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President Outlines Path for Lasting Prosperity in Wednesday Speech

Remarks by the President at the Newspaper Association of America Annual Convention
Omni Shoreham Hotel
Washington, D.C.

1:30 P.M. EDT

THE PRESIDENT: Thank you, all. Burl, thank you very much. I kind of like ducking those questions. (Laughter.) I appreciate you having me. I hope this toast business becomes a habit -- (laughter) -- if you know what I mean. (Laughter.)

Thanks for letting me come. Tom, thank you for your invitation. Dean, thank you for having me here. Members of the politburo -- (laughter.) I mean, my fellow Americans. (Laughter and applause.)

I was thinking about what I was going to tell you when I came over here today, and I thought I'd talk a little bit about the role of the President in creating an environment so that our prosperity lasts, and then the role of the President in securing America. And then I'll be glad to -- I'll be glad to duck some questions. (Laughter.) Just like my mother told me to do. (Laughter.)

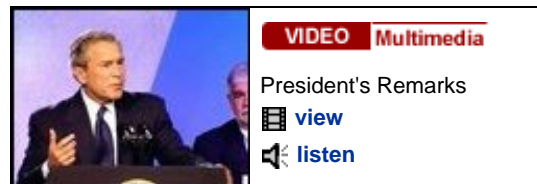
We're prosperous now, which is good -- particularly if you're a guy seeking the vote. New jobs are being created, I think we had 308,000 in the month of March. Industrial production rose at 6.6 percent in the first quarter of this year, which is a positive sign. Homeownership is at the highest rate ever, which is really positive for America. The more people who own something, the better off the country is. Inflation is low. Interest rates are low. And the economy is growing, which is good news.

And the question is, really, from a presidential perspective is, what do you do to keep in place an environment so that prosperity lasts beyond just a recovery? It's amazing that we're growing in spite of the fact that we've been through a recession, a war, an emergency and corporate scandals -- which speaks to the resiliency of the American people and the strength of the entrepreneurial spirit.

The way I view the role of government is that the government's role isn't to create wealth, the government's role isn't to say, "I created jobs," -- the government's role is to create an environment in which entrepreneurs feel comfortable about expanding the job base and risking capital.

So here are some things that I think our country must do to make sure that we have lasting prosperity, prosperity that reflects the willingness of the American system to put in place a competitive system, competitive with other countries.

First, we've got to have a balanced legal system. I'm deeply concerned about a legal system that is fraught



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with frivolous and junk lawsuits which make it harder to form businesses, make it less desirable to risk capital. A competitive business environment that will encourage lasting prosperity must mean there needs to be balance in our legal system. There must be tort reform. There's a proper role for tort reform at the federal government. Class action lawsuits need to be reformed, in my judgment. Asbestos reforms legislation is stuck in the Senate, ought to go forward. Obviously, there's a lot that needs to be done at the state level. The President can help nudge that along with the bully pulpit. But the Congress ought to move on tort reform.

And they ought to do so on medical liability reform, as well. When I first came to Washington, I wasn't sure if the proper role of the federal government was to get involved with medical liability reform. Then I saw what frivolous lawsuits and the defensive practice of medicine do to the federal budgets. They cost us a lot of money. And it's a national issue, therefore. And so Congress needs to pass medical liability reform -- not only to send a message that tort reform is vital, but also to help us control the cost of medicine, which is a second necessary ingredient for there to be lasting prosperity.

I'm a big promoter in what's called health savings accounts and association health care plans, because I believe that the best way to help control health care costs in the long run is to empower consumer decision-making in the process, as opposed to federal government decision-making in the process.

And I readily concede there's a philosophical debate here in Washington, D.C. of the proper role of the federal government versus the marketplace. It should come as no surprise to you that I tend to -- I tend to side with those who believe market forces are the best way to allocate resources and the best way to help control costs and, therefore, will continue to be a strong proponent of new ideas such as health savings accounts to empower consumers and to encourage the doctor-patient relationship that has been eroded as a result of bureaucracies, both in the private and public sectors, springing forth.

There also needs to be innovation in the health care field, as well as the rest of our society. One of the interesting things about health care, it's kind of like a cottage industry that has yet to adapt to the new technologies of the 21st century. And, therefore, there are missed opportunities when it comes to helping control costs and to provide quality care.

