of some nations to take back some of the people being held there. In other words, in order to make it work, we've got to have a place for these people to go. I don't know if you noticed a resolution of the Senate the other day, where all but three Senators said we don't want these prisoners in the country. I don't know if it was a 97–3 vote, but it was something-to-3 vote. In other words, part of the issue, Peter, is the practical issue of what do we do with the people? And you say nothing has taken place. I strongly disagree with that. First of all, we are working with other nations to send folks back. Again, it's a fairly steep order. A lot of people don't want killers in

their midst, and a lot of these people are killers.

Secondly, of course, we want to make sure that when we do send them back, they're treated as humanely as possible. The other issue was whether or not we can get people to be tried. One of the things I'm anxious about, want to see happen, is that there to be trials. Courts have been involved with deciding how to do this, and Defense is trying to work out mechanisms to get the trials up and running. And the sooner we can get that up and running, the better it is, as far as I'm concerned. I don't want to make any predictions about whether Guantanamo will be available or not. I'm just telling you it's a very complicated subject.

And I laid out an aspiration. Whether or not we can achieve that or not, we'll try to. But it is not as easy a subject as some may think on the surface. Again, I refer to you to the Senate vote. When asked whether or not you want to shut down Guantanamo and, therefore, receive some of those prisoners in your home State, there didn't seem to be a lot of support for it. Like, three people said, "It's okay by me," in the Senate.

Your other question, sir?

International Committee of the Red Cross Report on the Treatment of Prisoners of War

Q. Red Cross report?

The President. I haven't seen it. We don't torture.

Yes, Jim [Jim Rutenberg, New York Times].

Iran-Iraq Meeting/Iran

Q. Thank you, Mr. President. I'd like to pivot off of what you were talking about earlier, with Prime Minister Maliki's visit to Iran. Reports out of Iran today, out of Iran, say that Prime Minister Maliki told President Ahmadi-nejad that he appreciated Iran's positive and constructive stance. The pictures from the visit are very warm. I'm wondering, do you and your Iraqi counterparts see eye to eye on Iran? And what kind of message do those images send to your allies in the region and Americans who are skeptical about the Prime Minister's role?

The President. Jim, I haven't seen the reports. Before I would like to comment upon how their meetings went, I would like to get a readout from our Embassy, who, of course, will be in touch with the Prime Minister and get his readout. And so it's a—you're asking me to be a little speculative on the subject. I haven't seen the picture.

Look, generally the way these things work is you try to be cordial to the person you're with, and so you don't want the picture to be kind of, you know, duking it out; okay, put up your dukes. That's an old boxing expression. [*Laughter*]

Q. Once more, please?

The President. And so, I don't know, Jim. You've obviously followed this a lot. You've seen the reports. I'm sure you're confident that what you've asked me is verifiable. I'm not surprised that there's a picture showing people smiling.

Q. However——

The President. Let me finish, please. And so it's a—anyway, let me get the facts on what happened. Now if the signal is that Iran is constructive, I will have to have a heart to heart with my friend, the Prime Minister, because I don't believe they are constructive. I don't think he, in his heart of heart, thinks they're constructive either. Now maybe he's hopeful in trying to get them to be constructive by laying out a positive picture. You're asking me to speculate.

Should I be concerned of a picture—should the American people be concerned about Iran? Yes, we ought to be very concerned about Iran. They're a destabilizing influence. They are a Government that has—its declared policy is very troubling, obviously, when they announce—when Ahmadinejad has announced that the destruction of Israel is part of its foreign policy.

That's something, obviously, we cannot live with. They have expressed their desire to be able to enrich uranium, which we believe is a step toward having a nuclear weapons program. That, in itself, coupled with their stated foreign policy, is very dangerous for world stability. They are funders of Hizballah. Hizballah is intent upon battling forces of moderation. It's a very troubling nation right now.

Iran can do better. The Government is isolating its people. The Government has caused America and other nations, rational nations, to say, "We will work together to do everything we can to deny you economic opportunity because of the decisions you are making." My message to the Iranian people is, you can do better than this current Government; you don't have to be isolated; you don't have to be in a position where you can't realize your full economic potential. And the United States of America will continue to work with our friends and allies in the Security Council and elsewhere to put you in a position to deny you your rightful place in the world, not because of our intention, because of your Government's intention.

