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Press Conference by the President

James S. Brady Briefing Room

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THE PRESIDENT: Good morning. We're now more than halfway through October, and the new leaders in Congress have had more than nine months to get things done for the American people. Unfortunately, they haven't managed to pass many important bills. Now the clock is winding down and in some key areas Congress is just getting started.

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Congress has work to do on health care. Tomorrow Congress will hold a vote attempting to override my veto of the S-CHIP bill. It's unlikely that that override vote will succeed, which Congress knew when they sent me the bill. Now it's time to put politics aside and seek common ground to reauthorize this important program. I've asked Health and Human Services Secretary Mike Leavitt, National Economic Council Director Al Hubbard, and OMB Director Jim Nussle to lead my administration's discussions with the Congress. I made clear that if putting poor children first requires more than the 20 percent increase in funding I proposed, we'll work with Congress to find the money we need. I'm confident we can work out our differences and reauthorize S-CHIP.



Congress has work to do to keep our people safe. One of the things Congress did manage to get done this year is pass legislation that began modernizing the Foreign Intelligence Surveillance Act. FISA is a law that our intelligence professionals use to monitor the communications of terrorists who want to do harm to our people. The problem is that Congress arranged for the measure they passed to expire this coming February. In addition, the House is now considering another FISA bill that would weaken the reforms they approved just two months ago. When it comes to improving FISA, Congress needs to move forward, not backward, so we can ensure our intelligence professionals have the tools they need to protect us.

Congress has work to do on the budget. One of Congress's basic duties is to fund the day-to-day operations of the federal government. Yet Congress has not sent me a single appropriations bill. Time is running short, so I urge the Speaker and the leader of the Senate to name conferees for six of the annual appropriations bills that have already passed the House and the Senate. The two Houses need to work out their differences on these bills, and get them to my desk as soon as possible. They also need to pass the remaining spending bills, one at a time and in a fiscally responsible way.

Congress has work to do on education. As we saw from the recent Nation's Report Card, the No Child Left Behind Act is getting results for America's children. Test scores are rising. The achievement gap is beginning to close. And Congress should send me a bipartisan bill that reauthorizes and strengthens this effective piece of legislation.

Congress has work to do on housing. Back in August I proposed a series of reforms to help homeowners struggling with their mortgage payments. More than six weeks later, Congress has yet to finish work on any of these measures. These are sensible reforms that would help American families stay in their homes, and Congress needs to act quickly on these proposals.

Congress has work to do on trade. Earlier this year my administration reached out to the Congress, and we forged a bipartisan agreement to advance trade legislation. Now Congress needs to begin moving on trade agreements with Peru, Colombia, Panama, and South Korea. These agreements expand access to overseas markets, they strengthen democratic allies, and they level the playing field for American workers, farmers, and small businesses.



Congress has work to do for our military veterans. Yesterday I sent Congress legislation to implement the Dole-Shalala commission's recommendations that would modernize and improve our system of care for wounded warriors. Congress should consider this legislation promptly so that those injured while defending our freedom can get the quality care they deserve.

Congress also needs to complete the Veterans Affairs appropriations bill that funds veterans' benefits and other ongoing programs. Look, we have our differences on appropriations bills, but the veterans' bill is where we agree. So I ask Congress to send me a clean bill that will fund our veterans, a bill without unnecessary spending in it. And they need to get this work done, and I hope they can get it done by Veteran's Day. It seems like a reasonable request on behalf of our nation's veterans.

Congress has work to do for law enforcement and the judiciary. I want to thank the Senate Judiciary Committee for beginning hearings today on Judge Mukasey's nomination to serve as the Attorney General. I urge the committee to vote on that nomination this week and send it to the full Senate for a vote next week. The Senate also needs to act on the many judicial nominations that are pending, and give those nominees an up or down vote. Confirming federal judges is one of the most important responsibilities of the Senate, and the Senate owes it to the American people to meet that

responsibility in a timely way.

With all these pressing responsibilities, one thing Congress should not be doing is sorting out the historical record of the Ottoman Empire. The resolution on the mass killings of Armenians beginning in 1915 is counterproductive. Both Republicans and Democrats, including every living former Secretary of State, have spoken out against this resolution. Congress has more important work to do than antagonizing a democratic ally in the Muslim world, especially one that is providing vital support for our military every day.



It's little time left in the year, and Congress has little to show for all the time that has gone by. Now is the time for them to act. And I look forward to working with members of both parties on important goals that I've outlined this morning.

And I now I look forward to taking some of your questions -- believe it or not. (Laughter.)

