

Withdrawn/Redacted Material

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DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Memorandum	Historical Review of Tax Cuts - From: Keith Hennessey and Jason Thomas	19	N.D.	P5;
002	Memorandum	Historical Review of the 2003 Jobs & Growth Tax Cut - From: Keith Hennessey	4	05/19/2008	P5;
003	Draft	The "Jobs & Growth" tax cut of 2003	2	N.D.	P5;
004	Memorandum	Possible Tax Cut Package - To: POTUS - From: Larry Lindsey	6	12/02/2002	P5;
005	Options Paper	Economic & Job Growth Options	2	N.D.	P5;
006	Addendum	Optimal Insurance Given Economic Uncertainty - From: Larry Lindsey	2	12/02/2002	P5;
007	Addendum	Economic Backdrop - From: Larry Lindsey	3	12/02/2002	P5;

COLLECTION TITLE:

Staff Secretary, White House Office of the

SERIES:

Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:

National Economic Council: A Timeline (2001 - 2008) [2]

FRC ID:

14346

RESTRICTION CODES

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

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008	Memorandum	Growth Package - To: POTUS - From: Keith Hennessey	8	12/30/2002	P5;
009	Memorandum	Follow-Up on Growth Package Issues - To: POTUS - From: Keith Hennessey & Jay Lefkowitz	4	01/02/2003	P5;
010	Slides	President's Proposal for Economic Growth & Job Creation	1	N.D.	P5;
011	Memorandum	Next Steps on Jobs & Growth - To: POTUS - From: Keith Hennessey	5	05/18/2003	P5;
012	Slides	Jobs & Growth Comparison	2	N.D.	P5;
013	Slides	Jobs & Growth Comparison	2	05/21/2003	P5;

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The “Jobs & Growth” Tax Cut of 2003

Timeline	A
Overview Memo/Narrative	B
Remarks by the President signaling further tax relief (11/7/2002)	C
NEC Principals Meeting Slides (11/14/2002)	D
Memo to the President on a possible tax cut package (and table) (12/2/2002)	E
Remarks by the President nominating John Snow as Treasury Secretary and reiterating that a new proposal is forthcoming (12/9/2002)	F
Remarks by the President naming Steve Friedman as NEC Director and further reiterating that a new proposal is forthcoming (12/12/2002)	G
Memo to the President on the recommended growth package (and table) (12/30/2002)	H
Follow-Up Memo to the President (1/2/2003)	I
Remarks by the President in Chicago announcing growth proposal (and fact sheet) (1/7/2003)	J
Table summarizing the proposal	K
Memo to the President on next steps and the Congressional consensus (5/18/2003)	L
Table used by the President in a meeting with Congressional leaders on the Truman Balcony	M
Remarks by the President signing the Jobs and Growth Tax Relief Reconciliation Act of 2003 (5/28/2003)	N
Memo (not provided to the President) on Jobs and Growth implementation (5/28/2003)	O

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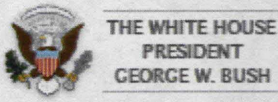
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For Immediate Release
Office of the Press Secretary
November 7, 2002

President Outlines Priorities

Presidential Hall
Dwight D. Eisenhower Executive Office Building

2:00 P.M. EST

THE PRESIDENT: Thank you. Good afternoon. Thanks for coming. This is an important week for our country and for the world. The United Nations will vote tomorrow on a resolution bringing the civilized world together to disarm Saddam Hussein. Here at home, our citizens have voted in an election that I believe will strengthen our ability to make progress for all the American people.

I congratulate the men and women, Republicans and Democrats, who were elected this week to public office all across America. I appreciate their willingness to leave their private lives and to serve their communities and to serve our nation.

I also commend the millions of voters across America, and across the political spectrum, who went to the polls. At a time when our freedoms are under attack, it is more important than ever that our citizens exercise the rights and responsibilities of our democracy.

Now that the voters have spoken, I urge the members of both political parties to come together to get things done for the American people. I've talked to leaders of both parties and assured them I want to work with them. I talked to Senator Daschle yesterday and said that, although the Republican Party now leads the Senate, I still want to work with him to get things done for the American people. I talked to Leader Gephardt, as well.

I look forward to working with members of the Congress and the newly-elected governors to make America's families safer in their homes and their communities, to make our economy stronger so people can find work, to make our country a better and more compassionate place. Members of the new Congress will take office in January and they'll have a full agenda. The current Congress, however, will return in just a few days to take up some unfinished business. We have a responsibility to protect the American people against threats from any source.

I'm grateful to the members of the Congress, both Republicans and Democrats, that came together to support the war against terror, and authorize, if need be, the use of force to disarm Iraq. We must bring the same spirit of bipartisan cooperation to the urgent task of protecting our country from the ongoing threat of terrorist attack.

The single most important item of unfinished business on Capitol Hill is to create a unified department of homeland security that will vastly improve our ability to protect our coasts and our borders and our communities.

The election may be over, but a terrorist threat is still real. The Senate must pass a bill that will strengthen our ability to protect the American people. And they must pass a bill that preserves the authority every President since John Kennedy has had to act in the interest of national security. It's imperative that the Congress send me a bill that I can sign before the 107th Congress ends.

We have a responsibility to strengthen the economy so people can find work. We're working to keep this economy moving. And one immediate thing Congress should do to help people put -- back to work is to pass legislation so

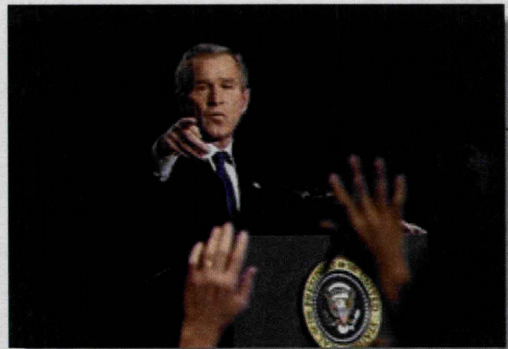


VIDEO Multimedia

President's Remarks

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that construction projects can get insurance against terrorism. This will spur construction and create thousands of good hard-hat jobs that are currently on hold because projects without insurance cannot be built.

Although it's late in the process, Congress must show fiscal discipline. At a time when we're at war and a time we need to strengthen our economy, Congress must be wise with the people's money, fund the nation's priorities and control wasteful spending. The workers of America deserve our action on these important issues, which have been stalled, yet, when approved will strengthen our economy.

Many of the fundamental economic indicators are good. Interest rates are low, so Americans can buy more homes. Inflation is low, so paychecks go further in buying groceries and gas. The productivity of our workers is high. The economy has come out of a recession and is growing, but I'm not satisfied because I know we can do better. We must have an economy to grow at a faster and stronger pace so Americans can find a job. And so I'll work with new Congress to pass new growth and jobs packages early next year.

I look forward to welcoming a new Congress. And I look forward to working with the current Congress to finish some very important work. And now it's my privilege to take some of your questions, starting with Sandra.

Q Thank you, Mr. President. Do you believe that Tuesday's election gave you personally a mandate? And now that you have the Republican Congress, what will you do specifically, beyond terrorism insurance and government spending restraints, to address the real anxieties -- of everyday Americans --

THE PRESIDENT: Yes. First, I think candidates win elections because they're good candidates, not because they may happen to have the President as a friend -- or a foe, for that matter. Races that were won were won because people were able to convince the voters they could trust their judgment, convince the voters they care deeply about their circumstances. I believe if there is a mandate in any election, at least in this one, it's that people want something to get done. They want people to work together in Washington, D.C. to pass meaningful legislation which will improve their lives.

The best way to win an election is to -- is to earn the trust of the voters, and that's what happened in state after state after state. We had some really good candidates who overcame some pretty tough odds. They were running against incumbents, in a lot of cases, and they ran great races. And they were reassuring people. And I really attribute the successes to the nature of their candidacies, and the hardworking people that turned out the vote. There were some really effective voter turnout organizations around the country.

And I think the way to look at this election is to say the people want something done. They see the risks are high, the risk of being able to find a job or the risk of keeping the homeland secure. And they want people to come together to work on it, and that's what I intend to do.

Helen.

Q The specifics of your --

THE PRESIDENT: Oh, sorry, yes. Well, I'll let you know at the right time. For right now, we got to get through a lame duck session. A lame duck session, for people who don't know what that means, it means the Senate is coming and the House is coming back between now and Christmas and they've got a few days to get some big things done. And the most important thing to get done, I want to emphasize, is get a department of homeland security finished.

Some rumors moving around that we may not be too keen on getting that done. I want it done. It is a priority. We got a good bill out of the House, and they need to get a bill out of the Senate and to conference, and to my desk. I don't know how much time that's going to take, but having watched the debate prior to the election, it may take some time. But it doesn't matter how long it takes, they need to get it done.

Secondly, they need to get a budget done. We need to get the bills, the appropriation bills done. And I mentioned, they've got to get the terrorism insurance bill done.

Now, given the amount of time they're likely to be here, that's a pretty big agenda. And in terms of afterwards, I'll

let you know. But there are some issues, of course, that I intend to work with the Congress on, and one of them is to get prescription drug benefits to our seniors. That's an important issue. It's an issue that I talked about at every speech. The candidates, I'm sure both political parties, talked about it. And that's something that we need to get done.

But let's get this -- get out of this lame duck session first.

Steve.

Q Mr. President, how confident are you that the Security Council will approve the tough new resolution on Iraq? And if that happens, what happens next; what's the next step? Is war inevitable?

THE PRESIDENT: Well, first of all, the resolution we put down is a tough new resolution. It talks about material breach and inspections and serious consequences if Saddam Hussein continues to defy the world and not disarm. So, one, I'm pleased with the resolution we put down. Otherwise, we wouldn't have put it down.

I just talked to Jacques Chirac, and earlier today I talked to Vladimir Putin. I characterize our conversation -- I'm loathe to put words in somebody else's mouth. That's, evidently, not the case with a lot of people in Washington, but nevertheless, I am. And I'm optimistic we'll get the resolution vote tomorrow -- let me put it to you that way.

And, Steve, the resolution is a disarmament resolution; that's what it is. It's a statement of intent to, once and for all, disarm Saddam Hussein. He's a threat. He's a threat to the country, he's a threat to people in his neighborhood. He's a real threat. And it's now time for the world to come together and disarm him. And when this resolution passes, I will -- we'll be able to say that the United Nations has recognized the threat, and now we're going to work together to disarm him.

And he must be cooperative in the disarmament. So the job of inspectors is to determine his level of cooperation, see. He has got to be the agent of disarming; he's got to agree that what we're doing is what he said he we do. And just like the United Nations has agreed that it is important to disarm him, for the sake of peace, and so the next step will be to put an inspection regime in there to -- after all the declarations and after all the preamble to inspections, that he's got to show the world he's disarming. And that's where we'll be next.

Let's see here. Helen.

Q I have a follow-up --

THE PRESIDENT: Yes, I have a list. (Laughter.) I don't want to be so discriminatory that people will say that I haven't thought this through. After all, the new arrangement -- and by the way, we're here in honor of Ari Fleischer; otherwise we'd be in his house. But since he's getting married this weekend, I thought it appropriate to leave the podium that he occupies empty, in honor of the fact that he's getting married. I hope you all have sent your gifts to him. (Laughter.)

