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14 but was embargoed for release until the broadcast. The Office of the Press Secretary also released a Spanish language transcript of this address.

Statement on the Death of Representative Julia M. Carson

December 15, 2007

Laura and I are saddened by the death of Representative Julia Carson. Throughout her decade of service in the U.S. House of Representatives and her nearly 20 years in the Indiana General Assembly, Representative Carson served her constituents in Indianapolis with passion and commitment. She was revered as a champion for building strong and safe communities, working to end homelessness, improving financial literacy for all Americans, and helping her constituents achieve and maintain the dream of home ownership.

Julia was a dedicated and admired public servant who will be missed by her many friends and colleagues both at home in Indiana and in our Nation's Capital. Our thoughts and prayers are with her family and friends.

Remarks on the National Economy and a Question-and-Answer Session in Fredericksburg, Virginia

December 17, 2007

The President. Thank you, all. Please be seated. Ralph, thanks for the invitation. Thanks for the gift; it was planted by the first George W. [*Laughter*] I'm glad to be here at the Rotary Club. I have spent some quality times at rotary clubs, whether it was asking for votes or selling baseball tickets. [*Laughter*] I could never get admitted to any of the clubs in Texas cause my voice wasn't good enough. [*Laughter*] But I'm proud to be with you. Thanks for letting me come by and share some thoughts with you about our economy, what's happening in Washington. And if time permits, I'll be glad to answer some questions if you have any.

I also want to thank the chamber for having me as well. Appreciate what you're doing. People say—they're probably wondering why would—old George W. has got something important to say; why would he bother to come to a place out in the country? And the answer is, because this is where jobs are created; this is where dreams are lived; this is where values are upheld. And so I'm proud to be with you. It kind of reminds me of being in Texas, to come to a place where there's just down-to-earth people that are trying to do what's best for their families and their communities. And so I'm honored to be with you. I appreciate you letting me come by.

Ralph, thanks for the invitation. I also want to thank Bob Hagin. And I'm proud to be here with Congressman Eric Cantor from Richmond, Virginia, as well as newly elected Congressman Rob Wittman. Appreciate you being here. Good luck; I'm looking forward to working with you. I want to thank the speaker of the House of Delegates—you call them delegates, right? Yes. Bill Howell, a good man; good to see you, Mr. Speaker. Appreciate you being here. Senator-elect Richard Stuart, is that right? Yes, appreciate you, Richard. Thanks for coming as well. John [James] * Lacy, past president of Rotary International has bothered to come over. Mr. Lacy, thank you for serving.

You know, I tell the people of our country every time I can that the great strength of America is not our military—although I intend to keep it strong—or the size of our wallets. But the great strength of America are the hearts and souls of our fellow citizens who take time out of their everyday lives to love a neighbor like they would like to be loved themselves. That's what rotaries mean to me.

People are saying, "Well, how can we best foster the well-being of the community in which we live? What can we do as loving human beings to work with our youth like you do at this—here at this rotary club?" And so I want to thank you for what you're doing. I thank you for adding to the great compassion of our country. Societies change one heart and one soul at a time. And I hope you have found what others have found—that if you're part of that helping somebody's live improve, it improves your own.

* White House correction.

Laura sends her very best. She's doing just fine. She's a fabulous wife, great mother, and a wonderful First Lady. And she is—she and I are having the great joy of welcoming people to the White House during the holiday season. It's a pretty spectacular place when you see the trees and all the great garlands. And they do a fine job of decorating the White House. I just put on the lights on the trees. [*Laughter*] But we're having a joyous time.

I want to talk a little bit about our economy and some of the challenges we face and then answer some questions. First of all, I put forth what some would consider a controversial proposal—that's in Washington, DC; at least those in Washington consider it controversial—and that is, cutting taxes on people helps the economy. There's quite an appetite for your money in Washington. People can figure out all kinds of ways to spend the taxpayers' money. My attitude was, particularly in the face of recession and after a terrorist attack, that the best way to help this economy recover was to let people keep more of their own money.

And so I worked with the Congress to cut taxes on everybody who pays taxes. Now, sometimes in the Nation's Capital, they'll say, "Well, some people get tax cuts and others don't." That's not my attitude. My attitude was, if you're paying taxes, you ought to get tax relief; and so we cut taxes. And I mean we cut them on everybody. And when you cut them on individuals, it turns out you also are cutting taxes on small-business owners. Most small businesses in America are subchapter S corporations, or limited liability partnerships, which means that the owners of the companies pay individual taxes. In other words, the company is subject to the individual tax rates. And so cutting individual taxes not only helps consumers and families, but it also helps small businesses.

And the plan worked. If you think about where we were coming out of 2001 and where we are today, you can't help but say the plan worked. Cutting taxes helped stimulate economic growth. Why? Because most new jobs are created by small-business owners. And if you let a small-business owner have more money to save or invest or spend, it means he or she is more likely to hire somebody. And so we've had a pretty good economic run here in the country, 6 years of growth. We've had 51 straight months of increased job employment. It's the largest—longest period of uninterrupted job growth in the Nation's history. People are working; productivity is high. In other words, our economy is becoming more productive as a result of the advent of new technologies. And that means people are more likely to get paid more.

