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President Holds Press Conference

The James S. Brady Briefing Room

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THE PRESIDENT: Good morning. With the second term underway and a new Congress at work, we're moving forward on great goals for our country. In my inaugural address I renewed this nation's commitment to expanding liberty at home and promoting liberty abroad.

Because our own freedom is enhanced by the expansion of freedom in other nations, I set out the long-term goal of ending tyranny in our world. This will require the commitment of generations, but we're seeing much progress in our time. In late 2004, the people of Afghanistan defied the threats of terrorists and went to the polls to choose their leaders. The Palestinian people have elected a President who has renounced violence. This week, Ukraine inaugurated a new President, President Yushchenko. And just four days from now, the people of Iraq will vote in free national elections.

Terrorists in that country have declared war against democracy, itself, and thereby, declared war against the Iraqi people, themselves. Yet the elections will go forward. Millions of Iraqi voters will show their bravery, their love of country, and their desire to live in freedom.

Across the world, freedom has deadly enemies; yet, across the world, freedom has great and growing momentum. There has been enormous sacrifices made by some of our citizens in the spread of freedom.

Families suffer as the result of the loss of a loved one. We continue to offer our condolences and prayers for those who do suffer. We'll honor the memories of their loved ones by completing our missions.

Next week, I will report to Congress on the state of the union and describe in more detail a legislative agenda to serve the goals I have outlined. I'll ask the House and Senate to act soon on the issue of Social Security, so that we don't pass a bankrupt system on to our children and our grandchildren. I'm open to good ideas from members of Congress. I'll work with both parties to get results. Any solution



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must confront the problem fully and directly by making the system permanently solvent and providing the option of personal accounts.

For this new term, I've assembled an exceptional Cabinet, and several members are taking office this week. In addition to speedy action on all my nominees, I especially urge the Senate to confirm Condoleezza Rice today, and to promptly act and confirm Judge Al Gonzales.

We have a full agenda. I'm looking forward to the work ahead. And now I'm looking forward to answering some of your questions. Terry.

Q Mr. President, the insurgents in Iraq are threatening to kill anyone who comes out to vote on Sunday. Do you think they'll succeed in killing or scaring away enough people so that the elections will be rendered seriously flawed or not credible?

THE PRESIDENT: We anticipate a lot of Iraqis will vote. Clearly, there are some who are intimidated. Surveys show that the vast majority of people do want to participate in democracy. And some are feeling intimidated. I urge all people to vote. I urge people to defy these terrorists. These terrorists are -- do not have the best interests of the Iraqi people in mind. They have no positive agenda. They have no clear view of a better future. They're afraid of a free society.

I am impressed by the bravery of the Iraqi citizens. I am heartened by the strong words of Prime Minister Allawi. I talked to him yesterday on the phone. He is determined to lead his country forward into the elections. I appreciate the hard work of the United Nations, which is providing good leadership on the ground. And I anticipate a -- a grand moment in Iraqi history. If we'd been having this discussion a couple of years ago and I'd have stood up in front of you and said the Iraqi people would be voting, you would look at me like some of you still look at me, with a kind of blank expression. People are voting. And this is a part of a process, to write a constitution and then elect a permanent assembly. And it's exciting times for the Iraqi people.



Steve.

Q Can I ask a follow-up, sir? What would be a credible turnout number?

THE PRESIDENT: The fact that they're voting, in itself, is successful. Again, this is a long process. It is a process that will begin to write a constitution and then elect a permanent assembly. And this process will take place over this next year. It's a -- it is a grand moment for those who believe in freedom.

Q Sir, your inaugural address has been interpreted as a new, aggressive posture against certain countries, in particular Iran. Should we view it that way?

THE PRESIDENT: My inaugural address reflected the policies of the past four years that said -- that we're implementing in Afghanistan and Iraq. And it talked about a way forward. I think America is at its best when it leads toward an ideal. And certainly, a world without tyranny is an ideal world. The spread of freedom is important for future generations of Americans. I firmly believe that free societies are peaceful societies, and I believe every person desires to be free. And so I look forward to leading the world in that direction for the next four years.

Q Do you see it as a policy shift?