Q Mr. President, Turkey's parliament is debating sending military forces into Iraq to pursue Kurdish rebels. Do you think that Turkey has the legitimate right to stage a cross-country -- cross-country offensive -- cross-border offensive?

THE PRESIDENT: I've talked to Ambassador Crocker and General Petraeus about this issue this morning. We are making it very clear to Turkey that we don't think it is in their interests to send troops into Iraq. Actually, they have troops already stationed in Iraq, and they've had troops stationed there for quite a while. We don't think it's in their interests to send more troops in.

I appreciate very much the fact that the Iraqi government understands that this is a sensitive issue with the Turks, and that's why Vice President Hashimi is in Istanbul today, talking with the Turkish leaders to assure them that Iraq shares their concerns about terrorist activities, but that there's a better way to deal with the issue than having the Turks send massive troops into the country -- massive additional troops into the country.

What I'm telling you is, is that there's a lot of dialogue going on, and that's positive. We are actively involved with the Turks and the Iraqis through a tripartite arrangement, and we'll continue to -- dialoguing with the Turks.

Q Thank you, Mr. President.

THE PRESIDENT: Matt.

Q Why are going to attend the Congressional Award Ceremony for the Dalai Lama today --

THE PRESIDENT: Why -- when am I, or why am I?

Q Why are you going to, when China has expressed outrage about it? And what, if any, potential damage do you see to U.S.-China relations, considering that you need their support in dealing with Iran and North Korean nuclear issues?

THE PRESIDENT: One, I admire the Dalai Lama a lot. Two, I support religious freedom; he supports religious freedom. Thirdly, I like going to the Gold Medal ceremonies. I think it's a good thing for the President to do, to recognize those who Congress has honored. And I'm looking forward to going.

I told the Chinese President, President Hu that I was going to go to the ceremony. In other words, I brought it up. And I said I'm going because I want to honor this man. I have consistently told the Chinese that religious freedom is in their nation's interest. I've also told them that I think it's in their interest to meet with the Dalai Lama, and will say so at the ceremony today in Congress. If they were to sit down with the Dalai Lama they would find him to be a man of peace and reconciliation. And I think it's in the country's interest to allow him to come to China and meet with him.

So my visit today is not new to the Chinese leadership. As I told you, I brought it up with him. I wanted to make sure he understood exactly why I was going. And they didn't like it, of course, but I don't think it's going to damage -- severely damage relations. Matter of fact, I don't think it ever damages relations when the American President talks about religious tolerance and religious freedom is good for a nation. I do this every time I meet with him.

David. Welcome back.

Q Mr. President, last time you used that line and we were here -- (laughter) --

THE PRESIDENT: But you know something, the interesting thing about it is it works every time because -- (laughter) --

Q I know.

THE PRESIDENT: -- because there's a grain of truth. (Laughter.) I won't use it again, though. (Laughter.)

Q There's a report today from Israel Army Radio indicating that the Syrians have confirmed that the Israelis struck a nuclear site in their country. You wouldn't comment on that before, and I'm wondering if now, on the general question, you think it's appropriate for Israel to take such action if it feels that there is mortal danger being posed to the state?

THE PRESIDENT: David, my position hadn't changed. You can ask me another question.

Q Can I ask you whether -- did you support Israel's strike in 1981 on the Iraqi reactor outside Baghdad?

THE PRESIDENT: You know, Dave, I don't remember what I was doing in 1980 -- let's see, I was living in Midland, Texas; I don't remember my reaction that far back.

Q Well, but as you look at it as President now --

THE PRESIDENT: -- private citizen back there in 1981 in Midland, Texas, trying to make a living for my family and --

Q But you're a careful -- someone who studies history --

THE PRESIDENT: Student of history? I do, yes. No, I don't remember my reaction, to be frank with you.

Q But I'm asking you now, as you look back at it, do you think it was the right action for Israel to take?

THE PRESIDENT: David, I'm not going to comment on the subject that you're trying to get me to comment on.

Q Why won't you? But isn't it a fair question to say, is it -- given all the talk about Iran and the potential threat, whether it would be appropriate for Israel to act --

THE PRESIDENT: Hey, Dave -- Dave --

Q -- in self-defense --

THE PRESIDENT: I understand --

Q -- if Iran were to --

THE PRESIDENT: -- I understand where you're trying to take --

Q -- develop nuclear weapons?

THE PRESIDENT: I understand where you're trying to take. It's a clever ruse to get me to comment on it, but I'm not going to. Thank you.

Q Well, I'm just wondering why you think it's not appropriate to make that judgment, when it's a -- it is a real-world scenario, as we know, since they apparently took this action against Syria --

THE PRESIDENT: Dave. Welcome back. (Laughter.)