So it is a very—it's a difficult issue, Jim. And American people should be concerned about Iran. They should be concerned about Iran's activity in Iraq, and they ought to be concerned about Iran's activity around the world.

Iraq/Iran

Q. In your previous conversations with Prime Minister Maliki, have you been confident that he shares your view on Iraq?

The President. On Iran?

Q. Yes.

The President. Yes. He knows that weaponry being smuggled into Iraq from Iran and placed in the hands of extremists over which the Government has no control, all aimed at killing innocent life, is a destabilizing factor. He absolutely understands that.

I don't know if you saw yesterday, there was a—we talked to General Petraeus, or I talked to General Petraeus and Ambassador Crocker yesterday. I noticed in the papers today there was a description of a military operation that took place in Sadr City. The military operation in Sadr City was going after extremist elements, Shi'a extremist elements. And it was a very robust operation. Obviously, it—well, I shouldn't say obviously—it was done with the full understanding of the Maliki Government.

Now, I don't know whether this extremist element had been fueled by Iran, but I do know that Maliki is committed against extremist elements who are trying to create enough chaos and confusion that this young Government and young democracy is not able to progress. So the first thing I looked for was commitment against the extremists. The second thing is, does he understand with some extremist groups there is connections with Iran, and he does. And I'm confident.

Now, is he trying to get Iran to play a more constructive role? I presume he is. But that doesn't—what my question is—well, what my message to him is, is that when we catch you playing a nonconstructive role, there will be a price to pay.

Let's see here, Mark [Mark Smith, Associated Press Radio].

Tax Reform

Q. Mr. President, are you considering a plan to cut corporate taxes? Do you believe America's corporations are not making enough money these days?

The President. Actually, we had an interesting discussion on this subject. And if you read carefully the penetrating report by the financial reporter—kind of like semi-financial reporter—[*laughter*]—you'll find that it was—I was talking about an idea that has begun to surface as a result of meetings being held at the Treasury Department.

And the whole reason to look at corporate rates is to determine whether or not they make us less competitive in a global economy. And if so—in other words, if the conclusion is, is that our tax structure makes it harder for businesses to compete, therefore making it harder for people to find work over time, then we need to address the competitive imbalance in our Tax Code.

I also made it clear that we're at the very early stages of discussion and that, in my own judgment, anything that would be submitted to Congress—if submitted at all—would have to be revenue neutral. And therefore, what we'd really be talking about is a simplification of a very complex Tax Code that might be able to lower rates and, at the same time, simplify the Code, which is, like, shorthand for certain deductions would be taken away—in other words, certain tax preferences in the Code.

My view all along has been, the more simple the Code, the better—whether it be in the individual income tax side or the corporate tax side. However, I would readily

concede to you this is a difficult issue, because the reason there is tax preferences in the first place are there are powerful interests that have worked to get the preference in the Code. And as I remarked to the distinguished group of writers I was talking to yesterday, it's much easier to get something in the Code than get it out of the Code.

But I do think it's in the interests to constantly evaluate our competitive advantages and disadvantages. And what Hank Paulson told me was that there's a lot of folks who really believe the Tax Code creates a competitive disadvantage, and therefore, it's certainly worth looking at.

Q. On the subject of tax preferences, what about carried interest? Do you think that taxing those at capital gains rates is fair? A lot of people think it's not.

The President. First of all, I think, Mark, that what ends up happening is that in trying to deal with one particular aspect of partnerships is that you end up affecting all partnerships. And partnerships are an important vehicle to encourage investment and capital flows; they've been important vehicles to encourage the entrepreneurial spirit. In other words, small businesses have been organized as limited partnerships. So we're very, very hesitant about trying to target one aspect of limited partnerships for fear of the spillover it'll have in affecting small-business growth. So we don't support that.

Ann [Ann Compton, ABC News].

Cooperation With Congress/Legislative Agenda

Q. You've been clear about saying that you will veto overspending by Congress when they come back next month to do appropriations bills. You've also been clear you don't want to raise taxes. Can you do justice to the kind of programs the Government needs for bridges, for housing, and also continue to spend as much as you do in the war in Iraq?

