



THE WHITE HOUSE

PRESIDENT GEORGE W. BUSH

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For Immediate Release
Office of the Press Secretary
September 20, 2007

Press Conference by the President

James S. Brady Press Briefing Room

Press Briefing by Secretary Leavitt on S-CHIP Legislation

10:46 A.M. EDT

THE PRESIDENT: Good morning. In just 10 days the State Children's Health Insurance Program, known as S-CHIP, is set to expire. This important program helps children whose families cannot afford private health insurance, but do not qualify for Medicaid to get coverage they need.

I have strongly supported S-CHIP as a governor, and I have done so as President. My 2008 budget proposed to increase S-CHIP funding by \$5 billion over five years. It's a 20 percent increase over current levels of funding. Unfortunately, instead of working with the administration to enact this funding increase for children's health, Democrats in Congress have decided to pass a bill they know that will be vetoed. One of their leaders has even said such a veto would be, "a political victory."

As if this weren't irresponsible enough, Congress is waiting until the S-CHIP program is just about to expire before getting a final bill passed. In other words, members of Congress are putting health coverage for poor children at risk so they can score political points in Washington. The legislation would raise taxes on working people, and would raise spending by between \$35 billion and \$50 billion. Their proposal would result in taking a program meant to help poor children and turning it into one that covers children in households with incomes of up to \$83,000 a year.



The proposal would move millions of American children who now have private health insurance into government-run health care. Our goals should be for children who have no health insurance to be able to get private coverage, not for children who already have private health insurance to be able to get government coverage.

What I'm describing here is a philosophical divide that exists in Washington over the best approach for health care. Democratic leaders in Congress want to put more power in the hands of government by expanding federal health care programs. Their S-CHIP plan is an incremental step toward the goal of government-run health care for every American.

I have a different view. I believe the best approach is to put more power in the hands of individuals by empowering people and their doctors to make health care decisions that are right for them. Instead of expanding S-CHIP beyond its original purpose, we should return it to its original focus, and that is helping poor children, those who are most in need. And instead of encouraging people to drop private coverage in favor of government plans, we should work to make basic private health insurance affordable and accessible for all Americans.

My administration will continue working with Congress to pass a responsible S-CHIP bill. In the meantime, Congress has an obligation to make sure health insurance for poor children does not lapse. If they fail to do so, more than a million children could lose health coverage. Health coverage for these children should not be held hostage while political ads are being made and new polls are being taken. Congress must pass a clean, temporary extension of the current S-CHIP program that I can sign by September the 30th. And that's the date when the program expires.

I've instructed Secretary of Health and Human Services Mike Leavitt, who has joined us today, to work with states on ways to mitigate the damage that would result if Congress allows this program to lapse. Our goal in passing legislation should be getting something done for those in need, not getting nothing done so politicians in Washington can claim a political victory.



Mike Leavitt is going to answer questions, if you have any, after my press conference. You looked a little concerned as to whether or not I'd answer any questions. And now I'm happy to take any questions you have, starting with Terry.

Q Mr. President, economists say that the nation is at increasing risk of recession. What do you say?

THE PRESIDENT: I say that the fundamentals of our nation's economy are strong. Inflation is down. Job markets are steady and strong. After all, the national unemployment rate is 4.6 percent. Corporate profits appear to be strong. Exports are up. There is no question that there is some unsettling times in the housing market, and credits associated with the housing market. And that's why I look forward to working with Congress to modernize the FHA loans so that people can refinance their homes, and to change the tax code so that if somebody renegotiates a loan they don't have to pay a penalty, a tax penalty, in so doing.

I'm optimistic about our economy. I would be pessimistic, however, if the Congress has its way and raises taxes. I believe the worst thing that can happen now is to allow the Congress to do that which they have said they want to do, which is to raise the taxes on people, and -- because I think taking money out of the hands of investors and consumers and small business owners would weaken the economy.

And so, as I say, I'm optimistic, but I would be pessimistic if I thought Congress was going to get their way. And they're not. They're not going to raise taxes.

Q Do you think there's a risk of a recession? How do you rate that?

THE PRESIDENT: You know, you need to talk to economists. I think I got a B in Econ 101. I got an A, however, in keeping taxes low -- (laughter) -- and being fiscally responsible with the people's money. We've submitted a plan that will enable this budget to become balanced by 2012, so long

as Congress learns to set priorities. And we can balance the budget without raising taxes.

