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FBI Day. I call upon all Americans to recognize the 100th anniversary of the Federal Bureau of Investigation.

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

George W. Bush

[Filed with the Office of the Federal Register, 12:03 p.m., July 16, 2008]

NOTE: This proclamation was published in the *Federal Register* on July 17.

Memorandum on Modification of the Withdrawal of Areas of the United States Outer Continental Shelf From Leasing Disposition

July 14, 2008

Memorandum for the Secretary of the Interior

Subject: Modification of the Withdrawal of Areas of the United States Outer Continental Shelf from Leasing Disposition

Under the authority vested in me as President of the United States, including section 12(a) of the Outer Continental Shelf Lands Act, 43 U.S.C. 1341(a), I hereby modify the prior memoranda of withdrawals from disposition by leasing of the United States Outer Continental Shelf issued on August 4, 1992, and June 12, 1998, as modified on January 9, 2007, to read only as follows:

> Under the authority vested in me as President of the United States, including section 12(a) of the Outer Continental Shelf Lands Act, 43 U.S.C. 1341(a), I hereby withdraw from disposition by leasing, for a time period without specific expiration, those areas of the Outer Continental Shelf designated as of July 14, 2008, as Marine Sanctuaries under the Marine Protection, Research, and Sanctuaries Act of 1972, 16 U.S.C. 1431–1434, 33 U.S.C. 1401 *et seq*.
>
> Nothing in this withdrawal affects the rights under existing leases in these areas.

George W. Bush

The President's News Conference

July 15, 2008

The President. Good morning. It's been a difficult time for many American families who are coping with declining housing values and high gasoline prices. This week, my administration took steps to help address both these challenges.

To help address challenges in the housing and financial markets, we announced temporary steps to help stabilize them and increase confidence in Fannie Mae and Freddie Mac. These two enterprises play a central role in our housing finance system, so Treasury Paulson has worked with the Federal Reserve Chairman, Bernanke, so that the companies and the Government regulators—put the companies and the Government regulators on a plan to strengthen these enterprises. We must ensure they can continue providing access to mortgage credit during this time of financial stress.

I appreciate the positive reaction this plan has received from many Members of Congress. I urge Members to move quickly to enact the plan in its entirety, along with the good oversight legislation that we have recommended for both Fannie Mae and Freddie Mac. This is a part of a—should be part of the housing package that is moving its way through the Congress. And I hope they move quickly. The newly proposed authorities will be temporary and used only if needed. And as we work to maintain the health of Fannie Mae and Freddie Mac, we'll work to ensure that they remain shareholder-owned companies.

To help address the pressure on gasoline prices, my administration took action this week to clear the way for offshore exploration on the Outer Continental Shelf. It's what's called OCS. Congress has restricted access to key parts of the OCS since the early 1980s. I've called on Congress to remove the ban. There was also an executive prohibition on

exploration—offshore exploration. So yesterday, I issued a memorandum to lift this executive prohibition. With this action, the executive branch's restrictions have been removed, and this means that the only thing standing between the American people and these vast oil resources is action from the U.S. Congress. Bringing OCS resources on line is going to take time, which means that the need for congressional action is urgent. The sooner Congress lifts the ban, the sooner we can get these resources from the ocean floor to the refineries to the gas pump.

Democratic leaders have been delaying action on offshore exploration, and now they have an opportunity to show that they finally heard the frustrations of the American people. They should match the action I have taken, repeal the congressional ban, and pass legislation to facilitate responsible offshore exploration.

Congress needs, also, to pass bills to fund our Government in a fiscally responsible way. I was disappointed to learn the Democratic leaders in the House postponed committee consideration of the defense appropriations bill, and they did so yesterday. They failed to get a single one of the 12 annual appropriations bills to my desk. In fact, this is the latest that both the House and the Senate have failed to pass any of their annual spending bills in more than two decades.

There are just 26 legislative days left before the end of the fiscal year. This means that to get their fundamental job done, Congress would have to pass a spending bill nearly every other day. This is not a record to be proud of, and I think the American people deserve better.

Our citizens are rightly concerned about the difficulties in the housing markets and high gasoline prices and the failure of the Democratic Congress to address these and other pressing issues. Yet despite the challenges we face, our economy has demonstrated remarkable resilience. While the unemployment rate has risen, it remains at 5.5 percent, which is still low by historical standards. And the economy continued to grow in the first quarter of this year. The growth is slower than we would have liked, but it was growth nonetheless.

We saw the signs of a slowdown early and enacted a bipartisan economic stimulus package. We've now delivered more than $91 billion in tax relief to more than 112 million American households this year. It's going to take some time before we feel the full benefit of the stimulus package, but the early signs are encouraging. Retails sales were up in May and June and should contribute—and will contribute—to economic growth. In the months ahead, we expect more Americans to take advantage of these stimulus payments and inject new energy into our economy.

