



THE WHITE HOUSE
PRESIDENT
GEORGE W. BUSH

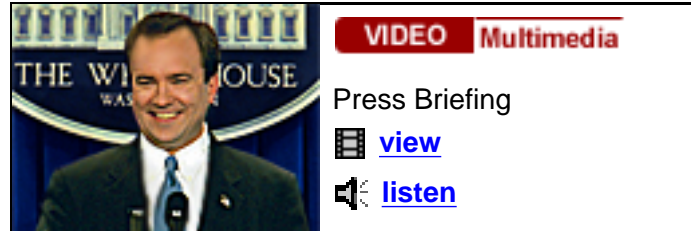
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Press Briefing by Scott McClellan

The James S. Brady Briefing Room

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1:11 P.M. EDT

MR. McCLELLAN: Good afternoon. I see some faces that don't travel with us. Good to see you all again. And some that do travel with us. All right, let me begin with a couple of updates. One, on Hurricane Ivan.

Our thoughts are with those in the path of **Hurricane Ivan** today. We encourage people in those areas to follow the advice of local authorities. The President continues to receive updates on our response and recovery efforts for Ivan, to make sure we are fully prepared at the federal level, to assist those in areas likely to be impacted. He spoke this morning with the governors of states along our Gulf coast that are in Ivan's path. The President wanted to make sure that the federal government was helping in every way we can from the perspective of the states as Ivan approaches landfall. He also let them know that the line of communications remain open.

The Federal Emergency Management Agency is coordinating closely with state and local officials in the areas likely to be impacted. FDMA is prepositioning ice and water and generators in warehouses so that supplies can be quickly delivered to the impacted areas. Disaster response and relief teams are being deployed and prepositioned, including urban search and rescue teams. FDMA is prepared to deploy personnel, supplies and equipment to local communities. As critical needs are identified and prioritized, FDMA will deploy supplies and equipment to those areas that are hardest hit first, especially the water, ice and the meals - supplies in those areas that are hardest hit.

And secondly, I have one statement that I want to make. Congress is currently discussing funding for the President's **Millennium Challenge Account**. The Millennium Challenge Account is a groundbreaking initiative that encourages all nations to embrace political and economic reform, and it has enjoyed bipartisan support since the President announced it two years ago. The powerful combination of trade and open markets and good government is history's proven method to defeat poverty on a large scale, to vastly improve health and education, to build a modern infrastructure while safeguarding the environment, and to spread the habits of liberty and enterprise. Already the Millennium Challenge Account has encouraged countries to govern justly, invest in their people, and promote economic freedom.

The President urges Congress to fully fund the Millennium Challenge Account to ensure that we have the capability to carry on this important work.

And with that, I will be glad to go to your questions. Steve.

Q Scott, **Prime Minister Sharon** says Israel is not following the road map and may stay in the West Bank long after the Gaza pullout. Has he communicated this to you?

MR. MCCLELLAN: I saw a media report to that effect, and I don't think that accurately reflected what he was saying. Prime Minister Sharon has reaffirmed his commitment to moving forward on his bold proposal to move out of the Gaza Strip and parts of the West Bank. That is a proposal that can help get us jump-started again on the road map, which is the path toward the President's two-state solution. And so that -- I think that is what the Prime Minister is talking about, is moving forward on his disengagement plan.

Q Have you had any communications with him about this?

MR. McCLELLAN: We stay in regular contact with Israel. I don't know that we've had conversations specifically about this article you're referring to, but I didn't read it the same way you did.

Q Scott, on the **National Guard documents** on "60 Minutes," the First Lady says she believes these are forgeries. The RNC has accused the Democratic Party of being the source of these documents. Knowing then what you know now, would you still have released those documents when you did?

MR. McCLELLAN: Well, that's a hypothetical question, John. We received those documents from a major news organization. We had every reason to believe that they were authentic at that time. And in keeping with the spirit of releasing documents and being open about all the documents that we have, we made those documents available to everybody else so you could look at them yourselves. Since that time there have been a number of questions that have been raised about these documents and their authenticity. There continue to be questions raised. Those are serious issues; they ought to be looked into fully.

