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Press Briefing by Ari Fleischer

James S. Brady Press Briefing Room

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11:50 A.M. EDT

MR. FLEISCHER: **Good afternoon. The President began today with an intelligence briefing, followed by** his FBI briefing. He had a meeting earlier today with the Secretary of State, and he made remarks to the Tax Relief Coalition about the importance of Congress moving this week to pass his jobs and growth plan. He will, later this afternoon, meet with the Secretary of Defense in the Oval Office and have a personnel announcement immediately following the meeting. And then, later this afternoon, the President will meet with the Prime Minister of Singapore in the Oval Office and then will sign the U.S.-Singapore Free Trade Agreement in the East Room. And with that, I'm happy to take your questions.

Q With the appointment of Bremer, does that mean that Secretary Powell has prevailed over Secretary Rumsfeld?

MR. FLEISCHER: Helen, there will be, as I indicated, a personnel announcement. So I'm not at liberty --

Q But can you speculate, without the announcement? (Laughter.) I mean, wasn't there a real change --

MR. FLEISCHER: If you're inviting me, on the record, on camera, to speculate in front of a presidential event before the President has made a personnel announcement, I, regrettably, must decline the honor.

Q Will he rationalize it? I mean, will he explain it?

MR. FLEISCHER: Let me just recommend -- it is a pool event, as you know. The press corps has been invited, will be there. I anticipate people have already RSVP'd, and I think the President will have something to say and he'll share it at that time. And I'll be available after that to answer whatever follow-up questions emerge.

Q **How does the resignation of Mitch Daniels, the pending resignation, affect the President's ability** to get his tax cut plan through Congress? This is now -- means the total economic team has been totally revamped within the last six month. Does this affect the President's position on him?

MR. FLEISCHER: Well, of course, Director Daniels did inform the President today that he was going to resign, effective 30 days from today. And so he remains on the post, on the job for 30 days. I want to make two statements. Number one, the President tremendously appreciates Mitch's service to our country. The President views Mitch as a very strong manager, a very able leader, and a wise steward of tax dollars. During these next 30 days, Mitch will continue to do his work to help the President make progress on his economic plan.

As I indicated, the House and the Senate are both moving this week on the economic plan, and I anticipate it very well may be done, thanks to the help of Mitch Daniels. We'll see exactly what the timing is as Congress acts. But Mitch, as always, has been very effective and a team player for this President. He will continue to do that during these 30 days. So there's -- I don't think there's anything here connected with the economic plan.

Q Are you suggesting the whole thing will be done within 30 days?

MR. FLEISCHER: I think the Congress is working on a schedule to make that happen, yes. We'll see, ultimately, if they can do that. The plan is -- the Ways and Means Committee is marking it up this afternoon. The Senate Finance Committee has said that they anticipate marking it up on Thursday. So the process is moving, actually, very well and very early.

Q When can we expect a successor?

MR. FLEISCHER: The announcement was just made this morning. I think it's too soon to speculate about any successors to Director Daniels.

Q **Senator Grassley has laid out a proposal on this package which would include the notion of a cut on dividend income** -- taxes on dividend income, that that would be phased in, and then sunsetted. Is that a good idea?

MR. FLEISCHER: Well, the phase-in, sunsets are a typical part of tax policy. Obviously, given the fact that the President's original proposal was for \$726 billion, and the two proposals in the House deal with \$350 and \$550 billion, it's important that the central elements of the President's plan be included. And the President is very pleased by what he's hearing about the inclusion of the central elements of his plan. Even beyond the dividends, there's so much more that the President sought that is in the plan.

So there's a lot of progress being made. Obviously, it's not everything that the President sought, but it's an awful lot of what the President sought.

Q But isn't cutting taxes and then sunsetting the tax cut a kind of gimmick by saying -- it's sort of defying a future Congress to reinstate the taxes on dividends, where it's pretty obvious that that would be a real politically difficult thing to do. So essentially, it's trying to pass a bigger tax cut that they're willing to admit.

MR. FLEISCHER: Well, of course, the 2001 bill was done in a similar manner. That's why I say this is a common way that tax legislation is considered on the Hill. You're all very familiar with the alternative minimum tax, which every year has to be treated as what they call an extender because the provisions sunset on an annual basis. Sunsets -- these are regular parts of the tax code. The President would have preferred for it to be dealt with in its entirety through the \$726 billion proposal that he made. Congress did not agree to all of that, but they've agreed to much of that. And so we're working now on the specific details of it.

