

materialized. Saddam Hussein was a threat to the United States of America. America is safer today because Saddam Hussein is no longer in power.

Coalition forces drove Saddam Hussein from power, and a U.S. Army unit, led by a graduate of this school -- Colonel James Hickey, class of 1992 -- captured Saddam when he was hiding in a hole in the ground. Today, thanks to our courageous men and women in uniform, the former Iraqi dictator is sitting in a courtroom instead of a palace -- and he's now facing justice for his crimes.

The past three years since liberation, the Iraqi people have begun the difficult process of recovering from Saddam's repression. They're beginning to build a democracy on the rubble of his tyranny. They still face brutal and determined enemies: members of the deposed regime who dream of returning to power, other insurgents and foreign terrorists who dream of turning Iraq into what Afghanistan was under the Taliban -- a safe haven from which to plot and plan new attacks against America and our allies. The enemies of a free Iraq are determined to ignite a civil war, put the Iraqi people -- to pit the Iraqi people against one another, and to stop the country's democratic progress. Yet the Iraqi people are determined to live in freedom -- and America is determined to defeat the terrorists and we're determined to help the Iraqi people succeed.

America is doing its part to help the Iraqis build a democracy. Our nation can be proud of what our courageous men and women in uniform have accomplished in the past three years. Since liberation, our forces have captured or killed thousands of al Qaeda terrorists and other enemy fighters; we've freed Fallujah and Tal Afar and other Iraqi cities from the grip of the terrorists and the insurgents; we've trained Iraqi security forces so they increasingly can take the lead in the fight -- and eventually assume responsibility for the security of their country.

We have learned from our mistakes. We've adjusted our approach to meet the changing circumstances on the ground; we've adjusted depending upon the actions of the enemy. By pursuing a clear and flexible strategy in Iraq, we helped make it possible for Iraqis to choose their leaders and begin to assume the responsibilities of self-government and self-defense. In the past three years, our troops in Iraq have done everything expected of them, and more. They've brought freedom to Iraq, security to our country, and pride to the uniform -- and they have the gratitude of all Americans.

In the past three years, the Iraqi people have done their part. They defied death threats from the terrorists to cast ballots not one time, not twice, but three times -- and each election saw larger and broader turnout than the one that came before. Iraqis chose a transitional government, drafted the most progressive constitution in the Arab world, approved that constitution in a nationwide referendum, and voted for a new government under the new constitution. And in December elections for this government, despite the threats of violence and efforts to discourage Sunni participation, nearly 12 million Iraqis -- that's more than 75 percent of eligible voters -- turned out at the polls.

The Iraqi people have begun building a free society -- with a thriving free press, and hundreds of independent newspapers and magazines and talk radio shows where Iraqis openly debate the future course of their country. The Iraqi people have begun building a free economy -- with an independent central bank, and thousands of small businesses and a relatively stable currency. Iraqi people have stepped forward to fight for their freedom, as well. Despite repeated attacks on military and police recruiting stations, more than 250,000 Iraqis have volunteered to wear their country's uniform. These brave Iraqis are increasingly taking the lead in the fight against the terrorists and the insurgents. Today, there are more than 130 Iraqi Army and police combat battalions in the fight -- with more than 70 Iraqi battalions taking the lead. Iraqi units have assumed primary responsibility for more than 30,000 square miles of Iraq. We expect that Iraqi units will control more territory than the coalition by the end of 2006.

Iraqis are fighting bravely -- and many have given their lives in the battle for freedom for their country. And by their courage and sacrifice, the Iraqi soldiers and civilians have shown that they want to live in freedom -- and they're not going to let the terrorists take away their opportunity to live in a free society.

Now it's time for the Iraqi leaders to do their part and finish the job of forming a unity government. The people of Iraq have made their intentions clear. At great personal risk, they went to the polls to choose leaders in free elections. And now the leaders they've elected have a responsibility to come together to form a government that unifies all Iraqis. Secretary Rice was just in Baghdad, where she delivered a strong message from me: Iraq leaders need to rise to the moment, to put aside their personal agendas, and take charge of their destiny.

Iraqi leaders have taken some important steps forward. They have agreed to an agenda for the new government to take up once it assumes office -- including tough issues such as demobilization of the militias, protecting the rights of women, restoring Iraq's infrastructure, and building national institutions that will effectively represent all Iraqis. Iraqi leaders have also agreed to form a new national security council that includes all major political groups and representatives of the executive and legislative branches. And now they must take the next step and fill key leadership posts, so that a new government can begin its essential work.

I understand that putting aside differences to form a government is difficult. It was pretty hard for our country. Our first governing charter, the Articles of Confederation, failed, and it took us eight years before we adopted our Constitution and elected our first president under that Constitution. Iraqis are going to make mistakes, as well. They are undertaking a difficult process with little democratic experience and with the scars of nearly three decades of Saddam Hussein still fresh on their mind. Moving beyond past divisions to build a strong democracy requires strong leadership -- and now is the time for Iraqis to step up and show the leadership.

The Iraqi people have a right to expect it, and so do the American people. Americans have made great sacrifices to help Iraq get to this point. Iraqi voters risked their lives to go to the polls. Iraqi soldiers and police have given their time to make this moment possible. And so Americans and Iraqis alike are waiting and watching to see what this sacrifice will produce -- and we both expect results. In the words of one Iraqi newspaper, "The time has come for our politicians to save people from their suffering and crises. The Iraqi people are more sacred than government positions."