Ari, I did what you asked me to do. (Laughter. I'm sure he's on C-SPAN right now.

Helen.

Q Mr. President, what is the logic of your insistence on invading Iraq at some point, which may someday have nuclear weapons, and not laying a glove on North Korea, which may have them or may produce them? Both of which, of course, would be against international law. And I have a follow-up. (Laughter.)

THE PRESIDENT: Well, I may decide to let you have that follow-up or not depending upon -- (laughter) -- depending on whether I like my answer. (Laughter.)

I am insistent upon one thing about Iraq, and that is that Saddam Hussein disarm. That's what I'm insistent on. He agreed to do that, by the way. Saddam Hussein said he would disarm. And he hasn't. And for the --

Q And you don't --

THE PRESIDENT: Is that the follow-up? (Laughter.) Okay, that is the follow-up. I do care about North Korea. And as I said from the beginning of this new war in the 21st century, we'll deal with each threat differently. Each threat requires a different type of response. You've heard my strategy on dealing with Iraq. I've been very clear on dealing with the strategy all along, and tomorrow it looks like part of that strategy is coming to fruition.

With North Korea, we're taking a different strategy, initially, and it's this -- that we're going to work with countries in the neighborhood to convince North Korea that it is not in the world's interest that they develop a nuclear weapon through highly enriched uranium.

We know they've got the capacity through plutonium; we have IAEA inspectors there watching carefully their plutonium stockpile. And then we discovered that, contrary to an agreement they had with the United States, they're enriching uranium, with the desire of developing a weapon. They admitted to this. And so, therefore, we have worked with our Japanese friends and South Korean friends, with the leadership in China -- I will talk with Vladimir Putin about this after my trip to the NATO summit -- to remind North Korea that if they expect to be a -- welcomed into this family of peaceful nations, that they should not enrich uranium.

I thought it was a very interesting statement that Jiang Zemin made in Crawford, where he declared very clearly that he wants a nuclear weapons-free Korean Peninsula. That was, in my judgment, an important clarification of Chinese policy that I hope the North Koreans listen to. Believe we can achieve this objective, Helen, by working closely with this consortium of nations, which have got a valid interest in seeing to it that North Korea does not have nuclear weapons.

Terry.

Q Mr. President, can I have a follow-up --

THE PRESIDENT: Of course, you can. Yes, it's fine. (Laughter.) If the elections had gone a different way, I might not be so generous. (Laughter.)

Q You are leaving the impression that Iraqi lives, the human cost doesn't mean anything --

THE PRESIDENT: Say that again?

Q You are leaving the impression that you wouldn't mind if you go to war against Iraq, but you deal with another nation which may have weapons in a different way. But there are two other impressions around. One, that you have an obsession with going after Saddam Hussein at any cost. And also that you covet the oil fields.

THE PRESIDENT: Yes. Well, I'm -- some people have the right impressions and some people have the wrong impressions.

Q Can you --

THE PRESIDENT: Well, those are the wrong impressions.

Q Okay.

THE PRESIDENT: I have a deep desire for peace. That's what I have a desire for. And freedom for the Iraqi people. See, I don't like a system where people are repressed through torture and murder in order to keep a dictator in place. It troubles me deeply. And so the Iraqi people must hear this loud and clear, that this country never has any intention to conquer anybody. That's not the intention of the American people or our government. We believe in freedom and we believe in peace. And we believe the Iraqi dictator is a threat to peace. And so that's why I made the decisions I made, in terms of Iraq.

Now, Terry Moran.

Q Thank you, sir. On Iraq, you've said many times that if Saddam Hussein does not disarm, he will be disarmed militarily, if necessary, by the U.N. or the U.S. and others. There's a school of thought that says that going to war against Iraq would be a dangerous and misguided idea because it would generate a tremendous amount of anger and hatred at the United States, and out of that you'd essentially be creating many new terrorists who would want to kill Americans. What's wrong with that analysis?

THE PRESIDENT: Well, that's like saying we should not go after al Qaeda because we might irritate somebody and that would create a danger to Americans. My attitude is you got to deal with terrorism in a firm way. And if they see threats you deal with them in all different kinds of ways. The only way, in my judgment, to deal with Saddam Hussein is to bring the international community together to convince him to disarm.

But if he's not going to disarm, we'll disarm him, in order to make the world a more peaceful place. And some people aren't going to like that -- I understand. But some people won't like it if he ends with a nuclear weapon and uses it. We have an obligation to lead. And I intend to assume that obligation to make the world more peaceful.

Terry, listen, there's risk in all action we take. But the risk of inaction is not a choice, as far as I'm concerned. The inaction creates more risk than doing our duty to make the world more peaceful. And obviously, I weighed all the consequences about all the differences. Hopefully, we can do this peacefully -- don't get me wrong. And if the world were to collectively come together to do so, and to put pressure on Saddam Hussein and convince him to disarm, there's a chance he may decide to do that.

And war is not my first choice, don't -- it's my last choice. But nevertheless, it is a -- it is an option in order to make the world a more peaceful place.

Let's see here. King. John King, that is.

Q Sir, in referring to the elections, you're being quite humble about the results and your role. But many conservative lawmakers and many more conservative groups are saying, seize the moment. They say early in the new Congress, you should push your plan to partially privatize Social Security; you should push for new restrictions on abortion; you should push and re-nominate the judges that were rejected by the Senate; and that you should push a total overhaul of the tax code. What are your views on that?

THE PRESIDENT: Well, I appreciate all the advice I'm getting. (Laughter.) One of the things about this job, if you listen carefully, you get a lot of advice. And I -- it's important for a President to set priorities, and the two biggest priorities are the protection of the American people -- that's why I wanted to get this homeland security department done -- and the other one is people being able to find jobs. And we'll work on those. And tax relief or tax reform, however you want to describe it, is part of, in my judgment, of creating economic vitality.

But there are other things we can work on. Obviously, I'd like to see some of my judges get a good -- a fair hearing and get approved; and Medicare, prescription drugs is a very important issue, needs to get done. Terrorism insurance is an important issue; energy bill is an important issue. I mean, there's a lot of things we can do and should do when they come back. And I can't remember the litany of things -- listen, there's going to be a huge laundry list of things people want to get done, and my job is to set priorities and get them done. And job creation and economic security -- job creation and economic security, as well as homeland security, are the two most important priorities we face.

Q Social Security and any new restrictions --

THE PRESIDENT: No, I think the Social Security debate is an incredibly important debate. And we call them personal savings accounts, John, so that people have the option, at their choice, to manage their own money. That would be younger workers. Obviously, we've got to assure older workers that the promises we have made will be kept.

And the danger, really, is for young workers. That's the threat, as to whether Social Security will be around for young workers without some massive tax increase. And I still strongly believe that the best way to achieve security in Social Security for younger workers is to give them the option of managing their own money through a personal savings account. Yes, it's an important issue, as well.

Listen, there's a lot of important issues. The budget is an important issue. The budget is an important issue coming out of the lame duck session. And the budget, as you know -- you're an old hand around here -- is always an important issue in the next session. So that's always an issue, too. There are some practical matters, as well, that will occupy time here in Washington, D.C.

Roberts. John Roberts, that is.

Q I'm wondering, sir, is Harvey Pitt, the Chairman of the SEC, just the first member of your economic team to go? And a separate question: Will you ask William Webster to resign?

THE PRESIDENT: Well, let me start with Pitt. Harvey Pitt did some very good things at the SEC, and it's important for the American people to know that. Right after 9/11, he did a lot to get the markets opened. He really was -- played a major role in that, and received good credit for that. And I want to thank Harvey Pitt for that, and the American people should, as well.

He has done a lot to make it clear to corporate Americans that think they can -- don't have to be responsible in their positions -- a lot of enforcement, more so than ever in the history; he's enforced the corporate responsibility ethos. He has disbarred more people, more money has been disgorged as a result of illegal activity. And that's positive, what Harvey has done, as well.

And under his watch, CEOs now must verify their returns, and that's good. All that's positive. He made the decision himself that he thought that he couldn't be as effective as he needed to be. I received his letter. I appreciate his service.

William Webster, the -- there's a IG investigation going on there at the SEC; we'll see what that says. But I will tell you, William Webster is a fine man. He is a decent, honorable public servant who has served our country well.

Q -- with respect to --

THE PRESIDENT: Is this a three-part question?

Q No. I'm just kind of reiterating the first. He is just the first member of your economic team to go? The implication is -- do you have --

THE PRESIDENT: Listen, my economic team came in during very difficult times. There was a recession; there was a terrorist attack; there were corporate scandals. We have done a lot to return confidence and to provide a -- provide stimulus through tax cuts. My economic team developed a tax cut package, sold the tax cut package, is implementing the tax cut package. And for that, they deserve a lot of credit. They made good -- we're making good progress on the economy. There's still work to do. And I appreciate the hard work of the economic team.

Campbell.

Q Thank you, Mr. President. You were very gracious earlier, giving credit in this last election to the individual candidates. But a lot of those candidates say they have you to thank. Given the fact that your own election for President was so close it had to be decided by the Supreme Court, do you now feel personally reassured that these midterm elections validated your presidency?

THE PRESIDENT: Thank you for that loaded question. (Laughter.) Look, sometimes you win them, and sometimes you lose elections. That's just the way it is. And I was pleased with the results. I was more particularly pleased for the candidates who worked so hard, and their families and their workers. That's how I feel about it. I really don't put this in personal terms.

I know people in Washington like to do that. You know, George Bush won, George Bush lost. That's the way they do it here. Zero sum, in Washington. And I know that. But if you're really interested in what I think, I think the fact that Norm Coleman ran a very difficult race in difficult circumstances and won speaks volumes about Norm Coleman. The fact that John Thune ran a difficult race against difficult circumstances and at this point is still short, nevertheless, speaks volumes about his desire and his intention to serve the country.

There's case after case of people who have put their reputations on the line, who spent a lot of time away from their homes and their families, shaking a lot of hands and putting their hearts and souls -- in both parties. They deserve the credit. Thank you for trying to give it to me, but they deserve the credit.

I know what it's like to run for office. I know the strains it puts on families. I know the tired -- the endless hours you spend campaigning, and all the wonderful questions you have to answer as part of a campaign. I know all that. And these candidates deserve all the credit.

And I was proud to help some of them the best I could. But the way you win a race is you convince the people of your state or your district that they can trust your judgment and they can trust your character and they can trust your values. And it takes a lot of work to do that, and these candidates get the credit. And I -- I appreciate you pointing out that some people have given me credit. The credit belongs to people in the field.

Yes, sir, Wendell.

Q Mr. President, thank you very much. You have put a lot of effort toward getting the United Nations to rally the world to disarm Saddam Hussein. And yet you and your aides have expressed a great deal of skepticism about whether Saddam Hussein will actually comply. Can you give us an idea, sir, how long you think it might take for the world to know whether Saddam Hussein actually intends to go along with the call of the world to disarm? Will it be a matter of days or weeks, months, or perhaps a year, sir?