The bottom line is this: We're going through a tough time, but our economy has continued growing, consumers are spending, businesses are investing, exports continue increasing, and American productivity remains strong. We can have confidence in the long-term foundation of our economy, and I believe we will come through this challenge stronger than ever before.

And now I'll be glad to take some questions from you.

Mr. Hunt [Terence Hunt, Associated Press].

Fannie Mae and Freddie Mac Corporations/U.S. Financial Institutions

Q. Mr. President, are America's banks in trouble? And does the rescue of Freddie Mae and Fannie Mac make more bailouts inevitable by sending the message that there are some institutions that are too big to fail and that it's okay to take risks?

The President. First, let me talk about Fannie Mae and Freddie Mac. A lot of people in the country probably don't understand how important they are to the mortgage markets. And it's really important for people to have confidence in the mortgage markets and that there be stability in the mortgage markets. And that's why Secretary Paulson announced the plan this weekend, which says that he needs authorities from the Congress to come up with a line of credit for these institutions, if needed, and that he ought to have the authority to invest capital, if needed.

And so the purpose was to send a clear signal that, one, we understand how important these institutions are to the mortgage markets, and two, to kind of calm nerves. The truth of the matter is, by laying this out, it

is—makes it less likely we'll need to use this kind of authority to begin with, which, by the way, is temporary authority.

As you—talked about banks. Now, if you're a commercial bank in America and your deposit—and you have a deposit in a commercial bank in America, your deposit is insured by the Federal Government up to $100,000. And so therefore, when you hear nervousness about your bank, you know, people start talking about how nervous they are about your bank's condition, the depositor must understand that the Federal Government, through the FDIC, stands behind the deposit up to $100,000. And therefore—which leads me to say that if you're a depositor, you're in—you're protected by the Federal Government.

I happened to have witnessed a bank run in Midland, Texas, one time. I'll never forget the guy standing in the bank lobby saying, "Your deposits are good. We got you insured. You don't have to worry about it if you got less than $100,000 in the bank." The problem was, people didn't hear. And there's a—became a nervousness. My hope is, is that people take a deep breath and realize that their deposits are protected by our Government.

So these are two different instances—mortgage markets on the one hand, banking on the other.

Q. And banking—do you think the system is in trouble?

The President. I think the system basically is sound; I truly do. And I understand there's a lot of nervousness. And—but the economy's growing; productivity is high; trade's up; people are working. It's not as good as we'd like, but—and to the extent that we find weakness, we'll move. That's one thing about this administration, we're not afraid of making tough decisions. And I thought the decision that Secretary Paulson recommended on Fannie Mae and Freddie Mac was the right decision.

Matt [Matt Spetalnick, Reuters].

National Economy/Legislative Agenda

Q. Mr. President, you mentioned the latest retail sales, but they actually show a smaller boost than economists had expected from the Government rebate checks. Given the latest economic data, are you still insisting that the United States is not headed for a recession? And are you willing to consider a second stimulus package if needed?

The President. Matt, I—all I can tell you is we grew in the first quarter. I can remember holding a press conference here and that same question came about, assuming that we weren't going to grow. But we showed growth. It's not the growth we'd like; we'd like stronger growth. And there are some things we can do. One is wait for the stimulus package to fully kick in and not raise taxes. If the Democratic leaders had their way in Congress, they would raise taxes, which would be the absolute wrong thing to do.

Secondly, they can pass housing legislation that reforms FHA as well as Fannie Mae and Freddie Mac. And by the way, a part of that—as I mentioned in my opening statement, a part of that reform will be a strong regulator to help these institutions stay focused on the core mission, which is mortgages.

They can pass energy legislation. I readily concede that, you know, it's not going to produce a barrel of oil tomorrow, but it is going to change the psychology that demand will constantly outstrip supply. As I said in my remarks, it's going to take a while to get these reserves on line. But it won't take a while to send a signal to the world that we're willing to use new technologies to find oil reserves here at home.

And the other thing Congress can do is work on trade legislation. One of the positives in the economy right now is the fact that we're selling more goods overseas. And they need to open up markets to Colombia and South Korea and Panama.

John [John Yang, NBC News].

National Economy

Q. Mr. President, just to follow up with Terry's question a little bit. You talked about the mortgage markets and banks. Are there other entities in the economy that are so crucial to the stability and confidence in the economy—I'm thinking particularly of General Motors, which today is cutting jobs, announcing they're going into the credit market to raise billions of dollars—are there other entities that are so crucial to stability that

require Government action to show support for them?

The President. Government action—if you're talking about bailing out—if your question is, should the Government bail out private enterprise? The answer is, no, it shouldn't. And by the way, the decisions on Fannie Mae and Freddie Mac—I hear some say "bailout"—I don't think it's a bailout. The shareholders still own the company. That's why I said we want this to continue to be a shareholder-owned company.