THE PRESIDENT: No, as I said, it reflects the policy of the past, but it sets a bold, new goal for the future. And I believe this country is best when it heads toward an ideal world. We are at our best. And in doing so, we're reflecting universal values and universal ideas that honor each man and woman, that recognize human rights and human dignity depends upon human liberty. And it's -- I'm looking forward to the challenge, and I'm looking forward to reaching out to our friends and allies to convince them of the necessity to continue to work together to help liberate people.

Yes, Terry.

Q Mr. President, let me take you up on that, if I may. Last month in Jordan, a gentleman named Ali Hatar was arrested after delivering a lecture called, "Why We Boycott America." He was charged under section 191 of their penal code for slander of government officials. He stood up for democracy, you might say. And I wonder if here and now, you will specifically condemn this abuse of human rights by a key American ally. And if you won't, sir, then what, in a practical sense, do your fine words mean?

THE PRESIDENT: I'm unaware of the case. You've asked me to comment on something that I didn't know took place. I urge my friend, His Majesty, to make sure that democracy continues to advance in Jordan. I noticed today that he put forth a reform that will help more people participate in future governments of Jordan. I appreciate His Majesty's understanding of the need for democracy to advance in the greater Middle East. We visited with him at the G8, and he has been a strong advocate of the advance of freedom and democracy.

Now, let me finish. Obviously, we're discussing a process. As I said in my speech, not every nation is going to immediately adopt America's vision of democracy, and I fully understand that. But we expect nations to adopt the values inherent in a democracy, which is human rights and human dignity, that every person matters and every person ought to have a voice. And His Majesty is making progress toward that goal.

I can't speak specifically to the case. You're asking me to speak about a case that I don't know the facts.

Q Fair enough. If I could just follow up. Will you then -- does your inaugural address mean that when it comes to people like Mr. Hatar, you won't compromise because of a U.S. ally and you will stand --

THE PRESIDENT: Again, I don't know the facts, Terry. You're asking me to comment on something I do not know the facts. Perhaps you're accurate in your description of the facts, but I have not seen

those facts. Now, nevertheless, we have spoken out in the past and we'll continue to speak out for human rights and human dignity, and the right for people to express themselves in the public square.

Q Mr. President, in the debate over Dr. Rice's confirmation, Democrats came right out and accused you and the administration of lying in the run-up to the war in Iraq. Republicans, in some cases, conceded that mistakes have been made. Now that the election is over, are you willing to concede that any mistakes were made? And how do you feel about --

THE PRESIDENT: Let me talk about Dr. Rice -- you asked about her confirmation. Dr. Rice is an honorable, fine public servant who needs to be confirmed. She will be a great Secretary of State. And Dr. Rice and I look forward to moving forward. We look forward to working to make sure the Iraqis have got a democracy. We look forward to continuing to make sure Afghanistan is as secure as possible from potential Taliban resurgence. We look forward to spreading freedom around the world. And she is going to make a wonderful Secretary of State.

Q No reaction to the lying? No reaction? (Laughter.)

THE PRESIDENT: Is that your question? The answer is, no. Next.

Q I'd like to ask you -- sir, I'd like to ask you about the deficit. But before I do that, there is a developing story this morning -- the helicopter crash in Iraq. Can you tell us what you know about that, what may have caused it, and your reaction to it?

THE PRESIDENT: I know that it's being investigated by the Defense Department. And, obviously, any time we lose life it is a sad moment.

Q Don't know whether it was weather-related, or not --

THE PRESIDENT: Not yet. I've heard rumors, but I'll wait to the facts.

Q You're preparing to ask Congress for an additional \$80 billion in war spending in Afghanistan and Iraq. The White House is also prepared to predict a budget deficit of \$427 billion for this year. You talk about sacrifice in this country. Do you think that you're really asking Americans to sacrifice financially -- when you're asking them to fund the war, yet, at the same time, perhaps pay an exorbitant amount to set up private accounts in Social Security, pay for a prescription drug benefit, as well as other spending plans?

THE PRESIDENT: So the --

Q And tax cuts, to make those permanent? It's a lot of money.

THE PRESIDENT: Okay, let me see if I can dissect your question into separate parts. First, Americans pay a lot of taxes. They pay tax at the federal level, they pay tax at the state level, they pay tax at the local level. Americans do pay taxes.

Secondly, I made the commitment to our troops, we'll fund them. And that's exactly what we're doing. We've got people in harm's way; I look forward to working with Congress to fund what is necessary to help those troops complete their mission.