The President. One can meet priorities if they set priorities. The problem in Congress is they have trouble actually focusing on priorities. Appropriators take their title seriously, and they all feel like they got to appropriate, which means there's a myriad of priorities. So the role of the President, it seems to me, is to help Congress focus on that which is important. We have a debate over that which is important, of course, but one thing that we shouldn't have a debate over is whether or not it's important to fund our troops in this war against radicals, extremists, the war on terror. And I think we'll be able to get that kind of cooperation. I would hope that they would get the defense bill to my desk as quickly as possible.

Part of my concerns, of course, is that there are different sets of priorities in both bodies. And it seems like to me that the Congress needs to come together, solve their differences—solve their differences first, and then bring them to the White House and see if we can find accommodation. I have proven in the past though, Ann, that one is able to set priorities—keep taxes low, grow the economy—and reduce the deficit. In other words, we have cut taxes, causing economic growth, which caused there to be this year alone 187 billion more tax dollars coming into the Treasury; the deficit is reduced to 1.5 percent of GDP, which on a 40-year historical average is very low, or is low, below the average; and we've proven that you can set priorities and meet obligations. And so the Congress needs to learn to do that itself.

Congressional Support for the U.S. Armed Forces

Q. But you're confident that you can continue to sustain the kind of level of spending that you've invested in, in Iraq?

The President. I would certainly hope so, because when you say, sustain the level of spending, you're mainly talking about making sure our troops have what it takes to do the job we've asked them to do. I know there's a lot of Members who don't agree with the decisions I've made. I would certainly hope they would agree, however, that once someone is in combat or in harm's way, that they get the full support of the Federal Government. That's exactly what their families expect, and that's what the Commander in Chief expects as well.

I. Lewis Libby/Attorney General Alberto R. Gonzales/Congressional Priorities

Q. Mr. President, I wanted to ask you about accountability. You're a big believer in

it; you've talked about it with regard to the public schools. But given the performance of Iraqi leaders, given your decision to commute the sentence of Lewis Libby, you've also stood by the Attorney General recently—there have been a lot of questions about your commitment to accountability. And I'm wondering if you could give the American people some clear examples of how you've held people accountable during your Presidency?

The President. Lewis Libby was held accountable. He was declared guilty by a jury, and he's paid a high price for it.

Al Gonzales—implicit in your questions is that Al Gonzales did something wrong. I haven't seen Congress say he's done anything wrong. As a matter of fact, I believe, David [David Greene, National Public Radio], we're watching a political exercise. I mean, this is a man who has testified; he's sent thousands of papers up there. There's no proof of wrong. Why would I hold somebody accountable who has done nothing wrong? I mean, frankly, I think that's a typical Washington, DC, assumption. Not to be accusatory—I know you're a kind, open-minded fellow—but you suggested holding the Attorney General accountable for something he did wrong.

And as a matter of fact, I would hope Congress would become more prone to deliver pieces of legislation that matter, as opposed to being the investigative body. I mean, there have been over 600 different hearings, and yet they're struggling with getting appropriations bills to my desk.

The Presidency/War on Terror in Iraq

Q. If I could follow—sorry. Given the decision to commute the sentence of Libby and given the performance of Iraqi leaders, is it fair for people to ask questions about your commitment to accountability?

The President. I would hope people would say that I am deliberate in my decisionmaking; I think about all aspects of the decisions I make; and I'm a fair person.

Back to Iraq, no question they haven't made as much progress as I would have hoped. But I also recognize how difficult the task is. And I repeat to you the fundamental question is, does it matter whether or not there is a self-governing entity that's an ally in the war on terror in Iraq? Does it matter? Does it matter to a guy living in Crawford, Texas? Does it matter to your children? As you know from these press conferences, I have come to the conclusion that it does matter. And it does matter because enemies that would like to do harm to the American people would be emboldened by failure.

I recognize there's a debate here in America as to whether or not failure in Iraq would cause there to be more danger here in America. I strongly believe that's the case. It matters if the United States does not believe in the universality of freedom. It matters to the security of people here at home if we don't work to change the conditions that cause 19 kids to be lured onto airplanes to come and murder our citizens.

