

Press Briefing by Ari Fleischer

James S. Brady Briefing Room

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1:28 P.M. EDT

MR. FLEISCHER: Good afternoon. I'll give you a report on the President's day, and then I have a couple brief statements I need to make. The President began today with a CIA briefing, which was followed by an FBI briefing. And then the President convened a meeting of his Cabinet. You have the record of the statement the President made about the strength of the economy, and he discussed the newly-released numbers from the Commerce Department about growth in the economy and the revised estimates.

The President, later today, is going to meet with Republican senators to discuss the prospects for passage of trade promotion authority this week, before the Senate leaves. The President remains hopeful that the Senate will be able to pass trade promotion authority -- this meeting is part of the effort to make certain that the Senate does, indeed, pass it.

And then, finally, the President, later this afternoon, will meet with Republican senators to discuss homeland security and the prospects for passage of legislation in the Senate to create the new Cabinet-level department of homeland security.

There was other important action in the Senate today concerning the possibility of getting prescription drugs to our nation's seniors. The Senate's inaction today on Medicare prescription drug coverage is disappointing for America's seniors. America's seniors, particularly those who are low-income, have waited too long for a modernized Medicare program that provides better benefits, including prescription drug coverage. Seniors, once again, will have to continue to wait for long overdue prescription drug coverage. Seniors, once again, will be denied the right to have a greater say in choosing the coverage that best meets their health care needs.

The President believes that where there is a will, there is a way, and he hopes the Senate will find a way to get prescription coverage to seniors. If the Senate leadership is truly committed to reaching a real bipartisan consensus, they should start by allowing the Senate Finance Committee, where a bipartisan bill had been created, to have the opportunity to reconsider that bill and to move it forward so that it can be passed and passed as quickly as possible this year.

And finally, also in the Senate, I indicated yesterday that Senator Daschle had made a commitment as far as the confirmation of many of the remaining positions that have not yet been confirmed which are ready for Senate floor action. It appears now that some senators may be raising objections and placing holds to Senate action on many of these conferees.

There are 60 nominees who are waiting for a vote. If the Senate does not act, many critical positions will remain vacant. These include the Deputy Secretary of Energy, Deputy Director of the Federal Emergency Management Administration, the Deputy Administrator of NASA, the Deputy Director for Management in the Office of Management and Budget, 29 foreign policy nominees which include critical positions like Assistant Secretary for Arms Control for Verification and Compliance, and, of course, the judicial nominee, as well.

The President believes in the commitment he got from Senator Daschle and the President will be looking to the Senate to honor that commitment this week.

With that, I'm happy to take your questions. Bill.

Q Ari, Senators Grassley and Leahy would like the White House to reconsider the interpretation of the whistle-blower section of the act which was issued last night. They say that flawed interpretation which would discourage whistle-blowers risks chilling those who would report corporate securities fraud.

MR. FLEISCHER: We'll be very pleased to continue to talk to the Senate about the provisions. As the Senate knows, it's up to them. The application of the whistle-blower

protections that the President believes in that were passed in the corporate corruption legislation leave it up to the Congress to determine through their own rules and procedures who would get whistle-blower protection. So if the senators want to designate an individual on their committee to conduct investigations, that's their prerogative, and anybody who provides them information would then have whistle-blower protection, of course.

Q Do you maintain, Ari, that it should apply to any member of the House or Senate, or any committee?

MR. FLEISCHER: Been done -- if that's what they believe, it's up to them to do.

Q But Ari, if I could just follow up, the language of the provision here, it states that in section 1514(A) whistle-blower protection for employees of publicly traded companies, that federal law relating to fraud against shareholders, when the information or assistance is provided to, or the investigation is conducted by -- it's a choice, and it lists, A, federal regulatory or law enforcement agency; B, any member of Congress or any committee of Congress; and, C, a person with supervisory authority over the employee. I mean, the language here clearly recognizes two different groups that this would apply to.

MR. FLEISCHER: And there's nothing in the statute or the signing statement that would prevent the Congress from granting that authority to whoever it chooses. So Congress has that authority if they so choose it.