Thirdly, we have presented a plan in the past, and we'll present one here next -- earlier -- later on this -- in February, that will show we will cut the deficit in half. And it's obviously going to require cooperation with the United States Congress to make some very difficult decisions when it comes to funding the budgets.

Fourthly, we not only were attacked and needed -- therefore, needed to defend ourselves, we also had a recession. And I felt it was very important to reduce the tax burden on the American people to get out of the recession. In other words, we were dealing with twin problems. And because of the tax relief our economy is growing forward.

Last year at this time, the projected budget was \$527 billion. You might remember that. It turned out that the budget was \$412 billion for last year. Now the budget is projected to be at \$427 billion. We look forward to working to hold the line with the United States Congress on spending. And as I say, I'll promote a package that will show the budget being cut in half over the next five years.

John.

Q Mr. President, I want to try another way to ask you about Iraq. When you made the decision to go to war in Iraq, you clearly had majority support in the country. A string of recent polls have shown a clear majority of the American people now believe it was a mistake to go to war in Iraq. You've asked for \$80 billion in more money on top of the billions already spent. The army says that we'll probably have 100,000 or more troops in Iraq for at least another year. What would you say to the American people, including a significant number who supported you at the beginning of the war, who now say this is not what we were led to believe would happen?

THE PRESIDENT: A couple of things, John. I'd say the world is better off without Saddam Hussein in power. A world with Saddam Hussein in power would have been a -- would have been a more dangerous world today. Secondly, that we're making progress in helping Iraq develop a democracy. And in the long-term, our children and grandchildren will benefit from a free Iraq.

In terms of troop levels, obviously, we'll have the troop levels necessary to complete the mission. And that mission is to enable Iraq to defend herself from terrorists -- homegrown or terrorists that come in from outside of the country. And so our mission is focused on not only an increase in the number of Iraqis in uniform -- whether it be Army or National Guard or border patrol or police -- but to make sure the quality of their ability to fight is enhanced. And so, over the next year we'll be advancing our plan to make sure the Iraqis are better prepared to defend themselves and to fight. There's been some really fine units that have been stood up so far, and obviously we want to make sure there are more units that are capable of fighting.

Listen, this problem will eventually be solved when the Iraqis take the initiative and the Iraqi people see

Iraqi soldiers willing to defend them. And so -- and the American people, when they see the Iraqis step up and begin to fight, will see progress being made toward an objective which will make this world a better place.

I don't want to rehash something that I'm sure you got tired of hearing me talk about on the campaign trail, but it is -- the decisions we make today can affect how people live 30, 40 or 50 years from now. And I bring up, once again, my example about working with Prime Minister Koizumi of Japan. And it wasn't all that long ago that Japan was a bitter enemy. And today, because Japan is a democracy and a free country, the Japanese are strong allies with the United States of America and we're better off for it.

And listen, the story today is going to be very discouraging to the American people. I understand that. We value life. And we weep and mourn when soldiers lose their life. And -- but it is the long-term objective that is vital, and that is to spread freedom. Otherwise, the Middle East will be -- will continue to be a cauldron of resentment and hate, a recruiting ground for those who have this vision of the world that is the exact opposite of ours.

Carl, welcome to the beat. Is everybody thrilled Carl is here?

Q Yes. (Laughter.)

Q Thanks, very much.

THE PRESIDENT: Please express a little more enthusiasm for him. (Laughter.)

Q A question on Social Security, if we may, sir. There has been, as you move forward to making your plan -- your ultimate proposal, growing concern among Republicans on Capitol Hill. We had Chairman Thomas last week with some concern about the process, and Senator Olympia Snowe on the other side suggesting that she's concerned about an absentee guaranteed benefit -- excuse me. Are you prepared today to say that those who opt into a potential private account -- personal account could, in fact, have a guaranteed benefit, as well? And what do you say to Republicans who are beginning to worry?

THE PRESIDENT: I am looking forward to working with both Republicans and Democrats to advance a plan that will permanently solve Social Security.

There is -- I met yesterday with members of the United States Senate, I'm meeting today with members of the House of Representatives to discuss the need to work together to get a -- a solution that will fix the problem. And here's the problem: the -- as dictated by just math, there is -- the system will be in the red in 13 years, and in 2042 the system will be broke. That's because people are living longer, and the number of people paying into the Social Security trust is dwindling. And so, therefore, if you have a child -- how old is your child, Carl?