The proper role of the federal government, in my judgment on this, is to help set a national standard so that the myriad of producers have something around which to make proper decision-making when it comes to the use of IT technology. I believe there ought to be broadband in every community, and available to every house by the year 2007, in order to make sure America has lasting prosperity. And that's just the beginning. I think not only should broadband be accessible, but there ought to be ample providers available to every house and every community in America.

And two thoughts pop in my mind about making sure that the broadband technology is expanding properly. One, there needs to be good tax policy in order to encourage the spread of broadband technology, which means we shouldn't tax access. If we want it to spread rapidly, and if we want it to be available in all communities, in my judgment the federal government should deny taxation to broadband technology access. And, secondly, there needs to be good regulatory policy out of the administration so as to encourage the spread of competitive -- of services throughout our country.

By being an innovative society and promoting innovation, we'll have lasting prosperity. We're lagging a little bit on broadband technology, the access of broadband technology. And I think we need to kind of accelerate it with good policy and -- particularly good regulatory policy out of the FCC. I think we're getting that from Chairman Powell. I feel comfortable he's got a good and positive vision about how to spread broadband.

You know, it's an interesting debate, of course, during a political year -- and, actually, almost every year -- as to whether or not we ought to be a free trading nation. I'm a big believer in free trade. If we want to have lasting prosperity, it is essential that the nation reject the economic isolationism and promote trade.

Our markets are relatively open to other nations. It's a decision, by the way, of administrations from both political parties that it makes sense for the consumers to be able to have more choices and more decisions -- when you have more choices and more decisions in the marketplace, you generally get better quality goods at a better price.

And, yet, other countries haven't reciprocated. And, to me, the proper role of the administration to make sure there's lasting prosperity is to insist that other countries open up their markets as opposed to closing ours. And we'll continue to do so. We filed a WTO suit against China. We've made some noise here and there. We will insist that the trade laws be enforced.

But it's essential that the country reject economic isolationism if we want to have lasting prosperity. Trade wars will make it incredibly difficult for us to be prosperous -- and also, by the way, hurt countries on the continent of Africa, for example -- desperate, poor little countries trying to develop markets and trying to develop a business community and small businesses. If we don't open up our markets to them, if we don't trade freely, it'll be difficult for there to be hope in impoverished parts of the world.

We need an energy plan. You know, it's -- we're a country where they say, okay, what is your plan? Well, I'm going to jawbone. It's an awkward position for any President to be in. It means we don't have an energy plan, is what it means. It means we're hooked. I get, what are you going to do about? Are you going to pick up the phone and hope somebody produces more energy? That says we're dependent. And we are.

I think we ought to have a full-scale debate and, in my judgement, opening up different supplies of energy. I think we need to promote nuclear energy. I think we need to make sure we've got clean coal technologies available. I think we ought to be exploring for natural gas where we can find natural gas.

It is -- this country is -- in order for us to be prosperous in the long-run, we can't remain hooked on foreign sources of energy. Obviously, we've got to promote conservation, new technologies. Listen, I'd love to be able to grow our way out of energy independence. There would be nothing better for an American President to say, okay, plant more corn and we'll become less dependent on foreign sources of energy. I fully understand that. The idea of biodiesel makes a lot of sense. We ought to continue to promote research and development. And I'm convinced technologies will help us in the long run, when it comes to becoming less dependent on foreign sources of energy.

The question is, what do we do in the next decade? How do we deal with the reality of the situation? And I would hope I can get a bill out of Congress that will encourage additional supply, and at the same time encourage conservation and reduce demand.

The problem we have in the world, by the way, today is that China is cranking up their economy. Steel prices are high, energy prices are high, because demand in China is really high. And that's what we're faced with. We're faced with a world economy that's beginning to recover, with supplies getting tight. And without an energy plan, without additional supply, it's going to make us hard to stay competitive, as well as prosperous, in the long run.

I see some people who, unfortunately, have to follow me around the country.