In this case, there is a feeling that the Government will stand behind mortgages through these two entities. And therefore, we felt a special need to step up and say that we are going to provide, if needed, temporary assistance through either debt or capital.

In terms of private enterprises, no, I don't think the Government ought to be involved with bailing out companies. I think the Government ought to create the conditions so that companies can survive. And I've listed four. And one of the things I'm deeply troubled about is people who feel like it's okay to raise taxes during these times. And it would be a huge mistake to raise taxes right now.

Plante [Bill Plante, CBS News].

Fannie Mae and Freddie Mac Corporations

Q. Mr. President, you just said twice that the—Fannie Mae and Freddie Mac should remain shareholder-owned companies. If that's the case, because of the implicit Government guarantee that they have, or that is understood—has been understood by the markets—their exposure is higher and their reserves are lower than any normal business's—should they be privatized altogether and be subject to normal business rules?

The President. Well, the first step is to make sure that there's confidence and stability in the mortgage markets through the actions that we have taken. Secondly, we strongly believe there ought to be a regulator. That's something—this is the position I have been advocating for a long time. And the reason why is, it's going to be very important for these institutions to focus on their core mission, which is to provide refinancing for the mortgage industry. And hopefully, these measures will instill the confidence in the people. And we'll see how things go.

Q. But they should still have that public guarantee then?

The President. You know, there is an implicit guarantee, as you said. They ought to be focusing on the missions they're expected to do. We have advocated reform for a long period of time. But these need to remain private enterprises, and that's what our message is.

Price of Gasoline/Oil Supply

Q. Mr. President, in February, you were asked about Americans facing the prospect of $4 a gallon gasoline, and you said you hadn't heard of that at the time. Gas prices——

The President. Heard of it now.

Q. Gas prices are now approaching $5 a gallon in some parts of the country. Offshore oil exploration is obviously a long-term approach. What is the short-term advice for Americans? What can you do now to help them?

The President. First of all, there is a psychology in the oil market that basically says, supplies are going to stay stagnant while demand rises. And that's reflected, somewhat, in the price of crude oil. Gasoline prices are reflected—the amount of a gasoline price at the pump is reflected in the price of crude oil. And therefore, it seems like it makes sense to me to say to the world that we're going to use new technologies to explore for oil and gas in the United States—offshore oil, ANWR, oil shale projects—to help change this psychology, to send a clear message that the supplies of oil will increase.

Secondly, obviously good conservation measures matter. I've been reading a lot about how the automobile companies are beginning to adjust—people—consumers are beginning to say, "Wait a minute, I don't want a gas guzzler anymore; I want a smaller car." So the two need to go hand in hand. There is no immediate fix. This took us a while to get in this problem; there is no short-term solution. I think it was in the Rose Garden where I issued this brilliant statement: If I had a magic wand. But the President

doesn't have a magic wand. You just can't say, low gas. It took us a while to get here, and we need to have a good strategy to get out of it.

Strategic Petroleum Reserve

Q. But you do have the strategic oil petroleum reserve. What about opening that?

The President. The strategic oil petroleum reserve is for, you know, emergencies. But that doesn't address the fundamental issue. And we need to address the fundamental issue—which I, frankly, have been talking about since I first became President—which was a combination of using technology to have alternative sources of energy, but at the same time, finding oil and gas here at home. And now is the time to get it done. I heard somebody say, "Well, it's going to take 7 years." Well, if we'd have done it 7 years ago, we'd have—be having a different conversation today. I'm not suggesting we'd have completely created—you know, changed the dynamics in the world, but it certainly would have been—we'd have been using more of our own oil and sending less money overseas.

Yes, Ed [Ed Henry, Cable News Network].

Former White House Press Secretary Scott McClellan/War on Terror in Iraq

Q. Thank you, Mr. President. Good morning.

The President. Thank you. It is a good morning.

Q. It is.

The President. Every day is a good morning when you get to serve the country.

Q. Absolutely. And we know you prize loyalty, so I wonder whether you felt betrayed by Scott McClellan's assessment of the war in Iraq? And moving forward, since there have been positive signs on the ground in Iraq, Senator Obama is about to take a trip there. What would be your advice to him as he tries to assess the situation on the ground?

The President. I have had no comment on—no comment now on Scott's book.

Secondly, I would ask him to listen carefully to Ryan Crocker and General Petraeus. It's—there's a temptation to kind of get—let the politics at home get in the way with the considered judgment of the commanders. That's why I strongly rejected an artificial timetable of withdrawal. It's kind of like an arbitrary thing, you know—"We will decide in the Halls of Congress how to conduct our affairs in Iraq based upon polls and politics, and we're going to impose this on people"—as opposed to listening to our commanders and our diplomats, and listening to the Iraqis, for that matter. The Iraqis have invited us to be there. But they share a goal with us, which is to get our combat troops out, as conditions permit. Matter of fact, that's what we're doing. Return on success has been the strategy of this administration, and our troops are coming home, but based upon success.