Forming a unity government is critical to defeating the terrorists and securing the peace. The terrorists and insurgents thrive in a political vacuum -- and the delay in forming a government is creating a vacuum that the terrorists and insurgents are working to exploit. The enemies of a free Iraq blew up the Golden Mosque in Samarra in the hope that this outrageous act would provoke reprisals and drag the nation into a civil war. This past Friday, suicide bombers blew up another Shia mosque in northern Baghdad. The longer Iraq's leaders delay in forming a unity government, the greater the risk that the terrorists and former regime elements will succeed in their efforts to foment division and to stop the progress of an Iraq democracy.

The terrorists know that the greatest threat to their aspirations is Iraqi self-government. And we know this from the terrorists' own words. In 2004, we intercepted a letter from Zarqawi to Osama bin Laden. In it, Zarqawi expressed his concern about "the gap that will emerge between us and the people of the land." He declared "democracy is coming." He went on to say, this will mean "suffocation" for the terrorists. Zarqawi laid out his strategy to stop democracy from taking root in Iraq. He wrote, "If we succeed in dragging the Shia into the arena of sectarian war, it will become possible to awaken the inattentive Sunnis as they feel imminent danger ... the only solution for us is to strike the religious, military, and other cadres among the Shia with blow after blow."

The advance of democracy is the terrorists' greatest fear. That's an interesting question, isn't it -- why would they fear democracy? What is it about freedom that frightens these killers? What is it about a liberty that causes these people to kill innocent women and children? To defeat them, Iraq

needs a democratic government that represents all Iraq, that reins in illegal militias, and earns the trust and confidence of all Iraqi communities. When Iraqis have such a government to lead and unite them, they will be in a stronger position to defeat their enemies and secure the future with a free country. When Iraqis have a democratic government in place, it will be a major victory for the cause of freedom. It will be a major defeat for the terrorists' aspirations to dominate the region and advance their hateful vision.

Once a government is formed, the international community must also do its part to help this young democracy succeed. Iraq needs greater international support -- particularly from its Arab neighbors. Arab leaders need to recognize that the choice in Iraq is between democracy and terrorism, and there is no middle ground. Success of Iraqi democracy is in their vital interests -- because if the terrorists prevail in Iraq, they will target other Arab nations.

The broader international community has responsibilities as well. So far, other nations and international organizations have pledged more than \$13 billion in assistance to Iraq. Iraqis are grateful for the promised aid -- and so is the United States. Yet many nations have been slow to make good on their commitments. I call on all governments that have pledged assistance to follow through with their promises as quickly as possible -- so that the people across the Middle East will see that democracy leads to a better life and a brighter future. The success of a free Iraq is in the interests of all free nations -- and none can afford to sit on the sidelines.

The formation of a unity government is a critical step -- but it's not going to bring an immediate end to the violence Americans are seeing on their TV screens. The terrorists are going to continue to spread chaos and carnage in Iraq, because they know the images of car bombs and beheadings horrify the American people. They know they can't defeat us on the battlefield -- and that the only way to win in Iraq is to break our will, and force us into an early retreat. Our enemies know what's at stake, and they are determined to stop the rise of a democratic Iraq -- and I am equally determined to stop them.

The decision to go to war is one of the most difficult a President can make. And in three years since our forces liberated Iraq, we've seen many contradictory images that are difficult for Americans to reconcile. On the one hand, we have seen images of great hope -- boys and girls back in school, and millions of Iraqis dipping their fingers in purple ink, or dancing in the streets, or celebrating their freedom. On the other hand, we have seen images of unimaginable despair -- bombs destroying hospitals, and hostages bound and executed. And this raises the question in the minds of many Americans -- which image will prevail? I'll give you my opinion: I believe that freedom will prevail in Iraq. I believe moms and dads everywhere want their children to grow up in safety and freedom. I believe freedom will prevail because the terrorists have nothing to offer the Iraqi people. I believe freedom will prevail because once people have tasted freedom, they will not accept a return to tyranny.

It's important for Americans to understand the stakes in Iraq. A free Iraq will be an ally in the war on terror. A free Iraq will be a partner in the struggle for peace and moderation in the Muslim world. A free Iraq will inspire democratic reformers from Damascus to Tehran, and send a signal across the broader Middle East that the future belongs not to terrorism but to freedom. A free Iraq will show the power of liberty to change the world. And as the Middle East grows in liberty and prosperity and hope, the terrorists will lose their safe havens and recruits, and America and other free nations will be more secure.

Today Iraq is free and sovereign -- and that freedom and sovereignty has come at a great price. Because Americans and Iraqis and troops from 17 other nations gave up their own futures so the Iraqi people could have a future of freedom, this world is better off, because of their sacrifice. America will honor their sacrifice by completing the mission in Iraq -- and Iraqi leaders have a responsibility to the fallen as well. By working together, we'll build a future of freedom for both our people. We're laying the foundation of peace for generations to come.

I appreciate your attention, and now I'll be glad to answer some questions. (Applause.) Please.

Q Mr. President, thank you very much for coming. We appreciate it. My question to you, Mr. President -- I'll preface it with a comment. Many of us here are aspiring policymakers. Many of us here hope to one day be in positions of leadership. And some of us may be faced with decisions -- very difficult decisions on the use of force and engaging in war. I was hoping that from your experience, you could share with us some wisdom or some insight -- not necessarily on tactics, but something we can take with us through our careers, that we can apply maybe at some point. Thank you.

THE PRESIDENT: Thanks for the question. I would encourage those of you studying here to be a part of policymaking for our government. It's -- it is a high honor to serve your country. And my first advice is, never use force until you've exhausted all diplomacy. I -- my second advice is, if you ever put anybody in harm's way, make sure they have got all the support of the government. My third advice is, don't make decisions on polls. Stand your ground if you think what you're doing [is] right.