THE PRESIDENT: Well, Wendell, this much we know -- it's so far taken him 11 years and 16 resolutions to do nothing. And so we've got some kind of history as to the man's behavior. We know he likes to try to deceive and deny, and that's why this inspection regime has got to be new and tough and different. The status quo is unacceptable, you know, kind of send a few people in there and hope maybe he's nice to them and open up the baby milk factory -- it's unacceptable.

And so that's why you'll see us with a different inspection regime, one that works to see to it that Saddam Hussein disarms. It's his responsibility to disarm. I don't put timetables on anything. But for the sake of peace -- sooner, better.

And we'll see. But you must know that I am serious -- so are a lot of other countries -- serious about holding the man to account. I was serious about holding the U.N. to account. And when they pass this resolution, which I hope they do tomorrow, it shows that the U.N. is beginning to assume its responsibilities to make sure that 11 years of defiance does not go unanswered. It's very important that the U.N. be a successful international body because the threats that we face now require more cooperation than ever. And we're still cooperating with a lot of nations. We're still sharing intelligence and cutting off money the best we can. And there's still law enforcement efforts taking place all around the world.

And that's why the international -- this international body called the U.N. is an important body for keeping the peace. And it's very important that they're effective. And we'll see tomorrow -- starting tomorrow.

And then the key on the resolution, I want to remind you, is that there are serious consequences. And that's one of the key elements to make sure that everybody gets the picture that we are serious about a process of disarming him in the name of peace. Hopefully, he'll choose to do so himself.

Sammons, Super Stretch.

Q Thank you, Mr. President. (Laughter.)

THE PRESIDENT: You and I are eye-to-eye, right? (Laughter.)

Q Now that the 2004 presidential campaign has unofficially begun, can you tell us whether Vice President Cheney will be your running mate again? Or will you, instead, choose someone who might harbor greater presidential ambitions to, perhaps, succeed you one day?

THE PRESIDENT: Well, first of all, I'm still recovering from the '02 elections. And we got plenty of time to deal

with this issue. But should I decide to run, Vice President Cheney will be my running mate. He's done an excellent job. I appreciate his advice. I appreciate his counsel. I appreciate his friendship. He is a superb Vice President, and there's no reason for me to change.

I also want to thank him for all his hard work during the campaign. He was out there toiling along, working hard and turning out the vote, and I want to thank him for the hours he put out there, as well.

Please, yes.

Q If I may follow? Last time you had --

THE PRESIDENT: Thank you for not standing up, you block the cameras. (Laughter.)

Q Last time you had to kind of convince him to take the job. Have you talked to him this time, whether he is interested in serving another term?

THE PRESIDENT: I'm confident that he will serve another term.

Judy.

Q Thank you, Mr. President. You said this afternoon that the U.N. Security Council vote tomorrow would bring the civilized world together against Iraq. But broad opposition remains all over the world to your policy. Will you continue to try to build support and, if so, how will you do that? Or do you think that a Security Council vote would be all the mandate you need?

THE PRESIDENT: First of all, broad opposition around the world not in support of my policy on Iraq?

Q Yes, sir.

THE PRESIDENT: Well, I think most people around the world realize that Saddam Hussein is a threat. And they -- no one likes war, but they also don't like the idea of Saddam Hussein having a nuclear weapon. Imagine what would happen. And by the way, we don't know how close he is to a nuclear weapon right now. We know he wants one. But we don't know. We know he was close to one at one point in time; we have no idea today. Imagine Saddam Hussein with a nuclear weapon. Imagine how the Israeli citizens would feel. Imagine how the citizens in Saudi Arabia would feel. Imagine how the world would change, how he could alter diplomacy by the very presence of a nuclear weapon.

And so a lot of people -- serious people around the world are beginning to think about that consideration. I think about it a lot. I think about it particularly in the regard of making the world a more peaceful place.

And so it's very important for people to realize the consequences of us not taking the case to the U.N. Security Council. People need to think about what would happen if the United States had remained silent on this issue and just hoped for a change of his attitude, or maybe hoped that he would not invade somebody again, or just hoped that he wouldn't use gas on his own people when pressure at home began to mount.

I'm not willing to take those kind of risks. People understand that. I think a lot of people are saying, you know, gosh, we hope we don't have war. I feel the same way, I hope we don't have war. I hope this can be done peacefully. It's up to Saddam Hussein, however, to make that choice.

I also want to remind you that, should we have to use troops, should it become a necessity in order to disarm him, the United States, with friends, will move swiftly with force to do the job. You don't have to worry about that. We will do -- we will do -- we will do what it takes militarily to succeed.

I also want to say something else to people of Iraq, that the generals in Iraq must understand clearly there will be consequences for their behavior. Should they choose, if force is necessary, to behave in a way that endangers the lives of their own citizens, as well as citizens in the neighborhood, there will be a consequence. They will be

held to account.

And as to the Iraq people, what I said before -- the Iraqi people can have a better life than the one they have now. They can have a -- there are other alternatives to somebody who is willing to rape and

mutilate and murder in order to stay in power. There's just a better life than the one they have to live now.

I think the people of the world understand that too, Judy. I don't take -- I don't take -- I don't spend a lot of time taking polls around the world to tell me what I think is the right way to act; I've just got to know how I feel. I feel strongly about freedom. I feel strongly about liberty. And I feel strongly about the obligation to make the world a more peaceful place. And I take those responsibilities really seriously.

Elizabeth.

Q Thank you, sir. You just said you've reached out to Democrats. Does this mean that you will be governing more from the center and taking fewer cues from the conservative arm of your party?

THE PRESIDENT: I don't take cues from anybody, I just do what I think is right. That's just the way I lead. And what's right is to work to stimulate the economy. I strongly believe the tax relief was the right thing to do. If people are really interested in job creation, they ought to join me in my call to make the tax cuts permanent. It's an important part of sending a signal that there is certainty in the tax code; that all the benefits from tax relief don't go away after 10 years.

As I like to say -- you might have heard me once or 10 times or a hundred times -- the Senate giveth and the Senate taketh away. That means there's uncertainty when that happens. And you've got to have certainty in a system that requires risk. And making the tax cuts permanent is an essential part. I mean -- and so that is a common-sense drive, to create jobs.

I will just tell people what I think about how to solve the problems we face. And I ran on a political philosophy; I'm not changing my political philosophy. I am who I am prior -- the say guy after the election that I was prior to the election. That's just who I am and how I intend to lead this country.

Jean Cummings. I'm having such a good time. (Laughter.) Jean Cummings -- there she is, yes.

Q Thank you, Mr. President. Getting back to the question of Harvey Pitt.

THE PRESIDENT: Pitt, yes.

Q What kind of person are you looking for to fill that position now? And how quickly do you want to move on that? And then also, as much as you said that Mr. Webster is a well-respected and quality person, do you think that the chairman -- whoever that new chairman is -- should have a chance to select their own person and have a fresh start?

THE PRESIDENT: Well, I think -- that's kind of the double-whammy hypothetical there, Jean. I think that the -- on Webster, first, let's find out what the facts are so that everybody knows. That's why they're doing this investigation. And it's -- one fact is irrefutable, he's a decent man. He's served the country well. And I know he can do that job.

Secondly, as soon as possible, for the SEC nominee, and somebody who is going to continue to fulfill the obligation that -- of holding people to account. In other words, holding wrongdoers to account and making sure the numbers are fair and open and transparent, and everybody understands the facts when it comes to -- to accounting, so we continue to regain confidence in our system. That people, when they invest based upon the numbers of a particular stock, are confident in that which they read. And that's an essential part of the SEC job, and I'm confident we can find somebody soon to be able to do that.

Hutch.

Q Thank you. I wanted to go back to your earlier point about the risk of an action versus the risk of inaction.

THE PRESIDENT: Where would that be, in the Congress or at the U.N.?

Q With Iraq.

THE PRESIDENT: Oh, okay.

Q Your CIA Director told Congress just last month that it appears that Saddam Hussein "now appears to be drawing a line short of conducting terrorist attacks against the United States." But if we attacked him he would "probably become much less constrained." Is he wrong about that?

THE PRESIDENT: No. I think that -- I think that if you would read the full -- I'm sure he said other sentences. Let me just put it to you, I know George Tenet well. I meet with him every single day. He sees Saddam Hussein as a threat. I don't know what the context of that quote is. I'm telling you, the guy knows what I know, that he is a problem and we must deal with him.

And, you know, it's like people say, oh, we must leave Saddam alone; otherwise, if we did something against him, he might attack us. Well, if we don't do something, he might attack us, and he might attack us with a more serious weapon. The man is a threat, Hutch, I'm telling you. He's a threat not only with what he has, he's a threat with what he's done. He's a threat because he is dealing with al Qaeda. In my Cincinnati speech, I reminded the American people, a true threat facing our country is that an al Qaeda-type network trained and armed by Saddam could attack America and leave not one fingerprint. That is a threat. And we're going to deal with it.

The debate about whether we're going to deal with Saddam Hussein is over. And now the question is how do we deal with him. I made the decision to go to the United Nations because I want to try to do this peacefully. I want Saddam to disarm. The best way to convince him to disarm is to get the nations to come together through the U.N. and try to convince him to disarm.

We're going to work on that. We've been spending a lot of time -- I wouldn't exactly call it gnashing of teeth, but working hard on the U.N. resolution. It took a while, but we've been grinding it out, trying to bring a consensus, trying to get people together, so that we can say to the world the international community has spoken through the Security Council of the United Nations and now, once again, we expect Saddam to disarm.

This would be the 17th time that we expect Saddam to disarm. This time we mean it. See, that's the difference -- I guess. This time it's for real. And I say it must not have been for real the last 16 times because nothing happened when he didn't. This time something happens. He knows -- he's got to understand that. The members of the U.N. Security Council understand that. Saddam has got to understand it so he, so, in the name of peace, for a peaceful resolution of this, we hope he disarms.

Jackson, from Texas. You got anything -- a Texas question?

Q As a matter of fact, I do. (Laughter.)

THE PRESIDENT: Thank you.

Q Do you intend to resuscitate the nomination of Priscilla Owen and Charles Pickering? And, also, how bloody do you think the next Supreme Court nomination will be?

THE PRESIDENT: Well, first, I want the new chairman of the Senate Judiciary Committee to understand that I am very serious about the reforms that I suggested in the East Room, about how to get this process of nominating judges and approving judges on the right course, not only for this administration, but future administrations; not only for this Senate, but future Senates. And so step one on the judiciary process, I believe there needs to be reform. I would be glad to reprise the reforms if you can't remember them.

Q Owen and Pickering, are they going to --

THE PRESIDENT: I'll be there in a minute. (Laughter.) I'm using this as an opportunity to make a point on judicial reform. And that is that if a judge thinks he's going to retire, give us a year's notice, if possible. And then we will act -- "we," the administrative branch, will nominate somebody and clear them within 180 days. And then the Senate judiciary has got 90 days to go through the process and then get the person's name to the floor, and 180 days for an up or down vote. To me that would be a needed and necessary reform.

So step one on the nomination process is to work with Senator Hatch -- and Senator Leahy -- to put these reforms in place; is to convince members of the Senate we're serious about a process that will get rid of the old bitterness of the judicial process.

This is probably not to your liking, by the way. You love those court fights. I'm confident it makes great covering and great stories.