And so I would ask whoever goes there—whatever elected official goes there, to listen carefully to what is taking place and understand that the best way to go forward is to listen to the parties who are actually on the ground. And that's hard to do. I understand for some in Washington there's a lot of pressure. You got these groups out there—MoveOn.org, you know—banging away on these candidates, and it's hard to kind of divorce yourself from the politics.

And so I'm glad all the—a lot of these elected officials are going over there, because they'll get an interesting insight, something that you don't get from just reading your wonderful newspapers or listening to your TV shows.

John [John McKinnon, Wall Street Journal].

Q. Mr. President——

The President. Don't you call them TV shows? Newscasts, yes.

Price of Gasoline/Oil Supply/Alternative Fuel Sources

Q. ——following up on the question about oil, in the past, when oil prices have gone up a lot, they've wound up going down a lot afterward. But I wonder if you're able to say that oil prices in the future are going to come down a lot.

The President. I can't predict it, John. I mean, look, my attitude is, is that unless there is a focused effort—in the short term—unless there's a focused effort to bring more supplies to market, there's going to be a lot

of upward pressure on price. We got 85 million barrels a day and—of demand and 86 million barrels of production. And it's just—it's too narrow a spread, it seems like to me.

Now, I'm encouraged by, you know, the Caspian Basin exploration. I'm encouraged that the Saudis are reinvesting a lot into their older fields. And remember, some of these oil fields get on the decline rate, which requires a lot of investment to keep their production up to previous levels. So one thing we look at is how much money is being reinvested in some of those fields. I'm encouraged by that.

I am discouraged by the fact that some nations subsidize the purchases of product, like gasoline, which, therefore, means that demand may not be causing the market to adjust as rapidly as we'd like. I was heartened by the fact that the Chinese the other day announced that they're going to start reducing some of their subsidies—which all of a sudden you may have some, you know, demand-driven changes in the overall balance.

But, look, if we conserve and find more energy, we will done—have done our part to address, you know, the global market right now. And the other thing is that this is just a transition period. I mean, all of us want to get away from reliance upon hydrocarbons, but it's not going to happen overnight. One of these days, people are going to be using battery technologies in their cars. You've heard me say this a lot. I'm confident it's going to happen. And the throw-away line, of course, is that your car won't have to look like a golf cart.

But the question then becomes, where are we going to get electricity? And that's why I'm a big believer in nuclear power, to be able to make us less dependent on oil and better stewards of the environment. But there is a transition period during the hydrocarbon era, and it hasn't ended yet, as our people now know. Gasoline prices are high.

I don't—again, I don't want to be a "told you so," but if you go back and look at the strategy we put out early on in this administration, we understood what was coming. We knew the markets were going to be tight. And therefore, we called for additional exploration at home, plus what has been happening, which is an acceleration of new technologies—including ethanol technologies—to get us less dependent on crude oil from overseas.

Let's see here, Steven Lee. Steven Lee [Steven Lee Myers, New York Times].

Guantanamo Bay Detainees

Q. Mr. President, thank you. I wonder in light of the Supreme Court's decision if you could tell us what you plan to do with Guantanamo?

The President. Steven Lee, we're still analyzing—"we" being the Justice Department—are still analyzing the effects of the decision, which, as you know, I disagreed with. And secondly, we're working with Members of Congress on a way forward. This is a very complicated case; it complicated the situation in Guantanamo.

My view all along has been, either send them back home or give them a chance to have a day in court. I still believe that makes sense. We're just trying to figure out how to do so in light of the Supreme Court ruling.

Eggen [Dan Eggen, Washington Post].

Zimbabwe

Q. Mr. President, last week, China joined Russia in blocking the sanctions—Mugabe regime in Zimbabwe. I can't imagine this pleased you very much. Do you have any reaction to—particularly the Chinese move? And also, where do you go from here to try to make sure that the regime doesn't——

The President. You read my reaction right; I was displeased. We spent a lot of time on this subject at the G–8, and there was great concern by most of the nations there—well, the G–8 nations that were there—about what was taking place in Zimbabwe. And it's, frankly, unacceptable, and it should be unacceptable to a lot of folks.

And so we discussed the need for, you know, U.N. Security Council resolutions. And I was disappointed that the Russians vetoed. I didn't—I hadn't spent any time with the Chinese leader talking about—specifically talking about any Security Council resolutions; I'd had with President Medvedev.

And so I think the thing we need to do now is for us to analyze whether or not we can have some more bilateral sanctions on regime leaders. After all, these sanctions

were not against the Zimbabwe people; these were against the people that—in the Mugabe regime that made the decisions it made. We got the Treasury Department and State Department—are now working on a potential U.S. action.