The one thing that is not under question is the timing of these orchestrated attacks by the Democrats on the President's service. These are old, recycled attacks, and the Democrats have made it clear that

they intend to try to tear down the President and throw the kitchen sink at us because they can't run on John Kerry's record, and because they see him falling behind in the polls. And that's what this is about.

Q Does the President agree with the First Lady that these are forgeries? And does he agree with the Republican Party in that the Democrats are the source of the forgeries?

MR. McCLELLAN: Well, Mrs. Bush was expressing her view. The view of the White House is that these are serious questions that have been raised and they ought to be looked into. Many media organizations are looking into them as we speak. They're interviewing additional experts. They have raised additional questions about it, and those are serious questions that ought to be looked into fully.

Q Should Congress look into them? Because Christopher Cox has called for a congressional investigation of these documents. Does the White House agree that a congressional --

MR. McCLELLAN: Well, that's an action that Congress has taken. Again, we think that they ought to be fully looked into, and many news organizations are looking into them. They're talking to experts. There are many experts that are raising questions about these documents. And many of those media organizations have continued to raise questions about those documents.

Q Does the White House believe that taxpayers' money should be spent looking into those documents?

MR. McCLELLAN: Well, again, that's a decision that you should address -- a question that you should address to Congress. That's a decision that the Congress made.

Q You don't care how the taxpayers' money is spent?

MR. McCLELLAN: Like I said, these are serious questions. They ought to be looked into fully, and most news organizations are taking a look at those questions.

Q Scott, in recent days the President and -- have made statements -- terrorism, including at the national convention. Upcoming next week, the U.N. General Assembly, I'm sure the President will be speaking on the national security and also on terrorism and meeting with the world leaders, including from India and Pakistan. My question is that, let's say, if we have Osama bin Laden now, next month, do you think terrorism -- we will have an end of terrorism? Or will terrorism go away?

MR. McCLELLAN: No, Goyal, the war -- the war on terrorism continues. We see that the war on terrorism continues when you see those horrific and barbaric acts that occurred in places like Russia. This a global war on terrorism that we are waging. As the President talked about in his convention speech, we have brought to justice in one way or another some three-quarter of al Qaeda's leadership and known associates. We are continuing to wage this war on terrorism on two fronts. We are staying on the offensive and taking the fight to the enemy so that we fight them abroad and not here at home. We are also working to advance freedom and democracy because freedom and democracy will help defeat the ideologies of hatred and tyranny -- and that's the ideology of the terrorists.

And so that -- we're continuing to make great progress. The President talks often about the progress we've made in places like Pakistan and Afghanistan and Iraq and Saudi Arabia and Libya over the past three years. There is a great -- those are success stories that we have had in those areas, and we're continuing to move forward on the global war on terrorism.

Q And at the U.N. he will be talking the same on terrorism?

MR. McCLELLAN: Well, we're not ready to preview his remarks yet. It's still just about a week away, and we'll be previewing his remarks to the United Nations soon. But I think you can expect that he'll talk about the war on terrorism in those remarks.

Go ahead, Dick.

Q If I can go back to the Guard documents for a moment. Putting aside for a moment the question of their authenticity, is it your position that, in fact, the Kerry campaign and the Democratic Party are behind the release of these documents?

MR. McCLELLAN: Well, it's our position that there are orchestrated attacks going on by the Democrats and Kerry campaign to tear down the President because they are falling behind in the polls. They have made that very clear. It has been documented in media reports that they intend to continue to bring up these old, recycled attacks. People are looking into where these documents came from. There have been some reports of who might have been involved in these documents. Media organizations are looking into it. It should be fully looked into. But in terms of the timing of these old, recycled attacks on the President, it's clear that this is an orchestrated effort by Democrats and the Kerry campaign. And that's what I'm talking about when I talk about these latest attacks.

Q But there's -- orchestrated attacks are part of political campaigns. There have been orchestrated attacks from the White House on Kerry over things.

MR. McCLELLAN: And look at the timing of all this.

Q I'm asking about the providence of this stuff. Do you believe it came from them?