Much of my decision about what we're discussing these days was affected by an event. Look, I -- during the 2000 campaign, I don't remember ever discussing with people what -- could I handle war, or could my opponent handle war. The war wasn't on our mind. War came unexpectedly. We didn't ask for the attack, but it came. And so much of the statements I make and have made since that war were a result of that attack.

I vowed then that I would use all assets of our power to win the war on terror. That's what I vowed. It -- the September 11th attacks affected me. It affected my thinking deeply. The most important job of the government is to protect the people from an attack. And so I said we were going to stay on the offense two ways: one, hunt down the enemy and bring them to justice, and take threats seriously; and two, spread freedom. And that's what we've been doing, and that's what I'm going to continue to do as the President.

I think about the war on terror all the time. Now, I understand there's a difference of opinion in a country. Some view the attack as kind of an isolated incident. I don't. I view it as a part of a strategy by a totalitarian, ideologically based group of people who've announced their intentions to spread that ideology and to attack us again. That's what they've said they're going to do. And the most dangerous -- the biggest danger facing our country is whether -- if the terrorists get a weapons of mass destruction to use. Now, perhaps some in our country think it's a -- that's a pipedream; I don't. I think it is a very real threat, and therefore, will spend my presidency rallying our assets -- intelligence assets, military assets, financial assets, diplomatic initiatives -- to keep the enemy off balance, and to bring them to justice.

Now, if you're going to be the President or a policymaker, you never know what's going to come. That's the interesting thing about the world in which we live. We're a influential nation, and so, therefore, many problems come to the Oval Office. And you don't know what those problems are going to be, which then argues for having smart people around. That's why you ought to serve in government if you're not going to be the President. You have a chance to influence policy by giving good recommendations to the President.

You got to listen in my line of work, and I listen a lot. Ours is a complex organization that requires a management structure that lets people come into the Oval Office and explain their positions. And I think it's to my interest, by the way, that not everybody agree all the time. You can't make good decisions unless there's a little -- kind of a little agitation in there. (Laughter.) And sometimes we have.

But anyway, good question. I guess, my answer to your question is, is that you got to be ready for the unexpected. And when you act, you base your decisions on principles. I'll tell you one principle -- I'm not going to filibuster, I promise -- but you got me going here, so -- (laughter.) I want you to understand this principle, and it's an important debate and it's worth debating here in this school, as to whether or not freedom is universal, whether or not it's a universal right of all men and women. It's an interesting part of the international dialogue today. And I think it is universal. And if you believe it's universal, I believe this country has -- should act on that concept of universality. And the reason I do is because I do believe freedom yields the peace.

And our foreign policy prior to my arrival was "if it seems okay, leave it alone." In other words, if it's nice and placid out there on the surface, it's okay, just let it sit. But unfortunately, beneath the surface was resentment and hatred, and that kind of resentment and hatred provided ample recruitment, fertile grounds for recruiting people that came and killed over 3,000 of our citizens. And therefore, I believe the way to defeat resentment is with freedom and liberty.

But if you don't believe it's universal, I can understand why you say, what's he doing, why is he doing that? If there's no such thing as the universality of freedom, then we might as well just isolate ourselves and hope for the best.

And so -- anyway, kind of rambling here. (Laughter.) Yes.

Q Mr. President, thanks very much for your visit today. We're honored by your visit. You mentioned the confluence of terror and weapons of mass destruction as the greatest threat to American security. Will the United States allow Iran to develop nuclear weapons?

THE PRESIDENT: Ah. (Laughter.) We do not want the Iranians to have a nuclear weapon, the capacity to make a nuclear weapon, or the knowledge as to how to make a nuclear weapon. That's our stated goal. It's also the goal, fortunately, of other -- of friends and allies, starting with Great Britain, Germany, and France.

One of the decisions I made early on was to have a multinational approach to sending messages -- clear messages to the Iranians that -- that if they want to be a part of the -- an accepted nation in the world, that they must give up their nuclear weapons ambitions. And we're making pretty good progress.

By the way, if you're studying how to achieve diplomatic ends, it might be worthwhile noting -- I think at least -- with the United States being the sole interlocutor between Iran, it makes it more difficult to achieve the objective of having the Iranians give up their nuclear weapons ambitions.

It's amazing that when we're in a bilateral position, or kind of just negotiating one on one, somehow the world ends up turning the tables on us. And I'm not going to put my country in that position -- our country in that position. Also, I think it's more effective that the three of us -- the four of us work closely together.

We've also included Russia into the dialogue. A couple of months back, you might remember there was a discussion about whether or not the Russians should be allowed to build -- or encouraged to build a civilian nuclear power plant, but the fuel of which would be provided and collected by the Russians. I supported that initiative. I thought it was difficult, on the one hand, to say that civilian nuclear power is a sovereign right of a nation, and on the other hand, not to then support the Russian initiative. And I did so. I also did so because I want Russia to be a part of the -- part of the team, trying to convince the Iranians to give up its nuclear weapons program.

Now, I want to emphasize this point, and that is, is that we're not only making sure they don't have the means to develop the weapon, but the knowledge. And that's why I was very strong in saying that they should not have -- that there should not be a research component involved with the Russian deal that will enable the Iranians to learn how to better enriched -- enrich uranium.

But our objective is to prevent them from having a nuclear weapon. And the good news is, is that many in the world have come to that conclusion. I got out a little early on the issue by saying, axis of evil. (Laughter.) But I meant it. I saw it as a problem. And now, many others have -- have come to the conclusion that the Iranians should not have a nuclear weapon.

