



THE WHITE HOUSE

PRESIDENT GEORGE W. BUSH

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Remarks by the Vice President to the World Economic Forum

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THE VICE PRESIDENT: Well, thank you very much, Professor Schwab. I'm honored to join all of you this morning, and to be in such distinguished company.

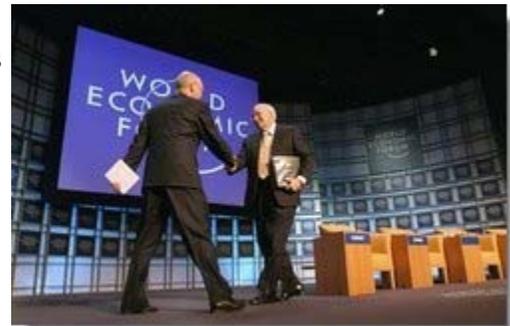
I am grateful to the World Economic Forum and to the Swiss government for hosting this important forum over the years. I see some old friends here, and many good friends of the United States. To all of you, I bring the best wishes and the best wishes of the American people and President George W. Bush this morning.

As we came into the valley yesterday, the setting reminded me of the Mountain West, the part of America that I call home. This is the best kind of place to come when you want to draw back from the daily rush of events and focus on matters of large and long-term consequence -- the calm deliberation is the spirit of this conference to see beyond the political pressures of the moment, and to take the long view.

Recent events give us many reasons for optimism. The capture of Saddam Hussein, the adoption of a new democratic constitution in Afghanistan, Libya's decision to abandon its pursuit of weapons of mass destruction, the recent warming between India and Pakistan, and the return to robust growth in the United States and Asia; these all point toward a future that is more hopeful than many people believed possible just a year ago.

And think what has happened in Europe in recent years -- progress and cooperation that could not have been imagined just a few generations ago. In the living memory of some in this room, Europe was a source of constant violence, and threats that reached beyond the continent. Today, in every direction from this city, Europe is united and peaceful, and this continent now stands as an example to all nations of economic success and democratic stability.

The success of modern Europe is one of the great stories of human experience. It is also the story of a great and enduring alliance among free peoples on both sides of the Atlantic. Through six decades and 12 American Presidents, the United States and Europe have faced monumental challenges and have overcome them together.



Because transatlantic ties held strong -- against the forces of fascism and imperial communism -- our nations have been able to thrive in the pursuit of peace. The subjects we talk about at gatherings like this -- economic growth, the expansion of trade, new opportunities for our people -- all reflect the confidence of free societies. And the confidence rests on the basic architecture of security we have created together.

Today's generation of leaders has no greater responsibility than to protect our peoples against new dangers. On September 11th, 2001, we saw the face of danger in our era with terrible clarity. On that morning, in the space of three hours, 19 men, carrying only box cutters and airplane tickets, inflicted suffering and death on some 3,000 innocent men, women and children. This was a tragic loss for my nation. But among the casualties that day were also citizens of more than 50 other countries. And yet for all the destruction and grief it caused, September 11th gave us the merest glimpse of the threat that international terrorism poses to us all.

There have always been small groups willing to use random murder to shock and intimidate. Yet in crucial respects, 21st century terrorism threat presents a new and far greater peril. Today, we face a sophisticated global network of terrorists who are opposed to the values of liberty, tolerance and openness that form the basis of our societies. Their hatred and sense of grievance are not directed at any one government or nation or religion, but against all governments, nations and people that stand in their way. And so we have seen further atrocities committed since 9/11 in Bali, Jakarta, Najaf, Jerusalem, Casablanca, Riyadh, Mombasa, Istanbul, Baghdad and elsewhere.

Today's terrorists send young men and women on missions of suicide and murder and call it martyrdom. They would as readily kill 300,000 innocents as they killed 3,000, and they are seeking the means to do exactly that. From materials seized by coalition forces in Afghanistan, and interrogations of captured terrorists, we know they are doing everything they can to develop or acquire chemical, biological, radiological and even nuclear weapons.