MR. McCLELLAN: I believe that the Democrats and the Kerry campaign are behind these old, recycled attacks on the President's service, absolutely. The President has praised Senator Kerry in his service during Vietnam, and the Democrats and Kerry campaign simply are recycling old attacks because John Kerry is falling behind in the polls.

This race should be about the future. The President is focused on talking about the future and how we lead this country going forward in the war on terrorism, and how we lead going forward to address the many challenges that we face. There are some critical challenges facing this nation over the next four years. The first and foremost is how we lead in the war on terrorism, and that's where this debate should be focused. That's where the American people want the debate focused. Yet Democrats are clearly orchestrating attacks on the President because they can't talk about the future, and they can't

win when the discussion is on the issues.

Q Could you cite the evidence you have to support that assertion?

MR. McCLELLAN: Sure. Just yesterday the Democratic National Committee launched what they called Operation Fortunate Son. Fortunate Son was the name of a book from the 2000 campaign that was written by a convicted felon who was widely discredited. And this whole effort is simply to attack the President. That's what it is about. The Democrats -- and then you have this so-called group, Texans for Truth, which is lead by a Democrat operative in Texas who has the support of the MoveOn.org organization. These are just a few examples. You have an op-ed that was written by Susan Estrich that talked about how the Democrats are going to start engaging in personal attacks on the President's character. And the American people deserve better. It's just sad to see that the debate -- that they are lowering themselves to this level.

Q Scott --

MR. McCLELLAN: Dana, go ahead.

Q Scott, presumable --

MR. McCLELLAN: I'm coming to you, Les.

Q Hold on there, Lester.

MR. McCLELLAN: Dana had a question.

Q Scott, can you say for certain that -- are you aware of any other documents regarding President Bush's service in the Guard that have not been released?

MR. McCLELLAN: Well, actually, we talked about this earlier today -- some questions came up this morning. And if you'll recall back in February, the President directed the Department of Defense to do a comprehensive search, gather all the records, so that we can make them available publicly. The President's personnel, payroll and medical records were released in their entirety -- I notice you had a comment the other day, I just want to make sure that's clear and that's what I referred to back then. Since that time, there were some further media inquiries. The Department of Defense went back and did -- apparently they didn't do as comprehensive a search as we had requested, and they found some additional documents that weren't in any of those files. And so they have continued to scour through additional files that aren't part of the President's personnel, payroll, and medical files to see if there are any records relating to the President. And my understanding is that that work has continued. I don't know the latest update on it at this point.

Q Have you or others in the White House seen documents that have not yet been released?

MR. McCLELLAN: I have not. I'll try to check. We've been traveling, but I don't know of any other

specific documents that have been found at this point. But I know that they're -- I know they're continuing to look at that, so that's a very real possibility.

Q I have two questions, if I may. As to the request to ship construction money to increase security in Iraq, there are those who say this is an indication that restoring peace in Iraq has failed. Will the interim government survive? And is the President still pushing hard for January elections there?

MR. McCLELLAN: Every step of the way in Iraq there have been pessimists and hand-wringers who said it can't be done. And every step of the way, the Iraqi leadership and the Iraqi people have proven them wrong because they are determined to have a free and peaceful future. People said that there couldn't be a transitional administration law, and there was one that was adopted by the Iraqi people. People said that there couldn't be a transfer of sovereignty by June 30th -- and it happened even before June 30th. So every step of the way, the Iraqi people are proving the hand-wringers and the doubters wrong.

There is a lot of progress being made in many parts of Iraq. We're seeing that security threats have been addressed in Najaf and Kufa. We're seeing progress made in Samarra. Now, there are certain areas where there are ongoing security threats -- places like Fallujah. But Prime Minister Allawi has made it very clear that he is determined to address those situations. And he is in discussions with people on those situations.

There are also people like al Zarqawi who was in Iraq before we made the decision to go in and remove Saddam from power. And he continues to try to carry out terrorist attacks and claims responsibility for some of the terrorist attacks that are ongoing. But you have an Iraqi government that is beefing up its security forces with the help of the United States and coalition forces. We're there to support them in those efforts and partner with them to address some of these ongoing security threats. But there is clearly more to do. But progress is being made. They're moving forward on the political front. Prime Minister Allawi has reaffirmed his commitment to making sure elections are held in January. The United Nations talked about how they're committed to seeing those elections be held in January, as well. But every step of the way, the Iraqi people have proven those hand-wringers wrong.