The doctrine of prevention is to work together to prevent the Iranians from having a nuclear weapon. I know -- I know here in Washington prevention means force. It doesn't mean force, necessarily. In this case, it means diplomacy. And by the way, I read the articles in the newspapers this weekend. It was just wild speculation, by the way. What you're reading is wild speculation, which is -- it's kind of a -- happens quite frequently here in the nation's capital.

Yes. Please.

Q Thank you, Mr. President. It's an honor to have you here. I'm a first-year student in South Asia studies. My question is in regards to private military contractors. Uniform Code of Military Justice does not apply to these contractors in Iraq. I asked your Secretary of Defense a couple months ago what law governs their actions.

THE PRESIDENT: I was going to ask him. Go ahead. (Laughter.) Help. (Laughter.)

Q I was hoping your answer might be a little more specific. (Laughter.) Mr. Rumsfeld answered that Iraq has its own domestic laws which he assumed applied to those private military contractors. However, Iraq is clearly not currently capable of enforcing its laws, much less against -- over our American military contractors. I would submit to you that in this case, this is one case that privatization is not a solution. And, Mr. President, how do you propose to bring private military contractors under a system of law?

THE PRESIDENT: I appreciate that very much. I wasn't kidding -- (laughter.) I was going to -- I pick up the phone and say, Mr. Secretary, I've got an interesting question. (Laughter.) This is what delegation -- I don't mean to be dodging the question, although it's kind of convenient in this case, but never -- (laughter.) I really will -- I'm going to call the Secretary and say you brought up a very valid question, and what are we doing about it? That's how I work. I'm -- thanks. (Laughter.)

Yes, ma'am.

Q Hello, Mr. President. I have a follow-up question on your comments on polls. Your presidency has been a rather polarizing period in America. And occasionally your attitude towards protestors and dissenters has been perceived as being dismissive, and occasionally, then, cavalier. And I'm wondering how you feel that's contributed to the polarization in politics today, and if that approach will change, given that you have fallen somewhat in the polls.

THE PRESIDENT: Well -- (laughter) -- I take protest seriously. I mean, I -- by the way, I get protested all the time. (Laughter.) And I welcome it. I think this is the great thing about a democracy. There needs to be an outlet. If people feel like their government is not listening to them or doesn't agree with them, there ought to be an outlet for their discontent.

And so the protests really don't bother me. I hope that's not viewed as cavalier, but it's just the way I feel. And it's -- in terms of polls, you cannot have a President make decisions based upon the latest political survey. You got to have people making decisions based upon principle. And my attitude is, I'm going to do what I think is right.

I've got to be able to look at myself, by the way -- after the presidency -- in the mirror and say, I didn't come to Washington, D.C. to try to chase political opinion. I came to lead this country in a very historic time.

And you heard my discussion about my reaction after 9/11. That's what I believe. And that's what I'm going -- those are some of the beliefs on which I'm going to continue to make decisions.

But, no, I hear voices of discontent, and I'm just going to do the best I can do based upon what I think is right. There's too much flattery, too much ego, too much criticism, too much noise, too much politics, too much that for a President to try to kind of grope his way around looking at the latest public opinion poll. In my judgment, it doesn't serve the nation well.

A while ago at a press conference, I remember uttering one wonderful piece of wisdom, it's like a dog chasing his tail. It actually didn't fly that good. But, nevertheless, my point -- (laughter.) But thank you, it's a legitimate question. And so, to answer your question, yes, I hear the protests. And I can understand why. I can understand why people are concerned about war. Nobody likes war, particularly me. I knew exactly what was going to happen when I committed these troops into harm's way. I knew there would be -- people would lose their life. And I knew I'd be trying to comfort mothers and fathers and grieving wives. I knew exactly what was coming. And if I didn't think it was the right thing to do, I wouldn't have sent them. And if I didn't think we could succeed in Iraq, I'd pull them out.

And the good thing about a democracy is people can express themselves. We're fixing to have a huge immigration march today. And it's a sign that there's a -- this is an important issue that people feel strongly about. And I repeat to you, I strongly believe that societies in which you're not allowed to express yourself are societies which do breed resentment, and kind of bottled-up anxiety causes people to become very frustrated. And that's not healthy for a society.

Yes.

Q First let me say, thank you very much for being here and thank you for taking questions. I know we appreciate that. I'm a second-year master's student studying international energy policy.

THE PRESIDENT: International?

Q Energy policy.

THE PRESIDENT: Oh, good.

Q Sorry. (Laughter.) My question, sir, is, well, as Anthony alluded to earlier, and as you're aware, we have many students at SAIS who are currently working for or considering working for the State Department, the various intelligence agencies and such. And how do you respond to the recent report by Prosecutor Fitzgerald that there is, in his words, a concerted -- "evidence of a concerted effort by the White House to punish Joseph Wilson" who, himself, has a distinguished record of government service?

THE PRESIDENT: Yes. No, I -- this is -- there's an ongoing legal proceeding which precludes me from talking a lot about the case. There's also an ongoing investigation that's a serious investigation. I will say this, that after we liberated Iraq, there was questions in people's minds about the basis on which I made statements, in other words, going into Iraq. And so I decided to declassify the NIE for a reason. I wanted to see -- people to see what some of those statements were based on. So I wanted to see -- I wanted people to see the truth and thought it made sense for people to see the truth. And that's why I declassified the document.