Caren.

Q Thank you. The French Foreign Minister has raised the possibility of war with Iran. Is there a risk that the escalating rhetoric over Iran increases the chances of war, and what would be your message to the U.N. next week regarding Iran?

THE PRESIDENT: I have consistently stated that I'm hopeful that we can convince the Iranian regime to give up any ambitions it has in developing a weapons program, and do so peacefully. And that ought to be the objective of any diplomacy. And to this end, we are working with allies and friends to send a consistent message to the Iranians that there is a better way forward for them than isolation; financial isolation and/or economic sanctions.

I believe it's imperative that we continue to work in a multilateral fashion to send that message. And one place to do so is at the United Nations. We're also talking to different finance ministers about how we can send a message to the Iranian government that the free world is not going to tolerate the development of know-how in how to build a weapon, or at least gain the ability to make a weapon.

And the reason why is, is because it's very important for us to take the threats coming out of the mouth of the President of Iran very seriously. He's a person that is, you know -- constantly talks about the use of force to -- on Israel, for example, and Israel is our very firm and strong ally.

I also -- it's very important for the Iranian people to know that our -- the United States recognizes the grand tradition and history of Iran, and that we respect the people of Iran. We just believe that their government has made choices that make it difficult for them to realize their dreams, realize their full potential. The Iranian economy is suffering -- some of it through mismanagement, some of it as a result of international pressures. And the people of Iran have got to know that some of the suffering that they're having inside their country is caused by their government, its inability to work with the world in a responsible way regarding their desire to enrich uranium. So we'll keep the pressure on them -- again, the objective, of course, is to solve this peacefully.

David. Welcome back.

Q Thank you, Mr. President.

THE PRESIDENT: Where have you been?

Q I've been around.

THE PRESIDENT: You've been doing those shows. (Laughter.)

Q Sir, Israeli opposition leader Netanyahu has now spoken openly about Israel's bombing raid on a target in Syria earlier in the month. I wonder if you could tell us what the target was, whether you supported this bombing raid, and what do you think it does to change the dynamic in an already hot region in terms of Syria and Iran and the dispute with Israel and whether the U.S. could be drawn into any of this?

THE PRESIDENT: I'm not going to comment on the matter. Would you like another question?

Q Did you support it?

THE PRESIDENT: I'm not going to comment on the matter.

Q Can you comment about your concerns that come out of it at all, about for the region?

THE PRESIDENT: No. Saying I'm not going to comment on the matter means I'm not going to comment on the matter. You're welcome to ask another question, if you'd like to, on a different subject.

Q I'll ask you about Iraq. Efforts to curtail the deployment of troops is an ongoing debate right now. One of the things you spoke about in your address last week had to do with impatience with the Iraqi government. And you spoke about that, but not in much detail. How is that dynamic changing, your level of frustration with the lack of political progress? And how long can Americans reasonably expect you to wait before you take some kind of action that really forces the Iraqi government's hand to reach the goals of reconciliation that you set for them?

THE PRESIDENT: In my speech, I made it clear that there has to be a change in security for there to be reconciliation. And I also said that progress will yield fewer troops. In other words, return on success, is what I said.

There are two types of reconciliation, David. One is that reconciliation, that very visible reconciliation that happens through the passage of law. In other words, it's reconciliation that shows the Iraqi people that people from different backgrounds can get along and, at the same time, that government can function. Clearly there needs to be work there. In other words, there needs to be the passage of law. For example, we strongly believe that an oil revenue-sharing law will send a message to Sunni, Shia and Kurd alike that there is an effort at the national level to achieve reconciliation.

Having said that, however, there is a functioning government. And the reason I bring -- I guess my point is this, that in spite of the fact they haven't passed a law, there is the sharing of oil revenues on a relatively equitable basis. The other -- and so we'll continue to work with the government to insist and impress upon them the need for there to be the passage of law, whether it be provincial election laws or de-Baathification law or the oil law.

There is local reconciliation taking place. I had a fascinating conversation in the Roosevelt Room earlier this week with members of provincial reconstruction teams from around Iraq who talked about how people are sick and tired of murder and violence, and that they expect their local governments and their central government to be more responsive to their needs, and local governments are beginning to respond.