I also said at the time of Priscilla Owen's being -- not being put to the floor of the Senate that I would hope that the judiciary committee would let her name out to the Senate floor at some point in time. We don't have to recommit them, they never -- they're there. Pickering and Owen are still there at the committee level. They just weren't ever -- their names were never let to the floor for a vote.

By the way, if they had been let to the floor for a vote, we believe they would have won the vote -- perhaps the reason why they were never let to the floor for a vote. But -- so, I hope that judiciary committee will let their names out and they get a fair hearing.

I thought you were going to talk about the Texas elections. But that's okay. (Laughter.)

April, last question.

Q Thank you, Mr. President. Thank you.

THE PRESIDENT: How's your child, April?

Q She's wonderful.

THE PRESIDENT: Georgia W? (Laughter.)

Q My husband is watching, and the name is Ryan Tyler James. (Laughter.)

THE PRESIDENT: You might as well turn to the camera when you say that. (Laughter.)

Q Well, Mr. President, some critics contend there is a racial disparity in how immigrants are handled here, and speaking of the Haitians versus immigrants, the other immigrants. Do you support the current law on the books about Haiti, and why, either way?

THE PRESIDENT: April, first of all, the immigration laws ought to be the same for Haitians and everybody else -- except for Cubans. And the difference, of course, is that we don't send people back to Cuba because they're going to be persecuted. And that's why we've got the special law on the books as regards to Cubans. But Haitians and everybody else ought to be treated the same way. And we're in the process of making sure that happens.

It's been an enjoyable experience.

END 2:47 P.M. EST

Return to this article at:

<http://www.whitehouse.gov/news/releases/2002/11/20021107-2.html>

The primary policy goal is to significantly increase GDP and job growth over the next few years.

The policies which would most increase short and long-term GDP growth are (in no particular order):

- accelerating the rate cuts from EGTRRA;
- permanent dividend exclusion; and
- an increase in expensing.

Any package which is not focused on these core proposals would do little to improve near-term GDP growth.

Success is defined by enacting a package which would significantly increase GDP and job growth over the next few years.

We would prefer not to add policies unrelated to these goals, but are more willing to do so than to weaken the proposals designed to increase GDP and job growth.

Increases in unemployment insurance benefits which look compassionate in the short-term will increase unemployment over a horizon of a few years.

A reemployment account may be better policy than an expansion of unemployment benefits.

Any tax cut should be consistent with long-term economic growth.



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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Possible Tax Cut Package - To: POTUS - From: Larry Lindsey	6	12/02/2002	P5;

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COLLECTION:

Staff Secretary, White House Office of the

SERIES:

Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:

National Economic Council: A Timeline (2001 - 2008) [2]

FRC ID:

14346

OA Num.:

14456

NARA Num.:

14245

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Options Paper	Economic & Job Growth Options	2	N.D.	P5;

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Addendum	Optimal Insurance Given Economic Uncertainty - From: Larry Lindsey	2	12/02/2002	P5;

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Addendum	Economic Backdrop - From: Larry Lindsey	3	12/02/2002	P5;

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THE WHITE HOUSE
PRESIDENT
GEORGE W. BUSH



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For Immediate Release
Office of the Press Secretary
December 9, 2002

President Nominates Snow as Secretary of the Treasury

Remarks by the President on Nomination of John Snow as Secretary of the Treasury

Room 450

Dwight D. Eisenhower Executive Office Building

[En Español](#)

11:00 A.M. EST

THE PRESIDENT: Good morning. Today I'm pleased to announce my nominee for the Secretary of the Treasury. John Snow has excelled as a business leader, an expert on economic policy, an academic, and as a public servant. He'll be a superb member of my Cabinet.

I also want to welcome Carolyn here today. Thank you for coming. I'm honored your here.

As we look to a new year and a new Congress, John Snow will be a key advisor on the economy and a key advocate for my administration's agenda for growth, new jobs and wider and more international trade.

I'll be proposing specific steps to increase the momentum of our economic recovery, and the Treasury Secretary will be at the center of this effort. I appreciate John's willingness to serve our country.

In a varied and productive career, John Snow has shown consistent qualities of foresight and integrity and public spirit. He's led one of our nation's largest railroads with skill and success. He knows firsthand how the economy works. His peers elected him to lead the Business Roundtable, where he was an articulate voice for pro-growth policies.

John has a deep, long-standing commitment to ethical corporate governance. And as the co-chairman of an important commission on public trust and private enterprise, he holds a Ph.D. in economics and has taught in the field. He served in the executive branch under two Presidents.

John returns to public service at an important moment for our economy. Inflation is firmly under control, which keeps the cost of food, clothing and other necessities more affordable. Mortgage rates and interest remain at historic lows, making home prices more reasonable for millions of Americans. A 5.6 percent increase in productivity over the last four quarters is the biggest of any comparable period since 1973. And growth has returned to the American economy.

Yet, we also face specific challenges that could slow the recovery and limit future growth. Parts of America are expecting -- are experiencing persistent unemployment. Many Americans have very little money leftover after taxes. Some struggle under a weight of debt that makes it difficult to save for retirement. Investor confidence needs to be strengthened in practical ways.

The new Congress will have a responsibility to address these challenges. My administration will make specific proposals as to how best to address these challenges. I look forward to working with John Snow, as we move forward on a growth and jobs package. He and I share a basic conviction: we believe the strength of our economy lies in the unmatched enterprise and creativity and hard work of the American people.

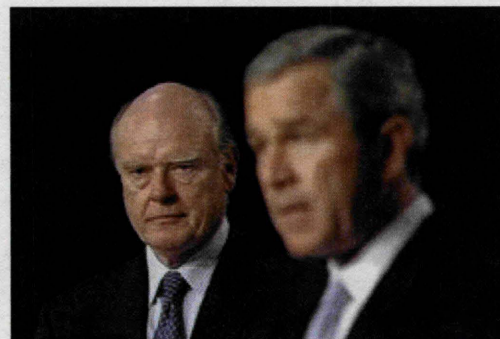


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President's Remarks

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It is the task of government to create an environment in which these qualities are rewarded and where jobs are generated, especially by small businesses in America. My administration has acted on these principles, and we will continue to do so. John will be the senior member of a new economic team.

From the day I took office, I've been fortunate to have outstanding economic advisors at the Treasury Department and in the White House. I'm deeply grateful to Secretary Paul O'Neill and Dr. Larry Lindsey for their leadership, particularly in the aftermath of September the 11th, 2001. They share credit for an historic tax relief and other economic policies that moved our economy from recession to growth.

Paul and Larry are two of the most fine, honorable, decent men I've ever served with. They can be proud for all they have done for their country.

There is important work ahead to bring greater economic growth in the new year. This economy is strong, and we can make it stronger. I'm eager for the task, and so is our next Secretary of the Treasury. And I hope the United States Senate will act quickly to confirm John Snow.

MR. SNOW: Thank you, Mr. President. Thank you very much, Mr. President, for those very kind and generous comments. I'm both humbled and deeply honored by your decision selecting me as your Secretary of the Treasury. Should the United States Senate confirm me, I look forward to joining your economic team to advance a pro-growth, pro-jobs agenda.

As you noted, this is an important moment for the economy. Thanks to your leadership and this administration's stewardship of the economy during a tough time, the recession was one of the shortest and shallowest in modern economic history.

Yet, I strongly share your view that we cannot be satisfied until everyone -- every single person who is unemployed and seeking a job -- has an opportunity to work. I pledge to you to use all my talents, my power, my energy and my ability to strengthen the current economic recovery and create an environment where millions of job-creators -- those small businesses and partnerships and medium-sized businesses and large businesses -- and investors, all across America, will grow and prosper.

I also understand the importance of working closely with other countries to build and maintain a prosperous, growing and stable global economy as we successfully prosecute the war on terror.

Mr. President, 25 years ago I left government service with the hope that one day I might be able to return. You have given me an opportunity to do so, and I intend to make the most of it. Thank you very much.

THE PRESIDENT: Congratulations, sir. Welcome. (Applause.)

MR. SNOW: Thank you.

THE PRESIDENT: Thank you, all. (Applause.)

END 11:06 A.M. EST

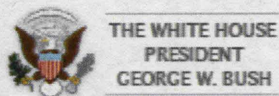
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For Immediate Release
Office of the Press Secretary
December 12, 2002

President Names Stephen Friedman as Director of the National Economic Council

The Roosevelt Room

4:05 P.M. EST

THE PRESIDENT: Good afternoon. I'm pleased to introduce the newest member of my economic team, Mr. Steve Friedman. Welcome, Steve. I also want to welcome Barbara and Susie and Caroline and David and Sam. We're glad you all are here, and thank you for your sacrifice.



VIDEO Multimedia

President's Remarks

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Steve Friedman has spent a career at the Center of American Enterprise and Finance and Job Creation. He's an innovative, economic thinker; he's a proven manager; and he's a business leader of national standing. He has served the country as a member of the President's Foreign Intelligence Advisory Board, and as chairman of a task force on modernizing financial management at the Pentagon.

Steve is a graduate of Cornell University, and he holds a law degree from Columbia University, and serves as Chairman Emeritus of that university's board.

I'm delighted that Steve will be joining the White House staff as Assistant to the President for Economic Policy and Director of the National Economic Council.

He replaces a dear friend, Larry Lindsey. I appreciate so very much Larry's service to our country. He has a distinguished career here in the White House. He's earned the respect of the President and everybody who has worked with him.

I selected Steve for his wide experience, and steady and sound judgment. He understands the free enterprise system. He knows how the economy works. And he shares my objectives for stronger economic growth, high standards of corporate integrity, more small businesses across our nation, and greater trade across the world.

I will work with Steve and others on a growth and jobs package that we will present to the new Congress. In order to continue our economic recovery, we will propose further steps to add new jobs, reduce the burden on our taxpayers and to strengthen investor confidence. Our economy is strong, and we're going to make it even stronger. It's important work, and Steve Friedman will be a key member of our team. And I'm pleased to welcome him to full-time public service.

Thank you very much, Steve. Appreciate it.

MR. FRIEDMAN: Thank you so much, Mr. President. Thank you. Mr. President, I have been deeply impressed by our leadership of our nation, and I am honored to join your economic team. I know the other members of your team personally, or by the great respect they've earned in their distinguished careers. I look forward to working with them to achieve the goals of greater growth for the American economy and more jobs for the American people.

As you've said, growth has returned to the American economy. We must increase the momentum of the recovery. Your administration entered office facing a recession. Your economic policies helped make it one of the shortest on record. Still, we must address pressure on family budgets and savings, the need to create more jobs, slow growth in our overseas export markets and disappointing business investment.

Faced with these challenges, I strongly share your conviction, sir, that now is the time for a robust growth and

jobs policy. I also share your great confidence in the energy, the resilience and the creativity of American workers and businesses. Now is the time to help them achieve their full potential.

I thank you, sir, for having me serve.

THE PRESIDENT: You're welcome. I'm glad you're here. Thank you all for coming.