I've been spending a lot of time recently on job training programs, because education is one really important way as to how we're going to have lasting prosperity. I think if you talk to people on the leading edge of change here in the country, they will tell you that one of their biggest concerns is to be able to find workers that are skilled in the jobs of the 21st century. Obviously, we've got to get it right, through the No Child Left Behind Act -- which I'll be glad to expound on, if it's one of your questions.

But there needs to be job training programs that recognizes that as technologies race through our society, workers are likely to be left behind. And that's why I have promoted -- or could be left behind, is a better way to put it -- why I have promoted the community college system as a way to make sure that willing workers are matched with employers and they have the skill base to do so. The community college system is affordable, available and accessible. They're great things. What I like about them is that they're able to adjust their curriculum to be able to meet the demands of those who are actually hiring people.

And, finally, a subject that I know that many of you here are delighted with, there needs to be permanency in the tax code. We don't need to be raising taxes right now if we want to have lasting prosperity. The worst thing that can happen is to start raising taxes on the American people. If you're a planner, and if you're spending capital, it is essential that there be certainty in the tax code. And a lot of the provisions of the tax relief we've passed are set to expire -- it will be a big mistake, in my judgment, to let them expire. And so I

will continue this year, and in further years, hopefully, to be talking about permanency with the tax relief and simplification in the tax code.

People say, what do you mean? I'll give you one example of how to simplify the code. If we can ever get rid of the death tax, forever, it will cut down on about 30 percent of the IRS code, they tell me. By the way, the death tax is bad, in my judgment. You're taxing a person's assets twice. And if you're interested in making sure the environment for the entrepreneur is strong and vibrant, it doesn't make sense to tax a person's assets twice. My firm belief is if it's your asset, you ought to be able to leave it to whom you want to leave it, without the federal government making it awfully difficult to do so. (Applause.)

So that's -- those are some ideas. And my job is to think beyond the immediate. And America must be wise about how we stay competitive because the world is really competitive. And it's changing. And the truth of the matter is to make sure we've got jobs here at home and an expanding job base, we've got to be the best place to do business, the best place to invest capital, the best place for a small business person to realize his or her dreams. And there are some ideas I just laid out that can help us stay that way.

Security is obviously an issue that's on my mind. It should be on yours. I know it's on yours, you write about it all the time. We're at war. And it's a different kind of war. It is a -- it is a war that is different because it's hard to really see the enemy, if you know what I mean. This is an enemy that is able to inflict serious destruction on people, and yet be nearly invisible most of the time. It's a war in which people are hiding in caves; they give an order, and these people will go kill on a moment's notice. And they don't care who they kill. So in other words, it's an enemy that hides, an enemy that's so ruthless, there's no such thing as innocent or guilt. And they attacked today in Basra. It was a terrorist act today. They just blew up innocent Iraqis. They attacked in Riyadh, Saudi Arabia today. And they attack all the time.

They'd like to attack us again, as well, by the way. Obviously, my most solemn duty, and the duty of everybody involved with government is to do everything we can to protect the American people. In this war against this enemy, we must use all our assets -- not some of our assets, but every asset at the disposal of those of us who are in positions of responsibility. Military assets, intelligence assets -- we must rely upon alliances. And I will tell you the cooperation is good.

So much has been focused on the decision in Iraq -- which, of course, I'll talk about here in a minute -- that people assume that there's not cooperation with nations that didn't agree with the decision in Iraq. That's just simply not the case. We're sharing information with countries that may not have agreed with us in Iraq. We're acting on information that we've passed back and forth together. Alliances are really important in the war against terror. International bodies can be important in the war against terror if they're effective. They're lousy in the war against terror is they're not effective, because this is a results-oriented game we're in right now. We've got to be effective to stop them.

The thing that's interesting and different about this -- well, it's not interesting -- it's frightening about this war, is America is a battlefield in the war on terror. That's what's changed. We're now a target. It used to be Americans overseas were targets. It's Americans at home are targets. And that changes the equation about how a President must view threats when I see them, or when we see them. What do you do about a threat that you see gathering overseas? Do you just kind of hope it goes away, or do you deal with it? And I've obviously made the decision to deal with it.