But no matter how you cut it, substantial progress along the lines of what the President proposed is being made. And the President's appreciative of that. More importantly, people looking for work in America can be appreciative of the fact that Congress is taking action to help them to find jobs by stimulating the economy through these presidential plans.

Q **And on that, the President reiterates again and again, one million new jobs** from this package. That comes from the Council of Economic Advisors. But most economists say that most of those jobs, the vast majority of those jobs would come about given the current projections for economic growth in the economy. So the President is trying to take credit for potential job growth that most economists think will happen as the economy comes out of this slow time.

MR. FLEISCHER: There is a school of thought among economists that the economy is going to recover later. That doesn't do a whole lot of good for people who are unemployed now. For somebody who is unemployed now, it is small comfort to know that some economist somewhere says you may

get a job in six months or may get a job in a year, but by the way, until then, do you mind collecting unemployment benefits, because we're not here to help you. That's not the President's approach.

Q So the President is promising, guaranteeing, that this package would create these jobs in the next six months?

MR. FLEISCHER: Well, let me walk you through some of the studies that have been done on this. And one of the best ways to understand the job creation that the administration economists believe would take place in this 2003 proposal is to look at history.

The 2001 tax bill that was passed at a time when the country was actually in recession, which helped propel the economy out of recession, without the stimulative effects of that proposal, one million fewer people would be working today. This is according to the Council for Economic Advisors. The Job Creation and Worker Assistance Act of 2002, which was passed earlier in 2002, with bipartisan support, also helped mitigate the effects of the economic downturn. That act created an additional 220,000 jobs and raised current GDP by another 0.4 percent.

Many of the economists that you are accurately citing have also based into their projections for a recovery the fact that Congress will indeed pass a stimulative tax bill this year. They will still differ about the exact elements of it or the size of it, but baked into their cake is the presumption that Congress will pass a stimulus which will help create jobs.

What the CEA has estimated for 2003 is that the President's proposal that he originally made would have created 1.4 million jobs in 2003 and 2004, and the proposal that the President is pushing for, which is at least \$550 billion, will create more than 1 million jobs. That's a lot of comfort to a lot of people, and that's why the President is doing it.

Q And due entirely to this proposal, not to economic growth that would be occurring otherwise?

MR. FLEISCHER: This is the CEA's estimate the President's jobs and growth tax reduction would create.

Q Ari, has the President given up on a bipartisan tax plan this year? Democrats seem to be digging in their heels, and they're also saying that no one from the administration has contacted them. People like Mark Pryor have said that. Is in fact -- are you still hoping for a bipartisan bill?

MR. FLEISCHER: There have been numerous contacts with Senate Democrats about this. And obviously, the President is interested in as bipartisan a result as is possible. But he's interested in results. And he hopes that many Democrats will be willing to provide support for a jobs plan, a growth plan based on stimulating the economy. We'll see if the Democrats decide to do that, or not. But in the meanwhile, the President is looking to assemble a majority, and we'll see exactly how many Democrats sign up for that majority. We'll see exactly how many Republicans, as well. That's, in the end, how you get things done for the country, to assemble majorities.

Q And you we're citing figures from the CEA, and now comes news that they're being moved off of the White House grounds. Is the National Economic Council now being given the lead? Are they the lead agency in the White House now for the economy?

MR. FLEISCHER: I think you're very familiar with the security situation on 17th Street that has necessitated the move of many, many offices from the OEOB to other facilities, as work is being done on the Eisenhower Executive Office Building. No less an office than White House Personnel, part of the most crucial ongoing functions, has also been moved. So I think that it's rather farcical to attach any significance to a move related to the security situation on 17th Street to any one office around here, any people's influence around here.

Q Was that why they're being moved? For security?

MR. FLEISCHER: Yes. We announced that when we said all these offices were moving, sometime -- oh, this was probably about six or eight months ago, maybe even longer than that.

Q **If I could go back to the jobs question for a moment.** The President said very specifically this morning that he expected this to create a million jobs by the end of 2004. Since he became President, the economy has lost about 2 million jobs. Does that mean that the President is willing to go to the voters in 2004 and say, my record of presiding over the loss of a million jobs in this economy is good enough to warrant reelection?