And yet there are some challenges. There's a credit issue and a housing issue. In other words, what I'm about to tell you is, is that the Congress cannot take economic vitality for granted. There are some positive things Congress can do to make sure that the economy continues to grow and people are working and realizing dreams, and there's some negative things they can do. And the most negative thing the Congress can do in the face of some economic uncertainty is to raise taxes on the American people. If you want to figure out a way to slow this economy down, just start taking money out of people's pockets or making it harder for small businesses to grow and invest.

So one thing I want to share with you today is, I'll veto any tax increase. I don't think Congress needs more money. I think they need to learn how to set better priorities.

And that's what you're watching play out here in Washington. The President submits a budget, and then the Congress can either accept it, run over it, ignore it. And then the Congress—or the Constitution wisely gives a President veto power in order to make sure the President stays involved in the process. And I'm pleased to report that we're making some pretty good progress toward coming up with a fiscally sound budget, one that meets priorities, helps on some emergencies, and enables us to say that we've been fiscally sound with the people's money.

The next couple of days will be interesting to watch. As I say, I'm hopeful, and I appreciate those on Capitol Hill are working hard to come up with a good appropriations package. And that appropriations package, by the way, must also include funding for our troops in harm's way.

Now, I understand people in Washington and people around the country may not have

agreed with my decisions on how to protect America. I know that, and that's fair. That's what democracy should be all about. When people have a difference of opinion with the President, they ought to feel comfortable expressing that difference. And it turns out, quite a few citizens are willing to do that. [*Laughter*]

But there should be no difference of opinion when it comes to making sure our troops have the funding they need, and there should be no difference of opinion about whether our commanders on the ground ought to be those who decide or those who recommend to the President and the Congress the best way to proceed. And so we'll be watching very carefully as the Congress works through how to spend your money coming down the stretch here before Christmas. They can't have any gimmicks—accounting gimmicks in there. You know, sometimes they'll use the appropriations process to pass law that otherwise didn't make it to the floor of the House or the Senate. I'm sure that doesn't happen, Mr. Speaker, in—[*laughter*]. Sometimes it happens in Washington, though. [*Laughter*]

And so I'm looking forward to working with them to come up with a good bill. But they need to fund these troops. And they don't need to be putting artificial timetable for withdrawal on the money that we're asking, to make sure the men and women who courageously serve the United States of America have what it takes to do the job they've been asked to do.

If the Congress can't get the job done—in other words, those jet fumes will start to be moving out pretty soon here, later on this week—if they can't get the job done, then I've got a suggestion for them: And just pass a 1-year continuing resolution. That's all they got to do. If they can't get the job done—like I'm hopeful they will—then all they got to do is just take what's called a continuing resolution; get the people's business done that way; and go on home. They got to make sure they fund the troops, though, on the way out of town.

There's another issue that's coming down I want to bring your attention to—and by the way, the House looks like they're coming up with a reasonable plan, Eric and Rob. So we're watching very carefully. I don't know if you ever heard of the Alternative Minimum Tax—[*laughter*]—this was aimed at super-rich years ago, but the plan wasn't indexed for inflation. And all of a sudden, middle class citizens are fixing to be stuck with this bill. And Congress needs to fix the AMT, and they need to do it quickly.

And the Senate, by the way, passed a good version of an AMT fix, so you're not going to get stuck with a higher tax bill. And by the way, it's just not individuals. Again, if you're incorporated through a limited partnership or subchapter S, you'll end up paying higher taxes as well. But they need to move quickly on this piece of legislation because the longer they delay, the more likely it is that there's $75 billion of refund checks that will be late. People are going to be wondering why they didn't get their refund check on time. And the answer is, it's because there's been a delay in the AMT fix. Now, the positive news is the Senate passed a good bill, and the House of Representatives needs to get it done quickly.

People are concerned around this country about housing. Here's my attitude on housing: One, the Government should never bail out lenders; two, some people bought a house that they shouldn't have been in the market; three, there are speculators who thought they could get—buy nice, one of these reset mortgages, and flip it, make some money. I'm sure none of them are in the Chamber, but nevertheless—[*laughter*]—that's what happened. But there are some people that are creditworthy that should be encouraged to stay in their homes.

And the issue—the housing issue has changed. I can remember the first home I bought in Midland, Texas. I remember going down to the savings and loan and sitting down with the savings and loan officer and negotiating with the savings and loan officer. Well, this day and age, you know, these mortgages have been bundled. So the savings and loan doesn't own the mortgage anymore, or the bank doesn't loan the mortgage anymore. The local lending institute doesn't loan the mortgage anymore; it's owned by some international group, perhaps, or it's been bundled into an asset. And so there's hardly anybody to negotiate with. And so some lenders aren't

sure where to turn. They have creditworthiness; they may get pinched as their interest rates reset.

But it seems like to me it's in our interests to help people stay in their homes. And there's—we've got a couple of ways to do so. One is through the FHASecure. It's a way for the—Alphonso Jackson and his Department, which is HUD—to help creditworthy people renegotiate and stay in their homes. Congress needs to get a bill to my desk that will make it easier for FHA to continue to help people stay in their homes. We're not bailing people out; we're helping them refinance their money. We're helping them, you know, own—we're helping them stay in a part of the American Dream is what we're doing, and it's worthwhile to do that.

And the other is what's called HOPE NOW, and this is the Treasury Department bringing the private sector together—lenders, investors, mortgage counselors—to help people renegotiate, to help people understand what is possible when it comes to finance and recourse and stay in your house.