Were they to gain those weapons -- either by their own efforts or with the help of an outlaw regime -- no appeal to reason or mortality would prevent them from committing the worst of terrors. In the words of the recently published EU Security Strategy, the terrorists are, "willing to use unlimited violence to cause massive casualties."

We must act with all urgency that this danger demands. Civilized people must do everything in our power to defeat terrorism and to stop the spread of weapons of mass destruction.

These tasks that we face are tasks that we'll face far into the future. And our success will depend on meeting three fundamental responsibilities. First, we must confront the ideologies of violence at the source, by promoting democracy throughout the greater Middle East and beyond. Second, we must meet these dangers together. Cooperation among our governments, and effective international institutions, are even more important today than they have been in the past. Third, when diplomacy fails, we must be prepared to face our responsibilities and be willing to use force if necessary. Direct threats require decisive action.

Let me begin with the first of these -- the defeat of violence through the advance of freedom.

The theme of this conference states that, "There can be no prosperity without security, and security cannot be achieved in the absence of prosperity." But while we know that security and prosperity are mutually dependent, we must go a step further and ask how they are best achieved. And the answer lies in the values of freedom, justice and democracy. We know from experience that the institutions of self government turn the energies of human beings away from violence, to the peaceful work of building

better lives. Democracies do not breed the anger and the radicalism that drag down whole societies or export violence. Terrorists do not find fertile recruiting grounds in societies where young people have the right to guide their own destinies and to choose their own leaders.

For the best illustration of these truths, we need not look far. By the middle of the 20th century, generations of conflict had led some to conclude that permanent tension was a fact of life in Europe, and that some European cultures were incapable of sustaining democratic values. We now know that this pessimistic view was false. The true sources of conflict were despotic and anti-democratic regimes.

The defeat of fascism and the spread of democracy after World War II was the precondition for peace and prosperity in Western Europe. Only when both had become stable democracies could Germany and France be at peace. And that reconciliation, as much as any other event, helped bring about the European community we know today. Likewise, the defeat of Soviet communism and the spread of democracy in Eastern Europe made possible a continent whole and free -- and increasingly stable and prosperous.

What was once said about Europe has been said at various times about Asia, Africa, and Latin America, and is often said today about the greater Middle East. We are told that the culture and the beliefs of the Islamic people are somehow incompatible with the values and the aspirations of freedom and democracy. These claims are condescending, and they are false. Many of the world's Muslims today live in democratic societies. Turkey is perhaps the premier example. That is why it has recently been the target of terrorist violence. Turkey deserves our support, including for its European aspirations.

Millions of other Muslims live and flourish as democratic citizens in Europe, Asia and the United States. The desire for freedom is not just America or Western, it is universal. Whenever ordinary people are given the chance to choose, they choose freedom, democracy and the rule of law, not slavery, tyranny and the heavy tread of the secret police.

In the years of the Cold War, we learned that we could not safely put a border on freedom. Security was not divisible in Europe; it is not divisible in the world. Our choice is not between a unipolar world and a multipolar world. Our choice is for a just, free and a democratic world. That requires the insights, the sacrifices and the resources of all democratic nations. And it requires the courage, sacrifice and the dedication of those now denied their basic freedoms.

It's clear that reform has many advocates in the Muslim world. Arab intellectuals have spoken of a freedom deficit, and of the imperative of internal reform, greater political participation, the rule of law, economic openness and wider trade.

As some at this conference can attest, we have seen movement toward reform in the greater Middle East. In Morocco, King Mohammed recently called for greater protection of women's rights. In Jordan, elections have been held and the government is taking steps to reduce state control of the press. In Bahrain, elections were held last year and women were able to run for office for the first time. In Egypt, the ruling National Democratic Party has called for increased economic reform and expanded political participation. In Saudi Arabia, Crown Prince Abdullah has issued an Arab Charter for reform and called for the holding of municipal elections. These changes demonstrate what we all know -- that true reform and democracy must come from brave and forward-looking people in each country. And those of us who are privileged to live in freedom have a responsibility to support these historic steps.