Part of the reason why there is not this instant democracy in Iraq is because people are still recovering from Saddam Hussein's brutal rule. I thought an interesting comment was made when somebody said to me, I heard somebody say, where's Mandela? Well, Mandela is dead, because Saddam Hussein killed all the Mandelas. He was a brutal tyrant that divided people up and split families, and people are recovering from this. So there's a psychological recovery that is taking place. And it's hard work for them. And I understand it's hard work for them. Having said that, I'm not going to give them a pass when it comes to the central government's reconciliation efforts.

I also said in my speech, local politics will drive national politics. And I believe that. I believe that

as more reconciliation takes place at the local level you'll see a more responsive central government.

Axelrod.

Q Thank you, Mr. President. Your Defense Secretary, Robert Gates, was recently asked by New York Times columnist David Brooks, if knowing what he knows now, invading Iraq was a good idea. And I believe your Defense Secretary answered, "I don't know." Does that represent daylight with you? Is that second-guessing? Have you spoken to the Defense Secretary? And does that change your mind at all?

THE PRESIDENT: I think he made it pretty clear the removal of Saddam -- I don't know about this column, but I know his previous statements, he said getting rid of Saddam Hussein was the right decision. But I haven't talked to him about the column. If I had to ask everybody in my government to respond to columns and news stories, that's all I'd be doing, is talking to people in my government.

I am absolutely convinced Secretary Gates knows that removing Saddam was the right thing, and I'm absolutely convinced he believes we will succeed in Iraq. And so I've got a lot of trust in the man. He's doing a fine job as the Secretary.

Martha.

Q You won't comment on what the Israelis may or may not have done --

THE PRESIDENT: That's an accurate statement. I hope you got that from my answer -- now, you're afraid -- now, Gregory is worried I'm actually going to comment, see.

Q That's what I'm hoping.

THE PRESIDENT: I'm not going to, so you might want to go to another subject.

Q I know you won't comment on that. But let's talk about whether or not you believe that North Korea is aiding Syria with a nuclear program.

THE PRESIDENT: We have made it clear, and will continue to make it clear to the North Koreans through the six-party talks that we expect them to honor their commitment to give up weapons and weapons programs, and to the extent that they are proliferating, we expect them to stop that proliferation, if they want the six-party talks to be successful.

In other words, whether it be the exportation of information and/or materials is an important part -- it doesn't matter to us whether they do -- in terms of the six-party talks, because they're both equally important, I guess is the best way to say it. In other words, we want -- it does matter -- let me rephrase that -- it matters whether they are, but the concept of proliferation is equally important as getting rid of programs and weapons.

Q So you believe they are aiding Syria?

THE PRESIDENT: It's a general statement that we expect them not to be proliferating.

Q Mr. President, thousands of people are marching today in Jena, Louisiana, in a racially charged case involving six black students for beating a white student. Also, not far from the White House recently, there was a noose that was found hanging from a tree at a college campus. You have worked very hard to bring blacks and Hispanics into your party, but the fallout from the immigration debate, and even some Republican presidential candidates' refusal to go to debates at Univision, as well as Morgan State, calls into question whether or not the state of race relations is deteriorating in this country, and specifically in your party. Your thoughts?

THE PRESIDENT: My advice to whoever will be our nominee is to reach out to the African American community, as well as other communities, because I believe that we've got a very strong record when it comes to empowerment, when it comes to education, or home ownership, or small business formation.

The events in Louisiana are -- have saddened me. I understand the emotions. The Justice Department and the FBI are monitoring the situation down there, and all of us in America want there to be fairness when it comes to justice. We've got a good record to run on and my advice to our candidates would be to run on it.

Q Do you think this is a defining moment in race relations?

Q Mr. President, Iran's president, Ahmadinejad, says he wants to go to Ground Zero and place a wreath there. There is some objection to that in New York. What are your thoughts?

THE PRESIDENT: My thoughts are that the local police will make the proper decision and that if they decide for him not to go -- like it looks like they have -- I can understand why they would not want somebody who is running a country who is a state sponsor of terror down there at the site.

Roger.