Q So you're saying your position is that the --

MR. FLEISCHER: Jennifer.

Q Well, to follow up on that, why make Congress jump through new hoops to change the way investigations are allowed under their rules, to provide protections that clearly Congress already provided in this statute?

MR. FLEISCHER: Because there are clarifications needed in the statute. And the Department of Labor has to enforce it, and so we needed to settle on some type of definition, and that's what was provided. And we thought the safest course was to look to congressional rules.

Q Congress said that -- Leahy, Grassley, other members of Congress are saying that the statute is very clear, and from a common-sense reading of it, it doesn't look like it needs much clarification.

MR. FLEISCHER: I think that if you talk to different lawyers involved, as usual, when you take a look at congressional statutes, you'll find differing interpretations of differing provisions. I'm not certain that you've seen every single provision that Congress has applied to this. Rule 11, for example, in the Congress would lend somebody to a

different conclusion, which is why lawyers can take a look at the same language and have different opinions, or one lawyer would look at one paragraph, another lawyer will look at a different paragraph. So, typically when that happens in the form of legislation, some type of clarification is sought to help the process.

But the bottom line remains the same. Under the interpretation the administration put out last night, the bottom line remains this is a congressional determination. So it's up to the Congress to make that call.

Q Well, Congress feels like it's already made that determination. So why ask them to go through another --

MR. FLEISCHER: Well, a couple different individuals feel that way. But I think if you talk to others, you'll see they'll read the statute and they'll read it differently. Welcome to the statutes. That's why statutes are often complicated, and that's why somebody created lawyers. Their job is to look at these things, and they often differ.

Q But why did the White House feel it necessary to issue an interpretation?

MR. FLEISCHER: For exactly the reason I said. Because the Department of Labor needs clarity on how to interpret it, because the statute and Rule 11 don't always line up consistently. There are different people who would look at different parts of each of these sections and come to different conclusions. That's not a surprise.

Campbell.

Q I have some questions about the President's time at Harken Energy. Can you confirm for us that when he was on the board of directors at Harken, that the company set up an overseas subsidiary in the Cayman Islands, which many companies use as a tax haven?

MR. FLEISCHER: Yes. I've looked into this issue that was raised this morning, and let me tell you what I've found about it, because just as I suspected, it's not quite as earlier described. And this, again, deals with one of the most complicated provisions of the tax code where the details matter the most and the facts are found in these details of the tax code.

In the case of this subsidiary, where the parent corporation, located in Houston, Texas, set up a subsidiary in the Cayman Islands dealing with an oil arrangement in Bahrain, under this any oil that was produced in Bahrain and sold in the United States would have been taxable in the United States.

Helen.

Q Wait, can I follow up?

MR. FLEISCHER: Go ahead, Campbell.

Q I'm confused, then. Why -- I mean, the President's point this morning was that he opposed the deal. And that's not what Dan Bartlett said yesterday, because he was quoted in this article as saying that there was no money made from the oil exploration and, therefore --

MR. FLEISCHER: This is not inconsistent. The President, as a member of the board, did oppose this arrangement with Bahrain. That's a matter of public record.

Q Why did they set up the subsidiary, then, if they were going to be taxed on the oil?

MR. FLEISCHER: Right. Because there are other factors beyond the tax consequences. And that's why I was answering the question you asked about taxes. There are issues involving the assets of the parent company in the event that there was some type of liability action that was brought involving the operations located in Bahrain, in order to make certain that all liability claims were dealt with by the subsidiary responsible for operations in Bahrain. It was a project in the Cayman Islands dealing with those liability issues.

On the tax side of it, though, it's exactly as I thought, and this is covered by what's called Sub-part F of the Internal Revenue Code. Under Sub-part F in this specific example, if they had produced any oil in Bahrain and sold it in the United States, it would, of course, be taxable in the United States.

Q But if he had sold it anywhere else?

MR. FLEISCHER: If it was sold in Bahrain, it would not have been taxable, of course.