So I am concerned; I know you're concerned about the housing industry. We all should be. We've been building a lot of homes, and all of a sudden, fewer buyers are showing up. And it's going to take a while to work through the housing bubble. But we can mitigate some of the issues, and I'm concerned about people who are creditworthy enough to live in their homes not being able to deal with the resets. And so I just want to let you know we got a strategy.

And Congress can help. They can pass the FHA modernization bill, which will help us. And the other issue that they can pass that would really help the homeowner is that when you renegotiate, if you happen to have a mortgage that you're going to have trouble meeting, you can find somebody to renegotiate with, and you do. And part of that loan may be forgiven for tax purpose—you actually have to pay tax. It doesn't make any sense if somebody is struggling to stay in their house and the Tax Code says you get to pay more tax after you've renegotiated your loan. So we need to fix the Tax Code, and the Senate bipartisan way is passing a good piece of legislation. I hope the House takes it up.

Two other issues, and then I'll answer some questions. One, I know if you're a small-business owner, you're concerned about health care, and you should be. And the fundamental question facing the country is, what can the Government do to make health care more affordable and more available? And there's a classic philosophical divide in Washington. On the one hand, there are those who believe that government is the fix, that government can best decide the allocation of resources in health care. And then there are those of us who believe that we ought to push for more consumer—a consumer-driven health care system.

Part of the problem in health care is that there is no consumerism. I shouldn't say "no consumerism," obviously that's a—there is some consumerism. But when a third party pays your bill, you tend not to worry about price. If somebody else pays your bill, you're not really an active consumer. And therefore, the question is—part of the issue with price is, how do you encourage consumerism? And here's one way: change the Tax Code. The Tax Code now says if you work for corporate America—big company—you get a tax benefit. But if you're a small-business owner or you're out on your own, you have to buy health care with after-tax dollars.

And therefore, there's a disincentive for people to be purchasing health care on the individual market, and therefore, the individual market hasn't grown. So I propose to Congress that we allow families, everybody, regardless of your employment status, to be able to deduct $15,000 off your income taxes, or $7,500 as an individual, all aimed at level the playing field so that an individual market begins to grow. So step one to consumerism is for individuals to have more options in the marketplace so they can become involved directly in buying better insurance for their families.

Step two is for there to be transparency in pricing and quality, and the Federal Government can help. We're a huge health care consumer. And one of the things that Secretary Leavitt is doing is saying that if you're interfacing with the Federal Government, then you got to post your price. I don't know how many of you ever go to your doctor and

say, "What are you charging, you know, compared to your neighbor?" I suspect you do that when it comes an automobile, but you don't when it comes to buying—to purchasing health care. I never have, frankly. I don't remember asking my buddies in Midland, who are my doctors, "How much are you charging relative to the person down the street?"

So—but the Government can help with pricing transparency. So we're now getting people to—providers to not only post a price, but also we're developing a qualitative index so that people are able to compare price and quality. Now, that—this is a novel concept; I readily concede. But if you're interested in more consumerism, then there has to be transparency in the health care industry.

Third, there needs to be products like health savings accounts expanded. If you're a small-business owner, I strongly urge you to look at a health savings account for a way to help your employees or yourself save for everyday expenses—medical expenses on a tax-free basis and coupled with a catastrophic health plan. The whole purpose there is to give you more decisionmaking in your health care—with your health care and portability.

Because one of the issues facing America, particularly if you're a youngster, is, can you take your health care plans with you? It turns out most young Americans have changed jobs, like, seven or eight times by the time they're 35 years old. And the inability to carry a good health care plan with you, a plan that you own, a plan of which the dollars inside your plan are earning tax-free, creates frustrations for people. This economy is changing. And therefore, the health care industry needs to change with it and provide flexibility for our workers.

Fourth, small businesses ought to be allowed to pool risk across jurisdictional boundaries. Well, that means if you're a restaurant owner here, you ought to be able to pool your employees with a restaurant owner in Texas so that you can go into the market and buy insurance at the same discounts that larger companies get.

Fifth, health care needs to be better at incorporating information technologies. I don't know, I mean—I suspect you'll find some of your docs still writing files by hand. That's a little antiquated these days. The trouble is, most doctors aren't very good writers to begin with. [*Laughter*] And so we're using government leverage to help information technology take hold so that there is higher productivity increases in health care, less inefficiency and waste. My dream is for all of us to have a medical electronics record within a decade. My only caveat is, I want to make sure that your material is private and that nobody can access it; it's your material alone. But nevertheless, it makes sense for all your medical records to be on a single chip, which will help take the inefficiencies out of health care and help keep the pressure off cost.

Finally, if you're truly interested in making sure health care is available and affordable, then you need to join the outcry on these frivolous and junk lawsuits. There are too many lawsuits running too many doctors out of practice. We have an ob-gyn crisis in America, in some States, because junk lawsuits are making it impossible for people to practice their skills. And they just—they get sick of it and say, "I'm out of here. I don't want to practice anymore." And plus every time there's a lawsuit, it drives up the cost of medicine. That means you have to pay more. Because why? Because many doctors practice defensive medicine. They say, "Well, if I'm fixing to get sued, I want to make sure I administer as many tests as possible, so that my practice and my techniques can stand up in a court of law," which runs up the cost of medicine.