Q Fourteen years old.

THE PRESIDENT: Yes, 14. Well, if she were --

Q He, sir.

THE PRESIDENT: He, excuse me. (Laughter.) I should have done the background check. (Laughter.) She will -- when she gets ready to -- when she's 50, the system will be broke, if my math is correct. In other words, if you have a child who is 25 years old, when that person gets -- gets near retirement, the system will be bankrupt. And therefore, it seems like to me -- and if we wait, the longer we wait, the more expensive the solution. So, therefore, now is the time to act.

And Social Security has been an issue that has made people nervous. I understand that. I mean, it's -- people felt like it was the third rail of American politics. That means if you touch it, you will have -- it will be political death. I have said to the American people that our job is to confront issues and not pass them on. And we have a serious issue with Social Security. The math shows that we have an issue, and now is the time to come together to solve it. And so -- what you're hearing a little bit is whether or not -- whether or not it is worth the political price. I think it is. And I'm looking forward to leading the Congress. And I'm looking forward to taking the case to the American people.

I will begin -- begin -- I will continue that process with the State of the Union address. And then I look forward to taking off shortly thereafter and traveling around the country discussing this issue -- similar to what President Clinton did. President Clinton highlighted the issue as an issue that needed to be addressed, and an issue that needed to be solved. He fully recognized, like I recognize, that it's going to require cooperation in the House and the Senate. And in anticipation of this moment, obviously, you might remember, we brought together a distinguished group of our citizens to analyze the issue and they came forth with some very interesting ideas.

As well, it is very important for us to reassure the seniors that nothing changes. I fully understand the power of those who want to derail a Social Security agenda by scaring people. It's been a tactic for a long period of time by those who believe the status quo is acceptable. And so one of the things you'll hear me constantly doing is reminding our senior citizens that nothing will change and that we have a duty to act on behalf of their children and grandchildren.

David, and then Baker.

Q Mr. President, if I could return for a moment to your inaugural address. Dr. Rice referred in her testimony to six outposts of tyranny, countries where we clearly, I think, have a pretty good idea of your policies. What we're confused by right now, I think -- or, at least, I'm confused by, is how you deal with those countries like Russia, China, Saudi Arabia, with whom we have enormous broad interests. Should the leaders of those countries now be on notice that the primary measure of their relationship with the United States should be their progress toward liberty? Or can they rest assured that, in fact, you've got this broad agenda with them and you're willing to measure liberty up against what China does for you on North Korea, what Russia does for you in other areas?

THE PRESIDENT: I don't think foreign policy is an either/or proposition. I think it is possible when you're a nation like the United States to be able to achieve both objectives -- one objective, the

practical objective of dealing, for example, as you mentioned, with North Korea. But I -- in my meetings with Chinese leadership in the past, and my meetings with Chinese leadership in the future, I will constantly remind them of the benefits of a society that honors their people and respects human rights and human dignity. I have -- for example, in meetings with the Chinese in the past, I have brought up the Dalai Lama, I've brought up concerns of the Catholic church. I have discussed my belief that a society that welcomes religious freedom is a wholesome and -- religious freedom is a part of a wholesome society and an important part of a society.

Vladimir Putin -- I have discussed with Vladimir Putin some of his decisions. I will continue -- as you might remember in our meeting in Chile. I will continue to do so. I will remind him that if he intends to continue to look West, we in the West believe in Western values.

I -- democracy is a progress -- you'll see progress toward a goal. There won't be instant democracy. And I remind people that our own country is a work in progress. We declared all people equal, and yet, all people weren't treated equally for a century. We said, everybody counts, but everybody didn't count.

And so I fully understand developing a democratic society in the -- adhering to the traditions and customs of other nations will be a work in process. That's why I said we're talking about the work of generations. And so in my talks, in my discussions with world leaders to solve the problem of the day, I will constantly remind them about our strong belief that democracy is the way forward.

Yes, Peter.

Q Mr. President, Dr. Rice again -- quoting your future Secretary of State, wrote in "Foreign Affairs Magazine" in 2000, outlining what a potential Bush administration foreign policy would be, talked about things like security interests, free trade pacts, confronting rogue nations, dealing with great powers like China and Russia -- but promotion of democracy and liberty around the world was not a signature element of that prescription. I'm wondering what's changed since 2000 that has made this such an important element of your foreign policy.