MR. FLEISCHER: I think the President is going to, no matter what the year, make the case to the American people that the economy that we inherited in 2001 was an economy that had already begun its downturn. The downturn began, as you know, in the summer of 2000. And what's important now is that the economy recover and that people in both parties work together to help the economy recover.

The American people will decide who should get the credit if they want to give the credit to anybody. The President is interested in sharing that credit, and therefore, he wants Democrats and Republicans to work with him to get an economic plan passed so that we can grow from the recession that began in January 2001.

Q But as the question is losing a million jobs over the course of the presidency a good economic record?

MR. FLEISCHER: Well, I think the American people will decide who they want to credit for the growth and for the recovery that takes place. We'll see what the actual numbers are as the recovery continues. And I can't make any predictions about that, other than the President's approach to it is to share the credit, to work with Democrats and Republicans alike, because what's important to him is that people have an opportunity to work if they're looking for work.

Q Ari, Congressman Bill Thomas is calling for a \$550-billion tax cut plan, including the accelerated cut for income tax, as well as -- not in full, but at least reducing the corporate dividend tax to 15 percent. It's a figure, the \$550 billion, that's the closest to what the President is seeking. Is that an acceptable package, with the 15 percent?

MR. FLEISCHER: Well, just as I indicated earlier, both the House and the Senate are making important progress on the President's proposals. I think you'd be hard-pressed to find an example on tax policy where any President has made a proposal and Congress passed it precisely, exactly as is. That's just not how our system, based on checks and balances, works. But when you look at the substance of what the Congress is working on, it's remarkably, remarkably similar to what the President proposed in structure and substance, not in every detail.

The House of Representatives is working on a proposal that will reduce the individual dividend tax rate down to 15 percent and 5 percent. It's currently at 38.6 percent. The President's proposal was to take it from 38.6 percent, reduce it to zero percent. Instead they're reducing it to 15 percent and 5 percent, depending on your income level. That's progress.

When you look at the rest of the tax plan that the Ways and Means Committee is working on, you'll see it is virtually identical to what the President proposed, because it accelerates the income tax rate reductions to January 1st of this year; it accelerates the child credit from \$600 to \$1,000, immediately effective this year; as well as accelerating marriage penalty relief, all of which the President proposed, all of which are significant in terms of getting dollars into people's hands this year so those individuals can spend that money to buy a good or a service, which, in turn, creates economic growth and helps to employ people.

Q And Senator Daschle just announced, as you know, his own plan, \$152 billion. But he also criticized the President's plan, saying a robust jobs and growth package is just a bust, and talked about the reason why he felt that it would not necessarily create jobs. Is there any response from the administration?

MR. FLEISCHER: Well, obviously, there are going to be some people who previously voted to raise taxes who have said previously they would think about reversing the President's tax cuts, which is tantamount to another tax increase. And the President thinks that that's the exact wrong thing to do. Raising taxes is the wrong thing to do, particularly in an economy that needs a stimulus to create jobs. He respects the opinions of others, but, no, he will not support plans that raise taxes and a plan that provides, in this case, not enough stimulus to the economy.

Q Ari, two quick questions about numbers. The President this morning said his package as sent to Congress would create a million jobs. There's almost no one left in this town who believes that that package will survive intact. So is the President really acknowledging that the lesser tax cut will -- is he prepared to acknowledge that it would create fewer than a million jobs?

MR. FLEISCHER: Well, I think that remains to be seen when you have to examine the exact details of what the Congress passes, and the exact level at which final conference agreement is reached, whether it's, as the President has asked for, is at least \$550 billion. The Council for Economic Advisors has also come to the conclusion that if a proposal were scaled back to about \$350 billion, it would create some 300,000 to 400,000 fewer jobs -- actually, 425,000 fewer jobs -- then a package proposed at -- passed at \$550 billion.

So the President is concerned that any plan that was passed that would be smaller would create fewer jobs. And that's why this is an ongoing process, and we'll continue to work with both the House and the Senate to create as many jobs as possible. So we'll see what the exact formula the Congress uses and see what the exact substance is.