The rulers of Iran must follow the example being set by others throughout the greater Middle East. In that great nation, there is a growing call for true democracy and human rights. Europe and America must stand as one in calling for the regime to honor the legitimate demands of the Iranian people. They ask

nothing more than to enjoy their God-given right to live their lives as free men and women.

Of course, the most dramatic recent examples of democratic progress are to be seen in the liberated countries of Afghanistan and Iraq. In Afghanistan, two years after the overthrow of the brutal Taliban regime, the Loya Jirga has approved a constitution that reflects the values of tolerance and equal rights for women. Under President Karzai's leadership, and with the help of democratic countries around the world, the Afghan people are building a decent, just and free society -- and a nation that will never again be a safe haven for terror.

In Iraq, too, after decades of Baathist rule, democracy is beginning to take hold. Less than a year ago, the people of that country lived under the absolute power of one man and his apparatus of intimidation and torture. Today the former dictator sits in captivity, while the people of Iraq prepare for full self government. Saddam Hussein can no longer harbor and support terrorists, and his long efforts to acquire weapons of mass destruction are finally at an end.

A new Iraqi police force now protects the people instead of bullying them. Hundreds of Iraqi newspapers are now in circulation, with no Baathist enforcers telling them what to print. A coalition of nations led by the United States is working with Iraq's new Governing Council to prepare the way for a transition to full Iraqi sovereignty by the end of June. Iraqis are preparing a fundamental law, which will guarantee certain basic rights. Month by month, Iraqis are assuming more responsibility for their own security and their own future. The United States and our coalition partners will stand with them, and continue to sacrifice to ensure their safety until that work is done. We urge all democratic nations and the United Nations to answer the Iraqi Governing Council's call for support for the people of Iraq in making the transition to democracy. We urge all nations holding Iraqi debt to be generous in forgiving it.

Our forward strategy for freedom commits us to support those who work and sacrifice for reform across the greater Middle East. We call upon our democratic friends and allies everywhere, and in Europe in particular, to join us in this effort. Europeans know that their great experiment in building peace, unity and prosperity cannot survive as a privileged enclave, surrounded on its outskirts by breeding grounds of hatred and fanaticism. The days of looking the other way while despotic regimes trample human rights, rob their nations' wealth, and then excuse their failings by feeding their people a steady diet of anti-Western hatred are over. Nations fail their people if they compromise their values in the hope of achieving stability. Instead, we must seek a higher standard, one that will apply to our friends in the region no less than to our adversaries.

Just as democratic reform is the key to the future that the people of the Middle East deserve, so it is also essential to a peaceful resolution of the long-standing Arab-Israeli dispute. We seek recognition and security for Israel. And we support a viable, independent Palestinian state. But peace will not be achieved by Palestinian rulers who intimidate opposition, tolerate and profit from corruption and maintain ties to terrorist groups. The best hope for a lasting peace depends on true democracy. And a true Palestinian democracy requires leaders who understand that terror has in fact been the worst enemy of the Palestinian people and are prepared to remove it from their midst. Israel, too, must redouble its efforts by alleviating the suffering of the Palestinian people and by avoiding actions that undermine the long-term viability of a two-state solution.

Encouraging the spread of freedom and democracy is the right thing to do, and it is also very much in our collective self-interest. Helping the people of the greater Middle East overcome the freedom deficit is, ultimately, the key to winning the broader war on terror. It is one of the great tasks of our time, and it will require resolve and resources for a generation or more.

This is work for many hands. And here we see our second great responsibility: To keep our alliances and international partnerships strong and to cooperate on every front as we meet common dangers.

We have made much progress in the past two years. Not long ago, terrorists lived with impunity in cities across Europe and obtained official American visas, exploiting the openness of our societies and using it against us. Today, our intelligence and law enforcement services are cooperating to tighten the noose around terrorists, to choke off their sources of funding, to prevent them from moving freely across our borders and to apprehend them before they strike again.