Q So they could have sold anywhere in the world and then they would not have had to pay tax on it because they --

MR. FLEISCHER: I don't know about anywhere in the world, but under the tax code, under Sub-part F --

Q So there's only an exemption for the United States? If they would have made profit by selling oil anywhere else, Bahrain included, they would have been tax-exempt because they set up a subsidiary in the Cayman Islands?

MR. FLEISCHER: Well, again, the rest of the world -- I couldn't give you that indication. I don't know the answer to that. But it clearly was produced in Bahrain. If you produce a product based in Bahrain, and it was sold in Bahrain, therefore it was not sold in the United States, it would have had a different tax consequence. That part's correct.

Q So there's a tax benefit to setting up a subsidiary in the Cayman Islands.

MR. FLEISCHER: Well, in this specific example, no oil was produced, so I think it's a moot question, we won't know.

Helen.

Q Ari, the leaders of France and Germany say that if there is a problem, and there obviously is one, with Iraq, that it should be handled by the United Nations. It's a U.N. problem, it's a defiance of U.N., violation of U.N. resolutions. Why does the United States, and why does President Bush, think it's a unilateral problem that the United States should handle alone and is preparing for a war, apparently?

MR. FLEISCHER: One, the President does not think it's a unilateral problem. The President thinks that Iraq presents a worldwide problem to peace.

Q Then why doesn't he go through the U.N.?

MR. FLEISCHER: And the President, in many of his meetings, as you know -- when he was in Germany -- he said so publicly at the time -- the United States will continue to consult with our allies about what, if any, action needs to be taken, whether that action is diplomatic, political, financial, military -- all of that is part and parcel of America's ongoing consultations with nations around the world.

Q Well, why doesn't he go through the U.N.?

MR. FLEISCHER: He is continuing --

Q That's a real forum that's been set up since practically World War II.

MR. FLEISCHER: And as you know, the President is working through the United Nations in the passage of the smart sanctions program, which now has been agreed to by Russia and was voted on by the United Nations earlier this summer, to apply sanctions to Iraqi products in an effort to make Iraq live up to the terms that it pledged when it signed a cease-fire that ended the Persian Gulf War. In addition, we're working through the United Nations on the arms inspectors program, a program which Iraq has thumbed its nose at the United Nations.

Steve.

Q In the wake of the GDP numbers this morning, how concerned are you about the possibility of a double-dip recession? And did they discuss this at the Cabinet meeting?

MR. FLEISCHER: Steve, when you take a look at a lot of the internal numbers in the GDP report, as GDP was revised downward for the second quarter from what was expected to be in the private estimates about 2.3, 2.4 percent, to the newly revised 1.1 percent -- many of the internal numbers that are found in there lead our economists and our professional watchers to the conclusion that there actually, looking forward, are

signs of growth in the economy, of a higher rate. Certainly when you would look at the first two quarters together, the economy's growing at a rate of about 3 percentage points, because the economy grew at 5 percent in the first quarter.

The other piece of news we found out today is that the economy was in actual real recession for the first three quarters -- in other words, from January of 2001 all the way through September of 2001, the economy did actually enter a recession. So as a result of the policies that Congress passed and the President signed into law -- principally, the stimulus effect of a tax cut and the rebate -- the economy got a boost after these three-quarters decline. And now we've seen an economy growing for the last three quarters. The growth is too slow in this last quarter for the President, but the recession has been turned around, it's been turned into growth, and the President wants to turn it into even more growth.

Q And how much did the economy figure into the Cabinet meeting this morning?

MR. FLEISCHER: Oh, it was the most talked-about element of the meeting. The Cabinet meeting, they discussed the economy. Secretary O'Neill spoke; Secretary Chao spoke; Larry Lindsey spoke; Glen Hubbard spoke; Secretary Evans spoke; all sharing their points of view with the President about what they see in their economic sectors. But, no, there was no discussion of double-dip; it was just the opposite. The sentiment of the group was that all the ingredients are there for more robust growth going into the fall and into the winter of 2003, in other words, the next two quarters.

John.