Q The other question about numbers is just to set the record straight. **On the visit to the aircraft carrier, I believe you told us from this podium** that the reason the President had to take a jet out was because the carrier would be hundreds of miles offshore. And as it turned out, it was way, way less than that.

MR. FLEISCHER: Correct. Correct.

Q Were you misled?

MR. FLEISCHER: No, the original planning was exactly as I said and when I -- when I announced it, that was exactly how the plan had been anticipated. And then, the President wanted to land, exactly as I told you on the flight out there, which was the day of the trip when we knew the exact -- or when we knew how close the carrier was. The President wanted to land on it, on an aircraft that would allow him to see an aircraft landing the same way that the pilots saw an aircraft landing. He wanted to see it as realistically as possible. And that's why, once the initial decision was made to fly out on the Viking, even when a helicopter option became doable, the President decided instead he wanted to still take the Viking. But, no, that was all part of the original planning.

Q On the tax cut, you've said it several ways this morning, but you appear to be saying that the administration will consider it a victory no matter what you get on the tax cut because, as the President suggested yesterday, people are now just arguing over the amount.

MR. FLEISCHER: Well, keep in mind what this tax relief package is comprised of. First of all, the goal is to pass it to help create jobs. Secondly, it's comprised of an across-the-board marginal income tax rate reduction for all taxpayers, accelerated to January 1, 2003, so it delivers the most oomph this year to help give a boost to the economy.

It consists of the acceleration of the child tax credit, a proposal the President made in 2000 that was enacted into law in 2001, that was originally put on the books by the Republican Congress in 1997. It also includes reduction of the marriage penalty, a long sought-after policy goal by President Bush and many Republicans. So when you take a look at the other major component of the bill, it tracks virtually exactly with what the President proposed and what the President ran on and now what the President has said needs to be accelerated.

On the dividend piece of it, clearly, there are some differences between the exact manner the President proposed the dividend elimination and the manner in which it's proceeding in the House and the Senate. It delivers substantially what the President asked for. Not all, but a lot. And we'll continue to work with the Congress to get more. But I just think it's hard to look at this tax bill in its entirety in any way and say the President is not getting substantially what he asked for, which is a good result, because that's how jobs will get created and the economy will benefit.

The President proposed this because he looked at what is best policy to create jobs. And Congress is looking at it in a similar way.

Q But even the most vigorous plan on the Hill, in the House side, not only pared back the amount the President asked for, but also approaches it in a different way, not reducing it to zero, paring it up with capital gains, and that sort of thing. So it was the dividend tax cut that really caused you the problems here. That's the part that was expensive, that's the part that some Republicans gagged over, and that's the part that was difficult. The other part, you seem to have quite a bit of agreement on, even going in.

MR. FLEISCHER: Well, that's why I said, on the dividend piece in the House, the current dividend rate is 38.6 percent to the top rate. And the House is proposing to lower it to 15 percent, and in many cases for taxpayers, all the way down to 5 percent. The President's preference would have been to taking it to zero percent in its entirety. That's progress. It's not everything the President wanted.

Now, in the Senate, we're still working with the Senate. We'll see exactly what the Senate does. But the President does think it should be reduced to zero percent. So we're dealing with either a lot of progress or a tremendous amount of progress. We'll see.

Q And just one final thing, if I may. At the U.N., you've not got less than a month before oil-for-food expires. You may even need -- it may be necessary for the Iraqis to even import oil if they can't things -- refineries, and so forth working fast enough. How close are you to putting forth a resolution to lift sanctions, and how critical is the time factor at this point?

MR. FLEISCHER: Well, the oil-for-food program and the resolutions at the United Nations remain in effect until -- it's either June 2nd or June 3rd, if I recall. I think it's June 3rd. And today is May 6th, and so there is time here. I was talking with the U.N. this morning about it, and they understand the timetable. Diplomats are still talking to each other. So it's impossible yet to put any date on when the diplomats are prepared to move. But they know what they're working against, in terms of the date.

Q Ari, on the House dividend proposal, is it now the position of the White House that it's okay to take something less than a complete deal, given the political realities where the House is and where the Senate is -- that you're willing to take what you describe as substantial progress the House is making, the 38, 15, as a step in the President's direction, even if you don't get all of --

MR. FLEISCHER: Well, that's why I called it progress. It is not everything the President asked for, but it's a lot of what he asked for.