Now, obviously there ought to be—needs to be recourse for malpractice. Nobody wants to deny anybody their right to have a claim in the court of law. That's one of the great things about America, is if you've got a claim, you ought to be able to take it to the court of law. But we can—and we can pass law that protects somebody's right to go to the court of law and do something about these junk lawsuits. And, you know, it's tough. Boy, the trial lawyers are tough in Washington. In all due respect to the trial lawyers here, you're very powerful politically. We kept—we got the bill out of the House of Representatives. Time and time again it got blocked in the United States Senate.

So here's a commonsense way to move forward to help small businesses and individuals

deal with health care costs. And that stands in contrast to those who really believe the Federal Government can run it better than the individual consumer. And I'm not saying those are bad people who articulate that position; I'm just telling you I think it's wrong for America.

Finally, energy. We're too dependent on oil from overseas. That sounds strange for a Texas guy to say; I know. But dependency on oil creates economic security issues and national security issues and environmental issues. So I proposed a bill that would encourage—let me just—most oil is consumed through automobile usage. So I want to talk to you about automobile usage and electricity, and then I'll answer some questions.

I have proposed a bill, and I'm hopeful it will get a pass by the Congress, that increases CAFE standards, which is the fuel economy standards, in a reasonable way without sacrificing automobile safety. And I've also proposed that we reduce gasoline usage by 20 percent over the next 10 years by using alternative fuels. Now, I wouldn't have done that if I didn't think it was practical and possible.

If you're a hog grower—which I suspect there's not too many around here—but you're a little concerned about the use of ethanol with corn at its base because the price of corn is high; ethanol is beginning to spread in the Midwest, and it's causing the price of corn to go up.

But that's going to be relieved as a result of research and development. One of these days, the scientists tell me—and I believe—that we'll be able to manufacture fuel for your automobiles from switchgrass or biomass or wood chips. And then all of a sudden, if you really think about it and are optimistic about America's capacity to use technology to change our way of life, then all of a sudden, you begin to see the rationale for saying that we can reduce gasoline usage by 20 percent over the next 10 years. I believe it's coming; I really do.

I also believe that a part of that mix is going to be new battery technologies that will enable you to drive the first 40 miles on electricity. And for those of you who are worried about the size of the vehicle, it won't look like a golf cart. [*Laughter*] It will be a normal size vehicle.

On electricity, there's a lot of talk about electricity; I understand that, and there should be. If America wants to solve its dependency on foreign sources or wants to solve its environmental—deal with environmental concerns, we need to aggressively spread nuclear power. If you're generally an environmentalist, if you're worried about greenhouse gases, then you need to be in the forefront of supporting nuclear powerplants. If you're worried about whether or not we can continue to have the electricity necessary to foster economic growth and vitality, you ought to be for nuclear power. I know that's not necessarily politically correct in some circles, but I believe the engineering is safe, and I know we can come up with ways to dispose of the waste in a safe way.

And so those are some of my thoughts, other than I hope you all have a great holiday season. I'd be glad to—I hope you can tell I'm an optimistic fellow. We've been through a lot over the last 7 years; we really have. But I'm absolutely convinced this country is strong and vibrant. We're in the lead when it comes to the freedom agenda. I believe the decisions that have been made over the last 7 years are going to lead peace. Sometimes I know it's hard for you to tell it. But I'm convinced that when people look back at this era, they're going to say,"Thank goodness the United States of America never abandoned its belief that freedom is universal."

I happen to believe there is an Almighty, and a gift of that Almighty to every man, woman, and child is freedom. And I believe it's in our Nation's interest to act upon that belief. And so I come to you today as a man honored to serve a great country, with some ideas on how we can stay strong economically, and a great faith in the capacity of freedom to bring the peace we want.

And with that, I'll be glad to answer any questions. From anybody other than the press corps. [*Laughter*] If I wanted to have a press conference, I'd call a press conference; right, Herman [Ken Herman, Cox News]?

Mr. Herman. [*Inaudible*]—Mr. President.

The President. I can't hear you. He's from Texas; forgive him. [*Laughter*]

Yes, ma'am.

Oil Industry

Q. I'm from that county outside Texas called Oklahoma.

The President. There you go. We love Oklahoma in Texas, except when you come down and beat our football teams. [*Laughter*]

Q. That is a bad thing.

They seem to be closing a lot of the refineries and capping off different oil wells, et cetera. Are they saving our oil? What are they doing?

The President. What happens—you know, an oilfield plays out. And many of the fields you're referring to in Oklahoma or parts of Texas are just old, and there's little to recover.

One of the interesting things that is taking place around the country, though, is that the higher price of oil has caused people to invest in new technologies, and the new technologies are enabling some to be able to get more of the reserves out of the reservoirs. But when a person caps off an oil well, plugs an oil well, at this price it pretty well means it's played out; there's not left.

Now, refineries is a different issue. We haven't built any new refineries. Now, we've expanded some refineries. We're not building new refineries, and it makes no sense not to increase the supply of gasoline. If you're concerned about the price of gasoline, one way to deal with it is to encourage the expansion of refineries.

And so one of the proposals I put forth to the Congress was, as we shut down bases through the BRAC process, why don't we provide land on those old bases for refineries and to encourage the expansion of refineries here in the United States. And it's just—anyway, it's—there are some who—I don't know why they wouldn't be for something as commonsensical as that.