Q Going back to Harken, you say you are not sure whether there were tax benefits to this offshore operation, but it's moot because there were no profits. But the question goes to intent. Do we know what the intent of the directors was and what the President's position, as a board member, George Bush's position was then?

MR. FLEISCHER: Well, again, the President, as I indicated, he opposed the original decision to begin this operation in Bahrain. But I do not have information about any projections about how much of the oil they generated -- they thought might be able to generate would have been for sale in Bahrain or for sale in the United States. I do not have that.

Q Can you help us with the Harken people on this? We've asked this question before. On this particular instance, the President himself said in the Cabinet Room this morning you'd provide more to us. Can you help us on this?

MR. FLEISCHER: Yes, I've given you everything I've got now. We'll continue to try to ascertain any other questions that you've got about it. We'll be more than happy to try to find out. We'll talk to the Harken people or others and try to get it for you. But the point remains the same about the tax treatment for anything sold in the United States. And this is an American company we're talking about.

Goyle.

Q I have two questions for you. One, Secretary Powell was in India and Indian Prime Minister had no time for him to meet. And today the Indian Parliament accused him of meddling and interfering in the internal affairs of the world's largest democracy. My question is, did he already brief the President on the phone on from his trip about his visit to India?

MR. FLEISCHER: Secretary Armitage gave a report on the Secretary's trip during the Cabinet meeting and none of that information came up. And so I think that it's important to see exactly who said what. Obviously, there are many different voices in different nations, and the State Department might have more information. I think they are also briefing today.

Q My second question is that India has a new President today, the second Muslim to hold that top post in India. And if the President has sent any greetings or anything on --

MR. FLEISCHER: Let me take a look and see if there's anything on that. I don't know.

Q Ari, back to the GDP. You've talked about the three-quarters of negative growth last year, and this morning you told us that was evidence that Vice President was very prescient, talking about this two years in advance. Given that Secretary O'Neill --

MR. FLEISCHER: Two years in advance?

Q Well, last fall, a year-and-a-half ago, he was talking about how we were on the front edge of recession --

MR. FLEISCHER: Right, he said it, I think, about a month or two prior to its actual recession taking place.

Q Right, right. But two years in advance of today's numbers, is what I mean. Today's actual confirmation after the fact.

MR. FLEISCHER: Okay, go ahead.

Q Given that, only three days ago, Secretary O'Neill was still talking about one quarter of negative growth and that it really wasn't a recession, do you still have confidence, or does the President still have confidence --

MR. FLEISCHER: Oh, listen, when it comes to the economic forecasting business, everybody takes a look at the best data that is out there. And clearly, until the Department of Commerce came out with this update today, there was nobody who saw that there were three consecutive quarters in a row. You had the NBER say that we had indeed entered a recession in March of 2001, as they defined recession. You had the

more classical definition of a recession, being two back-to-back quarters. And until this morning's revisions, that information was not available.

Q -- said the Vice President was talking about --

MR. FLEISCHER: Turned out to be exactly right. But even absent --

Q So isn't it his job to take a look and see what is going to happen?

MR. FLEISCHER: The Vice President-elect said we were on the front edge of a recession. And he was right by NBER's definition about the March decline. And whether we want to get into an economist argument about exactly how, in the classical sense, you define what a recession is, the point of the matter is this economy was slowing down, the economy began to slow down in March -- in the summer of 2000. It accelerated in slowdown and became a recession throughout almost all of 2001. Now the economy is growing -- it's not growing as fast as the President wants it to grow. And what the American people want is for the people in Congress and the President to work together to enact policies that promote more growth and job creation.

Ken.

Q Ari, ahead of tomorrow's meeting with King Abdullah, the King has said that Iraq is off the table during the negotiations tomorrow. He strictly wants to focus on the situation with Israel and the Palestinians. Is that how the administration frames it also, that the President will not talk to him about Iraq at all? And he's -- both the Egyptians and the Jordanians have put on the table a proposal to train the Palestinians in security. Where is the administration on that offer, as well?

MR. FLEISCHER: Well, in terms of the agenda of the meeting, I'll try to give you a report after the meeting takes place. I can't predict everything that's going to take place in these meetings. Sometimes these leaders get together and they talk about whatever may be on their minds, so I would hesitate to give you anything definitive before the meeting.