There's no negotiations with these terrorists. These are not the kind of people you sit down and you negotiate with. You don't sign a treaty with people who are -- who don't believe in rules, people who don't have a conscience. The strategy of the terrorists -- they're trying to shake our will and turn free nations against each other. And they're -- these guys are tough. And they're sophisticated. And they're smart. And we just have to be tougher, and smarter, and more sophisticated in our approach to finding them.

Al Qaeda obviously is the name everybody knows that's associated with war on terror. And we're hunting them down. It takes a while to find them. But we're using all our assets and resources and friends and allies to bring them to justice. It's the only way you have to deal with them. And it's important that we find them before they come here again, or somewhere else, for that matter.

And we're making pretty good progress. If al Qaeda were a board of directors, the chairman and vice

chairman might still be out there, but the middle management is gone. That's not to say that they're not encouraging others to step forward. They are. But we're on the hunt, and we'll stay on the hunt. And it's essential that the country not yield, and lead. The world looks at us, and if we show any weakness whatsoever, there will be weakness in the world. And as I just told you, in order to win this war against these people, there has to be solid cooperation in the world.

Right after September the 11th, I said, if you harbor a terrorist, you're just as guilty as the terrorists. I meant that. The American President, when he speaks, must speak clearly and must mean what he says. I meant what I said. The Taliban were given a notice. They didn't respond and so we got rid of them -- it just wasn't America, it was others.

The world is much better off for that decisive action by our troops and the troops of other people, and so are the people who live in Afghanistan. I would urge you to see the movie "Osama." It's hard for the American mentality to grasp how barbaric the Taliban was toward women in Afghanistan. So see the movie, and then maybe -- it'll speak better than I can possibly speak. Burl is always accusing me of not being able to speak so good anyway. (Laughter.)

We're making good progress in Afghanistan. I'm proud of Karzai. He stepped up and led. The Afghan army is functioning. Listen, there's still work to be done there. There's work to be done in most countries where tyranny reigned. See, it's hard to go from a tyrannical state to a free state. It's hard to go into a society where if you stepped out of line, you were brutalized, into a society where people take risks for peace and freedom.

And that's what you're seeing in Afghanistan, and, frankly, that's what you're seeing in Iraq. In Iraq, I saw a gathering threat; the world saw a gathering threat; the United Nations saw a threat. I went to the United Nations. I said, listen, you've been calling upon this guy to disarm for 10 years, he's chosen not to. Now let's give him one final chance to do so. And unanimously, the Security Council stepped up and said, disarm or face serious consequences. And so did the United States. And when you say, disarm or face serious consequences, you better mean what you say when you say it.

And Saddam Hussein chose not to disarm. Listen, we viewed him as a threat; the intelligence said he was a threat. We all thought he had weapons. We found out -- the truth will be known over time. We found out he had the ability to make weapons. He had the capability. I think the intent was clear. After all, he hated America. He paid suiciders to go kill Jews. He used weapons of mass destruction on his own people. And so he defied -- he defied the world. And he's no longer in power. The world is better off for it, and so are the people of Iraq.

Because we moved, torture chambers are closed, mass graves won't be filled, and democracy is growing in the heart of the Middle East. I'm oftentimes asked, is there a solution for the war on terror? Yes, there's a long-term solution, and that's freedom. See, free societies don't promote terror. Free societies are peaceful societies. Free societies are societies that provide hope and opportunity for people.

Now look, there's a debate, I readily concede -- some people don't believe if you're a Muslim or an Arab you can be free. I just strongly disagree with that thought. I think everybody yearns to be free, and I think everybody can self-govern. I remind you, some people thought the Japanese could never self-govern or be free. And, yet, as I said in my press conference the other day, I had the honor of sitting down to dinner with President Koizumi -- or Prime Minister Koizumi. And we're talking about North Korea, which I'll get to here in a second.

It's amazing -- he's a great guy, by the way. Elvis Presley is one of his favorites. (Laughter.) His favorite movie was Gary Cooper in "High Noon." One time he walked up to me and said, "You like Cooper." (Laughter.) I said, "I'm like Cooper?" He said, "Yes." (Laughter.) I finally figured out what he meant. (Laughter.)

