



For Immediate Release  
Office of the Press Secretary  
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## Press Gaggle by Dana Perino and National Security Advisor Steve Hadley

Aboard Air Force One  
En route Kyiv, Ukraine

9:35 A.M. EDT



MS. PERINO: Before I introduce Steve Hadley, who is right behind me, the National Security Advisor, who is going to give you a little bit of a gaggle here, two announcements. Obviously we're on our way to Ukraine. I know you always want me to tell you where we're going. (Laughter.)

Next week there will be a Medal of Honor ceremony, posthumous ceremony -- posthumous award, excuse me, for Petty Officer Michael Monsoor. The ceremony is scheduled for Tuesday, April 8th. Petty Officer Monsoor distinguished himself by extraordinary heroism on September 29, 2006, while serving as Task Unit Ramadi Automatic Weapons Gunner for Naval Special Warfare Task Group Arabian Peninsula, in support of Operation Iraqi Freedom.

Also just a note -- you'll recall on March 19th, the President named Ken Wainstein to serve as Assistant to the President for Homeland Security and Counterterrorism. Today, March 31st, is Ken's first day on the job, and we are pleased to welcome him to the White House. After Fran Townsend's departure, the President was pleased that Joel Bagnal, her deputy, immediately stepped up to ensure a smooth transition at the Homeland Security Council. His judgment and expertise is incredibly valuable, as you heard the President say in a press conference just a few weeks ago. Joel's leadership has been instrumental in allowing the HSC to focus on the key goals and priorities necessary to keep the homeland safe.

I'm going to turn it over to Steve, who will provide you a little bit of an update, answer some questions about the trip, and then I'll follow up at the end.

MR. HADLEY: Looking forward to a very good, productive trip. Important for the President to go to Ukraine, show our support for the ongoing democratic transition and reform that's going on in Ukraine. It's an exciting time to show our continued support for their integration into European and Transatlantic institutions.

Also very important to go to Bucharest, not only for the NATO summit, but also to show our continuing solidarity and support for Romania, who is in the last few years, you know, a new entrant into NATO and has really been carrying a lot of water in terms of supporting NATO operations and activities in Afghanistan, in Iraq, in Kosovo. They've been a very strong ally, as well as their political and economic systems continue to mature. So it's important, again, for the President to go and support Romania's efforts.

The NATO summit, where a lot of work has been going on, it's going to be, I think, an exciting summit, an interesting summit. Some real issues to grapple with. And I think it's going to be a good result. It's already pretty clear that we're going to have a strong statement about the importance of commitment to success in Afghanistan. They are working on a statement which will draw together in one place and make clear to publics of all of our countries what's at stake in Afghanistan. We think that getting that vision out to the public is very important.

We think we're going to have some countries stepping up and doing more in Afghanistan. You know we've been saying for some time that all of us need to do more in Afghanistan, and I think you're going to see some countries coming up and doing more to support our efforts, particularly in the east and the south. I think that will be a very good thing.

And I think you're going to hear the Afghanistan government reaffirming their commitment, enhancing their efforts. And of course we welcome the participation by the United Nations Secretary General, who will be at the NATO

meeting to talk about Afghanistan. And this will also be the debut of Kai Eide, who is the Secretary General's now Special Representative for Afghanistan. And it's important for him to be on board, so that he can start working with our military commander, General McNeil, to develop an integrated political, military plan for going forward and achieving our objectives in Afghanistan.

So we're encouraged by that. We think there will be some progress, continued progress as NATO transforms itself to deal effectively with 21st century threats. We're working together about enhancing coordination among special operations forces, which we've seen are so important in the kinds of security challenges we see in the 21st century. Greater cooperation on missile defense; we think we're going to make some progress on that, on cyber security, and a range of other issues.

So in terms of NATO performing on its commitments, enhancing its capabilities, we think this will be some real progress, and we will think -- we also will have an opportunity to welcome some new members into NATO. There are still some issues associated with Macedonia that are still being worked. We think there will be an opportunity to offer some intensified dialogues to other countries in the Balkans. And of course we'll be dealing with the issue of offering for Ukraine and Georgia a prospect for a movement towards an ultimate membership in NATO. We think that will be important.

The President will then, of course, go to Croatia, which we think will be one of those new members welcomed and offered membership here in Bucharest. And it will be a bit of a -- should that occur, it will be a bit of a celebration for the President and the Ukrainians and the Croatians.