The topic of the meeting is going to be the prospect for peace in the Mideast between Israel and the Palestinian Authority, and the role, which is a very valuable role, that Jordan is playing in helping to try to bring that about. There have been some important contributions, in terms of the development of a security force for the Palestinians, that inspires more trust, inspires more leadership, because it will indeed act in the cause of security. So that will be what the meeting will talk about.

Jacobo.

Q Yes, Ari, I have two questions for you. First of all, as we speak, the President of the United States is meeting with the ex-Mayor of New York, Rudy Giuliani.

MR. FLEISCHER: Yes.

Q Is there a job offer in there?

MR. FLEISCHER: No, I don't think that that's in the cards. I think that --

Q What I want to know is, the meeting came at whose --

MR. FLEISCHER: The Mayor is here because he's delivering a lecture. As part of the White House lecture series we often have authors, we have prominent individuals come down and give lectures to the White House staff. I assure you Mayor Giuliani's talk is sold out. And he's going to do a stakeout right after my briefing today, too, so he'll be available to take your questions.

Q My next question has to do with -- every day, in the morning and at the briefing, you start by saying the President had his usual CIA briefing followed by his usual FBI briefing. Since one of the purposes after 9/11 is to try to get the two major intelligence agencies to work together, why not have a joint briefing? Why is it always one or the other?

MR. FLEISCHER: I'm giving you the shorthand, as we've talked about before. Much of it is joint. There are areas that are uniquely CIA efforts that have nothing to do with homeland security. And there are other things that are FBI efforts that have nothing to do with foreign intelligence. Where there is overlap between the two, they are together.

Q You mentioned, if you look deeper into the GDP numbers you see positive signs for growth over the next quarter or longer term. What do you point to, what is it when you look into those numbers, what are those signs of a stronger --

MR. FLEISCHER: Well, one of the factors that was in there

-- which is a welcome change in the economy -- is that the savings rate is now 4 percentage points, which is a remarkable rebound from a period where just a few years ago the savings rate was at zero percent, we actually were heading into negatives. The credit card balances the American people are holding are starting to reverse themselves, and are reaching a point where Americans are carrying less debt, which also leads to an increased savings rate.

The flip side of that is the more Americans save, the less they're consuming. And much of the recent decline in the second quarter GDP was a result of less consumption. But, again, you get right back into the classic economist's position that for every one factor, there's a plus side to the factor and a negative side to the factor. The bottom line, when you add it all up, is the economy is still growing to slow for the President; he wants to make it grow faster. But there are seeds of even stronger recovery in the eyes of our economists as they study the data.

Mark.

Q Ari, why are you reluctant to say flat out, as you were this morning, that the President is going on vacation next week?

MR. FLEISCHER: The President is going on vacation next week. What I enjoy pointing out to everybody is Presidents are entitled to take vacation. And people in Washington, I suppose, are entitled to take potshots. (Laughter.) And the fact is, I've seen countless stories that call it a month-long vacation. Believe me, I work for him. Would that it were a month-long vacation; I wouldn't mind one.

But, you know, this is part of the silliness of Washington, where President take a look at something that's not a month long. The President, who is going to bring the White House with him to Crawford, who is going to do an awful lot of work down while he's in Crawford, who's going to travel to 12 cities during the 25 days he's there, and when you subtract out all the days the President is traveling or the days that the President is going to welcome foreign leaders to Crawford, or the days that he's going to have an economic forum in Waco, the fact is he's probably going to be down to about two weeks, just like everybody else, like most people.

The fact of the matter is, the President of the United States is entitled to a vacation just like everybody else. Washington is just a silly town sometimes, where people don't let a good man have a vacation without having to make more of it than it is.

Q Let me ask you one other thing. Were those trips, were those forums, were those meetings added on because there's self-conscious nature about the vacation?