You can't talk about -- you're not supposed to talk about classified information, and so I declassified the document. I thought it was important for people to get a better sense for why I was saying what I was saying in my speeches. And I felt I could do so without jeopardizing ongoing intelligence matters, and so I did.

And as far as the rest of the case goes, you're just going to have to let Mr. Fitzgerald complete his case. And I hope you understand that. It's a serious legal matter that we've got to be careful in making public statements about it.

Yes, please.

Q Good morning, Mr. President. Thank you for coming here today. I'd like to briefly turn you a moment -- turn your attention to the Asia Pacific, the security situation in Asia right now. Secretary Rice, last March, met with her counterparts in Japan and Australia in a security dialogue, discussing security issues in Asia Pacific. And this made many countries in the region very uncomfortable. They felt that this security dialogue may have been an effort to contain the "China threat." And mostly our alliance partners in South Korea, Singapore and Thailand have felt this uneasiness. Could you possibly elucidate for us your administration's strategy towards Asia Pacific, ahead of President Hu Jintao's visit to Washington? And was the dialogue a prelude to a NATO-like security structure in Asia Pacific?

THE PRESIDENT: Thanks for the question. We have worked hard to make sure relations with Japan, China and South Korea are on firm footing, and they are. First, the Japanese relationship is a close relationship. I'm personally fond of Prime Minister Koizumi. We have a close relationship and I've worked very closely with him on a variety of matters, starting with making sure our force posture is such that can -- that the Japanese are comfortable with.

I don't know if you saw the recent announcements about Okinawa, for example. You're beginning to see a defense relationship and alliance that stays intact, but is more attuned to the future. Secondly, he's committed troops into Iraq. He believes like I believe, that democracy helps keep the peace. We've worked closely in Afghanistan. In other words, we're partners in peace.

The South Korean issue is one, obviously, that's dominated primarily by North Korea. And I made the decision early on in the administration to

change the dynamics in that negotiation from the United States and North Korea, to the United States, China, Russia, South Korea, and Japan, called the six-party talks, all aiming to get people who have got a stake with North Korea at the table, all aiming, again, to send a united voice to the North Koreans.

I'm a little -- the North Korean nuclear issue disturbs me, but also equally disturbs me is the fact that people are being starved to death. And it should disturb the world. It should disturb all of us. The North Korea issue dominates my discussions with South Korea. However, there's a -- South Korea and America has committed ourselves to the peace that comes, or the balance that comes with the U.S. force presence there in South Korea, although it's been reduced, as well. We did not reduce force; we reduced manpower, as you probably know since you study it.

The issue that is on most Americans' mind, and the issue that really is the issue of the future in many ways, is China. And I would call our relationship with China very positive and complex. It's positive because we do have dialogue. It's positive because the Chinese leadership -- Hu Jintao and his predecessor -- were able to sit down and we had pretty frank discussions about a variety of issues.

On our agenda, of course, is trade -- fairness in trade, as well as human rights and freedom of religion. On their issue -- on their agenda has been in the past Taiwan, of course, which is a predominate issue. I've worked hard on that issue to make it clear that our position has not changed and we do not expect either party to unilaterally change the status quo.

And one of the things, of course, we work on is to -- would be very helpful if the Japanese and the Chinese had better relations, and the Japanese and the South Koreans. So we're spending time on that issue, as well, to try to bring a sense of -- to encourage more dialogue with -- amongst those parties.

Our presence in the Far East is really important. And so, therefore, my administration has been active in making sure we stay active in the region. The visit of Hu Jintao will be an interesting and important visit. He's coming into a country where there's an over \$200-billion trade deficit and a lot of Americans are wondering, where's the equity in trade? And therefore, I think he could help the Americans understand the importance of a free trading world if he were to maybe make a statement on his currency, for example.

I believe it's important for Americans to see a society that goes from being a -- having its economic growth driven by exports to one having its economic growth more by consumer demand inside the country. That's an important part of our dialogue with China.

It's very important for him to make a declaration on international property rights -- IPR. It's difficult for a nation that likes to trade, like ours, to go into a country uncertain as to whether or not patents will be protected, or product will be protected from copy. And so it will be a wide agenda.

The Far -- the Pacific area is a very important part of our foreign policy. It's one where we've got a very active presence, and we'll continue to keep one. We've got a free-trade agreement -- you mentioned Singapore -- we've got a free-trade agreement with Singapore. And it's our -- my relationship with these countries is based more than on just trade and commercialism. Mine is to work toward more democracy and freedom, as well, in the region so that we can keep the peace in the long run.

I keep repeating this, I know, but I firmly believe that one way you lay the foundation for peace is to spread liberty and freedom. And there -- again, I understand there's a debate. There's a legitimate debate. I'm just telling you what my position is. And I got something to say about it.

Yes.

Q Good morning, President Bush. I also feel very strongly about freedom, although I see it in terms of human trafficking. Your administration takes a very strong stance against prostitution. Because of that you do not disperse funds to a lot of very effective NGOs around the world who pragmatically combat sex trafficking by working with existing prostitution networks. There's no evidence right now that proves either legalizing prostitution or criminalizing prostitution has any effect in the change of sex-trafficking cases. Have you considered changing your ideas about prostitution for the purposes of helping either save or keep people from being enslaved in sex prostitution?

THE PRESIDENT: No, I appreciate it. I'm -- it sounds like I'm dodging here, but, again, you know more about this subject than I, and I will be glad to call Condi and talk to her about our policy. I thought we had a very robust strategy on exploitation of women and children, particularly around the world. I think I addressed this subject at the United Nations and was the only world leader to do. But as specifically about our position on prostitution, I'm going to have to talk to the Secretary about it.