Q Good morning, Mr. President, thank you. I don't know if you saw the picture on the front page of one

of the papers this morning of Mahmoud Ahmadinejad and Vladimir Putin.

THE PRESIDENT: I did.

Q It looked like they were getting along pretty well. And they are among --

THE PRESIDENT: Surprised they weren't kind of fighting each other on the front page of the paper? No, man, come on.

Q It looked like they were enjoying each other's company. And I'm wondering, since they were leaders of five Caspian Sea region nations that have now declared each country will not be used as a base to attack the other, A, what do you make of their growing relationship? B, does it complicate what the United States can do in the region? And C, would you characterize that arrangement as some sort of Caspian Sea Truman Doctrine or something like that?

THE PRESIDENT: You know, I -- I think it's hard to judge how their conversations went from a picture. Generally leaders don't like to be photographed scowling at each other or making bad gestures at each other. So I'm not surprised that there was a nice picture of them walking along. I try to make sure that when I'm with foreign leaders, there's a pretty picture of the two of us walking down the colonnades, or something like that, to send a good message.

Q Are you saying it's not so warm?

THE PRESIDENT: Well, I don't know yet. What I'm about to tell you is, is that I'm looking forward to getting President Putin's readout from the meeting. I think one of the -- the thing I'm interested in is whether or not he continues to harbor the same concerns that I do. And I say "continues" because when we were in Australia, he reconfirmed to me that it is -- he recognized it's not in the world's interest for Iran to have the capacity to make a nuclear weapon. And they have been very supportive in the United Nations. And we're working with them on a potential third resolution.

So that's where my concerns -- I don't worry about the pictures. I understand why they meet. I am -- will continue to work with Russia, as well as other nations, to keep a focused effort on sending Iran a message that you will remain isolated if you continue your nuclear weapons ambitions.

Q But this declaration doesn't speak to that, Mr. President. This declaration doesn't suggest isolation for Iran. Just the opposite, that Russia and Iran are going to do business.

THE PRESIDENT: Well, we'll find out, see. You're trying to get me to interpret the meeting based upon a news story or a picture. I'd rather spend some time with Vladimir Putin finding out exactly what went on. Thank you.

Q Let's stay with the nuclear -- here. When North Korea tested a nuclear device, you said that any proliferation would be a grave threat to the U.S., and North Korea would be responsible for the consequences. Are you denying that North Korea has any role in the suspected nuclear --

THE PRESIDENT: See, you're trying to pull a Gregory.

Q Yes, I am.

THE PRESIDENT: Okay, well, I'm not going to fall for it. But I'd like to talk about --

Q Don't Americans have a right to know about who is proliferating, especially when you're negotiating with North Korea?

THE PRESIDENT: No, you have a right to know this, that when it comes to the six-party talks, proliferation -- the issue of proliferation has equal importance with the issue of weaponry, and that North Korea has said that they will stop proliferating, just like they have said they will fully disclose and disable any weapons programs.

Step one of that has been dealing with shuttering Pyongyang. Step two will be full declaration of any plutonium that has been manufactured, and/or the construction of bombs, along with a full declaration of any proliferation activities. And in my judgment, the best way to solve this issue with North Korea peacefully is to put it in -- keep it in the context of six-party talks. And the reason why is that diplomacy only works if there are consequences when diplomacy breaks down, and it makes sense for there to be other people at the table so that if North Korea were to have said to all of us, we're doing to do x, y, or z, and they don't, that we have other -- people other than the United States being consequential.

There's a lot of aid that goes on with -- between North Korea and China, or North Korea and South Korea, and therefore, if they renege on their promises -- and they have said -- they have declared that they will show us weapons and get rid of the weapons programs, as well as stop proliferation -- if they don't fulfill that which they've said, we are now in a position to make sure that they understand that there will be consequences.

And I'm pleased with the progress we're making. Is there still work to be done? You bet there's work to be done. Do I go into this thing saying, well, you know, gosh, the process is more important than results? I don't. What matters most to me are whether or not we can achieve the results that I've said we're hoping to achieve. And if not, there will be consequences to the North Koreans.

Q Was Syria part of those talks? Is Syria part of the talks?

THE PRESIDENT: Proliferation is a part of the talks.

Q Including Syria?

THE PRESIDENT: Elaine.

Look, in all due respect to you and Gregory, this is not my first rodeo. And I know where you're trying to get me to comment. I'm not going to comment on it, one way or the other.

Elaine.

Q But, Mr. President, your administration has talked about --

THE PRESIDENT: Thank you, Martha. Martha, thank you. Elaine.