We're talking about peace on the Korean Peninsula with a friend who is a former enemy. Some people never thought they could self-govern or be free. It dawned on me, by the way, in that conversation, someday an American President will be sitting down with a duly-elected official from Iraq, talking about how to secure the peace better in the Middle East. It's an historic moment. Times are tough. The last couple of weeks have been really rough, roughest on the families of those who lost their lives and those who wonder about the

security and safety of their loved ones.

And the reason why they're tough is because people want to stop the advance of freedom. That's why. They can't stand the thought of Iraq being free. The stakes are high. They view -- they view freedom as a real threat to their ambitions. And the Iraqi people are looking -- they're looking at America and saying, are we going to cut and run again? That's what they're thinking, as well.

And we're not going to cut and run if I'm in the Oval Office. We will do our job. I believe that people yearn to be free. I believe the people of Iraq will self-govern. And I believe the world will be better off for it. I believe freedom in the heart of the Middle East is an historic opportunity to change the world. And it's essential that America show resolve and strength and not have our will shaken by those who are willing to murder the innocent.

I mentioned Korea. I think it's -- different threats are dealt with in different ways. When I came to office, the relationship on the Korean Peninsula, with North Korea was like America and North Korea. There was -- we were expected to solve the problem. And it wasn't working. So I decided that -- we tried another equation, and that is convince others in the neighborhood to become a party to convincing Kim Jong-il to disarm. It wasn't working because if you can ever get the relationship between the United States and -- kind of get a bilateral responsibility going with a guy like Kim Jong-il, all he's got to do is frighten everybody and they run up to the United States and said, oh, go fix it, you know, take care of business.

The only way to convince Kim Jong-il to disarm is to get China very much involved in the process, which we have done. It wasn't easy work because the Chinese felt it was the U.S. responsibility, and they really didn't want to have equity in the process. They were -- we shared the same goal. As a matter of fact, when Jiang Zemin came to Crawford, he was quick to stand up and say, we don't want any nuclear weapons in the Korean Peninsula. He understood -- he understands the stakes. The stakes are, of course, America will defend herself if we have to. And he understands that.

The other thing is that he understands that if one country were to develop a nuclear weapon, other countries in the neighborhood might develop a nuclear weapon. And that wouldn't be in his interest.

And so now the Chinese are involved with the process, as are the Russians, and the Japanese, and the South Koreans. And it's a steady, slow process to convince Kim Jong-il that his interests are not served by the development of a nuclear weapon that he can threaten the world with.

We've made some other progress with him, by the way, through the Proliferation Security Initiative. It's an initiative of, gosh, I think 18 countries have now signed on, or something like that -- some number close to that. But people are willing to interdict ships floating out of North Korea if we suspect there's cargo, illicit cargo like arms or drugs on there, in order to, at least, stop him from exporting weapons that will be -- could be used by all kinds of different people.

Part of understanding North Korea better was a great success by our team and the Brits, in unraveling the A. Q. Khan network. A.Q. Khan was a nuclear scientist in Pakistan that was willing to sell state secrets in order to make money. It's real dangerous, by the way, when you have somebody who is willing to sell information purely for money because you don't know where that information might end up. And the ambitions of the terrorist network, of course, would be to have the ultimate weapons at their disposal in order to blackmail and/or to harm.

The Libyans made a good decision to disarm. They were -- they were dangerous. We have found more than we thought they had. But they made a wise decision to do so. The reason I bring all that up is the war on terror is broader than just the Afghan or the Iraq theater. The war on terror is finding cells and routing people out before they attack. The war on terror is to stop the proliferation of weapons of mass destruction. The war on terror is to call people to account early, before it's too late. The war on terror is to recognize America is a part of the battlefield and we must deal with threats before they're too late.

The long-term strategy of this government is to spread freedom around the world. And I believe -- I told you, a free Iraq will be a major change agent for world peace. I also believe a free Palestinian state would be a major change agent for world peace. Ariel Sharon came to America and he stood up with me and he said,

we are pulling out of Gaza and parts of the West Bank. In my judgment, the whole world should have said, thank you, Ariel. Now we have a chance to begin the construction of a peaceful Palestinian state.

Yes, there was kind of silence, wasn't there? Because the responsibility is hard. It's hard to be responsible for promoting freedom and peace when you're used to something else. If you don't have the aspirations of the people firmly embedded in your soul, it's hard to take a gamble for peace by putting the institutions of a free society in place, institutions that are bigger than the people.