END 4:09 P.M. EST

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Growth Package - To: POTUS - From: Keith Hennessey	8	12/30/2002	P5;

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COLLECTION:

Staff Secretary, White House Office of the

SERIES:

Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:

National Economic Council: A Timeline (2001 - 2008) [2]

FRC ID:

14346

OA Num.:

14456

NARA Num.:

14245

RESTRICTION CODES

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Follow-Up on Growth Package Issues - To: POTUS - From: Keith Hennessey & Jay Lefkowitz	4	01/02/2003	P5;

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Staff Secretary, White House Office of the

SERIES:

Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:

National Economic Council: A Timeline (2001 - 2008) [2]

FRC ID:

14346

OA Num.:

14456

NARA Num.:

14245

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PRESIDENT
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Office of the Press Secretary
January 7, 2003

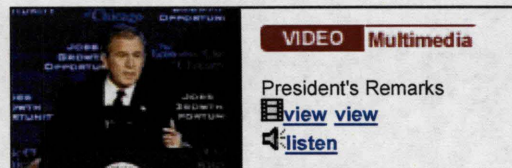
President Discusses Taking Action to Strengthen America's Economy

Economic Club of Chicago
Chicago, Illinois

[Fact Sheet: President Bush Taking Action to Strengthen America's Economy](#)

[In Focus: Jobs and Economy](#)

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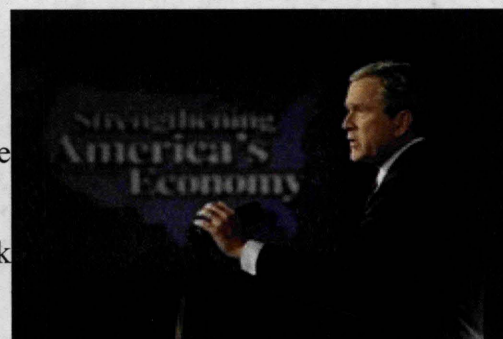


12:07 P.M. CST

THE PRESIDENT: Thank you all very much. It's a windy day out there, which is -- (laughter) -- a good day for a windy speaker. (Laughter.) I'm honored to be your guest here at the Economic Club of Chicago. I want to thank Michael for the invitation. I like a short introduction; he didn't let me down. (Laughter.)

For 75 years, the business leaders and the entrepreneurs in the club have helped make Chicago a prosperous and energetic city. You understand the concerns facing American workers and employers -- and you believe, as I do, that we must address those concerns honestly and aggressively.

Today in Washington, a new Congress convenes -- and I will ask members of both parties to work with me to secure our economic future. We cannot be satisfied until every part of our economy is healthy and vigorous. We will not rest until every business has a chance to grow, and every person who wants to find work can find a job. So today, I'm announcing a growth and jobs plan to strengthen America's economy -- specific proposals to increase the momentum of our economic recovery.



And this is a good city to give it in. This is one of America's great cities. And one of the reasons why is because you have a great Mayor in Richard Daley. (Applause.) We're from different political parties, but we have some things in common: We both married above ourselves. (Laughter.) It is good to see the First Lady of Chicago here. Thank you for coming. (Applause.) We both have famous and influential brothers. (Laughter.) Our dads spent a little time in politics. (Laughter.) And we love our country more than we love our political parties. (Applause.)

The thing I like most about the Mayor is he gets the job done for the people of Chicago. And, Mr. Mayor, I'm proud to call you friend. (Applause.)

And I want to thank another proud son of Chicago, Rod Blagojevich, for being with us today, as well. He's soon to have the second best job in America, being a governor. I congratulate him on his election. I look forward to working with him for the good of Illinois and for the good of our country. Thank you for coming, Governor-elect. I appreciate you being here. (Applause.)

I flew in today with the Senator from Illinois, Peter Fitzgerald. I appreciate his leadership; I appreciate his friendship. And as we speak, the Senate is debating the Fitzgerald bill which will extend unemployment benefits to those who are looking for work in America. And, Peter, I want to thank you for your leadership on this important issue. (Applause.)

And on that very same airplane was traveling with me Steve Friedman, who is the new Director of the National Economic Council. I'm honored that such a respected economic leader has agreed to join my administration. I appreciate the fact that he's willing to take time away from a comfortable private life to serve our country. He is a strong addition to a great economic team, and I want to thank him for his willingness to serve America. Thank you for coming, Steve. (Applause.)

I've also named two other good people to join this team. John Snow is my nominee to serve as the Secretary of Treasury. Bill Donaldson is my nominee to be the chairman of the Securities and Exchange Commission. They will fill essential positions in my administration, and I urge the Congress to confirm them quickly.

As the new Congress meets today, our duties to this nation are clear. We have a responsibility to meet great dangers to our country, wherever they gather. We will continue to hunt down the terrorists all across the world. Cell by cell, we are disrupting their plans. One by one, we're showing these merciless killers the meaning of justice.

We're also confronting the outlaw regime in Iraq that lives by violence and deception, and is arming to threaten the civilized world. The world's demands are clear: For the sake of peace, Saddam Hussein must disarm himself of all weapons of mass destruction, and prove that he has done so. Should he choose the other course, in the name of peace, the United States will lead a coalition of the willing to disarm the Iraqi regime of weapons of mass destruction and free the Iraqi people. (Applause.)

And we're dealing with North Korea, as well. It's a regime that has expelled international inspectors and is attempting to defy the world through its nuclear weapons program. The United States and other nations will confront this threat, as well. In this case, I believe that by working with countries in the region, diplomacy will work. We have no aggressive intent, no argument with the North Korean people. We're interested in peace on the Korean Peninsula.

As we deal with the dangers of our time, different circumstances require different strategies. Yet our resolve in each case will be clear: We will not permit any regime to threaten the freedom and security of the American people, or our allies and friends around the world. (Applause.)

Even as we confront these dangers, you need to know I know we have needs here at home, especially the need for a vigorous and growing economy. Too many Americans today are wondering about our economy. They're asking, how is the economy really doing? Well, the American economy is the strongest and most resilient economy in the world. In spite of the terrible shocks that our nation has received, our economy is growing -- and the entrepreneurial spirit in America is strong.

We've made great progress these past two years. Remember, in the summer of 2000, during the presidential campaign, the market had started on a steady decline. Job growth started to dwindle. The economy had begun to slow. When I took office, the signs of recession were real.

So I worked with the United States Congress to reduce income taxes for everyone who pays them -- more than 100 million individuals, families, and sole proprietorships received tax relief. This tax relief was the largest in a generation, and it gave the economy a boost just at the right time, ensuring that the recession was one of the shortest and shallowest in modern American history.

Americans should be able to count on those tax cuts as they plan their financial futures. So I will continue to press the Congress to make these tax cuts, including the end of the death tax, permanent. (Applause.) We know that tax cuts worked, and Americans deserve to know their tax cuts will not be taken away. (Applause.)

We faced a second test with the attacks of September the 11th, 2001. These attacks caused terrible suffering, and a massive disruption of the economy. Flights were canceled. Many hotels and stores were empty. Stock trading was halted for nearly a week. So we acted -- we reopened the markets; we helped the people of New York City recover; we assisted the airlines; we provided tax incentives for business investment; and we passed terrorism insurance, so building and real estate projects could go forward.

And then our economy was tested a third time, when Americans discovered serious abuses of trust by some corporate leaders. So we passed historic reforms to assure corporate integrity, to punish wrongdoers, and defend the interests of workers and investors. Corporate greed and malfeasance cause innocent people to lose their jobs, their savings, and often their confidence in the American system. For the sake of justice, and for the sake of every honest business in America, I have made this my commitment: Corporate misdeeds will be investigated; they will be prosecuted; and they will be punished. (Applause.)

We have met the tests before us because the American people have worked hard through difficult times. And now our country has entered its second year of economic growth. Our trade with other nations is expanding, bringing lower prices that come from imports, and better jobs that come from exports. More Americans are buying and building houses -- a central part of the American Dream. The homeownership rate is now 68 percent, close to the highest ever. Low interest rates have allowed Americans to tap the rising value of their homes. In 2002, refinancings added more than \$100 billion to American pocketbooks, money that helped renovate homes, or pay off debt, or cover tuition, or purchase other goods.

The most important indicator of our economic strength is the growing skill and efficiency of the American worker. The productivity of American workers went up by 5.6 percent over the last four quarters for which we have data, the best increase since 1973. As productivity rises, so do wages, and our standard of living. Nationwide, incomes are rising faster than inflation.

We have the most productive, creative and promising economic system the world has ever seen. (Applause.) America sets the standard for scientific research, engineering skill and medical innovation. Our companies and universities attract talent from every single continent. Investors from around the world know America is the safest place to put their money. People around the world who search for a better life still dream of working and living in the United States of America. (Applause.)

All these conditions create a platform for long-term growth and prosperity. Yet, in spite of successes, we have more work to do, because too many of our citizens who want to work cannot find a job. And many employers lack the confidence to invest and create new jobs.

We can help assure greater success tomorrow with the policies we choose today. Now, these policies must recognize that our \$10-trillion economy is sustained by the labor and enterprise of the American people. Government spends a lot of money, but it doesn't build factories, it doesn't invest in companies, or do the work that makes the economy go. The role of government is not to manage or control the economy from Washington, D.C., but to remove obstacles standing in the way for faster economic growth. That's our role. (Applause.)

And those obstacles are clear. Many jobs are lost in America because government imposes unreasonable regulations, and many jobs are lost because the lawsuit culture of this country imposes unreasonable costs. (Applause.)

I will continue to press for legal and regulatory reform. But today -- today I want to talk about these concerns: Americans carry a heavy burden of taxes and debt that could slow consumer spending. I'm troubled by that. I'm also troubled by the fact that our tax system unfairly penalizes some productive investments. And I worry about people who are out of work; they need our help, both in short-term benefits and long-term opportunity. By directly confronting each of these challenges, we can preserve the hard-won gains our economy has made and advance toward greater prosperity.

Our first challenge is to allow Americans to keep more of their money so they can spend and save and invest -- the millions of individual decisions that support the market, that support business, and help create jobs.

Consumer spending accounts for about 70 percent of our economy. It has been the driving force of our recovery. Yet there are warning signs I won't ignore, and I hope the Congress doesn't ignore either. Many Americans live in constant and increasing personal debt, with credit card bills so heavy they often cannot pay much more than the monthly minimum. Millions of citizens spend their entire adult lives living paycheck-to-paycheck, never getting a chance to save for their children's education or their own retirement. Americans today are paying about a third of their income in taxes. All of this puts pressure on family budget, and therefore clouds our economic future.

Americans facing these struggles are due to receive additional tax relief in 2004, and again in 2006. Republicans and Democrats in Congress already approved these rate reductions. And the time to deliver the tax rate reductions is now, when they can do the most good for the American businesses. (Applause.)

For the sake of economic vitality, I'm asking Congress to make all the tax rate reductions effective this year. (Applause.) The tax cuts should be retroactive to January 1st. (Applause.) Upon passage I'll order the Treasury Department to immediately adjust the amount of money withheld for income taxes, so that Americans will keep more of their paychecks right away. (Applause.) By speeding up the income tax cuts, we will speed economic recovery and the pace of job creation. If tax relief is good enough for Americans three years from now, it is good enough for Americans today. (Applause.)