I'll tell you another thing we ought to be doing is, we ought to be exploring for oil and gas in the Arctic—up in Alaska. You can't believe the technologies that are now available. You can drill on a small pad, without creating much of an impact on the environment, and explore laterally, in order to develop a field. And they tend to drill in the winter, on ice, and they move the rig off in the summer during the melt. So we've got the technologies capable of finding oil and gas reserves and hardly leaving a scratch on the environment up there. But it's become a cause celebre with a lot of the special interests in Washington, DC.

So I can't tell you why people aren't for refinery expansion. I'm just telling you they ought to be. There are some examples where refineries are expanding, like down there in Mississippi, for example, in the—Pascagoula. A big refinery has gotten permits on its current footprint to expand its capacity, and that's going to be good for the country. It's going to take a while. We will be using oil and gas for a while. And it's going to take a while to diversify. Therefore, for the sake of our consumers and our economy, we need to make sure we got reliable supplies as we develop new technologies. And new technologies are coming. It's going to be an exciting era, in my judgment.

Thank you. Yes, sir.

President's Domestic Agenda

Q. [*Inaudible*]—a commercial lender here in Fredericksburg.

The President. How do you like the mortgage plan? [*Laughter*] Cause I don't know——

Q. Well, the mortgage plan is a little bit tough. And I'm a commercial lender as well, so it's great to hear from the President. Just two issues that we're looking at against valuating financial statements, daily on the income statements, health care expenses, fuel expenses—what about my big customers that are driving diesel-powered equipment? What if fuel goes to 3.25 a gallon to $5.00, while at the same time that you're having an escalated health care expenses. So it's great to see you here today and preaching that message because, again, revenues aren't necessarily expanding in this soft economy we're in. So what happens in '08 and '09 when the——

The President. No, I appreciate that. That's why I'm against raising the gasoline tax. In other words, "We need to raise the gasoline tax." It comes up about every year in Congress. I'm against it for precisely that

reason, and—is somebody for it over there? [*Laughter*] I said, the Federal gasoline tax. [*Laughter*] Mr. Speaker, I wasn't talking about the State gasoline tax. [*Laughter*] But it's—yes, look, that's the concern, and I fully understand the pinch some of your folks are going to feel.

Having said that, this economy is pretty good. There are some—there's definitely some storm clouds and concerns, but the underpinning is good, and we'll work our way through this period. But I couldn't agree with you more that there's—your people have got some concerns. There's just some fundamental questions that we're going to have to make on issues like health care. The quick fix, at least what sounds like a quick fix, is going to be, don't worry, we'll handle it for you at the Federal Government.

And to me that would mean that the greatest health care system in the world would head toward mediocrity quite rapidly. We don't want rationing, people standing in lines. We want the great innovation and the private medicine to flourish. So my only caution is, is that people see the health care rising; I hope they don't leap to what sounds like a simple solution that would lead to a long-term problem for the country.

Yes, sir.

Transportation Infrastructure/Fuel Efficiency Standards

Q. You may have noticed that transportation is an issue for us in this area, and——

The President. Actually, the helicopter didn't get stuck in any traffic. [*Laughter*]

Q. I was wondering——

The President. Yes. What traffic jam? [*Laughter*] Anyway, yes it is; it's a huge issue.

Q. Yes, sir. And Homeland Security is moving more people in our area here, especially up on 610, and moving a lot of their offices. I was wondering if the Federal Government would be able to help us with our transportation problem, so that we could better facilitate Homeland facility—Homeland Security's problem.

The President. You're not looking for that special earmark, are you? [*Laughter*]

Q. No, no, sir.

The President. Yes, you are—at least you're honest. [*Laughter*] Here's the thing about highway funds, a couple of points. First of all, I don't know if you know this or not, but the Public Works Committee I guess is the largest in the House; is that right, Eric? Yes. And the way they get the bills out of the House onto the floor is everybody gets a special project. And so it's the largest committee, and then everybody gets them a special project, and then the bill moves, and then the funding formulas kick in. The way it ought to be done is they ought to adjust the funding formulas based upon rational measures, and then pass these bills without earmarks, without special projects. That's just the way it works. A lot of the money is spent before it even—the highway bill makes it to the floor, and it's just not a good system.

Secondly—and so therefore, they need to change the system. This isn't going to answer your question specifically. And it's not an intentional dodge, by the way, it's a slight dodge—[*laughter*]—because you know, you don't want your President walking around promising this project to this person or this project to that person. That's just not a—that's not what the President's job is to do. The President's job is to think strategically for the country and help get fiscal sanity into the process.

Secondly, no question that we're going to have to rethink for the longterm how to fund highways. Right now the highways are funded as a result of gasoline taxes, as you know. Not all of the money from the gasoline tax, by the way, goes to highway projects. There's a lot of mass transit money spent; there's other things that the money is spent on. I'm not making a qualitative judgment; I'm just telling you that not every dime collected from the highway tax—for the highway tax goes to highways.

Automobile—I just told you that we're going to become more efficient with our automobile, we're raising our fuel efficiency standards. In other words, cars and new technology and electricity are going to change how often people go to the pump. And so the source of revenues that had been kind of the staple of the interstate highway system since the fifties is going to change a lot. And so how—what's a rational way forward? I talked to Secretary Peters about this, and I have instructed her to think about alternative

methods of financing highway growth, such as user fees in lieu of/or in combination with current tax structure.