Bret [Bret Baier, FOX News].

War on Terror in Iraq and Afghanistan

Q. Thank you, Mr. President. I have a two-part question on the war, in light of increasing violence in Afghanistan. Do you believe current U.S. troop levels in Iraq are hindering efforts to put more U.S. troops into Afghanistan?

And secondly, this morning in his prepared remarks, Senator Obama will say this: "By any measure, our single-minded, open-ended focus on Iraq is not a sound strategy for keeping America safe. In fact, as should have been apparent to President Bush and Senator McCain, the central front in the war on terror is not Iraq, and it never was."

The President. Well, as you know, I'm loath to respond to a particular Presidential candidate, and so I will try not to. My view is, is that the war on terror is being fought out on two simultaneous fronts that are noted—noticeable to the American people and on other fronts that aren't. And so the first question that anybody running for President gets: Is this a war? Or is this like law enforcement? Is it a—does this require full use of U.S. assets in order to protect the American people? As you know, I made the decision that it does require those assets.

Secondly, that these are two very important fronts, both of which are important to the future of the country. And therefore, we got to succeed in both. Thirdly, one front right now is going better than the other, and that's Iraq, where we're succeeding, and our troops are coming home based upon success. And Afghanistan is a tough fight. It's a tough fight because, one, this is a state that had been just ravaged by previous wars, and there wasn't a lot of central Government outreach to the people.

Secondly, there is a tough enemy, and they're brutal. And they kill at the drop of a hat in order to affect behavior. It's a little bit reminiscent of what was taking place in Iraq a couple of years ago, where the enemy knows that they can affect the mentality of the American people if they just continue to kill innocent folks. And they have no disregard [regard] * for human life. And it's really important we succeed there as well as in Iraq. We do not want the enemy to have safe haven. Of course—unless, of course, your attitude is, this isn't a war. So then if that's the case, it wouldn't matter whether we succeed or not.

But it is a two-front war. And I say there's other fronts, but there's other fronts where we're taking covert actions, for example.

Go ahead.

Troop Levels in Afghanistan/War on Terror

Q. Should Americans expect a troop surge in Afghanistan?

The President. We are surging troops in Afghanistan this way and committed——

Q. Even more?

The President. Well, we'll analyze the situation, of course, make a determination based upon the conditions on the ground. But we did surge troops. We surged troops; France surged troops. I said in Bucharest, we'll add more troops. And then, of course, we got to make sure the strategy works—you know, have a counterinsurgency strategy that not only provides security but also provides economic follow-up after the security has been enhanced.

The question really facing the country is, will we have the patience and the determination to succeed in these very difficult theaters? And I understand exhaustion, and I understand people getting tired. And—but I would hope that whoever follows me understands that we're at war, and now is not the time to give up in the struggle against this enemy. And that while there hasn't been an attack on the homeland, that's not to say people don't want to attack us. And safe havens become very dangerous for the American people. And we've got to deny safe haven and, at the same time, win the struggle by advancing democracy.

This is an ideological struggle we're involved in. These people kill for a reason. They want us to leave. They want us to, you

* White House correction.

know, not push back. They don't want democracy to succeed. And yet, if given a chance, democracy will succeed. And so these two theaters are the big challenge of the time, and the war itself is the challenge.

Yes, Roger [Roger Runningen, Bloomberg News].

National Economy/Legislative Agenda

Q. Thank you, sir. I want to follow up on Matt's question about a second economic stimulus——

The President. On whose question?

Q. Matt's question about a second economic stimulus package.

The President. Brilliant question, Matt. Now they're going to start quoting you, you know. Congratulations. [*Laughter*]

Q. Maybe I missed it, but did you rule out one or——

The President. I said we ought to see how this one—first one works. Let it run its course.

Q. Is it too late to consider a second one in your administration?

The President. You know, we—we're always open-minded to things, but I—let's see how this stimulus package works, and let us deal with the housing market with good piece of housing legislation and the energy issue with good energy legislation and the trade issue with good trade legislation.

People say, "Aww, man, you're running out of time; nothing is going to happen." I'll remind people what did happen: We got a good troop funding bill with no strings; got a GI bill; we got FISA. What can we get done? We can get good housing legislation done. We can get good energy legislation done. We can get trade bills done. I mean, there's plenty of time to get action with the United States Congress, and they need to move quickly. We can get judges approved.

And so I'm—we'll see what happens up there. I'm confident that if they put their mind to it, we can get good legislation.

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

Price of Gasoline/Energy Consumption

Q. Mr. President, understanding what you say about energy supplies being tight and the debate over energy, which has gone on for years and will continue long through the campaign and into the next administration, one thing nobody debates is that if Americans use less energy——

The President. Correct.

Q. ——the supply/demand equation would improve. Why have you not sort of called on Americans to drive less and to turn down the thermostat?