THE PRESIDENT: I'm the President; I set the course of this administration. I believe freedom is necessary in order to promote peace, Peter. I haven't seen the article you're referring to. I can assure you that Condi Rice agrees with me that it's necessary to promote democracy. I haven't seen the article, I didn't read the article. Obviously, it wasn't part of her job interview. (Laughter.) Condi is a firm believer in democracy.

Yes, sir.

Q Mr. President, Chairman Thomas and some others on the Hill have suggested taking up tax reform at the same time that you deal with Social Security reform, and to consider alternatives such as a value-added tax to the current payroll tax for financing Social Security. Are you willing to consider combining those two big projects, or do you prefer to keep them on separate tracks?

THE PRESIDENT: I look forward to working with the Congress to move the process forward. I appreciate people bringing forth ideas. I think it is a constructive part of the process. I'll have my own --

I'll be a little more specific as time goes on, and perhaps at the State of the Union, talking about how to -- how I think we can have a real, long-term solution.

But I think it's constructive that Chairman Thomas, who will be charged with having a bill come out of the Ways and Means, is thinking creatively, is willing to figure out ways to bring people along. I am -- and you'll find, as this process unfolds, that there will be a lot of different suggestions -- some of them valid, some of them not valid. But the idea that people are bringing forth ideas is a really good sign.

The threshold question is, will Congress -- is Congress willing to say we have a problem. We do have a problem. The math shows we have a problem. And now is the time to act on the problem. And once people realize there's a problem, then I believe there's an obligation for all sides to bring forth ideas. And that's what you're seeing with Chairman Thomas. And I appreciate that. I'm looking forward to my visit with him this afternoon.

Yes, sir.

Q Mr. President, I'd like to ask you about the Gonzales nomination, and specifically, about an issue that came up during it, your views on torture. You've said repeatedly that you do not sanction it, you would never approve it. But there are some written responses that Judge Gonzales gave to his Senate testimony that have troubled some people, and specifically, his allusion to the fact that cruel, inhumane and degrading treatment of some prisoners is not specifically forbidden so long as it's conducted by the CIA and conducted overseas. Is that a loophole that you approve?

THE PRESIDENT: Listen, Al Gonzales reflects our policy, and that is we don't sanction torture. He will be a great Attorney General, and I call upon the Senate to confirm him.

Q Mr. President, at the beginning of your remarks today you referred to two criteria that you're looking for on the Social Security fix, namely, permanent solvency and personal accounts. Does that mean that you would be willing to consider some changes that might broaden the base of revenues for the system as a way of addressing solvency?

THE PRESIDENT: I look forward to a fruitful discussion of all ideas, with the exception of raising the payroll tax.

Judy.

Q Thank you, Mr. President. Sir, can you update us, please, on your search for a director of national intelligence? Are you having trouble finding the right person? And do you worry at all that the delay might suggest to some people that it's not a high priority for you?

THE PRESIDENT: When the bill looked like it wasn't going to pass, we weighed in to get it passed and we worked with members of both parties to get a bill out of the Congress. It's clearly a high priority. It is a priority for us to make sure that I get the very best intelligence in order to make wise decisions for the American people. And a search goes on to find the right person to handle this very sensitive position.

We're dealing with a brand new agency that is going to require a -- somebody with extraordinary experience. And we're looking. And no one should read anything other than, we want to make sure we make the right choice.

Yes, ma'am.

Q Thank you, sir. Any -- back on Social Security -- any transition to personal accounts is estimated to cost between \$1 trillion to \$2 trillion over 10 years. Without talking about specific proposals, do you plan to borrow that money, or will you, when your plan comes out --

THE PRESIDENT: You're asking me to talk about specific proposals. And I'm looking over --

Q -- will you be able to pay for it, though?

THE PRESIDENT: Over the -- I fully understand some people are concerned about whether or not this is affordable. And at the appropriate time, we'll address that -- that aspect of reform. But personal accounts are very important in order to make sure that young workers have got a shot at coming close to that which the government promises. They're also important because a personal account, obviously under strict guidelines of investment, will yield a better rate of return over -- than the money -- the person's money is earning in the Social Security trust. And personal accounts will enable a worker to be able to pass on his or her earnings to whoever he or she chooses, which is an important part of promoting an ownership society. We want people to own and manage their own assets. After all, it is their own money.