Q Mr. President, on Iraq, you've talked repeatedly about the threat of al Qaeda in Iraq. And we've also heard a lot about the military progress that's been made against that group. Can you tell Americans how close the United States is to declaring victory against that group? And if you're not able to do so, does that suggest that your critics are correct that this war cannot be won militarily?

THE PRESIDENT: The Iraq situation cannot be won by military means alone. There has to be political reconciliation to go with it. There has to be an emergence of a democracy. That's been my position ever since it started.

Al Qaeda is still dangerous. They're dangerous in Iraq, they're dangerous elsewhere. Al Qaeda is not going to go away anytime soon. That's why it's important for us to be finding out what their intentions are, and what are their plans, so we can respond to them. This is a -- this war against al Qaeda requires actionable intelligence. That's why this FISA bill is important. And they still want to do us harm, Elaine, and they're still active. Yeah, we've hurt them bad in Iraq. We've hurt them bad elsewhere. If you're the number three person in al Qaeda, you've had some rough goes -- you've either been captured or killed. And we're keeping the pressure on them, all the time.

And so, yes, we're making progress. But, no, I fully understand those who say you can't win this thing militarily. That's exactly what the United States military says, that you can't win this military [sic]. That's why it's very important that we continue to work with the Iraqis on economic progress, as well as political progress.

And what's happened is, in Iraq, is there's been a lot of political reconciliation at the grassroots level. In other words, people that hadn't been talking to each other are now talking to each other. They're beginning to realize there's a better future than one of -- that one -- with a country with deep sectarian divide. And what's going to end up happening is, is that the local reconciliation will affect the national government. In the meantime, we're pressing hard to get the national government to complete the strategic partnership with the United States, as well as pass meaningful legislation, like the de-Baath law, or the provincial government law, or the oil revenue-sharing law.

Bret.

Q Sir, given that, what you just laid out, should the American people prepare for a large number of U.S. forces to remain in Iraq after you are finished with your presidency?

THE PRESIDENT: The troop levels in Iraq will be determined by our commanders on the ground and the progress being made. Thank you.

Q Mr. President, I'd like to follow on Mr. -- on President Putin's visit to Tehran. It's not about the image of President Putin and President Ahmadinejad, but about the words that Vladimir Putin said there. He issued a stern warning against potential U.S. military action -- U.S. military action against Tehran --

THE PRESIDENT: Did he say U.S.?

Q Yes.

THE PRESIDENT: Oh, he did?

Q He said -- well, at least the quote said that -- and he also said, "He sees no evidence to suggest Iran wants to build a nuclear bomb." Were you disappointed with that message? And does that indicate possibly that international pressure is not as great as you once thought against Iran abandoning its nuclear program?

THE PRESIDENT: I -- as I said, I look forward to -- if those are, in fact, his comments, I look forward to having him clarify those, because when I visited with him, he understands that it's in the world's interest to make sure that Iran does not have the capacity to make a nuclear weapon. And that's why, on -- in the first round at the U.N., he joined us, and second round, we joined together to send a message. I mean, if he wasn't concerned about it, Bret, then why did we have such good progress at the United Nations in round one and round two?

And so I will visit with him about it. I have not yet been briefed yet by Condi or Bob Gates about, you know, their visit with Vladimir Putin.

Q But you definitively believe Iran wants to build a nuclear weapon?

THE PRESIDENT: I think so long -- until they suspend and/or make it clear that they -- that their statements aren't real, yeah, I believe they want to have the capacity, the knowledge, in order to make a nuclear weapon. And I know it's in the world's interest to prevent them from doing so. I believe that the Iranian -- if Iran had a nuclear weapon, it would be a dangerous threat to world peace.

But this -- we got a leader in Iran who has announced that he wants to destroy Israel. So I've told people that if you're interested in avoiding World War III, it seems like you ought to be interested in preventing them from have the knowledge necessary to make a nuclear weapon. I take the threat of Iran with a nuclear weapon very seriously. And we'll continue to work with all nations about the seriousness of this threat. Plus we'll continue working the financial measures that we're in the process of doing. In other words, I think -- the whole strategy is, is that at some point in time, leaders or responsible folks inside of Iran may get tired of isolation and say, this isn't worth it. And to me, it's worth the effort to keep the pressure on this government.

And secondly, it's important for the Iranian people to know we harbor no resentment to them. We're disappointed in the Iranian government's actions, as should they be. Inflation is way too high; isolation is causing economic pain. This is a country that has got a much better future, people have got a much

better -- should have better hope inside Iran than this current government is providing them.