The President. They're smart enough to figure out whether they're going to drive less or not. I mean, you know, it's interesting what the price of gasoline has done—is it caused people to drive less. That's why they want smaller cars, they want to conserve. But the consumer is plenty bright, Mark. The marketplace works.

Secondly, we have worked with Congress to change CAFE standards and had a mandatory alternative fuel requirement.

So, no question about it, what you just said is right. One way to correct the imbalance is to save, is to conserve. And as you noticed in my statement yesterday, I talked about good conservation. And people can figure out whether they need to drive more or less; they can balance their own checkbooks.

Q. But you don't see the need to ask—you don't think—see the value in your calling for a campaign——

The President. I think people ought to conserve and be wise about how they use gasoline and energy. Absolutely. And there's some easy steps people can take. You know, if they're not in their home, they don't keep their air-conditioning running. There's a lot of things people can do.

But my point to you, Mark, is that, you know, it's a little presumptuous on my part to dictate to consumers how they live their lives. The American people are plenty capable and plenty smart people, and they'll make adjustments to their own pocketbooks. That's why I was so much in favor of letting them keep more of their own money. It's a philosophical difference: Should the Government spend their money, or should they spend their own money? And I've got faith in the American people.

And as much as I regret that the gasoline prices are high—and they are—I also understand that people are going to make adjustments to meet their own needs. And I suspect you'll see, in the whole, Americans using less gasoline. I bet that's going to happen. And in the meantime, technologies will be coming on the market that will enable them to drive and save money, compared to the automobiles they're using before. And as you notice, the automobile industry is beginning to adjust here at home as consumer demand changes. And the great thing about our system, it is the consumer that drives our system; it's the individual American and their collection that end up driving the economy.

Yes, Ann [Ann Compton, ABC News].

Iraq

Q. Could I follow up on a couple of points, please?

The President. Okay.

Q. You never mention oil companies. Are you confident that American oil producers are tapping all of the sources they have out there, including offshore? And on Iraq, will you sign an interim agreement with Prime Minister Maliki on American operations in Iraq, leaving it to your successor to do a more permanent agreement?

The President. There are—let me start with Iraq. We're in the process of working on a strategic framework agreement with the Iraqi Government that will talk about cooperation on a variety of fronts—diplomacy, economics, justice. Part of that agreement is a security agreement, and I believe that, you know, they want to have an aspirational goal as to how quickly the transition to what we have called overwatch takes place. Overwatch will mean that the U.S. will be in a training mission, logistical support as well as special ops.

In order for our troops to be in a foreign country, there must be an understanding with the Government. There must be authorities to operate as well as protections for our troops. We're in the process of negotiating that as well. And it needs to be done prior to the year because—unless, of course, the U.N. mandate is extended. And so there are two aspects to the agreement—people seem to conflate the two—and we're working both of them simultaneously.

Let's see here.

Oil Supply

Q. American oil producers?

The President. Oh, what was the question again on that?

Q. Well, you talked about offshore——

The President. What about them? Do I think they're investing capital to find more reserves with the price at $140 a barrel? Absolutely. Take an offshore exploration company—first of all, it costs a lot of money to buy the lease, so they tie up capital. Secondly, it takes a lot of money to do the geophysics, to determine what the structure may or may not look like. That ties up capital. Then they put the rig out there. Now, first of all, in a Federal offshore lease, if you're not exploring within a set period of time, you lose your bonus; you lose the amount of money that you paid to get the lease in the first place.

And once you explore—your first exploratory, if you happen to find oil or gas, it is—you'll find yourself in a position where a lot of capital is tied up. And it becomes in your interest, your economic interest, to continue to explore so as to reduce the capital costs of the project on a per-barrel basis. And so I think they're exploring. And hopefully a lot of people continue to explore so that the supply of oil worldwide increases relative to demand.

Now, people say, "What about the speculators?" I think you can't help but notice there is some volatility in price in the marketplace, which obviously there are some people in the—buying and selling on a daily basis. On the other hand, the fundamentals are what's really driving the long-term price of oil, and that is: Demand for oil has increased, and supply has not kept up with it. And so part of our strategy in our country has got to be to say, okay, here are some suspected reserves, and that we ought to go after them in an environmentally friendly way.

A buddy of mine said, "Well, what about the reefs?" So I'm concerned about the reefs. I'm a fisherman; I like to fish. Reefs are important for fisheries. But the technology is such that you can protect the reefs. You don't

have to drill on top of a reef. You can drill away from a reef and then have a horizontal hole to help you explore a reservoir.

It's like in Alaska, you know. In the old days, you would have had to have—if you ever go out to west Texas, you'll see—there's like a rig every 20 acres, depending upon the formation. In Alaska, you can have one pad with a lot of horizontal drilling, which enables you to exploit the resources in a way that doesn't damage the environment. These are new technologies that have come to be, and yet we've got an old energy policy that hasn't recognized how the industry has changed. And now is the time to get people to recognize how the industry has changed.