And so it's a very important part, in my judgment, of reforming the system permanently. But there -- I fully understand that accounts is not the only thing that will be necessary to make sure the system is permanently secure.

Ken. Welcome. Is this -- let me ask you, are you here temporarily, permanently, and who do you represent?

Q Well, that will be up to my wife, sir, as you well know.

THE PRESIDENT: Yes, thank you.

Q Mr. President, on Social Security, you say the math clearly shows -- as you know, most of us became reporters because of our deep affection for math -- if the math clearly shows it, why are you having so much trouble on the Hill getting some to share your urgency? Do you think they're looking at the numbers differently, honestly, or are they running from the third rail?

THE PRESIDENT: Glad to have you here. (Laughter.) I am going to continue to speak directly to the American people about this issue and remind them about the math; and remind them that if you're a senior, nothing changes; and speak to the younger folks coming up about the forecasts. I mean, if you're a 20-year-old person and you look at the math, you realize that you will inherit a bankrupt

system, which means either there will be significant benefit cuts or significant payroll tax increases in order to fund that which the government has laid out for you as a part of your retirement.

And the Congress tends to listen to the people. And so I will continue to speak to the people and at the same time, reach out to members of both parties. We have been through these kinds of questions before in my early press conferences. I can remember -- I can't remember exactly the questions, but I do remember the tone, about people saying, how can you possibly get tax cuts through the Congress when so-and-so said that they shouldn't be done, or such and such said this, or this report said that, or the American people didn't want this. And so I am heartened by past experiences to believe that it is possible to do big things in Washington, D.C. And I look forward to working with members of the Congress to achieve big, notable reform.

Yes, Ken, follow-up. This is a home boy follow-up.

Q I seem to remember a time in Texas on another problem, taxes, where you tried to get out in front and tell people it's not a crisis now, it's going to be a crisis down the line -- you went down in flames on that one. Why --

THE PRESIDENT: Actually, I -- if I might. (Laughter.) I don't think a billion-dollar tax relief that permanently reduced property taxes on senior citizens was "flames," but since you weren't a senior citizen, perhaps that's your definition of "flames."

Q I never got my billion --

THE PRESIDENT: Yes. Because you're not a senior citizen yet. Acting like one, however. Go ahead. (Laughter.)

Q What is there about government that makes it hard --

THE PRESIDENT: Faulty memory. (Laughter.)

Q -- to address things in advance, before it's a crisis?

THE PRESIDENT: Do we have a crisis in Texas now on school property taxes?

Q Yes, we do.

THE PRESIDENT: Thank you.

Q Are you going to put forward your own plan on Social Security, or not?

Q Mr. President --

THE PRESIDENT: Let's get some order here, please.

Q Mr. President --

THE PRESIDENT: April. Abril.

Q Thank you, Mr. President. First of all, I have two questions, one on Iraq. You say about the troop withdrawal --

THE PRESIDENT: No, no, I said what --

Q No, I'm going to the question -- to the answer --

THE PRESIDENT: I thought you said on troop withdrawal --

Q I'm -- yes, I'm talking about troop withdrawal. Don't mess me up, now. (Laughter.) You said in a response just now that it depends on the initiative of the Iraqis. Are you giving the Iraqis a timetable for what you're going to do with troop withdrawal and when?

THE PRESIDENT: We will complete the mission as quickly as possible. And that mission of a secure and stable Iraq will be achieved when the Iraqis are fighting the former regime elements and people like Zarqawi. Therefore, the -- it is important that we continue to press forward with proper training. Now, training means not just signing people up. Training means equipping and preparing them for tough fights, as well as developing a chain of command. A good military requires a chain of command from top to bottom, so that orders and plans and strategies can be effected efficiently. And we have work to do there and we will do the work.

Second question.

Q Second question, on race. You brought it up in the inaugural address, and yesterday and today you have black leaders here at the White House discussing issues of race. Yesterday you didn't discuss civil rights. But where are you in the second term as it relates to race in America?

THE PRESIDENT: Civil rights is -- is a good education. Civil rights is opportunity. Civil rights is home ownership. Civil rights is owning your own business. Civil rights is making sure all aspects of our society are open for everybody. And we discussed that yesterday. And I believe that what I said was important, that we've got to shed ourselves of bigotry if we expect to lead by example. And I'll do the very best I can as the President to make sure that the promise -- and I believe in the promise of America -- is available for everybody.