MR. FLEISCHER: Heavens, no. Heavens, no. No. And I think you all know that. I think you all have an appreciation for how the White House has to set up its trips and its events sufficiently ahead of time. The economic forum was in the works for weeks. Again, this is just a silly town with a lot of silly potshots. And the President is looking forward to going home to Crawford.

Q Ari, the Defense Secretary Rumsfeld seems to be ruling out all options against Iraq except for military ones. I know you won't discuss details, but has the administration decided on what course of action to take against Saddam Hussein? And that includes what the scope of military action will be?

MR. FLEISCHER: Well, the President has not made any decisions. The President remains committed, however, to America's bipartisan policy of regime change through whatever means that would take, whether that's political, whether it's diplomatic, whether it's financial, whether it's military. But he's made no decisions.

But he does feel deeply, as the President has said in numerous speeches -- I'll cite for you the President gave when he visited Germany for example, where he said, "If we ignore this threat we invite certain blackmail and place millions of our citizens in grave

danger." The President at West Point also said, "We cannot defend America and our friends by hoping for the best. We cannot put our faith in the words of tyrants who solemnly sign nonproliferation treaties and then systematically break them. If we wait for the threats to fully materialize, we have waited too long."

Q Well, Congress has the right to declare a war; you know that, don't you? Preemptive war is not in this book.

MR. FLEISCHER: Connie.

Q In light of the cycle of violence in the Middle East, what is there to stop the Palestinians from unilaterally declaring a state -- certainly the U.N. would approve -- and would the U.S. recognize that if it's a state pledged to live in peace with Israel?

MR. FLEISCHER: The President has said that he believes in the creation of a Palestinian state, one that would allow Israel to live in peace and security next door. And the President has identified a timetable of three years for that to be accomplished.

I think that given the failure of the Palestinian Authority to even be able to take care of its citizens today and provide them with education, to provide them with health care, to address the humanitarian issues that are there -- the President would very much like to see a reform effort launched so that Palestinian people can have a viable, legitimate state that does represent their day to day, the daily aspirations that everybody has.

Q Ari, back to the GDP figures, because I'm clearly missing something. The figures today we got showed that the recession was deeper than we thought. The figures also show that we had a quarter of robust growth, 5 percent, followed by 1 percent, anemic growth. And, yet, the President is telling us we're heading in the right direction. Is this the direction he wants?

MR. FLEISCHER: No, that's why I said clearly that the President looked at the second quarter and he said it's not as strong as he wants. That's the President's words; you heard them yourself in the Cabinet Room. But what the President is reflecting is the fact that our economy has emerged from a three-quarter long -- from a nine-month-long recession. Following the nine month long recession we have now turned it around to the point where there have been three consecutive quarters of growth. The President wants to have more growth. Clearly, there was sufficient growth in the first quarter, robust growth. That is now 1.1 percentage points here in the spring quarter. And there are many tools that Congress has to provide more growth.

But equally important, Mark, inside those numbers, as I indicated, are the seeds of what the economists believe is greater growth next year. And as evidence of that -- that's what our government economists believe.

But the blue chip private forecasters, for example, they continue to project growth this year at 3 to 3.5 percent. So that's what even the private sector estimates. I think by every measure, 3 to 3.5 percent is solid growth.

Q You referred to the word -- you used the word "trend." And I just think the trend between the first quarter and the second quarter surely must be troubling.

MR. FLEISCHER: The trend between the first quarter and the second quarter is exactly as the President said, it's not enough growth. The trend between those first nine months of his administration and the last nine months as these projections show is that we have gone from recession to growth, and the President wants to make it even stronger growth.

So, again, you're -- it's just a question of what your starting date is, Mark. You can take a look, and if you measure from first quarter to second quarter, that's one way of measuring it. If you measure it over a longer period of time, you'll see we have emerged from a recession. And it's not atypical, in times of recovery, to have larger spikes at the beginning of the recovery, and then a slower, sustained period of growth. And that's why I was getting into the internal numbers which people look at -- not only government people, but the private sector blue-chip people. And they continue to see 3 to 3.5 percent growth for this year.