An additional beneficiary of this tax cut will be small businesses. About 30 million Americans include small business income when they file their individual tax returns with the IRS. Faster tax relief will help these businesses to expand sooner, to hire new people faster, and to build a stronger foundation for the recovery.

We also know that middle-income families need additional relief. So today I'm asking Congress to speed up three other tax reductions promised in 2001 -- tax reductions that will help our middle-income families. Instead of slowly reducing the marriage penalty until 2009, we should do it now, to help 35 million married couples. Instead of waiting until 2008 to move more taxpayers from the 15 percent bracket to the lowest bracket of 10 percent, we should make that change now and help 2 million working Americans. And instead of gradually raising the child tax credit from \$600 to \$1,000 per child by the year of 2010, for the benefit of 26 million families, we should raise it now. (Applause.)

These tax reductions will bring real and immediate benefits to middle-income Americans. Ninety-two million Americans will keep an average of \$1,083 more of their own money. A family of four with two earners and \$39,000 in income will receive more than \$1,100 in tax relief -- real money to help pay the

bills and push the economy forward. And the sooner Congress acts, the sooner the help will come. (Applause.)

Taken together, these income tax cuts will put an additional \$70 billion to work in the private economy over the next 18 months. And there's no better way to help our economy grow than to leave more money in the hands of the men and women who earned it.

Our second challenge is to encourage greater investment by individuals and small business -- the kind of investing that builds personal wealth and helps company expand and creates new jobs.

We are increasingly a nation of owners, who invest for retirement and the other financial challenges of life. One-half of American households own stock, either directly or through pension funds. And we have an obligation to make sure -- now more than ever -- that American investors are treated fairly.

We can begin by treating investors fairly and equally in our tax laws. As it is now, many investments are taxed not once, but twice. First, the IRS taxes a company on its profit. Then it taxes the investors who receive the profits as dividends. The result of this double taxation is that for all the profit a company earns, shareholders who receive dividends keep as little as 40 cents on the dollar.

Double taxation is bad for our economy. Double taxation is wrong. Double taxation falls especially hard on retired people. About half of all dividend income goes to America's seniors, and they often rely on those checks for a steady source of income in their retirement.

It's fair to tax a company's profits. It's not fair to double-tax by taxing the shareholder on the same profits. So today, for the good of our senior citizens, and to support capital formation across the land, I'm asking the United States Congress to abolish the double taxation of dividends. (Applause.)

The benefits of this tax relief will be felt throughout the economy. Abolishing double taxation of dividends will leave nearly 35 million Americans with more of their own money to spend and invest, which will promote savings and return as much as \$20 billion this year to the private economy.

By ending this investment penalty we will strengthen investor confidence. See, by ending double taxation of dividends, we will increase the return on investing, which will draw more money into the markets to provide capital to build factories, to buy equipment, hire more people.

We must also encourage the investments that help turn small businesses into larger ones. Small businesses create the majority of new jobs in America, and they account for half the output of the economy. Currently, tax law permits small firms to write off as expenses up to \$25,000 worth of equipment -- like computers or machinery that they need. I'm asking the Congress to raise that limit to \$75,000, and index that number for inflation. This change, together with the faster rate reductions, will benefit more than 23 million small business owners. My view is this economy can thrive only if our small businesses thrive. And we will provide them every incentive to grow and create more jobs.

A third challenge facing our country is the need to help unemployed workers and prepare them for the new jobs of a growing economy. The unemployment rate today is 6 percent. That's low for an economy coming out of recession; it's higher than it should be -- and the unemployment rate is projected to rise even further in the short run.

This hardship is concentrated in certain regions and in certain industries. Manufacturing jobs have declined for 28 months in a row. You know what I'm talking about here in the Midwest. You're showing signs of recovery here, yet many people here and across this country are still looking for work.

A woman in Arkansas tells a typical story. She talked about the fact that her husband was laid off from his job at a local steel mill. And both she and the husband have been looking for a job for quite a while. Here's what she said: "There's just nothing for me to find. We're trying to save up what little money we have and move to another community and look for jobs there." Got to be worried about those kind of stories here in America. As we encourage long-term growth, we will not forget the men and women who are struggling today.

Close to 70,000 workers each week exhaust their unemployment benefits -- and we have an obligation to help our fellow citizens. So I'm asking this new Congress to extend unemployment benefits that expired on December the 28th. And the benefits Congress approves should be retroactive, like the Fitzgerald bill, so that people who lost their benefits last month can receive their benefits in full. Helping America's unemployed workers should be a first order of business in the new Congress -- and it looks like it's going to be.

We must be more creative when we help those who have the hardest time finding work. To encourage innovation and more choices, and to help those who are out of work find the dignity of a new job, today, I'm unveiling a new approach to helping unemployed Americans through Personal Re-employment Accounts. Under this new program, Americans who face the greatest difficulties in finding work will receive up to \$3,000 to use in their job search. They will have great flexibility in how they use that money. A person with a Re-Employment Account will be able to decide whether to use the funds for job training, or child care, or transportation, or even to cover the costs of relocating to another city for a new job. If the job is obtained quickly -- within 13 weeks -- the worker will be able to keep the cash balance as a "Re-employment bonus."

As we see new economic growth, we will need well-trained workers to fill new jobs. So I'm going to ask the Congress to provide \$3.6 billion to the states to pay for the Re-Employment accounts -- enough money to help more than a million unemployed men and women across America. In order to strengthen this economy in the future, we must help these Americans today.

The jobs and growth proposals I've outlined today are a focused plan to encourage consumer spending, to promote small business growth, to boost confidence in our markets, and to give critical help to unemployed citizens. Overall, this growth package will reduce the tax burden of Americans by \$98 billion this year and \$670 billion over the next decade. I proposed a bold plan because the need for this plan is urgent, and I urge the Congress to act swiftly and pass this bill. (Applause.)

Our nation has seen two years of serious and steady challenges. The recession and the decline in the stock market slowed earnings and cut into tax revenues and created a budget deficit. And in this time of war, I can assure you this government is spending what is necessary to win the war. (Applause.) But the Congress must also understand this: The American people deserve and expect spending discipline in Washington, D.C. (Applause.) With spending discipline and with pro-growth policies, we will expand the economy and help bring down this deficit.

This growth and jobs package is essential in the short run; it's an immediate boost to the economy. And these proposals will help stimulate investment and put more people back to work, is what we want to have happen. They are essential for the long run, as well -- to lay the groundwork for future growth and future prosperity. That growth will bring the added benefit of higher revenues for the government -- revenues that will keep tax rates low, while fulfilling key obligations and protecting programs such as Medicare and Social Security.

We're meeting the challenges to America. We're strengthening our economy, and we're taking a battle to our enemies. And we're not going to leave our work half-finished. In the months ahead, we'll confront

every threat to the safety and security of the American people. We'll press on to turn our recovery into lasting growth and opportunity that reaches every corner of America. By the courage and by the enterprise of the American people, this great nation will prosper. And there's no doubt in my mind this great nation we'll prevail.

May God bless you all, and may God bless America. (Applause.)

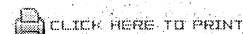
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For Immediate Release
Office of the Press Secretary
January 7, 2003

Fact Sheet: President Bush Taking Action to Strengthen America's Economy

Taking Action to Strengthen America's Economy

- On January 7, 2003, President Bush announced a growth and jobs plan to strengthen the American economy, and he called on Congress to act swiftly to pass it.
- The President's economic plan has three main goals:
 - Encourage consumer spending that will continue to boost the economic recovery and create jobs.
 - Promote investment by individuals and businesses that will lead to economic growth and job creation.
 - Deliver critical help to unemployed citizens.
- The President's new proposal would:
 - Speed up the 2001 tax cuts to increase the pace of the recovery and job creation.
 - Encourage job-creating investment in America's businesses by ending the double taxation of dividends and giving small businesses incentives to grow.
 - Provide help for unemployed Americans, including extending unemployment benefits and creating new re-employment accounts to help displaced workers get back on the job.
- Who benefits under the President's plan?
 - Everyone who pays taxes—especially middle-income Americans—as tax rate reductions passed by Congress in 2001 are made effective immediately. Middle-income families will receive additional relief from accelerated reduction of the marriage penalty, a faster increase in the child tax credit, and immediate implementation of the new, lower 10 percent tax bracket.
 - Everyone who invests in the stock market and receives dividend income—especially seniors—will benefit from elimination of the double taxation on dividends. About half of all dividend income goes to America's seniors, who often rely on those checks for a steady source of retirement income.
 - Every small business owner who purchases equipment to grow and expand will get assistance through an increase in the expensing limits from \$25,000 to \$75,000.
 - Every worker who has lost his or her job and qualifies for unemployment benefits will get more help, and many will qualify for new, more flexible Personal Re-employment Accounts, which provide a bonus if they find work quickly.
- **Under the President's proposal to speed up tax relief, 92 million taxpayers would receive, on average, a tax cut of \$1,083 in 2003.**
 - 46 million married couples would receive an average tax cut of \$1,716.
 - 34 million families with children would benefit from an average tax cut of \$1,473.
 - 6 million single women with children would receive an average tax cut of \$541.
 - 13 million elderly taxpayers would receive an average tax cut of \$1,384.
 - 23 million small business owners would receive tax cuts averaging \$2,042.
 - Americans in the lowest tax brackets receive the largest percentage reduction in their tax burden. 3 million moderate-income families will see their income tax burden eliminated entirely. **Example:** A family of four with an income of \$40,000 would see their federal income taxes fall from \$1,178 to \$45 under the President's plan.

- **According to a projection by the Council of Economic Advisers, the President's plan will help the economy to create 1.4 million new jobs by the end of 2004.**

Making Progress: From Recession to Recovery

- **Since the beginning of his Administration, the President has acted decisively to promote economic growth and job creation.**
 - In 2001, he fulfilled his promise to reduce the tax burden on the American people. This tax relief gave the economy a boost at just the right time—ensuring that the recession was one of the shortest and shallowest in modern American history. These tax cuts worked, and the President will continue to press the Congress to make the cuts—including the end of the death tax—permanent.
 - In 2002, he proposed and signed into law an economic stimulus bill, tough new corporate accountability standards, terrorism insurance legislation to put construction projects back on track, and an historic trade act. All these measures will help our economy as it recovers from the shocks of recession, the attacks of September 11th, and serious abuses of trust by some corporate officials.
- **Today, America's economy is recovering and showing signs of growth.**
 - The country is now in its second year of economic growth.
 - Nationwide, incomes are rising faster than inflation.
 - Interest rates are the lowest in 37 years, and low interest rates have allowed Americans to refinance their homes, adding more than \$100 billion to their pocketbooks and to the economy.
 - The homeownership rate—a central part of the American dream—is 68 percent, close to the highest ever.
 - Productivity of American workers—the most important indicator of our economic strength—went up 5.6 percent over the last four measured quarters, the best since 1973.
 - Our trade with other nations is expanding—bringing the lower prices that come from imports, and the better jobs that come from exports.