Let's see. Hold on for a second. Mark. The person who doesn't yell will be called on.

Q Mr. President, do you think it's a proper use of government funds to pay commentators to promote your policies?

THE PRESIDENT: No.

Q Are you going to order that --

THE PRESIDENT: Therefore, I will not pay you to -- (laughter.)

Q Fair enough. Are you ordering that there be an end to that practice?

THE PRESIDENT: Yes, I am. I expect my Cabinet Secretaries to make sure that that practice doesn't go forward. There needs to be independence. And Mr. Armstrong Williams admitted he made a mistake. And we didn't know about this in the White House, and there needs to be a nice, independent relationship between the White House and the press, the administration and the press. So, no, we shouldn't be going for it.

Yes, sir.

Q Well, Mr. Williams made a mistake --

THE PRESIDENT: Who?

Q Mr. Williams made a mistake. Did the Department of Education make a mistake?

THE PRESIDENT: Yes. They did.

Q What will happen to the people that made this decision?

THE PRESIDENT: We've got new leadership going to the Department of Education. But all our Cabinet Secretaries must realize that we will not be paying commentators to advance our agenda. Our agenda ought to be able to stand on its own two feet. I'm confident you'll be, over the course of the next four years, willing to give our different policies an objective look -- won't you? Yes, I can see that.

Yes, sir.

Q Thank you. Senate Democratic leaders have painted a very bleak picture of the U.S. economy. Harry Reid was talking about soup lines, and Hillary Clinton was talking about the economy being on the verge of collapse. Yet, in the same breath, they say that Social Security is rock-solid and there's no crisis there. How are you going to work -- you said you're going to reach out to these people -- how are you going to work with people who seem to have divorced themselves from reality?

THE PRESIDENT: Continue to speak to the American people. Right after my State of the Union, I think I'm going to four or five states to continue to address this issue. You know, I can remember President Clinton doing the same thing on Social Security. I thought he was very effective in teeing up the issue, of making the case. And I will do the same thing. There is a -- in terms of whether the economy is

growing or not, there is a -- the jobs are increasing, the forecast looks strong. Obviously, there are some things we need to do to make sure that America is a good place to continue to risk capital and invest. That's why I'm urging the Congress to pass legal reform.

You might remember, one of the first issues that I addressed after election was legal reform, asbestos reform, class-action reform, medical liability reform. I believe if there is a -- that we've got a chance to get some good, meaningful legislation out of the Congress early, which will send a good signal that we will address those issues that make -- that stand in the way for further economic expansion. We need an energy bill and I look forward to working with members of both parties to get a good energy bill out.

Obviously, people in the capital markets are going to be watching the issue of twin deficits -- on the one hand, the spending deficit, the fiscal deficit. We'll address that in our budget that we're getting ready to submit to Congress. Obviously, we're going to have to work closely together to send the signal that we're willing to tackle some tough issues. The budget I'll be submitting is one that says, we'll spend money on projects that work, but we must make sure we're not wasting the taxpayer's money.

In terms of the trade deficit, it is important for us to make sure that -- in countries that are -- that countries treat their currencies in market fashion. I've been working with China, in specific, on that issue. Secondly, that people knock down their barriers to our goods and services. Thirdly, that we continue to grow our economy at home by making -- by some of the reforms I've just discussed.

But I think most people are optimistic about the economy next year. It's very important that we continue to put pro-growth policies in place.

Q Mr. President, Senator Ted Kennedy recently repeated his characterization of Iraq as a "quagmire" and has called it your Vietnam. And the questioning of Alberto Gonzales and Condi Rice in the Senate has been largely used by Democrats to criticize your entire Iraq program, especially what you're trying to do postwar. I wonder if you have any response to those criticisms. And what kind of an effect do you think these statements have on the morale of our troops and on the confidence of the Iraqi people that what you're trying to do over there is going to succeed?

THE PRESIDENT: I think the Iraqi people are wondering whether or not this nation has the will necessary to stand with them as a democracy evolves. The enemy would like nothing more than the United States to precipitously pull out and withdraw before the Iraqis are prepared to defend themselves. Their objective is to stop the advance of democracy. Freedom scares them. Zarqawi said something interesting the other day, that -- he was talking about democracy and how terrible democracy is. We believe that people ought to be allowed to express themselves, and we believe that people ought to decide the fates of their governments.