And then finally, the Sochi visit, which is the last stop on the way home, and which is an effort and will provide an opportunity to nail down some areas and emphasize areas of cooperation, make progress on some outstanding issues, and put the relationship in a sound footing so that President Putin and President Bush can hand over a healthy relationship to their successors.

So that's the trip, as we see it. Anything you want to correct or amend, Assistant Secretary Fried? The answer to that question is, "No, you did fine." (Laughter.)

ASSISTANT SECRETARY FRIED: Sir, you did great, but as you were speaking, I was reminded of the President's speech in June 2001 --

MR. HADLEY: Yes, this is important.

ASSISTANT SECRETARY FRIED: -- where he spoke of a free Europe, whole, free and at peace from the Baltic to the Black Sea. That was a vision that he laid out in Warsaw in June of 2001, and which he has advanced. It was not his vision alone. It started really with President Reagan, President Bush 41, President Clinton. But this President Bush advanced that vision as he advanced NATO's transformation, as well as its enlargement.

And to go -- to start in Warsaw and then to end in Bucharest, on the Black Sea, and look out, is strategically consistent. It's interesting that in 2008 we're still doing and making -- advancing where we started in 2004.

MR. HADLEY: I think then to go from there, from the Black Sea, to Croatia, to show that we are also bringing stability to the Balkans after what the Balkans have been through in the last 20 years, I think is a further testament to the progress we have made using these Transatlantic institutions and European institutions to gradually stabilize and bring security and freedom to all of Europe.

So looking forward to a good trip. And as Dan rightly says, a capstone to a lot of American policy supported by Republicans and Democrats over the last 15 years.

I would be delighted -- questions.

Q Can you talk a little bit about the troops -- other countries and their troop commitments to Afghanistan, to the extent that you can?

MR. HADLEY: I really don't want to do that. Countries have their own domestic audiences and we want to let

leaders explain their own decisions and frame them in the way they want to frame them. So that's one of the news you can look for coming out of here. So I'd really like not to talk about that.

Q Well, are you satisfied? The United States has been pushing very hard for these countries to come up with more troops. Now with the expected commitments, are they going to be enough for Afghanistan?

MR. HADLEY: Well, let's see what we get.

Q Well, you have an idea of what you're going to get.

MR. HADLEY: Let's see what we get. We've all been saying that we all need to do more. We've also been saying this is going to be a long effort, and we're going to have to be committed to a long-term effort in Afghanistan. And I think that's true. We need to step it up. I think you'll find the countries are stepping up. That's a good next step; but there are going to be more steps down the road.

Q How many troops were needed in Afghanistan? Analysts have said -- to me, anyway -- between 5,000 and 10,000 additional.

MR. HADLEY: It's hard to say. It's a very dynamic -- it's a dynamic situation and there are, sort of, a couple questions. One, how many troops do you need? But the other question is, what are you doing with those troops? And I think one of the things we all have learned is that we need to be moving more and more into a counter-insurgency mode, which is, of course, an effort of troops, about using those troops to provide security to the population. But it is also coupling troops with political and economic steps that rebuild local governmental institutions that people can rely on, that bring economic progress and jobs, that begin to reconstruct.

So this is a complicated equation. And I think what people are recognizing is this is going to be -- it's going to take us a pretty long while to get this done. Obviously we want to empower and transition over time responsibility to the Afghanistans. In the interim we're going to have to have more of a counter-insurgency focus, which means an issue about levels of troops, what those troops do and how to link them up with the civilian assets -- institution-building, reconstruction, economic assistance, jobs that are required -- to stabilize that situation over the long-term. And that's the thing I think you're going to see the Alliance beginning to step up and grapple with.

Q Is that word, "counter-insurgency" going to be in the vision statement? I understood there was some controversy over using that sort of language.

MR. HADLEY: Whether that word is in, I don't know. But I think you will hear people talking about, very clearly, the need to bring security to the Afghan people and the need to have an integrated strategy of security, institution-building and economic assistance and aid, and economic stimulation. That you are clearly going to hear in the vision statement.

Whether you'll see the word "counter-insurgency" or not, I don't know. But that vision I described I think you will definitely see in the statement.