More to Do: The President's Agenda to Strengthen America's Economy

- America has the strongest, most resilient economy in the world, yet this economy is not creating enough jobs. We have made great progress, but there is still more work to do.
- The President today proposed a specific agenda to increase the momentum of our economic recovery. The President's proposal would:

Speed up Tax Relief to Speed up the Recovery: The President's proposal builds on the success of the 2001 tax cut. As a result of this law, Americans are due to receive additional tax relief in 2004, and again in 2006. Republicans and Democrats in Congress have already enacted these cuts. The President believes the time to deliver this relief is now – when it can do the most good for families, businesses, and the economy – not years from now.

The President's plan would:

- Make all the tax rate reductions from the 2001 tax law effective this year—and retroactive to January 1, 2003.
- Upon passage, the President will order the Treasury Department to immediately adjust the amount of money withheld for income taxes, so that Americans will keep more of their paychecks right away.
- For income earned after January 1, 2003, the following tax rates would be in effect:
 - 10%
 - 15%
 - 25%
 - 28%
 - 33%
 - 35%

The President's plan would also bring middle-income families additional relief by speeding up three other tax reductions promised in 2001. It would:

- o **Reduce the marriage penalty** this year, instead of waiting until 2009. An estimated 46 million married couples would benefit under the President's plan.
- o **Raise the child tax credit** from \$600 to \$1,000 per child this year, instead of in 2010. That would amount to a \$400 increase per child, and checks would be issued in that amount this year to help parents across America. An estimated 34 million families with children would benefit under the President's plan.
- o **Move several million working Americans into the lowest tax bracket** of 10 percent now instead of waiting until 2008.

[Note: The plan will hold harmless any taxpayer who may be affected by the Alternative Minimum Tax].

Encourage Job-Creating Investment in America's Economy – The President has proposed two new steps to encourage individuals and businesses to invest in America's economy.

End the double taxation of dividends

- o Roughly 35 million American households receive dividend income that is taxable and will directly benefit under the President's plan. More than half of these dividends go to America's seniors, many of whom rely on these checks for a steady source of income in their retirement.
- o More than 40 percent of people who receive dividends make under \$50,000 per year—and three-fourths make less than \$100,000 per year.
- o Yet seniors and other investors are not getting the full benefit of their investments because those investments are taxed twice. The IRS taxes a company on its profits, then it taxes the investors who receive the profits as dividends. The result is that for every dollar of profit a company could pay out in dividends, as little as 40 cents can actually reach shareholders.
- o It is fair to tax a company's profits, and under the President's plan, company profits will still be taxed – but only once. It is not fair to tax this income twice by taxing the shareholder on those same profits. Double taxation is wrong—and it falls hardest on seniors.
- o Almost half of all savings from the dividend exclusion under the President's plan would go to taxpayers 65 and older. The average tax savings for the 9.8 million seniors receiving dividends would be \$936.
- o The President's plan would eliminate the double taxation of dividends for millions of stockholders – allowing taxpayers to exclude dividend payments from their taxable income – and returning about \$20 billion this year to the economy.

Increase incentives for small businesses to grow

- o Small businesses create the majority of new jobs and account for half the output of the economy.
- o Current tax laws permit them to write off as expenses up to \$25,000 worth of equipment purchases. The President's plan would increase that limit to \$75,000 and index it to inflation – encouraging them to buy technology, machinery, and other equipment they need to expand.

Help Unemployed Americans Find Work –As we work to encourage long-term growth in the economy, we must not forget men and women struggling today. The President's plan would help the unemployed on two fronts, providing both short-term benefits and long-term opportunity:

Extend unemployment benefits

- o Close to 70,000 workers exhaust their unemployment benefits each week and need our help.
- o The President called on Congress to extend unemployment benefits as a first order of business this year and signed that extension into law on January 8, 2003.

Create new Personal Re-employment Accounts

- o The President's plan would create Personal Re-employment Accounts, a new, innovative approach to help unemployed Americans find a job.
- o These accounts would provide unemployed workers with up to \$3,000 to use for job training, child care, transportation, moving costs, or other expenses associated with finding a new job. A person

who gets a job within 13 weeks will be able to keep the leftover funds from their account as a re-employment bonus. This will help them when they are looking for work and give them an incentive to find work faster.

- o President Bush proposes giving states \$3.6 billion to fund these accounts. The program would be administered through the One Stop Career Center system and would work through existing state unemployment systems to ensure speedy delivery of benefits.
- o Under the President's plan, these accounts would be available to at least 1.2 million Americans.
- o Workers would receive these Personal Re-employment Accounts in addition to their regular unemployment benefits.

Turning Recovery into Prosperity

- The President's jobs and growth package will spur real overall economic growth and create jobs, yet it is disciplined and tailored to address specific challenges.
- The American economy is strong, but it must be stronger. The President's plan is a focused effort designed to remove the obstacles standing in the way of faster growth and greater progress.
- President Bush will not be satisfied until every American who wants a job can find one; until every business has a chance to grow; and until we turn our economic recovery into lasting prosperity that reaches every corner of America.

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Slides	President's Proposal for Economic Growth & Job Creation	1	N.D.	P5;

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COLLECTION:

Staff Secretary, White House Office of the

SERIES:

Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:

National Economic Council: A Timeline (2001 - 2008) [2]

FRC ID:

14346

OA Num.:

14456

NARA Num.:

14245

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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Memorandum	Next Steps on Jobs & Growth - To: POTUS - From: Keith Hennessey	5	05/18/2003	P5;

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Slides	Jobs & Growth Comparison	2	N.D.	P5;

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THE WHITE HOUSE
PRESIDENT
GEORGE W. BUSH



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For Immediate Release
Office of the Press Secretary
May 28, 2003

President Signs Jobs and Growth Tax Relief Reconciliation Act of 2003

The East Room

[In Focus: Jobs and Economy](#)

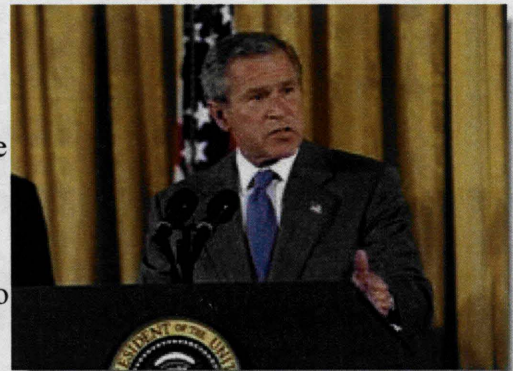
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2:20 P.M. EDT



THE PRESIDENT: Thank you all very much. Good afternoon, and welcome to the White House. Today we are taking essential action to strengthen the American economy. With my signature, the Jobs and Growth Tax Relief Reconciliation Act of 2003 will deliver substantial tax relief to 136 million American taxpayers.

We are helping workers who need more take-home pay. We're helping seniors who rely on dividends. We're helping small business owners looking to grow and to create more new jobs. We're helping families with children who will receive immediate relief. By ensuring that Americans have more to spend, to save, and to invest, this legislation is adding fuel to an economic recovery. We have taken aggressive action to strengthen the foundation of our economy so that every American who wants to work will be able to find a job. (Applause.)



I want to thank the members of my team who have worked so hard to get this bill to this desk. (Laughter.) I particularly want to thank Secretary John Snow and Secretary Don Evans for their tireless efforts to convince members of both political parties what we're doing today is the right thing to do on behalf of all Americans. (Applause.)

I want to thank Steve Friedman for his good work and his staff. I want to thank Mitch Daniels, the "Blade". (Laughter.) I want to thank members of my Cabinet who are here -- Secretary of Labor Elaine Chao and Mel Martinez. Thank you both for coming.

I particularly want to thank the members of the United States Congress who worked closely with the administration to do what was right for the American people. Speaker Hastert -- Speaker Denny Hastert isn't with us, but he put forth a monumental effort to get this bill done, as did Senate Majority Leader Bill Frist.

I'm particularly pleased that not only did Majority Leader join me up here, but so does the Chairman of the Ways and Means, Chairman Bill Thomas. He got the job done -- (applause) -- along with Senator Chuck Grassley of Iowa, the Finance Chairman in the Senate. These two good men worked out differences in a quick period of time, and got the bill to the respective bodies quickly. where both Republicans and Democrats supported this major piece of legislation.

I want to thank the members from the United States House of Representatives who are with us today, as well as Senator Thad Cochran, representing other members of the Senate. We're honored you all are here. I want to thank all the members who voted for this bill. We had great support in the House.

Senators Miller and Nelson also supported the Republican majority in the Senate, so that we can say loud and clear to the American people, you got more of your own money to spend so that this economy can get a good wind behind it. (Applause.)

I want to thank Dirk and members of the Tax Relief Coalition who rallied the grassroots all across the country to remind members of the House and the Senate that there are people out there that understand that with tax relief will come more jobs for the American people.

I appreciate members of the roundtables we had all around America. I see a lot of familiar faces from people that allowed me to come and listen to their stories, and then translate those stories into the public arena so that our Congress people and citizens knew that behind every number there was a story to be told. I see small business entrepreneurs and taxpayers and people who need dividends to help with their retirement. All of them stood up as we went around the country, and spoke clearly -- much more clearly than I can -- about the need for tax relief. And I appreciate you all being here. And I want to thank you for your care for our country, and welcome to the White House. (Applause.)



The Jobs and Growth Act reduces federal income taxes across- the-board. And today the Internal Revenue Service will post new withholding tax tables so that employers can begin leaving more money in the pay checks of American workers, starting next months.

The Jobs and Growth Act increases the per child tax credit from \$600 to \$1,000. So today I'm directing the Department of Treasury to issue checks of up to \$400 per child to 25 million eligible families. And those checks will begin arriving in July. (Applause.)

This combination of income tax rate reductions, a higher child credit and a reduction in the marriage penalty will make a difference for families in every part of this country. A family of four with a total income of \$75,000 will receive a 19 percent reduction in federal income taxes, saving \$1,122 per year, per family. (Applause.) A family of four with an income of \$40,000 will see their income taxes drop from \$1,178 to \$45, a 96 percent tax cut. And under this new law, 3 million individuals and families will have their federal income tax liability completely eliminated. Altogether, 34 million families with children, including 6 million single moms, will receive an average tax cut of \$1,549 per year.

Jenny Theisen, from Omaha, Nebraska, is here with us today. Jenny's husband, David, is a staff sergeant based at Offutt Air Force Base, and right now on duty in the Pacific and the Indian Ocean. Jenny and David work hard to provide for their children, just like a lot of other Americans do, as well. And right now, Jenny says, she tries to save \$200 a month for her girls' college savings account. But sometimes other bills have to be paid first, is what she says. Under this proposal, under the bill I sign, it's going to be a lot easier for the Theisen family to save for the future because they will keep an extra \$1,300 a year of their own money.

Tax relief matters a lot to the average citizen here in America. This tax bill will make it easier for moms and dads to save for their children's education, and that's vitally important for the future of this country. (Applause.)

The benefits of the Jobs and Growth Act will also go to investors. The top capital gains tax rate will be reduced by 25 percent, which will encourage more investment and risk-taking, and that will help in job creation.

The bill also allows for dividend income to be taxed at a lower rate. This will encourage more companies to pay dividends, which, in itself, will not only be good for investors, but will be a corporate reform measure. It's hard to pay dividends unless you've actually got cash flow. The days when people could say, invest with me because the sky's the limit, will be changed by dividend policy. It's hard to promote the sky being the limit and pay dividends unless you're actually profitable and have cash flow. Getting -- reducing the tax rate on dividends will also increase the wealth effect around America and will help our markets.