We have created new tools to strengthen our efforts, like the recently signed U.S.-EU Extradition and Mutual Legal Assistance treaties. And each of us bears a responsibility to ensure these treaties are enforced to the fullest. By these means we are safer, but we are not yet safe. Each of us bears responsibility to close the holes in our common effort against terror and weapons of mass destruction.

Our military actions have also been carried out with the help of many allies and partners on this continent and around the world. It is no surprise to President Bush and me that 21 of the 34 countries keeping peace with us in Iraq today are NATO allies and partners. Along with Great Britain, Italy, Poland, Spain and the Netherlands have all made substantial contributions, with Poland taking command of a multinational division and Spain making a major troop commitment. Thirty-eight countries have forces in Afghanistan, 28 from the European continent as well as others from the Middle East, East Asia and North America. In Afghanistan, Germany has taken a leading role in providing forces and in expanding the role of NATO.

NATO itself is undergoing the most dramatic and important transformation in its history. It's expanding its membership, creating a rapid response force, leading the International Security Assistance Force in Kabul while widening its role in Afghanistan, and supporting the Polish-led division in Iraq. These deployments -- hundreds and sometimes thousands of miles from the European heartland -- speak to our common understanding that today's threats must be met where they are, or those threats will come to us.

But we have much more work to do. As Lord Robertson, NATO's former Secretary General, has said, "NATO's credibility is in its capability." Today Europe and Canada have 1.4 million soldiers under arms, but only 55,000 deployed, and many European militaries still maintain they are overstretched. We have spoken before, since I was Secretary of Defense, about the need for more deployable European forces -- and today that need is critical -- and Secretary General de Hoop Scheffer has made this a priority.

Another priority is greater cooperation and burden-sharing between NATO and the EU. None of us can afford waste, duplication or competition between the two great institutions in Brussels. America wants the strongest possible Europe. And just as we must not force you to choose between your European and transatlantic vocations, you must not sell yourselves short and settle for less than the military capability and influence that your people deserve.

We also urge our allies and partners in Asia and Latin America to strengthen their defense capabilities and to join in our shared efforts to preserve peace. Among others, Japan, Korea, Thailand, Honduras, Nicaragua and the Dominican Republic have taken the courageous step of joining peace efforts in Iraq. They have our respect and gratitude.

The grave problem of proliferation must also be answered with united action. Different situations will require different strategies. Along with China, Japan, South Korea and Russia, America is determined to see that North Korea eliminates its nuclear program. We are supporting the work of the IAEA to hold

the government of Iran to its commitment not to develop nuclear weapons. We must remain united in demanding that Iraq meet its international commitments.

As we pursue this work, we must look hard at existing multilateral institutions and treaties to ensure they are up to the challenges of the 21st century. Existing mechanisms may have slowed the spread of deadly weapons, but they clearly have not prevented it.

Last year, the U.S. and 10 other nations -- including Australia, France, Italy, Japan and Spain -- formed the Proliferation Security Initiative, a joint effort to identify and interdict the most dangerous weapons and missiles in transit. For too many years, those materials have crossed oceans and continents without a serious or systematic effort to stop them.

Today, knowing that terrorists are actively seeking the weapons to match their ambitions, the risks of inaction are impossible to overstate. So we must proceed in dead earnest with a broad, effective, global effort to halt the transfer of those weapons before it is too late. Each nation should also look within, at laws and business practices that may have been insufficient to prevent the export of items that enable the production of weapons of mass destruction.

In all of our actions, the world's democracies must send an unmistakable message: that the pursuit of weapons of mass destruction only invites isolation and carries great costs. And leaders who abandon the pursuit of those weapons will find an open path to far better relations with governments around the world.

That message has already yielded a response in Tripoli. In December, after nine months of intensive diplomacy, Colonel Ghadafi voluntarily pledged to disclose and dismantle all of his regime's weapons of mass destruction programs. A successful German/Italian effort to interdict a shipment of centrifuge parts bound for Libya surely helped crystallize his decision.