The Palestinian leadership has failed the people year after year after year. And now is the time for the world to step up and take advantage of this opportunity and help to build a Palestinian state that's committed to the principles of individual rights, and rule of law, and fairness, and justice so the Palestinian people have a chance to grow a peaceful state, and so that Israel has a partner in peace -- not a launching pad of terrorist attacks on her border.

And, finally, the United States has got responsibilities bigger than just leading the world toward peace and freedom. We've got the responsibility of helping to relieve suffering and hunger where we see it, as well. You know, I mentioned to you that -- I checked with Colin, I think this is true -- that we're the biggest food donor to the North Korean people. That's a fact I don't think a lot of people know. I just hope the food goes to the people and not to the generals. Part of the issue is it's hard to verify whether or not the food is actually being distributed. But, nevertheless, our heart is right.

We want to help people who are hungry. We want to help people who suffer from HIV/AIDS. We want to make sure we help lift countries out of terrible poverty by opening our markets for their goods and services. We have a responsibility beyond just being the leader in the war against terror. We have a responsibility to be the leader in the war against hunger, and disease, and hopelessness. And we are. And we are.

The goal of the President is to think about the long-term, is to think about how you put in place policy that will be historic, policies that will be -- that will help change the world for the better. And I think we're doing just that.

I'm ready to answer some questions. (Applause.) How long was that? How long did I talk? Too long, right? (Laughter.)

Q Mr. President, you mentioned how difficult it is to visualize the enemy in the war on terror. And you also pointed out the long-term goal of freedom and democracy as an answer. And, yet, today there is an AP poll that shows two-thirds of the people in this country think it's at least somewhat likely we'll have an attack before the elections; and nearly half the people are at least considering the possibility that at this point in time, the terrorists may be winning. And my question is, how in the interim between now and that long-term, how do you persuade these people who are in doubt that they're wrong, that it won't end that way?

THE PRESIDENT: Two-thirds of the Americans think we're going to get hit again? Well, I can understand why they think they're going to get hit again: They saw what happened in Madrid. This is a hard country to defend. We are making good progress in the defense of America. We've got a Department of Homeland Security that now enables people to better coordinate, and cooperate, and share information. We've got a Patriot Act -- which needs to be renewed, by the way, and strengthened, in my judgment -- that is really important to allow the criminal division and the intelligence division of the FBI to share information, which they could not do before.

And by the way, any provision in the Patriot Act that enables us to collect more information requires court order, just like it does when you're dealing with a mobster, or a doctor that's creating criminal problems, or white collar crime.

There is -- but the Patriot Act helps. It helps us to be able to -- to be able to connect the dots, is a common phrase here in Washington.

Our intelligence is good. It's just never perfect, is the problem. We are disrupting some cells here in America. We're chasing people down. But it is in a big country, Burl. I'm from Texas. It is difficult to stop people coming across the Rio Grande River, whether they be people looking for work or people looking to do harm.

And so I can see why people feel that way. And we've just got to stay on the offense, is what we've got to do.

And what was the other part of the question?

Q You answered it.

THE PRESIDENT: Okay, good. (Laughter.) At least I didn't duck this one.

Q We'll give you a chance to duck one.

THE PRESIDENT: Okay, good. (Laughter.)

Q As you mentioned, there have been other incidents today in Iraq and Saudi Arabia. And you also mentioned the importance of our alliances. We've had some arrests in Britain, even in Spain and elsewhere.

The question is, are you satisfied with the level of cooperation among the governments in combating these attacks?

THE PRESIDENT: Well, yes, I am. I think, obviously, we've got to continue to work to make sure people understand the threat is real. For a while, obviously, America was the most energetic in fighting terror because the memory of September 11th was fresh in our mind and people felt like, it couldn't happen to me. There's been a lot of attacks since September the 11th, which has convinced people that we've got to work together.

Saudi Arabia is a good example. This is a place when they got attacked a year ago that helped change their attitude toward chasing down al Qaeda types within their country. And the attack again today on Riyadh was a reminder that there are people that would like -- I don't want to guess their intentions -- I think they would like to overthrow the ruling government. They certainly want to frighten everybody and kill as many as they can.