Q Scott, to follow on that if I might, Senator Lugar this morning wondered aloud why the shift of funds from rebuilding and reconstruction into security? Why not simply ask for more money for security and not take the money away from what he sees --

MR. McCLELLAN: Well, because circumstances on the ground change, Dick. This was what was passed a year ago. It's important that you have some flexibility. One of the first things that Secretary Powell --

Q His point I think was that both missions are critical -- rebuilding and restoring security, and that he doesn't --

MR. McCLELLAN: Absolutely. And in fact, if you look at where those funds were moved to, I think it relates to all those areas because Secretary Powell asked Ambassador Negroponte to go back and work with the experts on the ground, work with the interim government and assess the circumstances

on the ground and determine what the most pressing, urgent needs are. And they did a comprehensive look at the circumstances on the ground. And they determined that some of that money should be moved to address some of the ongoing security threats. Some of it should be moved to address some of the **economic needs and the job creation efforts**, and some of it should be focused on the transition to democracy. So those are really the areas where -- I think it was about \$3.4 billion, if I recall, that is being refocused to those areas.

Q Let me ask you about the Detroit Economic Club speech that John Kerry gave. Why should the voters not blame this President for the loss of nearly a million jobs on his watch, when previous Presidents have faced bigger wars and deeper recessions?

MR. McCLELLAN: Well, let me address a couple of things. We've overcome many challenges in this country over the last three years. A number of them go back to what occurred on September 11th. When it comes to the economy, let's look at the strains that were placed on our economy. We were in an economic downturn and the President inherited a recession when he came into office. Then you had the September 11th attacks. In the aftermath of September 11th, in the three months after September 11th, we lost a million jobs right there.

But this President looked at these challenges that we face and he led and he acted. He worked to pass pro-growth policies to get our economy growing and moving forward. Our economy is growing, it is moving forward. We've seen 1.7 million new jobs created over the last year. And the last thing we need to do is turn back from those policies.

John Kerry's pessimism won't create one single job. John Kerry's failed policies of the past have been dismissed by his own advisors as the wrong policies. So the failed policies of higher taxes, more regulation, more litigation, and more government control of people's lives would put the brakes on our economy.

Q But referring to my question, though, has this President faced greater challenges than the eleven previous ones?

MR. McCLELLAN: Oh, I think September 11th is not a challenge a number of those Presidents faced that you're referring to.

Q Does that alone justify --

MR. McCLELLAN: There have been great challenges we faced in the past -- let me point that out. But certainly September 11th was an extraordinary circumstance, and it was a direct attack not only on the American people, but on our economy. And this President acted to get our economy growing. What we've got to do is continue to pursue pro-growth policies. We need to continue to pursue policies of lower taxes, of stopping lawsuit abuse that drives up health care costs and drives up consumer products, of less regulation so that small businesses don't have to spend all their time on paperwork and they can focus on doing what they do best, which is their business and hiring people to help them. And we also need to encourage more innovation.

Q Just to complete my question, though, the President does not -- his economic policies bear no responsibility for what's taken place?

MR. McCLELLAN: The President's economic policies got us out of a recession, got our economy growing again, and got us creating jobs. Like I said, 1.7 million new jobs in the last year have been created in this country. The unemployment rate is down to 5.4 percent. That's lower than the averages of the '70s, '80s, and '90s. And real after-tax disposable income is up nearly 10 percent. So the President's policies are working to get the economy moving forward, and we need to continue to move the economy in that direction.

And like I said, there's clear differences on this issue, and John Kerry's policies would put the brakes on our economy and stall job creation that we're seeing happening right now.

Q A two-part. Friday a week ago --

MR. McCLELLAN: A two-part? Let me go to Richard and then I'll come back to your two-part. Go ahead, Richard. You have one part.

Q Does the White House view this stepped-up increase of attacks and violence and sabotage in Iraq as having a political component, to try and influence the election?