Today, with the cooperation of Libya's government, American and British experts and IAEA inspectors have already examined a sizable weapons program, including a uranium enrichment project for nuclear weapons. In the months to come, Libya has agreed to provide a full inventory and inspectors will assist Libya in dismantling its entire WMD programs and its longer-range missiles. Libya has now ratified the nuclear test ban treaty, and early next month will become the 159th country to join the Chemical Weapons Convention.

Our understanding with Libya came about through quiet diplomacy. It is the result, however, of policies and principles declared to all. Over the last two years, we have demonstrated that when we speak of fighting terrorism and of ending the spread of weapons of mass destruction, we mean exactly what we say. Our diplomacy with Libya was successful only because our word was credible.

That kind of credibility can be earned in only one way -- by keeping commitments, even when they bring difficulty and sacrifice; by leaving potential adversaries with no doubt that dangerous conduct will invite certain consequences. And so the third responsibility of free nations is to be ready, as a last resort, to apply military force.

Those of us who are fortunate enough to live in successful, strong democracies are accustomed to the forms of good-faith negotiation and the peaceful resolution of differences. We observe those forms every day, in our legislatures, parliaments and legal systems. Following World War II, the victorious democracies and their newly liberated partners shared those standards of debate and conduct with the world, through the United Nations and other international organizations we together worked to create.

There is a temptation, however, to assume that the good faith that underlies these institutions will always be returned. Yet as we saw in the case of Iraq, after 12 years and more than a dozen Security Council resolutions -- the last one vowing serious consequences -- there comes a time when deceit and defiance must be seen for what they are. At that point, a gathering danger must be directly confronted. At that point, we must show that beyond our resolutions is actual resolve. As President Bush has said, "Our people have given us the duty to defend them. And that duty sometimes requires the violent restraint of violent men."

Inaction can bring its own serious consequences. Had we not acted, Saddam Hussein would still be in power, and there is little question he would still be defying the United Nations and making a mockery of its mission.

Because we acted, 25 million people live free of Saddam's tyranny. Never again will they have to fear the arbitrary rule of the dictator and his sons -- the torture chambers, the mass graves, the whole apparatus of terror that sustained their power. The people of Iraq have been delivered from a nightmare. And every person now engaged in the work of making Iraq a stable and a democratic nation has contributed to a just cause and to the peace of the world.

None of the responsibilities I have described this morning are easily met. Promoting freedom, justice and democracy in areas that have known generations of despotism is an enormous undertaking. Working cooperatively against the dangers of a new era will place demands on us all, and there will be occasional differences, even among allies who have great respect for one another. And using military power, when no alternative remains, will always be the most difficult decision that leaders can make.

We do not shrink from these obligations, because we know from bitter experience that tragedy can come from division, weakness and vacillation. We are determined that today's challenges do not become tomorrow's crises. This will test our diplomacy and our resolve. Going forward, we can be guided as well by one of the last century's more hopeful lessons. History has not dealt kindly with dictators and murderous ideologies. The momentum of history is on the side of human freedom. And when free people are clear in our purposes, and confident in our ideals, and united in our defense, no enemy will prevail against us.

Thank you. (Applause.)

PROFESSOR SCHWAB: Mr. Vice President, this was a comprehensive presentation of the United States' policies. But it was much more. I think it was a presentation of our joint responsibilities in the world. As it is tradition in Davos, the Vice President has agreed to answer some questions. Who would like -- I see so many, many hands going up. We will be able only to take some.

Q Thank you for those warm words, which were very much appreciated, about the Islamic and the Arab world. May we ask, Mr. Vice President, would you be so kind as to ensure that they are continued to Secretary Ashcroft and to those who work for him, so that visitors from our region are treated with greater discretion and sensitivity when they visit your wonderful country? Thank you, sir. (Applause.)

THE VICE PRESIDENT: I will certainly be happy to pass on the messages to my colleague, John Ashcroft. There's no question that what we have tried, to improve and tighten up our entry and exit procedures in the United States. We are aware that there are still glitches in the system, that it is sometimes an onerous process, and we're doing our best to improve upon it. We just need to continue to improve on it.