Yes.

Q Morning, Mr. President. I have a more general question about the United States' work to democratize the rest of the world. Many have viewed the United States' effort to democratize the world -- especially nations in the Middle East -- as an imposition or invasion on their sovereign rights. Considering that it was, in fact, the Prophet Mohammed who established the first known constitution in the world -- I'm referring to the constitution he wrote for the city of Medina -- and that his life and the principles outlined in his constitution, such as the championing of the welfare of women, children and the poor, living as an equal among his people, dissolving disputes between the warring clans in Arabia, giving any man or woman in parliament the right to vote and guaranteeing respect for all religions, ironically parallel those principles that we hold most precious in our own Constitution. I'm wondering how might your recently formed Iraq Study Group under the U.S. Institute for Peace explore these striking similarities to forge a new relationship with Iraqis and educate Americans about the democratic principles inherent in Islam?

THE PRESIDENT: Great question. I believe that the terrorists have hijacked a peaceful religion in order to justify their behavior. I thank you for bringing that to my attention. I will pass on your comments to James A. Baker, who is one of the chairmen of the group going to Iraq.

See, you said something really interesting. Initially, you said, people view America imposing its beliefs. And I hearken back to what I said earlier -- this fellow's question here -- that if you believe that freedom is not universal, then it could be viewed as an imposition of beliefs. I'm not saying to countries, you've got to look like us or act like us, but I am saying, you know, give your people a chance to be free. And I think it's necessary for America to take the lead on this issue. I think it is -- I think it is vital for our future that we encourage liberty, and in this case, the Middle East. And as you said, it doesn't necessarily run contrary to what the Prophet Mohammad said.

It's a -- and so how do you advance freedom? I mean, well, one thing you do is you make sure that the Lebanese have a chance to self-govern freely without Syrian interference. It's one thing you can do. Another thing you can do is work for the establishment of a Palestinian state, which I'm doing. I believe that there will be a Palestinian state that is at peace with Israel. I believe it's going to have to be a democracy -- again, a Palestinian-style democracy -- to achieve that. But in my -- early in my presidency, I said it's in our interest that there be two states, side-by-side in peace, and we're working toward that end.

You know, part of the debate here that I'm sure you're discussing is whether or not the United States should insist upon elections before everything is right. You hear the -- the civil society has to be just right before you can have elections. I disagree strongly with that. I think elections are the beginning of the process, not the end.

And I found the elections that Hamas won very instructive and very interesting. It was -- to me, it was a final condemnation of the Arafat era, where people said, we're sick of corruption; we want better health care and better education; we want -- we actually want our leaders to focus on the people, not on their self interests.

And because I believe in two states, side-by-side in peace, and therefore expect the government of both to be peaceful toward each other, we're not going to deal with a government that has announced that they want to destroy Israel. On the other hand, we will help the Palestinian people. And I believe a democracy will eventually yield the state necessary to be side-by-side with Israel in peace.

The success of a democracy in Iraq -- and as I told you, I think we're going to succeed; as a matter of fact, I know we are if we don't lose our nerve -- will send a powerful signal. Imagine the signal it will send to people in Iran that are not free right now. I believe the women's movement is going to be the leading edge of changing the Middle East. I don't believe women want to live as second-class citizens. I believe -- I believe it's -- I believe there's a universal desire to be treated fairly and equally.

And so I think -- look, I'm pleased with the progress. I was reading the other day where Kuwaiti women are running for office. It's a positive sign, you know? We've got to be realistic about what's possible, but we've got to be firm in our belief that freedom is possible and necessary. Otherwise -- I'll repeat to you -- a system that says, okay, let's just tolerate the tyrant so long as everything seems okay, didn't work.

That's one of the lessons of the attack on the United States. You know, the world seemed fine, didn't it? It seemed kind of placid -- there was a bubble here, a bubble there. But everything seemed all right. And yet, beneath the surface, there was tremendous resentment. And it's now come to the -- and so how do you defeat their -- now, if you don't think they have a ideology or a point of view, and/or a strategy to impose it, you're not going to understand why you think the United States ought not to be as active as we are.

But I believe differently. I believe they're bound -- these folks are bound by an ideology. I know that they have got desires. They say it. This is one of -- this is a different -- this is a war in which the enemy actually speaks out loud. You heard the letter I wrote -- read from -- they didn't speak out loud on this one, but nevertheless, it's a -- we've got to take their word seriously. When the enemy speaks, it makes sense for our military, our intelligence, the President to take the word seriously so we can adapt and adjust.

Anyway, very interesting question. Thanks for bringing that to my attention. Yes, ma'am.

Q Hi, Mr. President. Thank you very much for coming to speak with us. I am studying international development. And you have alluded much to tensions beneath the surface of countries. A lot of times, this comes from economic underdevelopment and lack of economic opportunities. You haven't spoken directly about economic development this morning. And I would like to know where economic development lies on your priority list? And also, looking at countries that maybe haven't, in your words, gotten everything right in terms of political stability or democratization, is holding development funds -- keeping development funds from those countries actually counterproductive? Because if you can help the country to develop economically, maybe some of these underlying tensions might dissipate.

THE PRESIDENT: It's a great question. First of all, I'm a -- matter of fact, I met this morning with Rob Portman, head of the USTR, about the Doha Round of -- for the WTO. And the reason I did is because I'm a big believer that trade helps lift people out of poverty. As a matter of fact, if you really study the relationship between development aid versus capital and the movement of capital and who -- and how a society benefits more, it's because of trade and commerce.