Q Mr. President, back to the economy for a moment. The Fed took its half-point rate cut the other day. Do you think that was enough to stave off recession? And if not, are there other steps you're prepared to do financially?

THE PRESIDENT: Roger, I do not comment on the decisions made by the Fed. I will comment on Ben Bernanke; I think he's doing a fine job. The White House and the Congress are responsible for fiscal policy. The worst decision the Congress could make would be to raise taxes during this period. We don't need to raise taxes in order to fund budget priorities. We have submitted a budget that shows we can get to balance by 2012 without raising taxes, and its one of the reasons I feel so strongly about -- that's why I'm not going to let the taxes be raised.

Q What do you say to those who criticize you for not speaking out on the situation in Louisiana, particularly given your passionate remarks after Hurricane Katrina about race? People say you've gone silent.

THE PRESIDENT: As you know, this is an ongoing trial, litigation taking place. I feel strongly that there ought to be fair justice. And I just spoke out on it.

Q Mr. President, former Secretary of Defense Rumsfeld recently was asked if he missed you. He said, no. (Laughter.)

THE PRESIDENT: I miss him.

Q Alan Greenspan has come out with a book, a recent book, criticizing you for being fiscally irresponsible. And they're not the first former government officials to come out and be critical of you. And I'm wondering two things. First, do you feel betrayed by some of these people who have served you and then have come out and criticized you? And then, more particularly, can you respond to Greenspan's criticism?

THE PRESIDENT: My feelings are not hurt. You might have been a little selective in quoting Donald Rumsfeld, which I know you didn't mean to be, you know. I respect Secretary Rumsfeld, I believe he did a fine job. And I respect Alan Greenspan. I respectfully disagree with Alan Greenspan when it comes to saying that this administration didn't handle the fiscal issues we faced in good fashion. As a matter of fact, we did.

The deficit, as a percent of GDP, is low. It's lower than the 30-year average. We have submitted a plan to balance the budget. We dealt with a recession, a terrorist attack and corporate scandals. And we did it by cutting taxes. The tax cuts worked. The economy recovered. People are working. Interest rates are low.

I'm a supply-sider. I believe supply-side economics, when properly instituted, enables us to achieve certain objectives. One, people find work and there's hope in the economy. Two, that supply-side economics yields additional tax revenues. And if we're smart about how we manage the fiscal budget, it leads to balance, and that's what we have done. We are fighting a war at the same time that we're headed toward balance. In other words, we're making sure our troops get the money they need and veterans get the benefits they need.

Former Chairman Greenspan and I spent a lot of time talking about the unfunded liabilities inherent in Social Security and Medicare. And he's concerned about those unfunded liabilities, as am I. And that's why I went in front of the Congress, in more than one occasion, talking about how to reform Social Security so that young people who are working aren't paying payroll taxes into a system that's going broke.

I'm not going to give up on entitlement reform. They require part -- members of both parties to recognize we have a problem that ought to be solved now. It's time to -- I thought it was time to come together a couple years ago, and that wasn't the political will in Congress. And I'm not so sure we're going to find it now, but I'm going to keep trying because, like the Chairman, I understand that the biggest issue we've got with the deficit are those deficits inherent in these entitlement programs.

John.

Q Mr. President, there's a deal taking place this morning where the government of Dubai would buy a pair -- a stake in the NASDAQ stock market. And there is some concern being expressed on Capitol Hill about this. It's another deal involving, you know, people overseas that we might not trust. What's your reaction to it, and also, what's your level of concern about protectionism in general?

THE PRESIDENT: My reaction is, is that we have a reform process in place that will be able to deal with this issue. In other words, we're going to take a good look at it as to whether or not it has any national security implications involved in the transaction. And I'm comfortable that the process

will go forward.

John, I'm also -- I am concerned about protectionism. I'm concerned about it because if the United States loses its confidence when it comes to trading, it will make it less likely our economy would grow. And I just told you, one of the underpinnings of our support is the fact that exports -- for economic vitality is the fact that exports are up, and workers benefit when we're selling products overseas. And I believe these free trade agreements will be an interesting test of protectionism, whether protectionism is real.