Q Do you expect President Putin and President Bush -- when you say they've come to a sound footing, do you think that they're going to resolve their differences on missile defense?

MR. HADLEY: We may. We're hopeful. We're not going to resolve all our differences. You know, this is a complicated relationship. There are areas where we disagree [sic]\*, where we are trying to enhance cooperation. There are areas where we disagree and we're trying to manage those disagreements. And that's the framework in which we're moving forward.

Q But missile defense is some place you think you're going to be able to put a checkmark?

MR. HADLEY: We have talked a lot about it. As you know, the President talked to President Putin about it personally, addressed it in a letter he sent to President Putin. It was a subject of Secretary Rice and Secretary Gates' meeting at the two-plus-two here a week ago. A Russian delegation was here this week, spent a good three days working these issues, including missile defense.

And I think we're moving in a direction where something that some of us have been working for, for a long time, where Russia and the United States could have missile defense as an area of strategic cooperation. Interestingly, that was something that President Putin said when he talked to the press at Kennebunkport last summer. And we are trying to see if we can articulate that in concrete terms.

So it's not done yet. We think we're making progress. We're going to continue to work it.

Q When we asked whether an agreement could be reached, you said, "we may," "we're hopeful" on missile defense. Do you think that would -- would that be at the NATO summit, or would that be later at Sochi?

MR. HADLEY: I think there are two things going on here. One is NATO identifying missile defense as an area where NATO needs to do more, recognizing that it is a threat, recognizing that what we are doing with the Poles and the Czechs is a contribution to meeting that threat; and recognizing that we need to find ways to do more. How to do that to be determined in the future.

So one element is NATO recognizing that this is an area where NATO has to enhance its capabilities. And secondly, working with Russia, so this is something that might be done between Europe, the United States and Russia cooperatively against missile threats coming from the Middle East that potentially threaten all of us.

Q But as far as a location, a venue at which a deal might be reached, Bucharest or Sochi is more likely?

MR. HADLEY: A notion of what NATO needs to do together coming out of Bucharest. An issue about how Russia might fit and cooperate and be a part of those efforts, that probably is for Sochi or later -- it may not get done by Sochi. There's no deadline here. Sochi is for an opportunity for these two leaders to get together again. It is an opportunity to reach an agreement on missile defense. But, hey, if we don't have it by Sochi, we'll keep working it. There's no deadline here.

Q Russia as opposed to Georgia, is that your sense of the MAP process? Are you optimistic at all about Georgia's invitation into that?

MR. HADLEY: We think it's very, very, very important that Georgia and Ukraine, that we welcome their aspirations to be part of NATO, that we have an active engagement in helping them move in that direction. And the President has made clear we think the best way to do that is to offer the MAP at Bucharest, and that's what the President is pushing hard for.

Q But the Russians have opposed --

MR. HADLEY: And he's looking forward to a good discussion with his colleagues at Bucharest on this issue, very important issue.

Q What are you expecting in terms of missile defense and what you can accomplish before the end of the President's term? I mean, having all of the system in place? What is the --

MR. HADLEY: No, no, no. What we're really talking about is a framework of cooperation going forward. But, you know, developing this capabilities is something we're going to do over a period of years. No, it's really trying to establish some basic understandings and a framework of cooperation, that's what we're trying to do.

Q Also are the French looking for support for the EU structure within NATO as they send more troops to Afghanistan, sort of a quid pro quo there?

MR. HADLEY: We've said for a long time that it is very important for the European countries to enhance their capabilities -- a long time. They are not doing enough, they're not spending enough, and I think it's beginning to be clear to more and more Europeans. I hope you will hear the French talk about that issue, because we think that it is important for European nations to have greater capabilities that they can use for NATO missions, for EU missions, and in those cases where, as in Kosovo, NATO and EU are working side by side.

Q We don't care if it's EU or NATO and --

MR. HADLEY: Well, the truth is when countries enhance capability, it's all the same thing. It's the same pool of forces that get called upon for those various geometries.

Q Can you tell a little bit more about the letter that President Bush wrote to Mr. Putin, the tone of it, what he was trying to accomplish with that?

MR. HADLEY: Look, these guys know each other very well. And they've had a lot of good conversations, they've had a lot of tough conversations over the year. And it was a letter as you'd expect: very candid, very straightforward, very respectful, but very clear; and an effort to suggest areas where the two countries could work together. They had a very good phone call about it, it's been a very good process.