Q Coming out of this process, which will mature in the next few weeks, that would be acceptable for the White House?

MR. FLEISCHER: The President continues to believe that the best policy is to have zero percent on individually paid dividends. He believes it's double-taxation, that it's wrong to tax someone twice. And if it's wrong to tax someone twice, the preferred policy outcome is zero. That's what he will continue to make the case to the Hill to do. We're continuing to make that case to the Senate as we speak. We'll

see what the House and the Senate, as independent bodies, decide to do. They are elected officials; they, too, are entitled to their opinions and their votes. After the House passes something, that will also be taken up by -- the Senate will pass it, then they'll meet in a conference committee, and we'll have additional opportunities to convince members of Congress about the President's plans.

Q So there's a recognition here you're going to have to compromise?

MR. FLEISCHER: Well, Congress has to compromise, as well. They'll work with us and we'll work with them.

Q The President has said several times, he said this morning, too, that the dividend repeal would create 400,000 new jobs. Was that part of the original CEA estimate from January, or is that part of the estimate of -- your reestimate of 1 million for \$550 billion?

MR. FLEISCHER: I'll have to go back and take a look at the internal elements of the study -- I brought some of the cover sheets -- to take a look at how they broke it down by component.

Q And do we know how -- if 400,000 new jobs are created by full repeal, which has been the rhetoric back since January, do we know -- can we get an estimate on what we would have by way of job creation with a reduction in the 15 percent?

MR. FLEISCHER: Yes, we'll work with you, Greg, and try to see what we can find on the components.

Q And can we also get an explanation exactly how a dividend repeal creates jobs, as opposed to a tax cut for small business or for the rate decreases?

MR. FLEISCHER: Well, on the way the dividend repeal would create jobs, it provides more stimulus to -- for the economy to grow, as a result of increased capital being available for companies to grow and hire people. If you're an employer, you can't hire somebody if you don't have money to pay for your employee. And so that's where --

Q -- awards old money in the market, and doesn't reward new money coming into the market.

MR. FLEISCHER: That's the capital formation that is a result of the dividend repeal.

Q Yes, Ari, just a couple of quick follow-ups. One, on the dividend proposal, do I hear you correctly, basically saying you're going to declare victory no matter what you get, even though on the dividend proposal on the Senate side, you basically only have one year, 2005, where there's 100 percent repeal of the dividend?

MR. FLEISCHER: First of all, we haven't -- the Senate mark is not in final form. The markup is two days from now, and so we'll see exactly what takes place in the Senate. But it's just as I said earlier. This is progress. This is -- you can compare the progress, you can take a look what the President asked for.

Q Is this the early stages of declaring victory?

MR. FLEISCHER: This is not a question of declaring one thing or another. This is a question of creating jobs for the American people.

Q Okay. And then, secondly, on Director Daniels' resignation today, that's basically a cleaning house of the entire economic team, to follow up on the question. But none of the other top economic advisors have left. What does it say about the stewardship of the economy over the last two years and several months?

MR. FLEISCHER: Actually, I would refer you to a little bit of history. It's interesting to take a look at. You'd have to go back -- when Secretary O'Neill left the administration, you'd have to go back to the early 1900s to find an administration that has been that stable. We're looking at now how long it's been since two cabinet-level officials have left. So what you see is remarkable stability in the administration. You have a cabinet team that has stayed in place for a considerable period of time. And I think you have different people who take different actions for different reasons.

But, heavens no, you can't make any connections between what's happening on the economy, which is recovering, and Director Daniels' departure. I think that would be as erroneous as erroneous gets.

Q It's not directed at Director Daniels' departure, it's the entire economic team as opposed to the rest of the administration, which is remarkably stable, as you said.

MR. FLEISCHER: I think that you have different reasons why people leave at different times. And the President is continuing his focus on the economy, and the plans that the President has proposed are still plans that are making awfully good progress on the Hill with the economy.

Q Ari, I'd like to follow up two questions if I can. First, on Ed's about the aircraft carrier. How was it that what was planned to be a couple hundred miles out to sea took place -- did the Captain of the ship suddenly speed up after the President announced his plans? (Laughter.)

MR. FLEISCHER: Well, that's -- that would have been an option.

Q That's putting the pedal to the metal. That's hundreds of miles here.