Q This is a chance for me to speak on behalf of the Bosnian people and to pass their gratitude for what you have done in Bosnia and Herzegovina. Please, Mr. Vice President, if you can convey to the American people that we will never forget that you came to Bosnia to help us survive as Muslims in the Balkan Peninsula. We will never forget that. We didn't have oil, you didn't have an interest to gain. You came to Bosnia Herzegovina just to show your credibility and your sense of morality.

Besides this, I would like to say that I like from your speech that this year we have heard more about freedom than about security. I hope that in the future that Americans will talk more about freedom around the world than about the security. Thank you very much. (Applause.)

THE VICE PRESIDENT: Thank you.

Q Mr. Vice President, you did not have a chance to address economic issues in your address, but that is, of course, a central topic here at Davos. I'd like to ask you one question in that area. I think it's fair to say there's been enormous admiration expressed to you this week about the strength of the U.S. economy, particularly the recovery that is now clearly underway.

But there has been one nagging question about the sustainability of that recovery, and that relates to the outlook for the U.S. budget position. In fact, there have been several questions about a comment made by your former colleague, Paul O'Neill, in his new book. (Laughter.) When he quotes that famous meeting that he and Chairman Greenspan had with you, when he recounts you as saying, President Reagan showed that budget deficits don't matter; could you comment as to whether that is the philosophy -- (laughter) -- and how you intend to overcome that concern? (Applause.)

THE VICE PRESIDENT: I guess the way you could look at that whole exercise is that I'm not the best personnel officer in the world. (Laughter.) The President took my advice on the Secretary of the Treasury. Of course part of that, he put me in charge of the search for the Vice President. (Laughter.) That came out in unexpected ways, as well. (Laughter.)

I believe deficits do matter. But I also am a great believer in the policy we followed. That is to say, that it is very important for us to reduce the tax burden on the American economy, by way of stimulating growth. The progress we see today, with respect to our economy, is directly related to that. Paul did not support the tax cuts that I favored and that the President obviously ultimately decided on. That really goes to the heart of the debate.

I do think deficits matter; they matter in the long-term; you do have to worry about them. Our plan that the President laid out the other night in the State of the Union speech is to reduce the deficit in half over the next five years, and I think we'll get there. If you look at our deficit today, while it's large, it's not that large from a historic standpoint as a percentage of GDP. We think it is manageable, especially given the state we're in. We're engaged in military conflict, we've had to significantly increase defense spending, inherited a recession which caused a fall-off in government revenues. And for a lot of reasons, I don't find that surprising -- one, that we have a deficit.

But in terms of trying to move back to a balanced budget, that clearly would be our long-term goal and objective. But we would not now move immediately, for example, to a balanced budget at the cost of adequately funding our military operations, or having the kind of pro-growth policies that we think are vital to generating long-term revenues for the economy.

We think we've got it calibrated about right. I wouldn't believe everything I believe in Paul O'Neill's book. (Laughter.)

Q I think everybody in the room recognizes you and President Bush had some very difficult decisions. And there can be a debate on people in the room agreeing or disagreeing, but I think that each one has a point each way. And I guess the one that's been bothering I know myself and a lot of people around the world is, can you explain to us exactly how people can be picked up anywhere in the world, put in Guantamano Bay, not be told by their families, not get the right to trial, not get the right to trial within a reasonable amount of time, and how you relate that to your comment that compromising values in the name of security is not a good idea, and how you link that to a democratic society who believes in the right to free trial, et cetera?

We understand that under military circumstances it is difficult, but now we're a little ways down the road, and do you see -- can you give some light to people in the room who may be worried that suddenly they could be picked up and their families not told exactly, A, the logic of the Guantanamo Bay story right now, and, B, movements your government is making to maybe change that and justify it, in terms of what you've been saying? (Applause.)

THE VICE PRESIDENT: These are not people sort of picked up at random, because we don't run up and down the streets of London or Paris or Riyadh saying, he's a likely looking prospect, let's put him in Guantanamo. These are people, primarily, who were picked up on the battlefield in Afghanistan, trying to kill our troops. They were in combat, they are treated very humanely. They are not under the provisions of the Geneva Convention, they don't qualify as prisoners of war, but they're treated appropriately, in terms of medical care, in terms of food and the conditions, for example, that exist for them.