And so I -- the notion that somehow we're not making progress I just don't subscribe to. I mean, we're having elections. And I think we need to put this moment in history in proper context. That context, of course, starts with whether or not the world would be better off with Saddam Hussein in power, and whether or not America would be more secure. After all, I've always felt the Iraqi theater is a part of the war on terror.

And I am encouraged and I am heartened by the fact the Iraqi citizens are showing incredible bravery. They're losing a lot of people. Obviously, these targeted assassinations of innocent civilians is -- is having an effect on Iraqi families. But they want to vote. They want to participate in democracy. They want to be able to express themselves. And, to me, that is encouraging. There is a notion in some parts of the world that certain people can't self-govern; certain religions don't have the capacity of self-government. And that condemns people to tyranny. And I refuse to accept that point of view.

I am -- I am optimistic about the advance of freedom, and so should the American people. After all, look what's happened in a brief period of time -- Afghanistan; Palestinian elections, which I think are incredibly hopeful elections; as well as the Ukraine; and now Iraq. It is -- we're witnessing amazing history. And the fundamental question is: Can we advance that history? And that's what my inauguration speech said. It said, yes, we can. I firmly planted the flag of liberty, for all to see that the United States of America hears their concerns and believes in their aspirations. And I am excited by the challenge and am honored to be able to lead our nation in the quest of this noble goal, which is freeing people in the name of peace.

Bennett.

Q Mr. President, the Senate Republicans recently listed their priorities, and immigration reform wasn't on it. Do you think this means it's dead for this year? And why are you having so much trouble with your own party on that?

THE PRESIDENT: No, I appreciate that question. It will be one of my priorities. I believe it's necessary to reform the immigration system. I'm against amnesty; I've made that very clear. On the other hand, I do want to recognize a system where a willing worker and a willing employer are able to come together in a way that enables people to find work without jeopardizing a job that an American would otherwise want to do.

I also happen to believe immigration reform is necessary to help make it easier to protect our borders. The system right now spawns coyotes and smugglers and people willing to break the law to get people in our country. There is a vast network of kind of shadowy traffickers. And I believe by making a -- by advancing a program that enables people to come into our country in a legal way to work for a period of time, for jobs that Americans won't do, will help make it easier for us to secure our borders. And so --

Q Why the resistance in your party so much?

THE PRESIDENT: Well, I think -- I'm looking forward to discussing it with members of both parties. I believe it's a very important issue that we need to address. I've had a lot of experience with dealing with borders, as the governor of Texas. I know there's a compassionate, humane way to deal with this issue. I want to remind people that family values do not stop at the Rio Grande River. People are coming to our country to do jobs that Americans won't do, to be able to feed their families. And I think there's a humane way to recognize that, at the same time protect our borders, and at the same way to make sure that we don't disadvantage those who have stood in line for years to become a legal citizen.

And I'm looking forward to working with people of both parties on the issue.

David.

Q Mr. President, we saw the Democrats yesterday devote nine hours to Ms. Rice. We may see something similar with regard to Judge Gonzales. There's just simply a lot of anger on the Hill by Democrats at you, personally, and at your administration. And isn't this going to dog your efforts at whatever you do down the line, from the Supreme Court to immigration to whatever?

THE PRESIDENT: You know, we're all here to serve the people. And as I say, I'm going to go out and explain why I think it's important for us to address big issues, like Social Security reform; and take my case to the people and let them hear the rationale about why even address big issues, much less the reason why I think, for example, in Social Security there is an issue. As I just laid out the math, it is clear that now is the time to act.

And I don't know about hostility and all that business. That's -- I guess that's your job to gauge that. When I've talked with people, I feel like people are looking forward to working with us.

Q Well, you had a Democratic Senator basically call your Secretary of State nominee a liar. That's pretty harsh language coming from --

THE PRESIDENT: Well, there are 99 senators other than that person. And I'm looking forward to working with as many members as we can. Condi Rice is a fine, fine public servant, greatly admired here in America, and greatly admired around the world. And she will make a great Secretary of State. And I'm looking forward to working with her.

Listen, thank you all, very much, for your time. I appreciate this. And I'm looking forward to working with you all as we have a productive 2005.

Thank you.

END 10:47 A.M. EST

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