April [April Ryan, American Urban Radio Networks].

Sudan

Q. Mr. President——

The President. Yes.

Q. Two questions; one on energy and another on Sudan.

The President. On what?

Q. Not energy, I'm sorry, the economy. When, in your guesstimation, will this country see a turnaround as relates to the softening economy? When will it become strong again?

And also, on the Sudan, the Sudanese Government is looking to the United Nations for help in this situation with the ICC. And this is a body that they have ignored before. What are your thoughts about what's happening with the Sudan?

The President. Well, we're not a member of the ICC, so we'll see how that plays out.

My thought on Sudan is, is that the United Nations needs to work with this current Government to get those troops in to help save lives—AU hybrid force. I talked to Williamson, who's the Special Envoy to Sudan, yesterday. There's two aspects to the Sudanese issue. One is the north-south agreement, and he was talking about the need to make sure that there is a clear understanding about how oil revenues will be shared between north and south in a certain part of the border region there, so as to make sure that there is—that this agreement that Ambassador Danforth negotiated stays intact and stays full.

And the other aspect, obviously, is Darfur. And that's a very, very complex issue. We're trying to make—we're trying to work with the rebel groups so that they speak more with one voice. We're trying to work with Bashir to make sure he understands that there will be continued sanctions if he doesn't move forward. We're trying to help get this—AU troops in Africa—throughout Africa into Sudan. And we're working with the French on the issue of Chad.

And it's a complex situation, and sadly enough, innocent people are being displaced and are losing their life. And it's very difficult and unacceptable. And as you know, I made the decision not to unilaterally send troops. Once that decision was made, then we had to reply upon the United Nations. And I brought this issue up at the G–8 with our partners there. There's the same sense of consternation and the same sense of frustration that things haven't moved quicker. I talked to Ban Ki-moon about the issue, and he told me—I think he told me that by the end of this year, a full complement of AU troops will be there. Then the question is, will the Government help expedite the delivery of humanitarian aid?

Anyway, the other question?

National Economy/Legislative Agenda

Q. Yes, the other question——

The President. When will the economy turn around?

Q. Yes.

The President. I'm not an economist, but I do believe that we're growing. And I can remember this press conference here where people yelling "recession this, recession that"—as if you're economists. And I'm an optimist. I believe there's a lot of positive things for our economy. But I will tell you, it's not growing the way it should, and I'm sorry people are paying as high gasoline prices as they are. And all I know is, good policy will help expedite a—will strengthen our economy.

Q. Do you think it will change before you leave office?

The President. I certainly hope it changes tomorrow. But it's—I'm also realistic to know

things don't change on a dime. But nevertheless, the economy is growing. There's obviously financial uncertainty. We've talked about the decisions on the GSEs here. People need to know that if they've got a deposit in a commercial bank, the Government will make good up to $100,000 worth of their deposit. There's no question, it's a time of uncertainty. There's a lot of events taking place at the same time. But we can pass some good law to help expedite the recovery.

One such law is a good housing—piece of housing legislation. The Congress needs to get moving on it. Another such law is to send a signal that we're willing to explore for oil here at home. I fully understand that this is a transition period away from hydrocarbons, but we ought to be wise about how we use our own resources. I think it would be a powerful signal if we announce that we're going to really get after it when it comes to oil shale. There's enormous reserves in the western States. And I think if the world saw that we're willing to put a focused, concerted effort on using new technologies to bring those reserves to bear, which would then relieve some pressure on gasoline prices, it would have an impact.

The other thing is, is that—I'm sure you know this, April, but we haven't built a refinery—a new refinery in the United States since the early seventies. It makes no sense. And yet you try to get one permitted, it is unbelievably difficult to do. People aren't willing to risk capital if they're deeply concerned about how their capital is going to be tied up in lawsuits or regulations. And we import a lot of gasoline, refined product from overseas.

So there's some things we can do to send signals that it's important that we can get the economy—take advantage of the positive aspects and get it moving stronger again.

The other thing is trade. It is—I don't understand the decision on the Colombia free trade market—free trade agreement. The Congress has given preferential treatment to goods coming out of Colombia through the Andean Trade Preference Act. In other words, Colombia businesses can sell into our country relatively duty free. And yet we don't have the same—we don't get the same treatment. Now, why does that make sense? It doesn't.

You know, trade—our trade or exports have helped keep the economy growing, April, as paltry as it may be. Doesn't it make sense for us to continue to open up further opportunities to sell goods? I think it does. I do not understand why it's okay for Colombia to be able to sell into our country close to duty free, and we don't have the same advantage. And secondly, turning our back on somebody like Uribe makes no sense at all. He is a courageous fighter against terrorists. And yet our Congress won't even bring up a free trade agreement with Colombia.