We have, in fact, released some as we've been able to go through the interrogation process and convince ourselves that for one reason or another, they no longer constitute a threat or they no longer have intelligence that would be valuable to us in prosecuting the war on terror.

We also have a number of people there who are -- I would describe as deadly enemies, who are very open and very direct about wanting to kill Americans the first chance they get to get back out on the street. Eventually a number of them -- well, some of them already have been turned over to their country of their nationality. Some will be prosecuted and tried. Some, I expect, will be released.

But we'll sort through them. The International Red Cross has visited there. We've been very -- I think very careful in terms of how we proceed and how we do treat them. But we are faced with a situation where the war continues, if you will, where people in some cases have come into the United States whose only intent is to murder civilians. And under those circumstances, and given the rules of warfare, we felt we had no choice but to have a place where we could have a repository for these folks as long as they constitute a threat and as long as the conflict continues.

Q You mentioned in your tour of the world, North Korea. And while dangers have diminished clearly, particularly in Libya and in other places, North Korea seems one place where the threat is at the present undiminished. Could you give us your assessment of the prospects for success in your goal to rid North Korea of nuclear weapons?

THE VICE PRESIDENT: Well, clearly the jury is still out, with respect to North Korea. We've worked it very hard with the -- in particular with the Chinese, also the Japanese and the South Koreans and the Russians. The Chinese have become, I think, central to that effort. We all agree that is it not in the interests of any of us for the Korean Peninsula to become a repository of nuclear weapons. The effort needs to be made -- if we're going to be successful, resolving this matter peacefully by diplomatic means -- the effort needs to be made as it is being made to persuade the North Koreans that they have no choice

if they want to have the normal kinds of commercial relationships with those of us that are involved in the enterprise but to give up their aspirations to acquire nuclear weapons.

We've had two meetings in Beijing to far. I would expect there will be more as we continue to move forward on that basis. The key here was, as I say, the Chinese and having the other nations engage.

Today, can I predict the outcome? I can't. But we think we're approaching it on a sensible basis, so that this is the right way to proceed to try to resolve it diplomatically, by making it clear to the North Koreans that they really have no option if they want to have any kind of normal relations with the rest of us. And they need those relations, in terms of just feeding their people, maintaining some kind of viable economy in the North, they absolutely have to have the support of Japan, South Korea, China, Russia and the United States.

Q You say the jury is still out on North Korea. I wonder if you can talk about the jury on Iran? And specifically, how would you judge the European efforts right now, for the negotiations with Iran? One of the most controversial phrases in Europe was that of the, "axis of evil." Is Iran still a member of that access?

THE VICE PRESIDENT: We're hopeful that the effort by the -- our European friends -- the Germans, the French and the Brits have been most directly involved, working with the Iranians, to try to get the Iranians to agree to a more intrusive inspection regime, which they've now done. We'll have to see whether or not that produces the desired result. We believe that the Iranians have been actively and aggressively pursuing an effort to develop nuclear weapons. They deny that, but there seems to be a good deal of evidence out there to indicate that, in fact, that's exactly what they have been doing.

It's in everybody's interest, I believe, especially our European friends and allies, to see to it that the Iranians live up to the commitments that they have now made. Truly intrusive inspections, a more robust inspection regime, administered by the IAEA, and they keep the commitments they made to the British, German and French foreign ministers. And we'll do everything we can to support that effort.

Q Last night Minister Shimon Peres proposed a four-point approach to creating peace between Palestinian and Israel. The thoughts he shared with us were the U.S. would guarantee the security of a border that those two nations would agree to; second, that the EU would offer membership to both Israel and Palestine; third, that both nations would join the Partnership for Peace; and fourth, that they would commit to fight terrorism. I wonder if you would comment on his proposals?