The attacks on Istanbul happened when I was in Great Britain, and they were devastating attacks to the Brits -- a lot of Brits were there -- but also to the Muslims who were killed.

And the cooperation is good. But it's an issue that you just constantly have to work on to remind people of the stakes that just -- you've got to share intelligence better. And sometimes bureaucracies get in the way of the fast flow of information. I suspect governments complain that we might not be as forthcoming as quickly as they would hope us to be. I haven't heard much of that. But we're getting good cooperation. And it's -- but I say it's an issue we've got to continue to work.

Pakistan, we're getting cooperation. Just think about what life was like prior to September the 11th in Pakistan. Pakistan was friendly to the Taliban. And, fortunately, our government, thanks to the good work of Colin Powell, convinced President Musharraf that that was not in his interests. His interests were to be working with us and fighting off the terror. Of course, since then al Qaeda has tried to kill him twice. I think it confirms the fact that he's chosen the right side. We're trying to help him.

And he's active in the war on terror. And he is -- but he's got issues, just like any of these countries have got issues. But he's done -- in my judgement, he's been a good, strong ally. And I'm pleased with the fact that progress is now being made on the relationship between Pakistan and India. I don't know if you remember, I think it was in the year '01 -- I don't see many foreign policy kind of reporters here -- but '01 was the year that we had shuttle diplomacy to convince Pakistan and India not to go to war with each other.

Powell went, and then Straw went from Great Britain, and then Armitage went, and then whoever his equivalent is from Great Britain went, with the idea of kind of talking everybody down. And now, quite the opposite, they're talking with each other in a positive way, and hopefully can get some sticky issues resolved, for the sake of world peace and stability in that part of the world. I think progress is being made. But we can always -- we will always find ways to improve our alliances.

I mention to you -- look, I mentioned to you the need for international bodies to be effective. We're working with the IAEA with Iran. And the Iranians need to feel the pressure from the world that any nuclear weapons program will be uniformly condemned. It's essential that they hear that message. An appropriate international body to deal with them is the IAEA. They signed an additional protocol, which was a positive development. The foreign ministers of Great Britain, France and Germany have interceded on behalf of the civilized world to talk plainly to the Iranians. One of my jobs is to make sure they speak as plainly as possible to the Iranians, and make it absolutely clear that the development of a nuclear weapon in Iran is intolerable, and a program is intolerable, otherwise there would be -- otherwise they will be dealt with, starting through the United Nations.

And hopefully we're making progress there, as well. It's a tough -- tough crowd to negotiate with. They've got a classic -- it's a really long answer, I know. At least I'm answering it. (Laughter.) They've got the classic principle-to-non-principle negotiating strategy available for them. They've got a fellow sitting up on top, probably the decision-maker on most matters, and yet the world goes to Khatami, so you're not really sure if the message is getting totally delivered or not. I think the message is getting delivered to them that it's intolerable if they develop a nuclear weapon. It would be intolerable to peace and stability in the Middle East if they get a nuclear weapon, particularly since their stated objective is the destruction of Israel.

MR. OSBORNE: Just for the record, I've always understood you clearly. (Laughter.)

THE PRESIDENT: Then why don't you write that way? (Laughter.)

MR. OSBORNE: Touch, touch. (Laughter and applause.)

THE PRESIDENT: I've known him a long time. (Laughter.)

Q There's an editorial in the Washington Post today that opines that your opponent has changed his stance on Iraq.

THE PRESIDENT: I'm not going to talk about my opponent here.

Q We're not finished with the question.

THE PRESIDENT: Okay. (Laughter.) Touch back. (Laughter.)

Q And he is saying that -- he no longer is saying that the outcome in Iraq has to be a democracy, but rather that it has to be a stable government, and that, in their words, democracy is an option. My question is, is a democratic form of government in Iraq an option for you, or is it an imperative?

THE PRESIDENT: It's necessary. It's what will change the world, help change the world. And you either believe people can self-govern, or not; believe democracy is possible in that part of the world, and I think it is. I think it is.

Listen, thanks for letting me come. I hope you toast more often. (Laughter.) God bless. (Applause.)

END 2:14 P.M. EDT

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