MR. FLEISCHER: Well, keep in mind, the original day, even before anybody thought about going to the Abraham Lincoln, was for the Abraham Lincoln to arrive in port on May 2nd. And so that was the date that was promised to the crews and to their families and the date that was kept. But, indeed, the ship did make much faster progress than anticipated. I asked about that when I was on board. It's a factor of the weather. They were able to get closer to shore. But the bottom line remains the same, that the President wanted to arrive on it in a manner that would allow him to see an arrival on a carrier the same way pilots got to see an arrival on a carrier. As it did get closer, he could have taken a helicopter out there if he had wanted to. He chose not to.

Q So it was the weather?

MR. FLEISCHER: The weather is one factor that allowed them to get closer. There could have been others just associated with the logistics of the trip.

Q Let me follow up Terry's question, if I can, about the Senate proposal that's cooking on the dividend tax cut, the sunset division. Didn't the President just go to the people last fall saying, let's make the original tax cuts permanent? Why would he even consider a version that now creates another tax cut that disappears?

MR. FLEISCHER: There's no question that the President is not getting everything he's asked for, but he's getting, in both the House and the Senate proposals, a lot of what he's asked for. And one of the problems in Washington, there are people in the other party who say, because I didn't get everything I wanted, I'm not going to accomplish anything for the people. One of the problems in Washington, there are people who don't want to work together to compromise to get good things done for the country.

So, no, this President is not getting everything that he asked for in his tax bill, but he is getting an awful lot of it. And I remind you that every year you take a different look at the budgets, you take a different look at factors, and the President can keep coming back and trying to do more and do more for the American people.

Q Does that totally counter to what he campaigned on and his philosophy that tax cuts should be permanent and not disappearing?

MR. FLEISCHER: Well, if you keep working on it every year, you have a way of making things permanent.

Q Ari, I'd like to go to Iraq and oil. Was there a new interim oil minister for Iraq appointed over the weekend, Thamir Ghadhban?

MR. FLEISCHER: Yes, I've seen those reports. I have no reason to think that they're not accurate.

Q Can you confirm it?

MR. FLEISCHER: I'd put it the way I have because I haven't gotten official confirmation from anybody. I have no reason to think it's inaccurate.

Q The person installed, to what extent is he free to run the oil drilling as he sees fit? Or does he have to answer to some council, or, in this case, I believe there's an executive ex-CEO from Shell -- does he have to run by the plans there? Or how quickly can they pump oil?

MR. FLEISCHER: Well, for much of what's happening inside Iraq with the reconstruction, there's combined effort. You'll see Iraqis increasingly taking the helm, wherever they are in different regions of the country, at different paces. And there are -- a team of American advisory groups that are there to

help them, as well. And I think what you'll find is the Iraqis, in most cases, welcome the fact that the Americans are there to provide expertise and assistance. Certainly in the case of the oil industry, as we're seeing in many different industries around Iraq, a lot of the resources and wealth of Iraq were looted and plundered by the leaders and not reinvested in the infrastructure of the country. And so the oil industry there is an older industry. It is not as modern as other nations, for example, in the region. And so I think they do welcome assistance and help from experts.

Q How long will they answer to this guiding council?

MR. FLEISCHER: Well, again, I'm not sure you can say that they answer to it. We're talking to work this together, as you would imagine. And that will be for whatever period of time is helpful. We've always said that we intend to stay for as long as necessary, but not longer, and that applies to all facets of what we're doing there.

Q Six months, a year?

MR. FLEISCHER: I couldn't put a finger, a guess on it.

Q Ari, President Morton Klein of the Zionist Organization of America has sent a message to the President noting that in the Palestinian Authority Prime Minister's first speech, he said to Yasser Arafat -- this is a quote -- "this government, Mr. President, is your government." And he also demanded that Israel release all of its imprisoned Palestinians. And my question, this is part one: Does this, in any way, surprise President Bush knowing that Abu was Arafat's top deputy for nearly 40 years, having written a book denying the holocaust?

MR. FLEISCHER: Lester, there are a lot of important changes underway in the leadership of the Palestinian Authority. There are a number of reformers, and the President counts Abu Mazen as one of them. And there are some interesting issues underway involving the different people in the Palestinian Authority. This is healthy, this is good that people are looking to lead the Palestinian Authority in a different direction than Yasser Arafat did. And this will be an ongoing process, and I think you'll continue to hear different things and different statements made by different Palestinians. We will continue to find the reformers and work with them.