THE VICE PRESIDENT: I haven't had an opportunity to look at them or study them in detail. The prospect of guaranteeing borders strikes me as sort of a traditional concept for a traditional conflict, and we haven't really had a traditional conflict there. The problem, of course, has been, in large part, generated by terrorism, suicide bombings and so forth. Somehow we've got to find a way, I think, to take down the structures of terror, which is part of the road map that was developed by the quartet, if we're going to get to the point where there can be sufficient trust on both sides to enter into negotiations to resolve the outstanding conflicts to decide where the border goes and establish a permanent peace.

Shimon Peres is a man I've known a long time. I've got a lot of respect for him. I'm sure he's doing everything he can think of to try to move forward in a very, very difficult area. But I wouldn't -- at this stage, I wouldn't want to sort of put a stamp of approval on his proposal. We deal with the Prime Minister and the government in power in Israel. And they speak for the Israelis and we're always happy to listen to other ideas and notions, but ultimately in terms of our interaction with Israel, in particular, clearly the government of Mr. Sharon is the one that we pay closest attention to at present.

PROFESSOR SCHWAB: Vice President, to conclude, two questions. The first one, we spoke yesterday a lot about U.N. reform. You hinted to it in your own speech. Could you share with us what should be done in order to make the global institution framework more effective. You used the word, effective. What can we do to make it more effective?

THE VICE PRESIDENT: You mean the United Nations in particular?

PROFESSOR SCHWAB: The United Nations in particular.

THE VICE PRESIDENT: I could get in a lot of trouble right here, I'm sure. (Laughter.)

Well, from time to time, there's been discussion about the need to sort of modernize and update the U.N. The arrangements were settled on in San Francisco in 1945, and that was nearly 60 years ago. We've got certain anomalies, I think, in that the structure of the United Nations, as it's currently constituted, doesn't necessarily fit the way the world works these days -- major powers that are not represented as much -- they don't have as much influence at the U.N. as they might have if this were 1945 and we were establishing -- I don't want to get into any more detail than that. I don't want to recommend specific changes on a national basis. I think those are the kinds of issues that need to be dealt with internationally. At some point I would expect there would be proposals made by various members of the United Nations, to reform and upgrade and modernize the institution. I don't think I should recommend any here this morning.

PROFESSOR SCHWAB: Vice President Cheney, I may take a quote in your Christmas card. Actually, you quote, Benjamin Franklin, and he said, "If a sparrow cannot fall to the ground without His notice, is it probable that an empire can rise without His aid?" Do you consider the United States to be an empire? And every empire has something which is threatening to the people on the street. What can the United States to be perceived as a non-threatening empire by those who look for freedom, but as a threatening empire for those who threaten our security?

THE VICE PRESIDENT: First of all, that quote was selected by my wife. (Laughter.) She should have to explain why it was on the Christmas card. Secondly, it refers to an incident that occurred in our Constitutional Convention, when Franklin was speaking about the importance of some recognition of the importance of the Almighty in the affairs of man.

And it did not refer, or should not be taken as some kind of indication that the United States today sees itself as an empire. I think that there are some fundamental differences between the United States today, the way we operate, the things we believe in, the way we've conducted ourselves over the course of our history that distinguish us, if you will, from what might be identified as an empire. We do believe very deeply in democratic principles and practices.

We have had, on occasion in the past, the opportunity to deploy massive military forces, and to put them in the heart of Europe, in the heart of Asia, and then, having done that, to create democracies where previously there had been dictatorships and empires, and then withdraw to our own shores, without any aggrandizement, in terms of territory or any of the other trappings of empire, if you will, I guess. And I think from the standpoint of history, we're unique, in that regard.

So I wouldn't let the Benjamin Franklin quote be misinterpreted as somehow it's intended now to talk about the United States as an empire. We don't see ourselves in that light, we don't believe we've acted that way. I would argue that there are millions of people in the world today who are free of tyranny and have the opportunity to live in freedom and under democracies because of past activities of the United

States. I would refer to our friend here from Bosnia as one example. And if we were to empire, we would currently preside over a much greater piece of the Earth's surface than we do. That's not the way we operate. (Applause.)

END 11:13 A.M. (Local)