MR. McCLELLAN: Well, there certainly are enemies of freedom in Iraq that want to derail the transition to democracy. You have al Zarqawi claiming responsibility for some of these latest attacks that you've seen. Al Zarqawi and his terrorist allies who know that a free and peaceful Iraq will be a significant blow in the war on terrorism, because a free and peaceful Iraq will help make the world a safer place and make America more secure. It's a critical mission that we're working to complete in Iraq. The terrorists know how high the stakes are; we know how high the stakes are; Prime Minister Allawi and the Iraqi people understand the importance of the stakes and they are determined to prevail and defeat those who want to derail the transition to democracy.

Q Do you think that those who are carrying out the attacks think that they can influence our election?

MR. McCLELLAN: In Iraq?

Q No, our election here.

MR. McCLELLAN: Oh, certainly I think you've seen the terrorists would like to try to influence elections. We've talked about the threat situation here in this country. But the terrorists will not prevail. We will not let them deter us from what we -- helping -- working with the Iraqi people achieve and what we're working with the people of Afghanistan to achieve.

Q Do they see an advantage to having you out and Kerry in?

MR. McCLELLAN: I've not tried to make that connection, and I won't.

Q Can you confirm reports today that **North Korea** has decided not to resume the six-party talks until after the election?

MR. McCLELLAN: Their comments today?

Q Yes, the reports in The New York Times, quoting a diplomat --

MR. McCLELLAN: Oh, okay, the comments from yesterday, okay. Well, look, North Korea has isolated itself by the actions and the course that it has taken in pursuit of nuclear weapons. This President looked at where we were when it comes to North Korea and got all the other parties in the region engaged in this important issue. We are confronting the threats that we face in a number of different ways, and we now have five nations in that region actively engaged, telling North Korea that, you need to abandon your ambitions for nuclear weapons, you can realize a better way -- Libya is a good example. Libya took that approach and they're realizing some of the benefits of being part of the international community now. There is more that they're doing at the same time.

But we want to see the complete and verifiable end of North Korea's nuclear weapons program. We're working with the five parties to pursue a diplomatic solution. The fact that we're all sitting down at the table together is important progress. We put forward a plan at the last round of talks and we're still waiting on North Korea's response to that.

North Korea, as Secretary Powell pointed out yesterday, should not put their hopes on the election. They should sit down and continue to pursue action that will move them away from their ambitions.

Q Right, but these talks have gone on for quite some time. Are you able to assure people that in the approximately year and a half since you've been pursuing these talks, that North Korea has not built any nuclear weapons?

MR. McCLELLAN: Well, I think the CIA has spoken to that very question that you're talking about, and I would leave it where they have left it. North Korea has certainly made a lot of comments. There's been bluster coming out of there in the past. What we're doing is keeping all parties in the region actively engaged in pursuing a diplomatic solution. We're making progress, but there is more to do, and North Korea has a plan that has been presented to us -- we're willing to come to some sort of security agreement, but they first must take the steps to reverse course and end their ambitions for nuclear weapons.

Q But you're the spokesman for the President of the United States. As his spokesman, you are not apparently able to assure people that North Korea has not built any nuclear weapons in the last year and a half.

MR. McCLELLAN: Well, no, the CIA has spoken to that very issue, Keith. So you can go back and look at -- you can look at exactly what they said. North Korea is a closed society, there are some things that we just don't know. They make a lot of comments, but what we do know is that this President has led to confront this threat. And all countries in the region are working with us to say, we want a nuclear-

free peninsula, and that's the course that we're pursuing. We're making progress. The approach of the previous administration was a failed approach. It didn't work. North Korea was duping the United States during the time of the agreed to framework.

Q Friday a week ago, the AP reported from West Allis, Wisconsin, that the crowd booed the President's good wishes for Clinton recovery. But after two Milwaukee talk radio stations broadcast what was all applause and no boos, the AP on Saturday sent out a retraction saying there was no booing. And my question --

MR. McCLELLAN: Let me state for the record that I think the Associated Press corrected that within a very short period of time, on the same day.

Q No, it was the next day.