Q **President Bush has repeatedly said that the Palestinian Authority must actively combat terrorist** groups. And my question is, can you cite any evidence at all that this Palestinian Authority Prime Minister has taken any such action at all against Hamas, which has rejected President Bush's road map?

MR. FLEISCHER: Well, it is important for the Palestinian Authority to crack down on terrorists.

Q Has he done it?

MR. FLEISCHER: It will be very difficult to make certain that a security environment is created so that Israel knows it can live in peace and security, side by side.

Q But has he done it?

MR. FLEISCHER: I would refer you to the fact that he has already made one appointment on the security front, on his minister who will be in charge of security. That is a helpful appointment. And this will be an important test of the new Palestinian leadership.

Q Yes, Ari, two questions: The first one, it seems like the last vote the Senate has just taken on Miguel Estrada in the last few hours, again, the Republican majority was not able to muster the 60 votes. I think the vote was 52 for, 39 against. Is the President still holding steady on Miguel Estrada?

MR. FLEISCHER: Absolutely, he is. The President continues to regret the fact that the Democrats continue to engage in obstructionist tactics, not only against Miguel Estrada, but against Priscilla Owen, also a very qualified nominee.

Q And what can the President do?

MR. FLEISCHER: Well, he will continue to make the case to the American people. He will continue to stand shoulder-to-shoulder with his nominees. But in the end, it's up to the Democrats to decide if they want the hallmark of their time in the minority to be obstructionists. And that's a message that they will have to bear the consequences for being obstructionists when it comes to filling vacancies on our circuit courts.

Q And I just want one on Iraq. The coalition continues to capture ex-members of Saddam Hussein's Cabinet, or high, top officials; the lady who's known as Dr. Anthrax was just captured. But the President said on the weekend that Tariq Aziz is not telling the truth. And are you getting any information at all from all the people you've detained -- any serious information?

MR. FLEISCHER: Well, as you know, I'm not at liberty to discuss what we are getting specifically from any of these of briefings. But at different levels, we do get information that we analyze and assess. And sometimes it's valuable, sometimes it's not.

Q Two questions, and an administrative matter. Could you please post the answers to Greg's factual questions, please?

On taxes, I understand that you will continue to press for the complete elimination of the tax on dividends, and that that's what you'd like to get. But when you say a reduction as opposed to a total elimination would be substantial progress, isn't that a very first signal to the Congress and to everyone else that you'll take that, at least this year?

MR. FLEISCHER: Well, it's a signal that the President makes a proposal and that Congress ultimately has to act on it. And I think I'm really stating in a very factual way the status of the President's request and how it's been received by the House and by the Senate, when you take a look at all the different components of it, including the dividend piece.

This is still a story being written. They haven't even marked up yet in committee. Now, we do have the outlines of what the Chairman's mark looks like in the Ways and Means Committee; we have the specifics of it. So we'll see ultimately how this comes up. But I remind you, there's a conference ahead. The President will continue to push for zero. But I remind you, the President also wants to get things done for the American people. The President believes in working with the Congress to get things done.

Q Now, on the question of the carrier, what was the cost of going out there in a Viking, as opposed to doing it by helicopter?

MR. FLEISCHER: I don't have any estimates of that.

Q Could you ask?

MR. FLEISCHER: I'll see if that's obtainable.

Q Thank you. Do you have any statements or any information on two reports today, one that **Saddam or his son stole nearly a billion dollars**; and the other that the French might have provided visas or passports for Iraqi officials?

MR. FLEISCHER: On your first question, while I cannot confirm the exact specifics of that story, it is not surprising that Iraqi leaders would try to loot their country, get ill-gotten loot from the people into their own hands and try to flee the country with it. That would fit very much the type of leadership that Iraq suffered from, where money that belonged to the people that could have been applied to health care, to hospitals, to food has been diverted into the hands of crooks. And the United States is committed to doing everything possible through our various channels -- we have many -- to try to find out where this money has gone, and try to get it back for the Iraqi people. Often it is difficult in the international world of finance, but this government is committed to trying to make that happen.