Now why would you do that? Well, if your automobiles are going to get less miles per gallon, then you're going to have to figure out—and you need additional highways, you're going to have to figure out a way to raise the money. And the user fee is a good way to do it. And if you happen to go to a user fee system, one of the interesting things that are being used is differential pricing. In other words, you pay a different price depending upon the day you drive; in other words, a market-oriented system. If one of the things you're concerned about is massive traffic jams on your highways, in and out of your community, then it may make sense to say to somebody, if you're going to ride between 9 and 4, you pay a higher fee than somebody riding before 9 or after 4. It's congestion pricing. It's worked in some parts of the world. I definitely think we ought to look at it.

In other words, what I'm telling you is, the funding system is antiquated relative to the challenges we're going to be facing. And so Secretary Peters is a good, smart soul who is looking through different alternatives. It's going to be a tough issue, as you found out locally, and it's going to be a tough issue, it's hard to get Washington to change sometimes. But we will do our part.

She's, by the way, very much engaged in making sure that the air transportation system is more modern. One thing we did over Thanksgiving, and we'll again do for Christmas, is take away some of the military flight lanes and provide them for commercial airlines. But the truth of the matter is, we need a more rational way of allocating gates amongst airlines, so that there is rational—a market-driven system in place. Anyway, I'm not going to answer your question on the special deal. [*Laughter*] Yes, sir. I'll leave that to your Congressman. [*Laughter*]

Fannie Mae and Freddie Mac Corporations

Q. [*Inaudible*]—Fredericksburg and Stafford area is a high cost-of-living area, and all the proposals for FHA, VA, and conventional loans are tied to the Fannie Mae and Freddie Mac limit of 417,000.

The President. Yes.

Q. And in this area, that works for some folks, but the interest rate on jumbo loans is now 1 percent higher than conforming loans. Has there been some effort to try to increase Fannie Mae or Freddie Mac?

The President. There has, in lieu—in conjunction with reforming of the two institutions to make sure that they stay focused. The reform would make sure they stay focused on their core missions. But there has been—and Secretary Paulson has been working with Congressman Frank in the House on this very issue, which is to raise the limit on jumbos in conjunction with reforms. I don't know if it's going to pass this time or not. I should have checked before I came. But it definitely is a part of the reform agenda that we're working with the House on.

Yes, sir.

Iran

Q. Mr. President, my name is Mike West. I'm a Stafford resident here. It's a pleasure to have——

The President. How long have you been living here, Mike?

Q. Seven years. We moved from Charleston, West Virginia.

My question is, I have three children in the school system here, and I'm very concerned about their well-being, living in this country. And you've done a wonderful job of protecting our Nation, but I'm concerned about the nations like Iraq, who now have nuclear weapons——

The President. Iran.

Q. Iran and Iraq both.

The President. Not Iraq. [*Laughter*]

Q. But my question would be about Iran. How is the diplomatic channels coming through there, as far as——

The President. No, I appreciate that, thanks. You all read a report the other day that said that Iran had, but halted, a covert military nuclear weapons program. I said in my press conference that that report came out, that that report says to me, when you read it carefully, Iran was a threat; Iran is a threat to peace; and Iran will be a threat to peace if we don't stop their enrichment

facilities because—I said that because there are three components to a nuclear weapons program. The first component is having the materials necessary to make a bomb. And you can either purchase materials that have already been processed, or you can learn how to process yourself. That's the enrichment component.

That program is still active, in spite of the fact that most of the world has said to the Iranians, stop your enrichment. And that's where you're watching the diplomacy play out. The ability to weaponize that material, in other words, to make it into something that explodes, that part of the program is what the intelligence people thought was ongoing at one time and suspended.

And finally, in order to be in a position to say you're a nuclear weapon power, you've got to be able to deliver the weapon by missiles. And they've spent a lot of time testing their missiles. So two of the three components in order to become a power, nuclear power with a weapons system, is—they're active. Now what I told the people—first of all, I think Iran is a danger to peace. And I believe that for a variety of reasons. I believe with a weapon they would be very destabilizing. I believe with a weapon we need to take their threats seriously about what they have said about one of our allies, Israel. And therefore, my attitude hasn't changed toward Iran. If somebody had them a weapons program, what's to say they couldn't start it up tomorrow? Since they tried to hide their program before, how would we know?

So my point on the Iranian issue is this: They owe an explanation to the world. They need to tell the world why they had a program that they didn't report. They need to make it clear to the international organization, the IAEA, what that program was all about, and why they hid it from the world. So Iran is a danger, and we will continue to work with friends and allies to convince them that it is in their interests to suspend their enrichment programs. And if they do, there's a way forward for them that is different from the way that—the path they're headed down now. They're heading down a path of isolation right now, and economic sanctions. We passed two resolutions out of the U.N., and Condi Rice is working on a third.

My message to the Iranian people is, one, we respect your history and traditions. It's your Government that is isolating you from the world. It's the decisions that your Government has made that is making it more difficult for you to put food on the table, making it more difficult for your family to realize their dreams. And there's a better way forward for the Iranian people than to have a Government that is nontransparent, that's hidden a program, and that refuses to listen to the demands of most of the civilized world, which is, give up your—suspend your program.

Interestingly enough, today Russia sent some enriched—or is in the process of sending enriched uranium to Iran to help on their civilian nuclear reactor. If that's the case, if the Russians are willing to do that, which I support, then the Iranians do not need to learn how to enrich. If the Iranians accept that uranium for a civilian nuclear powerplant, then there's no need for them to learn how to enrich. And so I appreciate your question.