So it's -- look, it's a complex issue, no question about it. But my intent is to continue to rally the world to send a focused signal to the Iranian government that we will continue to work to isolate you, in the hopes that at some point in time, somebody else shows up and says it's not worth the isolation.

Yes, ma'am.

Q Mr. President, you are sponsoring the international peace conference. President Abbas said he is not going to come unless there is a timetable.

THE PRESIDENT: Who said that?

Q President Abbas. Secretary Rice said that failure is not an option. You talked about substantial issues need to be discussed. What is the minimum expectation from you that you would call this conference a success? What you're offering the Arab nations to encourage them to participate?

THE PRESIDENT: Right. Well, that's why Condi is making the trip she's making, is to explain to people in private, as well as in public that, one, we're for comprehensive peace; two, that there is a -- the meeting, the international meeting will be serious and substantive. In other words -- as she said the other day this isn't going to be just a photo opportunity. This is going to be a serious and substantive meeting.

We believe that now is the time to push ahead with a meeting at which the Israelis and Palestinians will lay out a vision of what a state could look like. And the reason why there needs to be a vision of what a state could look like is because the Palestinians, that have been promised all these years, need to see there's a serious, focused effort to step up a state. And that's important so that the people who want to reject extremism have something to be for.

So this is a serious attempt. And I'm pleased with the progress. And the reason I'm pleased is because it appears to me that President Abbas and Prime Minister Olmert are, one, talking -- I know they're talking a lot -- but they're making progress. And in order for there to be lasting peace, the deal has to be good for the Palestinians, as well as the Israelis. Our job is to facilitate the process.

Another reason I have an international meeting is to -- is to get Arab buy-in for a state. In other words, part of the issue in the past has been that the Arab nations stood on the sidelines and when a state was in reach, they weren't a part of the process encouraging the parties to move forward. And so this is -- that's what I mean by comprehensive. It's comprehensive not only for what the state will look like, it's comprehensive in getting people in the region to be a part of the process. And so I'm feeling pretty optimistic about it.

Q -- and Jerusalem and security and other issues --

THE PRESIDENT: They are -- the important issue -- the important thing -- I have discussed those

publicly, as you know, early on in my presidency, when I articulated a two-state solution. The important thing is for the Israelis and the Palestinians to be discussing them. That's the important issue. The United States can't impose peace. We can encourage the development of a state. That's precisely what I have been doing since the early stages of my presidency. In order for there to be a Palestinian state, it's going to require the Israelis and the Palestinians coming to an accord. We can facilitate that. But we can't force people to make hard decisions; they're going to have to do that themselves.

I'm encouraged, I'm encouraged from what Condi tells me is going on in the Middle East, that there is -- the attitude is, let's work together to see if we can't lay out that vision for the sake of -- for the sake of peace between Israel and the Palestinians. And it's possible. I believe that we will see a democratic state, and I understand how hard it is. And the reason it is hard, by the way, is because there are extremists who don't want there to be a democracy in the Middle East, whether it be in Iraq or Lebanon or in the Palestinian Territories. That's the struggle, that when you see people trying to blow up the opportunity for a state to exist, you just got to understand it's broader than just the Palestinian Territory. It's a part of this struggle, this ideological struggle in which we're engaged. We've got to ask ourselves, why don't they want there to be a democracy? And the answer is, because it doesn't fit into their ideological vision -- "they" being the extremists.

Another issue with Iran, by the way, that is of great concern to us is their willingness to fund groups that try to either destabilize or prevent the rise of a democracy. Anyway, I'm optimistic this can be achieved, and we'll continue working to that end.

Yes, Ed.

Q Mr. President, could I ask you about a domestic matter?

THE PRESIDENT: Sure.

Q The Commerce Department reported today that the housing starts last month fell to the lowest level since 1993. How concerned are you that this housing recession will spill over into the broader economy, and what more can be done to prevent that from happening?

THE PRESIDENT: Ed, I'm encouraged by the rate of inflation, the job growth. We've had 49 consecutive months of uninterrupted job growth, which is a record here in America. I'm pleased with the fact that our deficit is shrinking. But like our Secretary of the Treasury, I recognize there's softness in the housing market. By the way, we had growth in the GDP because of exports. In other words, there's positive elements of our economy. But no question the housing is soft.

And the fundamental question is, what do we do to help homeowners? I don't think we ought to be providing bailouts for lenders, but I do think we ought to put policy in place that help people stay in their home. And that's why this FHA modernization bill is really important, because it will extend the reach of the FHA, and to -- to help more people be able to refinance their homes.