On the second question about France, I saw the report this morning. I cannot confirm it. I think the French will have to explain what they did or did not do.

Q Ari, I know you're not ready to announce a successor to Mitch Daniels today, but any reason to think it wouldn't be his deputy?

MR. FLEISCHER: I'm just not going to speculate about who it may or may not be.

Q **Ari, on the Patriot Act, Senator Hatch wants** to make its provisions permanent. Does the President support that move? And is the President at all concerned about how it's being carried out might affect civil liberties?

MR. FLEISCHER: Let me take a look at that. I don't recall what the termination date of the Patriot Act was. If I recall, it was 2005. But I want to take a look at that and see exactly what it is, this far in advance of a date like that. I don't know that we would have a developed position on it yet. Certainly you will find, when you talk to Justice Department officials and others, they've been successful in many

of their law enforcement actions against what would-be terrorists or terrorist financing as a result of the Patriot Act. And so it has served a very, very useful purpose to law enforcement.

Q So there isn't any real concern about how it's been carried out as how it might impact on civil liberties?

MR. FLEISCHER: No, I think it was crafted with civil liberties in mind, crafted in an era where we have to also make certain where we're doing everything possible to fight terrorists.

Q One more follow-up on that. Has the President signed off on what is being referred to as Patriot Act 2 yet?

MR. FLEISCHER: I'm not aware of anything that is moving along those lines.

Q **Back to the issue of France and the passport issue.** How deep and how broad is the level of support from the French and the Russians to aid the Iraqi regime?

MR. FLEISCHER: Well, I think that we are continuing to work in a variety of different forums on the future of Iraq. It includes listening to the thoughts of the Russians, listening to the thoughts of the French. And, of course, the President has said that all sanctions should be removed entirely. The French have some different thoughts about that. We think that removing the sanctions entirely is the only way to go. And we will work the United Nations to make that happen.

Q Let me follow up with that. I'm really talking about assistance leading up to the outbreak of war. We're getting reports that are filtering out that the French, in particular, have aided Saddam's regime. The Russians have also done so. The convoy that was fired on six weeks ago leaving Baghdad were Russian diplomats secreting documents out of the country. They haven't commented on the contents of those documents. Have we asked for any kind of explanation from these two countries regarding situations like that?

MR. FLEISCHER: Well, again, with the question of the French, the story, of course, is just out in the papers this morning. The French -- there was a spokesman for the French government quoted in there saying nothing like that would have occurred since the war began, I think was his quote. And I know that you have the ability to ask follow-up questions to French authorities and dig into this matter. There's nothing more. I indicated I can't confirm that report, so I don't have anything more to offer on it.

Q Ari, what does the President think of Clay Johnson as a manager, a leader and a team player?
(Laughter.)

MR. FLEISCHER: I appreciate the double-barrelled context of trying to get me to speculate about a position where I said we won't speculate, and also to cast any thoughts about the President's best friend from his high school days and forward. I'm just not going to speculate about any potential successors to Mitch Daniels. I appreciate the fact that's the context in which you asked your question, but I'm just not going to engage in any speculation. Of course, the President does think highly of Clay.

Q Why does he call it a battle instead of a war?

MR. FLEISCHER: Helen, we'll come back.

Q **Ari, I just came back from Kashmir the day a bomb exploded by the terrorists. Now people are saying, really, the time has come that we should** live a normal life, just anybody else in the world. Now, yesterday, Deputy Secretary Mr. Armitage -- they left for India and Pakistan. So now, you think they are carrying a special message from the President that now this 50 year-old conflict should come to an end and both countries should live side-by-side in peace?

MR. FLEISCHER: Well, if you recall, the situation between India and Pakistan has been very tense for a considerable, long period of time. That has been a very difficult issue for many administrations. It was particularly tense last year and the year before. And this administration, as well as other leaders around the world, including Prime Minister Blair and President Putin, have worked very hard to relieve the tensions on the border.

This is a moment of great hope between India and Pakistan. There has been marked progress, opening of diplomatic relations again, transportation routes are opening again, and discussions are beginning between India and Pakistan. This is a moment of hope. Deputy Secretary Armitage is on his way to the region. The United States will continue to do everything we can to help build more momentum for more hope and better days between the Indian people and the Pakistan people.

Q Thank you.

MR. FLEISCHER: Thank you.

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