We've got four trade agreements that we've negotiated that we want to get passed, and there's going to be some crucial votes coming up here pretty soon in the Congress. And we'll work hard to get all four trade agreements through. And if they don't get through, it is a sign that the protectionists are beginning to be on the ascendancy here in Washington, D.C., and that would be a mistake. And for people who are deeply concerned about poverty around the world like I am, the best way to help lift people out of poverty is through free trade agreements. And that's why we're dedicated to the Doha Round that Secretary Schwab is so actively engaged in -- not Secretary Schwab; trade negotiator Schwab.

And we're committed to reach an accord with these nations so that -- because trade helps poor people realize a better life. And it's a proven fact.

I'm also worried about isolationism. Isolationism tends to run hand in hand with protectionism. You'll find isolationists are those who say it's not our business what happens overseas; it doesn't matter if there's a free society in the heart of the Middle East, as far as our long-term security and peace. I just strongly reject that. I think it does matter a lot that the United States is working with other nations to promote liberty and freedom. I believe liberty is a change agent. Liberty can help hostile parts of the world become peaceful parts of the world.

You know, our strategy in dealing with these extremists who still want to attack us is on the one hand, chase them and find them and bring them to justice; and on the other hand, help change the conditions that caused 19 kids to get on airplanes and come and kill nearly 3,000 citizens on our soil. The best way to do that is to be active with foreign policy. It's not to lose faith in values, but to actively promote universal values. And isolationists would say it's not worth it, doesn't matter to the United States of America. Well, I think it does matter, and I think it matters a lot.

Herman, have you got a question?

Q Yes, sir, thank you.

THE PRESIDENT: You're welcome.

Q Mr. President, for Republicans seeking election next year are you an asset or a liability?

THE PRESIDENT: Strong asset. (Laughter.) Ann.

Q Can I follow?

THE PRESIDENT: No. (Laughter.) I knew I made a mistake calling on you in the first place. (Laughter.)

Q He's known you a long time.

THE PRESIDENT: Yes, he has.

Q And you got an MBA?

THE PRESIDENT: The problem is I called him and I've known him for a long time.

Q You knew what you were getting into. (Laughter.)

THE PRESIDENT: Yes. Look, candidates who go out and say that the United States is vulnerable to attack and we're going to make sure our professionals have the tools necessary to protect us are going to do well. Candidates who go out and say that helping these Iraqis realize the benefits of democracy are going to do well. Candidates who go out and say that it's very important for the United States to have clear principles when it comes to foreign policy, they'll do well. Candidates who say we're not going to raise your taxes will do well.

Ann.

Q Quick follow, if I may, Mr. President?

THE PRESIDENT: No, you may not.

Q Mr. President, back to your grade point average on holding the line on taxes --

THE PRESIDENT: Whew, I thought you were going to talk about the actual grade point average. (Laughter.) I remind people that, like when I'm with Condi I say, she's the Ph.D. and I'm the C-student, and just look at who's the President and who's the advisor. (Laughter.) But go ahead.

Q If there is a tax increase on cigarettes to fund the S-CHIP program, is that a tax increase you oppose?

THE PRESIDENT: It does. We don't need to raise taxes. What I want is the Congress to be focused on making sure poor children get the health insurance they were promised. Instead, Congress has made a decision to expand the eligibility up to \$80,000. That's not the intent of the program. The program was find poor children and help them with health insurance. Their vision is, expand the eligibility so that people making up to \$80,000 will be eligible for this program. I believe this is a step toward federalization of health care. I know that their proposal is beyond the scope of the program, and that's why I'm going to veto the bill.

Let's see, Mark.

Q Mr. President, in January, when you announced the troop surge, you said that its goal was to get all 18 Iraqi provinces, the security for those provinces into Iraqi hands by November of this year. The Pentagon is now telling Congress that's not going to happen until July at the earliest. Have the goalposts shifted once more?

THE PRESIDENT: No, the goals are the same, achieving those goals has been slower than we thought. And the question is, one, whether or not it's worth it to try to achieve the goals. I believe it's worth it for the security of the country, and the reason why I believe it's for the security of the

country is that if we were to leave before the job is done extremist groups like al Qaeda would be able to gain safe haven. That's what they've said they want. They believe we won't have the will to hang in there and help this Iraqi government succeed. And they want us out.