Part of the issue in the housing market has been that as a result of asset bundling, that it's hard sometimes for people to find somebody to talk to, to help them refinance. In other words, in old days,

you go into your saving and loan, your local savings and loan, and sit down and negotiate a house deal, and the person with whom you negotiated would be around if you had financial difficulties, to say, can't you help me restructure? Today the originator of the note no longer owns the note, in many cases.

The securitization of mortgages actually provide a lot of liquidity in the market, and that's a good thing. But it also creates a issue here in America, and that is, how do we get people to understand the nature of the mortgages they bought, and how do you help people refinance to stay in home -- stay in their home? And so that's what Secretary Paulson, Secretary Jackson have been working on, particularly with the private sector, to facilitate the ability to people to refinance.

And finally, we need to change the tax laws. You're disadvantaged if you refinance your home. It creates a tax liability. And if we want people staying in their homes, then it seems like to me we got to change the tax code. That's why I talked to Senator Stabenow the other day and thanked her for her sponsorship of an important piece of tax legislation that will enable people to more likely stay in their homes.

So there's some things we can do, Ed. In the meantime, you just got to understand, it's going to have to work -- when you got more houses than you got buyers, the price tends to go down. And we're just going to have to work through the issue. I'm not a forecaster, but I can tell people that I feel good about many of the economic indicators here in the United States.

Peter.

Q Mr. President, following up on Vladimir Putin for a moment. He said recently that next year when he has to step down, according to the constitution, as President, he may become Prime Minister, in effect keeping power and dashing any hopes for a genuine democratic transition there. Senator McCain --

THE PRESIDENT: I've been planning that myself. (Laughter.)

Q Senator McCain said yesterday, when he looks into Putin's eyes, he sees a K, a G and a B, and he would never have invited --

THE PRESIDENT: Pretty good line.

Q And he would never have invited him to Kennebunkport. And he said it's time we got a little tough with Vladimir Putin. I'm wondering if you think -- is Senator McCain right? And what would it mean for Russian democracy if, when you leave power, assuming you do, in January 2009 -- (laughter) -- if Vladimir Putin is still in power?

THE PRESIDENT: You know, one of the interesting -- well, my leadership style has been to try to be in a position where I actually can influence people. And one way to do that is to have personal relationships that enable me to sit down and tell people what's on my mind without fear of rupturing relations. And that's how I've tried to conduct my business with Vladimir Putin. We don't agree on a lot

of issues; we do agree on some. Iran is one; nuclear proliferation is another. Reducing our nuclear warheads was an issue that we agreed on early.

But I believe that diplomacy requires good relations at the leadership level. That's why, in Slovakia, I was in a position to tell him that we didn't understand why he was altering the relationship between the Russian government and a free press -- in other words, why the free press was becoming less free. And I was able to do -- he didn't like it. Nobody likes to be talked to in a way that may point up different flaws in their strategy. But I was able to do so in a way that didn't rupture relations. He was able to tell me going into Iraq wasn't the right thing. And to me that's good diplomacy. And so I'm -- and I'll continue to practice that diplomacy.

Now, in terms of whether or not it's possible to reprogram the kind of basic Russian DNA, which is a centralized authority, that's hard to do. We've worked hard to make it appear in their interests -- we made it clear to them that it is in their interests to have good relations with the West. And the best way to have good long-term relations with the West is to recognize that checks and balances in government are important, or recognize there are certain freedoms that are inviolate. So Russia a complex relationship, but it's an important relationship to maintain.

Q Will you be disappointed if he stays in power after you're gone?

THE PRESIDENT: I have no idea what he's going to do. He -- I asked him when I saw him in Australia, I tried to get it out of him, who's going to be his successor, what he intends to do, and he was wily. He wouldn't tip his hand. I'll tip mine: I'm going to finish -- I'm going to work hard to the finish. I'm going to sprint to the finish line, and then you'll find me in Crawford.

Sheryl.

Q Mr. President, I'd like to turn your attention back to Capitol Hill. A year ago, after Republicans lost control of Congress, you said you wanted to find common ground. This morning you gave us a pretty scathing report card on Democrats. But I'm wondering how have you assessed yourself in dealing with Democrats this past year? How effective have you been in dealing with them on various issues, and do you think you've done a good job in finding common ground?

THE PRESIDENT: We're finding common ground on Iraq. We're -- I recognize there are people Congress that say we shouldn't have been there in the first place. But it sounds to me as if the debate has shifted, that David Petraeus and Ryan Crocker's testimony made a difference to a lot of members. I hope we continue to find ground by making sure our troops get funded.