It gets to Steve's question. If there were ingredients in that number that pointed to the fact that this was a slowdown, and the future trend looked like it was continuing in that direction, the President would have indicated differently, and you'd hear that differently today. There's no evidence of that, however.

Wendell.

Q There is talk of an Israeli response to today's attack at the university. Would the White House counsel restraint here?

MR. FLEISCHER: I'm not going to get into any hypotheticals about what Israel will or will not do. As the President has said repeatedly, Israel does have the right to defend itself. And as Israel defends itself, the President always advises, be mindful of the consequences for peace down the road. But clearly, the President condemned this morning's attack, and it was horrific.

Heidi.

Q Back on Iraq. What is the President's level of skepticism that Saddam Hussein will eventually comply with a thorough weapons inspection effort?

MR. FLEISCHER: Well, it's high. The President's level of skepticism is high. Saddam Hussein has entered into agreements before that he has immediately violated. Saddam Hussein has told the world that he would allow weapons inspectors in, that he would

comply with their weapons inspections, that he would open all his plants and facilities to the weapons inspectors. And as history has shown, even while the weapons inspectors were there, he did not keep his word. He violated his agreements.

So the President begins this with the point of view, what's most important is the result of a weapons inspection, not so much the process -- the result being for the world to be assured that Iraq is not pursuing the development of weapons of mass destruction. Because Saddam Hussein has already shown that when he has weapons, he is willing to use them, and use them against his own people, even if they're chemical weapons of mass destruction.

Ron.

Q Does the President plan any additional efforts to salvage -- to try to salvage Pricilla Owen's nomination, now that it's been postponed?

MR. FLEISCHER: Well, the postponement actually allows the President to have more time and allows the administration to have more time to talk to some of the senators whose votes may be reachable. So the President hopes that this will allow for her confirmation. He's dedicated to it. He thinks she's an outstanding jurist and he hopes the Senate will act in a bipartisan way and not a partisan way.

This is another interesting case where the rules in the Senate just keep seeming to change, depending on what will stop legislation or people from moving forward. For instance, when it came to Medicare, the Finance Committee could have put together a bipartisan package, but the Senate leadership made a decision not to allow bipartisanship to take place in committee, so they pulled the bill out of committee and put it on the floor where, obviously, it didn't go anywhere.

Energy legislation met the same fate. A bipartisan energy plan could have been put together in the Senate Energy Committee. Senate leadership decided to kill it by pulling it from the committee and then they put it on the floor and a very different version of the bill passed.

When it comes to judicial nominations, the Senate leadership does just the opposite tact and they're content to bottle it up in committee in an attempt to kill it in committee. The one consistent action seems to be to thwart the bipartisan will of the Senate.

Q Do you think he can spring some votes on the committee?

MR. FLEISCHER: Well, the committee is the best place the Democrats have been finding to stop bipartisanship from taking place. The committee is not as bipartisan as the floor. Clearly, in some of the earlier nominations such as Judge Pickering, there were enough bipartisan votes to pass Judge Pickering on the floor, which is why the senate leadership decided to kill Judge Pickering's vote in committee.

So it's a constantly changing set of circumstances, but the result being the same, and that's to stop bipartisanship at a time where our nation is calling on people in Washington to focus on accomplishments and to focus on bipartisanship.

Q What I'm getting at is, what can you do about it in this case? It doesn't seem like you can swing many votes on the committee.

MR. FLEISCHER: Well, We'll just have to see, Ron. I can't give you any predictions, but the postponement does give the administration more time to talk to several of the individual democratic senators who maybe have more of an open mind.

Peter.

Q Ari, does the fact that at least one American was among the victims killed in the attack in Israel today have any impact on U.S. policy, U.S. strategy beyond what you've already stated?

MR. FLEISCHER: Let me make two points. One is, the President has addressed this and his remarks speak for whoever it is, of whatever background, whether it's Israelis, whether they're Arab Israelis, whether they're students from other nations who are at a university, or even if it was an American.

We're looking into the reports to verify the background of these people. As soon as I have something to confirm, I will try to get that to you. But terrorism is terrorism, and it takes people, regardless of their ethnicity or their background or the nationality. And that's what made this morning's attack on a campus, where campuses are supposed to be places of study and places of peace. And that's what makes this attack even more horrific.