Anyway, it's—politics is just choking good sense. And the other thing is, is that once we get moving on Colombia, we need to get moving on Panama and South Korea. It's in our country's interest we do that.

Olivier. Olivier [Olivier Knox, Agence France-Presse].

Afghanistan/Pakistan

Q. Yes, sir. A follow up on——

Press Secretary Dana Perino. They look alike—[*laughter*].

Q. Following up on Bret Baier's question——

Ms. Perino. ——Olivier. [*Laughter*]

The President. I know who Olivier is. I was just winking at Myers, you know. [*Laughter*]

Ms. Perino. Oh, I see.

The President. Yes, Olivier.

Q. Thank you, sir. Following up on Bret Baier's question——

The President. What was the question, Olivier? I'm 62, I'm having trouble remembering a lot of things.

Q. It was about Afghanistan, sir.

The President. Good, yes.

Q. Okay. Afghan President——

The President. I remember it now.

Q. Afghan President Hamid Karzai has blamed Pakistan's intelligence services for a recent terrorist attack on his country, and recent reporting suggests that Al Qaida has regrouped to pre-September 11th levels along the border between Pakistan and Afghanistan. Is President Karzai correct? And do you

think the new President—the new Government in Pakistan is willing and is able to fight the terrorists?

The President. First of all, we'll investigate his charge and we'll work with his service to get to the bottom of his allegation. No question, however, that some extremists are coming out of parts of Pakistan into Afghanistan. And that's troubling to us, it's troubling to Afghanistan, and it should be troubling to Pakistan. We share a common enemy. That would be extremists who use violence to either disrupt democracy or prevent democracy from taking hold.

Al Qaida is—they're there. We have hurt Al Qaida hard—hit them hard, and hurt them in—around the world, including in Pakistan. And we will continue to keep the pressure on Al Qaida with our Pakistan friends.

I certainly hope that the Government understands the dangers of extremists moving in their country. I think they do. As a matter of fact, we'll have an opportunity to explore that further on Monday with the Prime Minister of Pakistan. Pakistan is an ally; Pakistan is a friend. And I repeat: All three countries—United States, Pakistan, and Afghanistan—share a common enemy.

I remember very well the meeting I had at the White House with President Musharraf and President Karzai. And we talked about the need for cross-border cooperation to prevent dangerous elements from training and coming into Afghanistan, and then, by the way, returning home with a skill level that could be used against the Government.

And there was some hopeful progress made. Obviously, it's still a tough fight there. And we were heartened by the Provincial elections in that part of the world. We will continue to work to help the Government, on the one hand, deal with extremists; and on the other hand, have a counter—effective counterinsurgency strategy that uses aid to foster economic development. And it's a challenge. And the three of us working together can deal with the challenge a lot better than if we don't work together.

Okay, I've enjoyed it. Thank you very much for your time. Appreciate it. Yes.

Q. Come back soon.

The President. I will.

NOTE: The President's news conference began at 10:22 a.m. in the James S. Brady Press Briefing Room at the White House. In his remarks, he referred to Democratic Presidential candidate Barack Obama; Gen. David H. Petraeus, USA, commanding general, Multi-National Force—Iraq; President Hu Jintao of China; President President Dmitry A. Medvedev of Russia; President Robert Mugabe of Zimbabwe; Ambassador Richard S. Williamson, Special Envoy for Sudan; Ambassador John C. Danforth, former Special Envoy for Sudan; President Umar Hassan Ahmad al-Bashir of Sudan; Secretary-General Ban Ki-moon of the United Nations; President Alvaro Uribe Velez of Colombia; President Hamid Karzai of Afghanistan; and Prime Minister Syed Yousuf Raza Gilani and President Pervez Musharraf of Pakistan. Reporters referred to Republican Presidential candidate John McCain; and Prime Minister Nuri al-Maliki of Iraq.

Message to the House of Representatives Returning Without Approval the "Medicare Improvements for Patients and Providers Act of 2008"

July 15, 2008

To the House of Representatives:

I am returning herewith without my approval H.R. 6331, the "Medicare Improvements for Patients and Providers Act of 2008." I support the primary objective of this legislation, to forestall reductions in physician payments. Yet taking choices away from seniors to pay physicians is wrong. This bill is objectionable, and I am vetoing it because:

- It would harm beneficiaries by taking private health plan options away from them; already more than 9.6 million beneficiaries, many of whom are considered lower-income, have chosen to join a Medicare Advantage (MA) plan, and it is estimated that this bill would decrease MA enrollment by about 2.3 million individuals in 2013 relative to the program's current baseline;
- It would undermine the Medicare prescription drug program, which today is effectively providing coverage to 32 million beneficiaries directly through competitive private plans or through Medicare-subsidized retirement plans; and