So the goals of helping Iraqis provide their own security remain the same and the goals are important toward achieving our objective, and our objective is important for the security of the country. I also believe that a democracy in the heart of the Middle East will be a major blow to extremists or radicals wherever they live in the Middle East. And just yesterday we saw

an attack on an anti-Syria-pro-Lebanese democracy advocate. I don't know who did that, but I do know it is typical of this war we're fighting in, when extremists kill innocent people in order to undermine democracies.

One of the things I feel passionately about is for the United States to recognize what a Middle East would be like if terrorists and extremists were -- would have safe havens and were emboldened by a U.S. defeat. And that's why I'm -- one, I believe we can succeed, and two, I know we got to succeed -- and therefore, have listened carefully to our commanders and our diplomats as to whether or not they think we can succeed, and if so, what do they need to do it. And that's what I talked to the country about.

And so, Mark, yes, the goals are the same. And have we achieved them as fast, no, we haven't. But however, having not achieved them doesn't mean we ought to quit. It means we ought to work hard to achieve the goals, because the end result is the same, whether the goal is done in November or in July, and that is a country that can govern itself, sustain itself, and defend itself, and is an ally against these extremists and radicals; a country which will deny safe haven to the folks who have sworn allegiance to the crowd that attacked us on September the 11th.

A couple more, and then we'll let Leavitt come up here.

Q A follow-up, sir?

THE PRESIDENT: Yes, please.

Q Thank you. You said earlier that people in Iraq are sick and tired of the violence. To what extent has the recent Blackwater incident frayed your relations with Prime Minister Maliki and his government? And why are outfits like Blackwater above the law in Iraq?

THE PRESIDENT: First of all, I have yet to speak to the Prime Minister about this subject. I'll see him in New York next week at the U.N., I'm confident he'll bring it up. I also appreciate the fact that he's willing to work with the U.S. government to set up a commission to find out what actually happened. The folks like Blackwater who provide security for the State Department are under rules of engagement -- in other words, they have certain rules. And this commission will determine whether or not they violated those rules. And I'm looking forward to finding out what the results are.

Q Any regrets about that incident and the fact that --

THE PRESIDENT: Well, let's find out what the facts are first. Obviously, to the extent that innocent life was lost, you know, I'm saddened. Our objective is to protect innocent life. And we've got a lot of brave souls in the theater working hard to protect innocent life. And evidently some

innocent lives were lost. My thoughts and prayers go out to the families. I want to find out the facts about exactly what took place there in the theater and that's exactly what we're about to find out.

A couple more here. Wolffe.

Q Thank you, sir.

THE PRESIDENT: You looked asleep back there, that's why I was calling on you.

Q You recently spoke just earlier about the importance of oil revenue sharing in Iraq. Recently a company called Hunt Oil, run by one of your long-time supporters, Ray Hunt, signed a deal with a Kurdish regional government to drill for oil up there. That deal has come under intense criticism from the national government in Baghdad. They say it undermines the discussions about oil legislation. What's your opinion of that kind of deal and how it impacts this long-stalled legislation?

THE PRESIDENT: Our embassy also expressed concern about it. I knew nothing about the deal. I need to know exactly how it happened. To the extent that it does undermine the ability for the government to come up with an oil revenue sharing plan that unifies the country, obviously if it undermines it I'm concerned.

Yes.

Q Mr. President, thank you.

THE PRESIDENT: Big Stretch, he's back.

Q What is your reaction to the MoveOn.org ad that mocked General Petraeus as General "Betrayus," and said that he cooked the books on Iraq? And secondly, would you like to see Democrats, including presidential candidates, repudiate that ad?

THE PRESIDENT: I thought the ad was disgusting. I felt like the ad was an attack not only on General Petraeus, but on the U.S. military. And I was disappointed that not more leaders in the Democrat Party spoke out strongly against that kind of ad. And that leads me to come to this conclusion: that most Democrats are afraid of irritating a left-wing group like MoveOn.org -- or more afraid of irritating them than they are of irritating the United States military. That was a sorry deal. It's one thing to attack me; it's another thing to attack somebody like General Petraeus.

All right. Leavitt is going to answer some questions if you have any for him. Make sure they're -- tone them down a little bit, this is his first time in here. Martha, you and Gregory be polite on him. Thank you for your time.

END 11:21 A.M. EDT