And so we've been very active in this administration. AGOA, for example, is a free trade agreement with Africa. President Clinton passed it. I was more than happy to sign its extension, and we've been very hard [sic] in implementing it on the recognition that trade is a vital way for -- to help people get their economies up and running.

And so no question the economy is important. In the Palestinian territories, Jim Wolfensohn went over with a plan -- prior to the election, by the way -- with a plan to help the Palestinians develop their economy on the -- on the exact premise that you talk about. Economic development provides hope.

And so, you bet. It's an integral of our policy. We give a lot of aid out, by the way. We give aid to countries that may like us, may not like us, except in few instances. I have changed the development program, however, from -- let me say, I added on to the development programs to what's called the Millennium Challenge Account. And that is a conditional-based aid program. It's condition based upon poverty level, but it's also condition based upon behavior of government.

We should not be -- we should insist that governments fight corruption. It seems like to me it's a rational thing to do with taxpayers' money. And so part of the -- one of the criterion for the Millennium Challenge Account, it says, you don't get money if you don't fight corruption. We should insist that people invest in the health and education of their people. We should insist on marketplace reforms, open markets, so that people have a chance to realize the benefits of a growing economy. And we do. And so we give aid.

But the Millennium Challenge account is an additional program that is no question condition al-based, based upon I think rational criterion. I remember having the discussion with some friends of mine from another -- from another part of the world. They said, how can you insist upon conditions for the aid? I said, how can you not? Why does it not make sense to say, get rid of your corruption? Unless you people think -- unless people think that maybe the corruption is normal and necessary. It's not. A lot of people -- a lot of countries have suffered as a result of governments that didn't care about them.

The other thing we're doing aggressively is to fight hunger and disease. Part of making sure that an economy can take hold is a -- for example, for AGOA to be effective, there's got to be -- we got to do something about HIV/AIDS, and we are. We're spending about \$15 billion -- or will have spent \$15 billion over five years. And it's beginning to make a difference. And I'm real proud of our country, and I'm real proud of our friends and partners on the ground to get antiretroviral drugs to people, to help with prevention, to help take care of the orphans. And we feed a lot of people, too. Ours is a generous nation.

So the development program is more than just passing out aid. It is trade. It is insistent upon habits of government, and it's also fighting disease and hunger.

Yes.

Q Thank you, Mr. President, for coming to SAIS today. I'm a first-year master's candidate. In two years, the American political system will face a unique moment in its history, for, in fact, a sitting Vice President will decline the nomination for the presidency. What are the implications for the Republican Party, your legacy, and, if you could choose, who would your successor be? Thank you. (Laughter.)

THE PRESIDENT: I'm not through yet, you know. (Laughter.) It is -- I'm glad my Vice President is not running for President. Not that he would make a great President, but that it certainly changes the dynamics inside the White House. And it is an amazing moment, you're right. I guess it's the most wide-open race ever. Oh, it can't be "ever." "Ever" is too long. (Laughter.) But in a long time. (Laughter.)

I am going to spend two-and-a-half years charging as hard as I possibly can -- I want to sprint out of office. And I will be a interested observer, and I'm sure I'll be roped into moments after our party nominates a candidate, but I'm just going to let the politics run its course.

And I've got a lot to do. We've got -- listen, here are some of the challenges we face. We got to get off Middle Eastern oil, and therefore, we need to stay focused on a research and development initiative that helps us get away from fossil fuels, but also helps countries like India diversify away from fossil fuels. And that's why the agreement I reached with India is a very important agreement -- I thought that's what you were going to ask. (Laughter.)

And many of you are -- you look a lot younger than me -- (laughter) -- and so, therefore, you better be worried about Social Security and Medicare. Our balance sheet is, no question, affected by a current account deficit. But a looming issue is the unfunded liabilities inherent in Social Security. And the government needs to deal with it. The problem is, Washington is so political that, so far, it's -- well, if somebody looks good, somebody looks bad. And so I'm going to stay focused on that, as well, and hopefully get a bipartisan solution on Social Security and Medicare, so that we can say to a younger generation, we did our duty; we did something that's really hard to do. But we'd better get it done. The system is going broke and you're going to pay a lot.

The immigration debate is an important debate. I don't -- my point is -- and I'll be glad to opine on it if you like. I think we need to be -- understand that we're a nation of immigrants, that we ought to be compassionate about this debate and provide a -- obviously, we've got to secure the border and enforce the law. But one way to do so is to make sure that people who are coming in here to work have a legal -- get a card so they don't have to try to sneak across the border, which takes pressure off our border. People ought to be here on -- be able to work on a temporary basis, and if they want to become a citizen, after a series of steps they got to take, they get in line like everybody else -- not at the head of the line, but the end of the line. And if Congress wants to say, well, we need more people from a certain country, they expand the number of green cards available.

My point to you is, I got a lot to do and you're the beginning -- you're the leading edge of what's going to happen, I know -- particularly from our friends in the press corps, they're going to be asking these questions a lot -- so-and-so said this, what do you say about that, or so-and-so -- who are you for on this? And I'm going to do my job as the President.

Yes.

Q Good morning, Mr. President. Thank you for coming. I agree with your assertion that Iraq is going to serve as a model for reformers, democratic reformers in the Middle East. But at the same time, I believe that whenever the seas are rough, the despots of the Middle East keep their heads down until the winds blow, and then they continue to do the exact same thing they've been doing for generations. I'm wondering what pressures are we putting -- or planning to put on these despots, some of whom are allies?