We found common ground on FISA. My only question is why change a good law? The way that law was written works for the security of the country. That's what the American people want to know, by the way, are we passing laws that are beneficial to the American people. This law is beneficial because it enables our intelligence experts to -- and professionals to find out the intentions of al Qaeda. Now, the law needs to be changed, enhanced, by providing the phone companies that allegedly helped us with liability protection. So we found common ground there.

Hopefully we can find common ground as the Congress begins to move pieces of legislation. The reason I said what I said today is there's a lot to be done. As you recognize, I'm not a member of the legislative branch, probably wouldn't be a very good legislator. But as the head of the executive branch, it makes sense to call upon Congress to show progress and get results. It's hard to find common ground unless important bills are moving. They're not even moving. And not one appropriations bill has made it to my desk. How can you find common ground when there's no appropriations process?

We found common ground on a trade bill -- trade bills; really important pieces of legislation, as far as I'm concerned. One of the reasons why exports helped us overcome the weakness in the housing market last quarter. If that's the case, it seems like it makes sense to continue and open up markets to U.S. goods and services. And yet there hadn't been one -- there haven't been any bills moving when it comes to trade.

Veterans Affairs is an area where we can find common ground. I've called in -- I asked Bob Dole and Donna Shalala to lead an important commission, a commission to make sure our veterans get the benefits they deserve. I was concerned about bureaucratic delay and concerned about a system that had been in place for years. But this didn't recognize this different nature -- a different kind of war that we're fighting.

I don't like it when I meet wives who are sitting by -- beside their husband's bed in Walter Reed and not being supported by its government, not being helped to provide care. I'm concerned about PTSD, and I want people to focus on PTSD. And so we sent up a bill and I hope they move on it quickly. There's a place where we can find common ground, Sheryl.

Q Is it all their fault that these bills aren't moving, that you've got these veto threats out?

THE PRESIDENT: I think it is their fault that bills aren't moving, yeah. As I said, I'm not a part of the legislative branch. All I can do is ask them to move bills. It's up to the leaders to move the bills. And you bet I'm going to put veto threats out. Of course, I want to remind you, I put a lot of veto threats out when the Republicans were in control of Congress. I said, now, if you overspend I'm going to veto your bills, and they listened, and we worked together. Whether or not that's the case, we'll find out.

And by the way, on the S-CHIP bill, we weren't dialed in in the beginning. The leaders said, okay, let's see if we can get something moving. And I'm surprised I hadn't been asked about S-CHIP. It's an issue that hadn't been --

Q How far are you planning to go?

THE PRESIDENT: -- surprised I hadn't been asked about S-CHIP yet. It's a -- I made it abundantly clear why I have vetoed the bill. I find it interesting that when Americans begin to hear the facts, they understand the rationale behind the veto. First of all, there are 500,000 children who are eligible for the current program who aren't covered. And so, to answer your question on how far I'm willing to go, I want to provide enough money to make sure those 500,000 do get covered. That ought to be the focus of our efforts.

Six or seven -- in six or seven states they spend more money on adults than children. And finally, the eligibility has been increased up to \$83,000. That doesn't sound like it's a program for poor children to me. And I look forward to working with the Congress if my veto is upheld to focus on those who are supposed to be covered. That's what we need to get done.

Mark.

Q Sir --

THE PRESIDENT: Yes.

Q I wonder if you felt blind-sided by the very blistering criticism recently from retired General Ricardo Sanchez, who was one of your top commanders in Iraq. He told a news conference last week that there's been glaring, unfortunate display of incompetent strategic leadership within our national leaders on Iraq.

THE PRESIDENT: Right.

Q Seems like quite a lack of common ground there, sir.

THE PRESIDENT: You know, look, I admire General Sanchez's service to the country. I appreciate his service to the country. The situation on the ground has changed quite dramatically since he left Iraq. The security situation is changing dramatically. The reconciliation that's taking place is changing. The economy is getting better. And so I -- I'm pleased with the progress we're making. And I admire the fact that he served. I appreciate his service.

Q Should the American people feel disturbed that a former top general says that?

THE PRESIDENT: Massimo.

Q Thank you, Mr. President. As Commander-in-Chief, are you in control of and responsible for military contractors in Iraq? And if not, who is?

THE PRESIDENT: Yes, I'm responsible in that the State Department has hired those military contractors.

Q Are you satisfied with their performance? And if not, what are you doing to satisfy yourself that --

THE PRESIDENT: I will be anxious to see the analysis of their performance. There's a lot of studying going on, both inside Iraq and out, as to whether or not people violated rules of engagement. I will tell you, though, that a firm like Blackwater provides a valuable service. They protect people's lives. And I appreciate the sacrifice and the service that the Blackwater employees have made. And they, too, want to make sure that if there's any inconsistencies or behavior that shouldn't -- that ought to be

modified, that we do that. And so we're analyzing it fully.