The other thing I want to say is that the consultation process on all these issues I've talked about going into the Bucharest summit has really been a -- again, a very good one. Obviously you've written on issues on MAP and other issues that we've not yet reached consensus -- that's true, there have been good conversations back and forth.

But to give you an example, the President every two weeks now, roughly every two weeks is on a secure video teleconference with Angela Merkel talking about the issues of the day. We've been doing this for at least a year.

So these two leaders -- you know, this is one of the marvels of modern technology and the impact it has on diplomacy. These two leaders know each other very well. In the old days they would get together, you know, once a quarter, twice, three times a year. Now these two leaders can talk for 45 minutes every couple weeks. They know each other very well. They know each other's views well. They have a very constructive working relationship. And it's great because you can put difficult issues on the table, you can have your exchange of views, try to find common ground. It's a very productive process. And I would say to you that the secure video is a terrific tool for strengthening the ties between leaders, and those two leaders have very strong relationships and it's a good thing for Germany and the United States, and it's a good thing for NATO.

Q Thank you very much.

MS. PERINO: Anything else?

Q So did Alphonso Jackson resign?

MS. PERINO: I checked before I left if he had made a statement yet. He had not, so I'm waiting for them to let me know. As soon as he does, I'll come back and provide you more on it and a statement by the President as well. Let me just have the respect that he deserves to wait for him to make his announcement.

Q He was supposed to do that at 10:00 a.m. this morning, right, Eastern?

MS. PERINO: Yes, there was going to be an announcement at 10:00 a.m., right. We did not get out in front of him in terms of saying what it was. So I'll be back hopefully soon. We'll check right now. Anything else?

Q Can you tell us about the regulatory overhaul involving the Fed?

MS. PERINO: Also right about now is what Secretary Paulson is going to be making a speech, but there's a lot of coverage on it if you look at the -- he gave an interview this weekend to the Wall Street Journal, so I think you can get a lot -- glean a lot from that.

What I would tell you from the President's point of view is that we trust Secretary Paulson to put forward what he thinks is a constructive plan that is well thought out, and that we'll be working with members of Congress to get their views. Obviously, none of them have been shy in presenting their opinions over the weekend. And we're hopeful that we can have good, constructive conversations as we move forward. So Secretary Paulson will give his speech. He'll have those details, either from that or if you look at some of the coverage this morning.

Q Dana, is the President's goal to get this passed and in place before he leaves office?

MS. PERINO: I think we'll have to see. I think if there is -- it's a big attempt, but this President doesn't shy away from big challenges -- and also, if necessary, actions in order to address problems. And this is something, if you've looked at some of the coverage, that Secretary Paulson has been working on this package for about a year. So it's not something -- it's not like pulling a rabbit out of a hat. It's very constructive, deliberate thinking amongst the best minds in economics and treasury matters over there at the Treasury Department, among others. And taking input from members of Congress who have a lot to -- they have a lot to offer.

So Secretary Paulson has also over the past year, since he's been Secretary, developed strong working relationships with those members of Congress, which is going to be very important if we're to be able to move forward on this and additional actions we would take if necessary -- as the President has said, if it warrants it.

Q I have a question and it may have already been asked the last couple days, just let me know if that's the case. On the Bear Stearns whatever you want to call it, not a bailout I guess, but with the increase from \$2 to \$10 per share, does that make it a creation -- or a moral hazard situation?

MS. PERINO: We talked a little bit about it last week. But what I would point you is that this is a -- that agreement between Bear Stearns and JPMorgan Chase was made between them regarding that shareholder price. I would say to you that for shareholders of Bear Stearns that at one point saw -- I think it was upwards of \$170 a share -- to go down to \$2 a share, or now it may be \$10 a share -- they still got wiped out. And that is one of the consequences of investing.

But what the Fed did was to intervene to make sure that we didn't have any other market disruptions. And especially regarding the \$30 billion -- now, I guess it's at \$28 million or \$29 million that the Fed would guarantee and manage those assets. But the Fed has every reason and every guidance from taxpayers, and also the President, to make sure that taxpayers don't lose anything on this issue -- on you'd matter, I should say. So let me go and check on that and then I'll come back.

END 10:01 A.M. EDT

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