MR. McCLELLAN: No, it was the same day, I believe.

Q All right. Are you concerned that there is no AP reporting of what they have done to the reporter whom they report put an untruth on the national wire? And I have a follow-up.

MR. McCLELLAN: The reporter made a correction and we appreciated him making that correction quickly -- because it did not happen.

Q Presuming that you would not provide Kitty Kelley a reserved, front-row seat in these briefings, or at presidential news conferences, why do you continue to do so for a network that nationally televised forgeries that malign the President? (Laughter.)

MR. McCLELLAN: Les, I'm not even going to respond to that question.

Q You're not going to respond?

MR. McCLELLAN: Go ahead.

Q Thank you. A follow-up on the Middle East question. On the imminent Israeli pullout from Gaza --

MR. McCLELLAN: Let me just say I appreciate working with each and every one of you in this room -- most of the time, at least. (Laughter.) Go ahead.

Q On the pullouts in Gaza, Prime Minister Sharon is intent in pulling out from Gaza. The majority of the Israeli public appear to support him, except for the settlers. Does it concern the administration that the Sharon government is probably likely to fall if this Gaza pullout is completed?

MR. McCLELLAN: I wouldn't even begin to speculate about that, Connie. The Prime Minister has taken bold steps to move settlers out of the Gaza strip and out of parts of the West Bank. This is an opportunity for the Palestinian people to engage in this process, too, and begin to build the institutions

necessary for a viable state to exist. And we are continuing to be engaged with the parties in the region. We view this as an historic opportunity to jump-start the road map again and get to the two-state solution the President has outlined.

Q Thank you. One more time with the documents. CBS, even today, is standing by the documents --

MR. McCLELLAN: Does everybody agree, just one more time? (Laughter.)

Q Just one more time for me. (Laughter.) Even today they're standing by the documents that nearly every expert has determined are probably fake. Since it's brought the network's credibility and objectivity into question, is the White House considering pulling out of the debate that CBS is to moderate?

MR. McCLELLAN: Well, in terms of the debates -- and I wouldn't connect the two here -- those are ongoing discussions between the two campaigns, and I don't have any update from here at this point.

Q Scott, when you received the documents from CBS, do you know if anyone here looked at them carefully to come to some sort of validity judgment? Or did you simply pass them on to --

MR. McCLELLAN: No. No, we have not made any effort to determine whether or not they were fabricated or authentic. I think I made that clear the other day. There are media organizations that are looking into this, they're talking to experts, they're raising questions about it. That's where it is. These are serious questions. They're being looked into.

But we had every reason to believe at the time that the documents were authentic. Since that time, there have been a lot of questions raised and a lot more has come to light.

Q Please answer two. One is on the CBS document. You said it's serious and should be looked into. Is the White House going to start an investigation?

MR. McCLELLAN: No, I said we're not looking into it. That's what I was just answering in that question.

Q Okay. The other one is, the U.N. today is discussing about **Taiwan** membership in the U.N. and it's likely to be turned down. Do you have a position on Taiwan's participation?

MR. McCLELLAN: You know our position when it comes to the one China policy and everything else, that remains our position.

Q Domestic policy question. With respect to the cost of the Kerry policies versus the President's -- as you know, the President has been repeatedly assailing Senator Kerry for spending costs of upwards of \$2.3 trillion over 10 years and questioning how that would be --

MR. McCLELLAN: I'd say probably at least that.

Q -- but --

MR. McCLELLAN: That's right, he has not specified a plan or presented a detailed budget to pay for it.

Q But if I recall, nor has the President for the amount he has outlined. And the estimates are that just two of them alone -- making tax cuts permanent and establishing Social Security retirement spending counts -- would cost upwards of \$4 trillion over 10 years. And I'd like to know how the administration plans to pay for this?

MR. McCLELLAN: No, I think you're characterizing it wrongly. First of all, there are two issues that we need to talk about when we talk about these budget priorities. There are the short-term budget issues and there are the **long-term budget** issues.