Ann.

Q I wanted to ask you about S-CHIP and why you even let that get to a situation where it had to be a veto? Isn't there a responsibility by both the President and congressional leadership to work on this common ground before it gets to a veto?

THE PRESIDENT: Right, as I said, we weren't dialed in. And I don't know why. But they just ran the bill, and I made it clear we weren't going to accept it. That happens sometimes. In the past, when I -- I said, look, make sure we're a part of the process, and we were. In this case, this bill started heading our way, and I recognize Republicans in the Senate supported it. We made it clear we didn't agree. They passed it anyway. And so now, hopefully, we'll be in the process. That's why the President has a veto. Sometimes the legislative branch wants to go on without the President, pass pieces of legislation, and the President then can use the veto to make sure he's a part of the process. And that's -- as you know, I fully intend to do. I want to make sure -- and that's why, when I tell you I'm going to sprint to the finish, and finish this job strong, that's one way to ensure that I am relevant; that's one way to sure that I am in the process. And I intend to use the veto.

Wolffe.

Q Thank you, sir. A simple question.

THE PRESIDENT: Yes. It may require a simple answer.

Q What's your definition of the word "torture"?

THE PRESIDENT: Of what?

Q The word "torture." What's your definition?

THE PRESIDENT: That's defined in U.S. law, and we don't torture.

Q Can you give me your version of it, sir?

THE PRESIDENT: Whatever the law says.

Q You talked about sprinting to the finish, and then you also, just a moment ago, sounded a bit resigned to the fact that if legislators don't move there's not much you can do. So --

THE PRESIDENT: Well, I'm doing it right now, see -- not to interrupt you -- but it's called the bully pulpit. And I hope to get your -- I was trying to get your attention focused on the fact that major pieces of legislation aren't moving, and those that are, are at a snail's pace. And I hope I did that. I hope I was able to accomplish that.

Q One on veterans, sir?

THE PRESIDENT: Go ahead -- he hasn't asked his question. I rudely interrupted him.

Q Do you feel as if you're -- do you feel as if you're losing leverage, and that you're becoming increasingly irrelevant? And what can you do about that to --

THE PRESIDENT: Quite the contrary. I've never felt more engaged and more capable of helping people recognize -- American people recognize that there's a lot of unfinished business. And I'm really looking forward to the next 15 months. I'm looking forward to getting some things done for the American people. And if it doesn't get done, I'm looking forward to reminding people as to why it's not getting done.

But I'm confident we can get positive things done. I mean, you shouldn't view this as somebody who says, well, this is impossible for Congress and the President to work together; quite the contrary. I just named some areas where we have worked together. And we're going to have to work together. We have to make sure our troops get the money they need. We have to make sure America is protected.

Having said that, I'm not going to accept a lousy bill, and the American people don't want there to be a lousy bill on this issue. The American people want to know that our professionals have the tools necessary to defend them. See, they understand al Qaeda and terrorism is still a threat to the security of this country. In other words, they're still out there, and they're still plotting and planning. And it's in our interest to have the tools necessary to protect the American people. It's our most solemn duty.

So there's a lot of areas where we can work together. This just happens to be a period of time when not much is happening. And my job is to see if I can't get some of that movement in the right direction, and at the same time, make sure that we're part of the process. And one way the executive branch stays a part of the process is to issue veto threats and then follow through with them. And so that's what you're going to see tomorrow, as to whether or not the Congress will sustain my veto on a bill that I said I would veto, and explained why I'm vetoing it.

And again, I want to repeat it so the American people clearly understand: One, there are half a million children who are eligible under this program but aren't being covered today; two, states are spending -- some states are spending more money on adults than children. That doesn't make any sense if you're trying to help poor children.

By the way, in Medicaid, we spend about \$35 billion a year on poor children. So if somebody is listening out there saying, well, they don't care about poor children, they ought to look at the size -- the amount of money we're spending under Medicaid for poor children.

And finally, to increase eligibility up to \$83,000, in my judgment, is an attempt by some in Congress to expand the reach of the federal government in medicine. And I believe strongly in private medicine. Now, I think the federal government ought to help those who are poor, and it's one of the reasons why

I work so hard on Medicare reform, is to make sure that we fulfill our promise to the elderly. But I don't like plans that move people from -- encourage people to move from private medicine to the public. And that's what's happening under this bill. And so I'm looking forward to working with the Congress to make sure the bill does what it's supposed to do.

Listen, thank you all for your time. I enjoyed it.

THE END 11:32 A.M. EDT

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