Yes, sir.

Care for Wounded Military Personnel

Q. I'm Jeff Davis. I'm a retired marine Vietnam veteran, and I want to be assured that our wounded warriors are getting the health care that they deserve.

The President. Yes, I appreciate you saying that. I want to be assured of that too, Mr. Davis. First of all, thank you for serving. I feel a particular sense of obligation to make sure that the man or woman I send into combat gets the very best care possible. I will tell you, sir, that the doctors and nurses providing our military health care are fabulous. And the health care these troops are getting is excellent—no ands, ifs, or buts about it.

The bureaucracy, however, needed to be reviewed and fixed. You're taking these kids, unlike Vietnam, that are getting wounded in Iraq, they're coming straight off the battlefield, getting fine care there. If need be, they're in Germany getting intensive care. And they're here in the United States of America. Laura and I are going to Bethesda

and Walter Reed on Wednesday and Thursday. Two reasons: One, to tell those troops we love them; and two, to tell those docs and nurses who are working overtime to give them fabulous care, this country appreciates what they're doing.

Now, as you read, the Walter Reed deal, that was a bureaucratic foulup. Secretary Gates moved on it very quickly. It should show you our intensity in making sure that our troops get the very best care. The veterans system, in our judgment, can be fixed and improved. And that's why I asked Bob Dole and Donna Shalala to come together to make sure that veterans' benefits match the needs of these troops coming out of combat in Iraq and Afghanistan.

We've got to make sure that—here's what happens. You get transferred from the Department of Defense into the Veterans Administration, and sometimes that transfer isn't too smooth. So we believe there ought to be a seamless system. There needs to be health information technology for our troops. Our families need to have a case study—a case worker with them all the time.

So we're making good improvements, and we've addressed the bureaucratic shortfalls. We'll probably find others. But you need to know, sir, that I am absolutely convinced I can look the parents of—and loved ones of the troops in our eyes and say, your kid is going to get fabulous health care, and they deserve it.

Yes, sir.

Alternative Fuel Sources

Q. Thank you, Mr. President. With regards to research and development into mileage in cars—and I'm a hybrid owner myself——

The President. There you go.

Q. ——is there anything that is being done to—I understand the issue with the ethanol plants is there's no outlet for ethanol, other than 10 percent over at Exxon. Is there anything being done with that respect?

The President. Yes. Listen, a couple points there. First of all, the first hurdle to the use of ethanol is to have automobiles that are capable of using ethanol. And most automobiles are flex-fuel vehicles. You've probably—you've got one, and you just don't know it. Meaning, you use gasoline or ethanol and the engine works either way.

Secondly, the fuel blends probably in this area are 10 percent, but out in the Midwest they're up to 90 percent. And the reason why is this market is going to develop regionally. And by that I mean, obviously—what's interesting is that the most significant penetration of high-concentrated ethanol is in the Midwest, where there's corn. And if this area doesn't have the fuel stocks necessary to make ethanol, there's not a pipeline system that will enable a lot of ethanol to get here. And so what you're going to have is local production or regional production to fuel the capacity of you to be able to have more ethanol available at the pump.

The issue is the manufacturing of the product in the region as opposed to once the product is here in the region, that you're capable of finding an outlet that will deliver it to you. That's why this research into different raw materials for ethanol is going to be very important. So you can envision, if you can start using wood chips—you got you some wood around here—and all of a sudden it becomes a viable source of input into an ethanol plant.

But out Midwest, I repeat to you—I think they call it E–90, or something like that, which is 90 percent ethanol, is now available in a lot of pumps. And one of the concerns about the folks who live out there is, how do you get more of it available? And the marketplace tends to work. People start showing up demanding ethanol, and all of a sudden somebody figures out how to supply it.

But it's making pretty good market penetration in the Midwest. It's an interesting map to look at, and I believe the reason why is because, since corn is now the main source of ethanol, that's where you get to get your corn. But hopefully this research and development in a relatively quick period will come up with different alternative sources for ethanol. And I think it will, I really do, otherwise I wouldn't have put the 20–10 initiative.

Alrighty. Yes, sir.

Health Care Reform

Q. I'm a physician, and I happen to agree with your attitude about health care. And I think that the consumerism aspect of it needs

to be emphasized. I think we're going to have too many options out there to offer to the American public, and we won't be able to afford all of them. We can't hardly afford it now. But do you have new legislation out that you may propose for next year that would try to implement some of the ideas that you have, other than the health savings account?

The President. AHPs, we'll run it again, associated health plans. That's the plan that enables small businesses to pool across jurisdictional boundaries. Again, that's economies of scale, economies of spreading risk, which to me is a rational plan. It's opposed by different groups, by the way. It sounds logical and sounds rational, but evidently such a plan gets crossways with some of the interests in Washington, otherwise it would have passed.

Secondly, we'll run the tax deductibility again, which would be a significant change in enabling your patients to be treated just like the patient that works for a large corporation. And that's going to be a vital part, Doc, of making sure that people stay—making sure that we have a consumer-driven system.

We may run tort reform again; I'll see what it looks like. As I say, we passed it out of the House twice, if I'm not mistaken; went nowhere in the Senate. So there's three alternatives for you right there.

How's your practice?