The President's agenda that he has outlined for America is affordable, it's responsible and it's focused on meeting our highest priorities while reducing the deficit in half over the next five years. He's put forward a detailed budget. It's a plan that addresses the short-term deficit issues related to the strains that have been placed on our economy from the recession that we talked about earlier to the September 11th attacks, and it begins to address some of the long-term challenges that we face when it comes to our budget.

Strong economic growth and spending restraint are the way to cut the deficit. That's the proven approach that's being pursued by this President and it's reflected in his budget. The tax cuts are included in his budget. So it's really about setting clear priorities, funding those priorities and then holding the line elsewhere in the budget. And this President has a record of doing that since he came into office. I would remind you that non-security and non-defense related discretionary spending was growing at 15 percent at the end of the previous administration. This President came into office and has steadily reduced it to less than 1 percent.

So we're on track to meet the President's goal of cutting the deficit in half over the next five years. And the cost of the additional proposals he put forward during the Republican National Convention were looked at in the context of cutting the budget and -- the deficit in half over the next five years. And you pointed out --

Q But --

MR. McCLELLAN: Let me -- I think this is important to go through this, because I know what you're coming to next, the long-term budget issues. And you're right to point out that John Kerry has proposed some \$2-plus trillion in spending -- and that's a conservative estimate -- and then he complains that we're not spending enough on a host of other government programs, and he has not outlined any detailed proposal to reduce the deficit, or to fund his huge increases in government spending.

Now, the long-term budget challenge that faces our country are entitlement programs. And we have been talking about that each and every year of this administration. Modernizing and strengthening Social Security is a long-term challenge. And its costs have to be looked at over the long-term. We

know that the cost of doing nothing on Social Security will lead us into a fiscal train wreck. It would be \$10 trillion to continue Social Security where it is under the current law, if we do nothing. So we'd be facing massive tax increases, or significant reductions in benefits for future generations. And the President has said we're going to confront these problems, we're not going to pass them on. He has led. And so he has come out strongly in support of saving and strengthening Social Security, saving it for today's retirees and strengthening it for tomorrow's retirees, so that they can build up a nest egg of their own.

This also goes to the heart of his ownership agenda. We want people to have more of a say over their own retirement funds.

Q Can we get back to this entitlement area, specifically, **Medicare**. The GAO came out with a report last week recommending that former Senator of Medicare and Medicaid services, Thomas Scully, return his full year's salary for pressuring a colleague not to disclose public data to Congress, with respect to the true cost of the Medicare prescription drug program. And I'd like to know if the administration agrees that Thomas Scully should return his salary for last year, for pressuring --

MR. McCLELLAN: I think that's a matter that Health and Human Services has addressed. They know the specifics of that matter.

Q Does the administration support Thomas Scully returning his full year's salary for --

MR. McCLELLAN: Again, HHS addressed that matter just last week, that you talked about. Go ahead, Greg.

Q Scott, **Saudi Arabia** was added to the list by the State Department of countries that don't allow religious freedom. I'm wondering if the White House is concerned at all that this designation might at all jeopardize Saudi Arabia's cooperation in the war on terror or its trade with the U.S.?

MR. McCLELLAN: Well, we are working closely with Saudi Arabia on the war on terrorism. There has been important progress made by Saudi Arabia in the war on terrorism over the last three years -- the President talks about that in his remarks. They recognize that they've got to deal with that internally.

At the same time, this President never hesitates to point out when countries can do more when it comes to human rights and religious tolerance. The President has made promotion of human rights, including religious freedom, a cornerstone of United States foreign policy. And this is a report that the State Department puts out every year. They look at these issues and make these determinations and, hopefully, countries will take this and use it to do a better job. We take our responsibility in this area very seriously. The United States is a leader when it comes to promoting religious freedom.

Q So you don't anticipate there being a negative impact with a key ally?

MR. McCLELLAN: Well, in the -- you talked about in the war on terrorism, there's always more that we can do in the war on terrorism. We're working closely with Saudi Arabia and others in the war on

terrorism. They're taking some strong steps to go after terrorists in their own country and bring them to justice. We appreciate those efforts. We also can talk to them about other issues where we would like to see more action taken. So that's the context we look at it in.

Thanks.

END 1:45 P.M. EDT

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