The first question one has to ask on Iraq is, is it worth it? I could not send a mother's child into combat if I did not believe it was necessary for our short-term and long-term security to succeed in Iraq. Once you come to the conclusion that it's worth it, then the question you must ask is, how difficult is the task of a young democracy emerging? Those who study the Articles of Confederation would recognize that there are difficult moments in young democracies emerging, particularly after, in this case, tyrannical rule.

That's not to say that, Dave, we shouldn't be pushing hard for all opportunities for reconciliation. But for those of us who believe it's worth it, we'll see progress. For those who believe it's not worth it, there is no progress. And that's going to be the interesting debate. And what it's going to come down to is whether or not the United States should be in Iraq and in the region in a position to enable societies to begin to embrace liberty for the long term. This is an ideological struggle.

Now, I recognize some don't view it as an ideological struggle, but I firmly believe it is an ideological struggle. And I believe it's a struggle between the forces of moderation and reasonableness and good and the forces of murder and intolerance. And what has made the stakes so high is that those forces of murder and intolerance have shown they have the capacity to murder innocent people in our own country. I put that in the context of accountability.

In the case of Iraq, it's a lot more complicated than just the passage of four laws, even though I would hope they would get the four laws passed. But again, I repeat the threshold question, does it matter; does it matter to our security here at home? And the answer is, absolutely, it does. It does. And then the second question really for a lot of Americans is, can we succeed? And, in my mind, the answer to that is, absolutely; not only we must succeed, we can succeed.

Listen, thank you all for your time. I appreciate it.

NOTE: The President's news conference began at 10:33 a.m. in the James S. Brady Press Briefing Room at the White House. In his remarks, he referred to Secretary of Transportation Mary E. Peters; Gen. David H. Petraeus, USA, commanding general, Multi-National Force—Iraq; U.S. Ambassador to Iraq Ryan C. Crocker; Prime Minister Nuri al-Maliki of Iraq; President Mahmud Ahmadi-nejad of Iran; and I. Lewis Libby, former Chief of Staff to the Vice President. He also referred to H.R. 2272, the America COMPETES Act. A reporter referred to Republican Presidential candidate Mitt Romney.

Statement on Signing the America COMPETES Act

August 9, 2007

Today I signed into law H.R. 2272, the "America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and Science Act." This legislation shares many of the goals of my American Competitiveness Initiative (ACI). ACI is one of my most important domestic priorities because it provides a comprehensive strategy to help keep America the most innovative nation in the world by strengthening our scientific education and research, improving our technological enterprise, and providing 21st century job training.

Since I announced ACI in January 2006, Congress has risen to the competitiveness challenge in a bipartisan way. House and Senate appropriators started the funding for ACI basic research programs in fiscal year 2007, and so far in this year's appropriations process, they are fully funding my fiscal year 2008 budget request for the National Science Foundation, the Office of Science in the Department of Energy, and the National Institute of Standards and Technology at the Department of Commerce.

This bipartisan spirit of cooperation continues with the legislation I signed. This legislation supports our efforts to double funding for basic research in the physical sciences. And the bill authorizes most of the education programs I called for in ACI, including the Math Now proposal that improves instruction in mathematics and the Advanced Placement program that increases the number of teachers and students participating in AP and International Baccalaureate classes.

I am, however, disappointed that Congress failed to authorize my Adjunct Teacher Corps program to encourage math and science professionals to teach in our schools. I am also disappointed that the legislation includes excessive authorizations and expansion of Government. In total, the bill creates over 30 new programs that are mostly duplicative or counterproductive—including a new Department of Energy agency to fund late-stage technology development more appropriately left to the private sector—and also provides excessive authorizations for existing programs. These new programs, additional requirements and reports, and excessive authorizations will divert resources and focus from priority activities aimed at strengthening the basic research that has given our Nation such a competitive advantage in the world economy. Accordingly, I will request funding in my 2009 budget for those authorizations that support the focused priorities of the ACI, but will not propose excessive or duplicative funding based on authorizations in this bill.

While this legislation includes many unnecessary and misguided programs, in many important ways it heeds my call to action of nearly 2 years ago to take steps to ensure the ongoing competitiveness of our Nation. Congress, however, still has more work to do to improve our Nation's competitiveness. In addition to giving priority to full ACI funding in this year's appropriations bills, I call on Congress to complete work on the remaining components of ACI, including modernizing and making permanent the research and development tax credit, authorizing the