Q. Doing well, thank you.

The President. That's good. I'm going to tell you something, we have fabulous health care in America, just so you know. I think it's very important—before people start griping about the health care system here—and of course there's always grounds for complaint—just to compare it with other systems around the world. And one of the reasons our system is expensive is because some of the new technologies that are coming on line, they happen to be saving lives. And can we become more efficient deliverers of health care? You bet. Are there things we can do? Absolutely. But whatever we do, we don't want to undermine the fact that we got great health care. I'm very proud of our docs, nurses, researchers. There's some just fabulous research going on in our country. To me that's in our national interest that we spend money on medical research, so that we can stay on the leading edge of change.

One more, and then I've got to get home. Yes, ma'am.

Stock Market

Q. Hi, Mr. President, I'm Kate Hopper, and I wanted to extend my holiday wishes to you and your family from all of our family.

The President. Thank you, thank you. I'm fired up about the holidays.

Q. I wanted to ask you—I'm a financial adviser here in Fredericksburg, and I wanted to ask you what your thoughts are on the market going forward for '08, and if any of your policies would make any difference?

The President. No, I appreciate that. Was it Kate?

Q. Yes.

The President. No. [*Laughter*] I'm not going to answer your question. If I were an investor, I would be looking at the basic fundamentals of the economy. Early on in my Presidency, somebody asked me about the stock market, and I thought I was a financial genius, and it was a mistake. [*Laughter*] The fundamentals of our—of this Nation are strong.

One of the interesting developments has been the role of exports in overall GDP growth. When you open up markets for goods and services, and we're treated fairly, we can compete just about with anybody, anywhere. And exports have been an integral part, at least of the 3d quarter growth. But far be it for me—I apologize—for not being in the position to answer your question. But I don't think you want your President opining on whether the Dow Jones is going to—[*laughter*]—be going up or down.

I appreciate you giving me a chance to come by. In the old days, the entourage wasn't quite as big, but we're glad that you were—you welcomed us all. I really do hope your families have a blessed Christmas and a holiday season. May God bless you all, and may God continue to bless our country. Thank you very much.

NOTE: The President spoke at 11:25 a.m. in Yak-a-Doo's restaurant at the Holiday Inn—North. In his remarks, he referred to Ralph Sutton, president, Stafford Rotary Club; Robert Hagin, former executive director, Morgan Stanley Investment

Mgmt.; and 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.

Remarks Following a Visit to the Little Sisters of the Poor's Jeanne Jugan Residence

December 18, 2007

Listen, thank you all for welcoming us. Laura and I are honored to be with you. Sister, thanks for your hospitality, and more importantly, thank you for showing the Nation what is possible when people with loving hearts reach out to a neighbor in need. It is easy to feel the great compassion of the sisters here in this hall as you help make somebody else's Christmas a joyous time of celebration.

First, there are volunteers here in the community who have taken time out of their busy schedules to volunteer to help somebody. And that's one of the messages of the Christmas season: that I hope our fellow citizens reach out and find a neighbor in need, find out somebody who needs a loving pat on the back, or somebody who could use a little help in learning how to read, or an elderly citizen who wants to know that somebody cares for them. It doesn't take much effort; it takes a little prioritization. And during a season in which we count our blessings, I would hope those of us who are blessed help somebody else.

And there's no better place to come to see that happening than right here. The Little Sisters of the Poor are renown for their great hearts and wonderful compassion. Isn't that right, Archbishop? [*Laughter*]

And so Laura and I are thrilled to be here with you all. I do want to thank the volunteers—high school students, some going to the schools nearby, some home-schooled, who have heard the universal call to love a neighbor just like you'd like to be loved yourself.

I want to thank you all for making cards for our troops in harm's way. As I worked the tables, I was most thankful that people here said that they pray for our troops, the safety of our troops. And so do I. And so does Laura. And one way to let our troops know that people care deeply about their safety and their well-being is to send them a Christmas card, which you all are fixing to do here. So I thank you for that as well.

I finally want to thank our musician. [*Laughter*] The man hadn't lost a step. [*Laughter*] Thank you, sir, for your beautiful—I particularly liked "The Eyes of Texas."

And so we say to you all, Merry Christmas. May God continue to bless you. May God continue to bless the United States of America. Thank you for your hospitality.

NOTE: The President spoke at 10:53 a.m. In his remarks, he referred to Mother Benedict de la Passion (Armstrong), Superior and president of the Jeanne Jugan Residence, Little Sisters of the Poor; Donald W. Wuerl, Archbishop of Washington; and Joe Dignazio, resident, Little Sisters of the Poor.

Remarks on Signing the Energy Independence and Security Act of 2007

December 19, 2007

Thank you all. Please be seated. Mr. Secretary, thank you for that introduction. We're all pleased to be here at the Department of Energy. I particularly want to thank the employees here for their daily efforts to help our country meet its energy needs. Thanks for your hard work. Sam, thank you for your leadership.

As Sam mentioned, I firmly believe this country needs to have a comprehensive energy strategy, and I appreciate the Members of Congress for understanding that as well. Two years ago, I was pleased to stand with Members—many of whom are here—to sign a bill that was the first major energy security legislation in more than a decade. At the time, I recognized that we needed to go even further. And so in my State of the Union, I proposed an aggressive plan to reduce oil consumption of gasoline by 20 percent over 10 years.

Today we make a major step with the Energy Independence and Security Act. We make a major step toward reducing our dependence on oil, confronting global climate