And the good news is a lot of senior citizens rely on dividend income to meet their daily needs. And under this legislation, 12 million seniors will receive an average tax reduction of \$1,401. We're delivering substantial tax relief to small business owners and entrepreneurs.

Most small business owners are subchapter S -- own subchapter S corporations, or sole proprietorships, or limited partnerships, so the small business pays taxes at the individual tax rate. By cutting individual tax rates and by delivering other incentives for investment in new equipment, 23 million small business owners will receive an average tax cut of \$2,209.

This law reflects a common sense economic principle: The best way to have more jobs is to help the people who create new jobs, and those are the small business owners of America. (Applause.)

Scott Harding is with us today. He's the CEO of a family-owned electrical contracting business in Rockville, Maryland. Scott's company is a sub-S company. He spends more than \$100,000 a year in new equipment. His savings under the tax relief will let him keep \$7,300 of his own money, and his business will save at least \$12,000 because of this legislation's increased expensing rules. His savings, plus those of the other people who own this company, will help this company buy more equipment for their 50 employees, which will make the employees more productive, which will make it more likely that he'll be able to expand the number of employees who works for him.

Scott says, "The more money we make, the bigger bonuses there are for workers. It's that simple." No matter how complicated tax policy may seem here in Washington, people like Scott understand it all too well. If businesses keep more of their own money, their workers benefit right away. By leaving families and entrepreneurs more to spend, more to save, more to invest, these reforms will help boost the entire economy and create jobs.

When people have more money, they can spend it on goods and services. And in our society, when they demand an additional good or a service, somebody will produce the good or a service. And when somebody produces that good or a service, it means somebody is more likely to be able to find a job.

Increased hiring happens gradually, but we're on the path to greater job creation across this country. We know that tax relief is going to help this economy because it has done so in the past. The tax relief we passed in 2001 helped make the recession one of the shallowest in American history. It gave millions of families needed relief during a difficult time for our country. It helped many entrepreneurs to pursue their dreams.

I recently got a letter from Rusty Loiselle, who lives in Illinois. Rusty had seem some hard times, but he always had a dream to start his own business and to be his own boss. He says the tax relief in 2001 helped him create a small custom painting business. He bought a computer, some air brushes, lights, and sanders, and he's done well. He's done well enough to be able to buy himself a home for he and his son. He said, "It probably doesn't sound much like -- sound like much to you all, but it means a lot to my son and me."

That's what America's all about, providing opportunity. The bill I'm going to sign provides opportunity for millions of Americans across this country. And the more opportunity there is, the more likely it is somebody is going to find work in this country. (Applause.)

This legislation is a major step forward in our economic agenda. Yet other steps are also needed. We must hold federal spending to a responsible level. (Applause.) Our budget for this year calls for discretionary spending to rise only 4 percent, or as much as the average household income will go up this year. Government should follow the example of American families by setting clear priorities and by staying within them.

We must act in other areas to ensure the economic security of American families and workers. There could be no economic security unless people can count on affordable health care. Critical measures before Congress would address this issue. Our country must get a handle on rising health care costs. So we must pass reforms to end the junk lawsuits that drive good doctors out of practice and drive the costs up for everybody.

The biggest threat to economic security of our seniors is the affordability of prescription drugs. We must make available a prescription drug benefit to all our seniors. And we must assure that the commitments of Medicare are kept to every future generation of Americans.

To enhance economic security for working people throughout the economy, we must reduce the burden of regulation and litigation on small businesses, as well. Employers don't want to spend their time and resources filling out forms, or fighting junk lawsuits. They want to be out on the shop floor, or behind the cash register, creating profits and jobs. And that is why this administration has launched a task force to find ways to reduce paperwork for small business owners in America. We must enact regulatory and lawsuit reforms so that our business owners can do what they do best, create jobs. (Applause.)

We must also help build economic security for workers by preparing citizens to fill the new jobs this economy will create. We're aggressively implementing higher standards in our public schools so that every child -- every child -- learns to read and write and add and subtract. We've increased funding for Pell grants, making higher education a possibility for more young Americans.

I've proposed innovative reemployment accounts to help unemployed workers cover the cost of job training or relocation. For those currently unemployed, earlier today I signed legislation extending unemployment insurance benefits for an additional 13 weeks. And when we reauthorize welfare reform, we must make sure that more and more Americans are set on the path of work, which is the path of dignity and independence.

I'm confident we can make progress in all these areas, because the Congress is showing the goodwill and hard work that makes progress possible. Already we've achieved many of the goals that I outlined last January. Congress passed a budget resolution that follows my call to restore spending discipline to Washington, D.C. We passed a focus supplemental spending bill to support our brave men and women in uniform. We passed a global AIDS initiative to help millions of people fighting for their lives. And now we have passed a bold package of tax relief for America's families and businesses which will help turn our recovery into a lasting expansion that reaches every single corner of America.

I believe in the future of this economy, in our nation, because I know the character of the American people. In 20 months, Americans have been tested by a national emergency, corporate scandals, war, and recession. And time after time, we've responded effectively to the challenges we have faced. Time after time, Americans have shown a firm resolve, and an unshakable faith in our future.

And now, with this bold legislation, we're sending a clear message to the doubters, the doubters that Washington can respond. We can respond. We can respond in a positive way. We're building on the strengths of our economy so that everybody who wants to work can find a job in this great country.

Congratulations to the members of the United States Congress for rising to the challenge. May God bless America. (Applause.)

END 2:41 P.M. EDT

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May 28, 2003

MEMORANDUM TO INTERESTED PARTIES

FROM: KEITH HENNESSEY

SUBJECT: JOBS & GROWTH IMPLEMENTATION

Withholding and child credit check implementation timeline

Wednesday, May 28 th (today)	IRS posts new withholding schedule on their website.
mid-June	IRS deadline for mailing new withholding tables to all employers.

Tuesday, July 15 th – Tuesday, July 22 nd	First 10 million notices are mailed.
Tuesday, July 22 nd – Tuesday, July 29 th	Second 10 million notices are mailed.
Tuesday, July 29 th – Tuesday, August 5 th	Last 5 million notices are mailed.

Friday, July 25 th	First 10 million checks are mailed.
Friday, August 1 st	Second 10 million checks are mailed.
Friday, August 8 th	Last 5 million checks are mailed.

Employers will be able to change their withholding tables as early as late today, if they go to the IRS website to get the new withholding schedule.”

And child credit checks will be mailed out beginning on Friday, July 25th, over a three week period.

In each case, the checks are physically produced during the two to three days prior to mailing.

Implementation press (tentative)

Snow conducts as many as four tours/photo-ops at FMS facilities in Kansas City, San Francisco, Philadelphia, and Austin while they are processing the child credit checks. These events will be very similar to the visit Secretary O'Neill and the Vice President conducted on July 20, 2001 (i.e.: an open press tour, meetings with the local FMS staff, followed by a media availability).

Implementation funding

We have an OMB/Treasury agreement to request \$30 million to process and mail the notices and checks. Most of this is for printing costs and postage. We were unable to get this into the growth bill, so we need to push for it in an early appropriations bill.

What this means now for your individual income taxes

Income tax changes

Your taxable income for all of calendar year 2003 (retroactive to January 1st of this year) will be taxed at the following rates. Note that this table includes the rate changes, the elimination of the marriage penalty in the 15% bracket, and the expansion of the 10% bracket. Numbers which have changed because of the Jobs & Growth law are highlighted. The old numbers are [in brackets] next to the new numbers. Not shown here is the increase in the standard deduction for married filers from \$7,950 to \$9,500.

Filing status: Single

Taxable income greater than ...	and not more than ...	will be taxed at this rate
\$0	\$7,000 [\$6,000]	10%
7,000 [\$6,000]	28,400	15%
28,400	68,800	25% [27%]
68,800	143,500	28% [30%]
143,500	311,950	33% [35%]
311,950	—	35% [38.6%]

Filing status: Married filing jointly

Taxable income greater than ...	and not more than ...	will be taxed at this rate
\$0	\$14,000 [\$12,000]	10%
14,000 [\$12,000]	56,800 [\$47,450]	15%
56,800 [\$47,450]	114,650	25% [27%]
114,650	174,700	28% [30%]
174,700	311,950	33% [35%]
311,950	—	35% [38.6%]

Filing status: Head of Households

Taxable income greater than ...	and not more than ...	will be taxed at this rate
\$0	\$10,000	10%
10,000 [\$10,000]	38,050	15%
38,050	98,250	25% [27%]
98,250	159,100	28% [30%]
159,100	311,950	33% [35%]
311,950	—	35% [38.6%]

Employers will have access to new withholding tables today (Wednesday, May 28th) on the IRS website. They will also be mailed to all employers by mid-June. If your employer were to download the withholding tables today and change them immediately, you would see the change in your next paycheck.

Withholding changes apply prospectively only. Employers have now overwithheld for the first 5 months of this calendar year. This means that most people will see a larger tax rebate next year than they expect, in addition to seeing larger paychecks now.

Child credit

IRS is now working on implementing the increase in the child credit from \$600 per eligible child, to \$1,000 per eligible child.

This increase will be mailed out as checks to eligible taxpayers, exactly as happened in 2001. The implementation schedule is given on page 1 of this memo. Eligible taxpayers will be grouped by the last four digits of their social security numbers (lower numbers get checks earlier).

The child credit (under the new law and the prior law) is, generally speaking, a credit against *income* taxes, and is limited by income. Here are some details.

- The credit is reduced by \$50 for each \$1,000 of income ("modified AGI") above \$110,000 for married filers, and above \$75,000 for single filers with kids.
- The credit is partially refundable against payroll taxes. Specifically, if you don't pay enough income taxes to take full advantage of the \$1,000 per child credit, then you get an additional credit equal to $15\% \times (\text{your earned income} - \$10,500)$. As an example, if you're a single mom with two kids with \$16,000 of income ($\$8/\text{hour} \times 40 \text{ hours/week} \times 50 \text{ weeks/year}$), you pay only \$900 in income taxes. This additional refundability would mean that you would pay no income taxes, and also get an \$825 credit against your payroll taxes.

Alternative Minimum Tax

The AMT exemption amounts increase, effective retroactive to January 1st of this year, to \$39,750 for single filers, and to \$57,000 for married filers filing jointly. This means that fewer people will pay the AMT in 2003 than did in 2002.

Dividends and capital gains

Dividends – Any dividends received by an individual shareholder, retroactive to January 1st of this year, will be taxed at a 15% rate if that income would otherwise be taxed at a 25% or higher rate. If that dividend income would otherwise be taxed at a 10% or 15% rate, then it will now be taxed at 5%.

In essence, this means the dividends tax rate is now 15% for most taxpayers receiving dividends, and 5% for low- and moderate-income taxpayers receiving dividends.

Capital gains – The same is true for capital gains received after May 6, 2003. The five-year holding period is eliminated. The lower rates (15%/5%) apply to any asset held for more than one year.

In both cases, these lower rates apply to both regular and alternative minimum taxpayers.