Q Did the administration provide Senator Biden with an assurance that there would be no military action taken against Iraq before the elections?

MR. FLEISCHER: I'm not aware of anybody who's had conversations. I haven't looked into that. I'm aware of the statements that Senator Biden has made, but I have not found anybody here who talks about the timing of it, and whether anything is or is not going to happen in terms of timing. So I'm not in a position to confirm that. I just don't know.

Q Ari, back on Senate leadership. Has the President given up hope that Senator Daschle will schedule a vote on the faith-based legislation, the CARE Act, either this week or in the fall?

MR. FLEISCHER: He has not given up hope. There continue to be conversations with senators about the possibility of getting the CARE Act passed, perhaps this week. If the Senate were able to get it done this week, that would be a real mark of accomplishment and bipartisanship by the Senate, but also start to help the lives of a lot of low-income

people who can get a lot of resources from the federal government in a way to improve their lives.

David?

Q Ari, is the administration considering seeking congressional approval of military action against Iraq, as happened in 1990?

MR. FLEISCHER: I'm just not going to speculate about anything involving possible military efforts. I'm just not going to speculate about it.

Q Can you say that you'll at least seek some sort of congressional approval before anything happens?

MR. FLEISCHER: The only way to address that question is to speculate about the possibility of military action. And that's just a road I'm not going to travel.

Lester.

Q Ari, you remember that when a 28-year veteran CBS reporter, Bernard Goldberg, wrote his book, "Bias," the President was so impressed that he carried a copy with the title exposed past several alert photographers. Now, the National Press Club has just given its Press Criticism Award to William McGowan for his book, "Coloring the News," which is one of the most extensive and accurate journalistic indictments of the New York Times ever written. And my question is, surely if the President is so interested in the book, "Bias," you as his faithful Press Secretary have told him about "Covering the News" or have even gotten him a copy, haven't you, Ari?

MR. FLEISCHER: Lester, I have not, but you've peaked my interest.

Q Good. The major media have now reported that the FBI has been asked to investigate the intrusion of Yale's confidential admission web site and a record of the President's niece, Lauren. And my question is, you surely don't want the President -- the public to think that the President doesn't care about his niece or his alma mater or such Internet behavior, do you, Ari? So you asked the President about this yesterday?

MR. FLEISCHER: I have not talked to the President about it, Les.

Q Would you do it and get back to me, Ari?

MR. FLEISCHER: I think if there was something the President wanted to share with me about his family, he would have.

Q Can you just clarify, you said that -- can you confirm that there was one American that was killed in the suicide bombing --

MR. FLEISCHER: I cannot confirm that yet. We're looking into it. I've seen the reports and we're looking into it. I asked if that was something that it was accurate, I could confirm it here at the briefing. We're awaiting word to see whether that is or is not accurate.

Q Ari, the Senate Majority Leader said today, relating to Harken, called again for the administration to lay the record straight to "ask the SEC to open its records to let the American people know exactly what happened relating to Harken," that the President's credibility on the corporate accounting responsibility issue is at stake. Why not, if the President said today, we'll try to answer all your questions relating to Harken, why not ask the SEC to release them?

MR. FLEISCHER: Well, actually I don't know that there's any connection between a subsidiary operation. And anything the SEC has looked at, as you know, the SEC was involved in something totally separate from this. So it's really two different issues.

Q But more generally, this goes back to the question since the President held that first news conference about Harken. Why not ask the SEC --

MR. FLEISCHER: More generally, there's nothing different.

Q Ari, the EPA appears ready to release standards for how to respond to an attack on a chemical facility. Apparently, they've been ready to do this for some time. And there is some evidence that it's been the Office of Homeland Security that has slowed down the whole process of releasing this. Are you aware of this? Is there anything to that?

MR. FLEISCHER: This is the first I've heard about that.

THE PRESS: Thank you.

MR. FLEISCHER: Thank you.

END 2:03 P.M. EDT
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