And one point of correction to my colleague -- the first constitution was written by Hammurabi in Samaria, modern-day Iraq. (Laughter.)

THE PRESIDENT: I was going to say that, you know, but I wanted to -- (laughter and applause.) Each President has his own style about how we deal with different leaders. I believe that it's very important for people to be -- to listen. And therefore, I'm a person who does a lot of my work in private with these different leaders.

I talk frankly with people, but you can't have a frank discussion with somebody if you -- if they feel like you're going to hold them up for public ridicule or public criticism. And so for those of you who are thinking about being President, or being involved with diplomacy, you've got to think about how you deal with somebody you don't necessarily agree with, and how best to be effective.

And so I just will tell you, however, I'm constantly talking about the need for there to be democracy and reform. And there's plenty of leverage throughout our government. The President is not the sole voice when it comes to advancing the democracy agenda. You might notice Madam Secretary occasionally is outspoken in her -- as she travels the world, which is positive. But there are other ways to send the message, as well, that we believe strongly that countries ought to adapt -- have democratic habits.

I mentioned to you the notion of the women's movement in the Middle East. There is a way where the United States can effectively use NGOs -- and I recognize -- let me just say, I recognize sometimes if it says "Made in the USA" on it, it makes it more difficult to achieve certain reforms. And so we got to be wise about how we convince others to understand the importance of freedom. But we're -- I can just assure you that we're constant dialogue.

And I have had a lot of dialogue with the leaders that come to see me in reminding them that whole societies are those that recognize the importance of giving people a chance to express themselves. And you'll find in the Middle East, there's -- some people will say, well, what about such and such a group, they appear to be dangerous.

My answer is, if they've got support on the street, there's a reason. And if I were you, I would listen to the people better than they listen to the people. There's a reason why grass roots movements start. And one thing about democracy is, is that it forces the grass roots movement out in the open so people compete for ideas and for the will of the people in an open forum, not a closed forum. And it's those leaders that say, I fear the grass root movement, are those that eventually are going to get whipped unless they out-compete them -- out-compete them in a good sense, out-compete them for services, out-compete those who are stirring up the anxieties on the street by listening to the people and actually responding.

I know that's a foreign concept at -- sometimes, but nevertheless, it's a concept that ends up leading to a more whole society. And it's not easy work. We live in a world today where everything is supposed to happen yesterday. If you really think about Iraq, and it's tough -- I fully recognize it's difficult. And I know people are anxious and their hearts break when they see the loss of innocent life. But it was four months ago that there was one of the most amazing elections in the history of the Middle East -- four short months ago. It seems like a decade, doesn't it? At least it does to me. (Laughter.)

And so we're in a world where everything is like supposed to happen that way. But that's not the way it works. I believe what we're doing is putting those seeds in the ground. And it's important for future administrations to follow up, it seems like to me. And I said -- I thought I laid out a pretty good marker for the United States in my second inaugural address, that said, why don't we work to end tyranny -- it's a noble goal -- under the belief that people desire to be free. And people should live in freedom.

I told you, listen, I'm deeply concerned about societies in which people are starving to death, in which people are ravaged by HIV/AIDS. That's why we've taken the initiative in this country. And it's very important for the American people to feel good about that initiative, as well. It's not George Bush's initiative. It's the American people's initiative.

One of the principles that guides my policy is: To whom much is given, much is required. And I believe that's an essential part of the United States foreign policy.

I'll tell you another issue, now that I'm getting wound up, that you better consider and think about as future policymakers, is whether or not this country is going to succumb to protectionism and isolationism. And it's an interesting moment in our country's history. I put it in the State of the Union for a reason. I decided not to go with "here's the 42 things we're going to do to you or for you." (Laughter.) It's -- I talked about -- I talked about the themes. I'm serious about this now. And as young policy-makers, you need to seriously consider whether or not this country of ours is going to be confident enough to continue to lead. If we become isolationist, then we basically say, let them suffer. If we become isolationist, then we say, it doesn't matter if people live in freedom or not. If we become protectionist, we say, trade is okay, but we're more worried about competing in the world stage than we are helping developed nations grow.

And this is a serious debate that needs to be taken -- my position is clear. I'm absolutely for this United States of America staying engaged to the world. And we've got to be confident in the values -- listen, we were formed on the natural rights of men and women. Those weren't American rights. They were natural rights. There's something greater in our founding that speaks to kind of the universality of liberty.

And we ought to be confident about our ability to compete in trade. And I know it's difficult. I know it's hard if you're living in the Midwest and you lost your job, and somebody tells you you lost your job because of free trade. It's difficult for people. I know that. On the other hand, my judgment is if we put up walls and aren't willing to have free and fair trade, it will hurt the world economy and it will cause people to suffer here at home and abroad.

But this is a defining moment, in my judgment, on these debates. I've got a pretty good antennae. I'm able to -- see, I get a pretty good sense of how people are trending. And it's -- and I would hope that out of this school comes people who are confident in American values and confident in our ability to compete.

Now, we've got to do smart things, and we've got an economic debate going on here. I think if we run up taxes, it will hurt our economy and make us less competitive. I know we've got to do something about energy to make us competitive in the 21st century. We really have to make sure we've got kids who've got the skill set necessary to fill the jobs of the 21st century. I mean, there are things we've got to do to make sure we remain competitive. It just doesn't happen. But nevertheless, we shouldn't fear it. We shouldn't fear competition. Competition is good.

And so I just hope -- I hope -- look, I'm not telling you what your curriculum is, but it's something worth talking about. These are -- these happen to be the big trends of our society. And it's going to take, in my judgment, a future generation of people standing up, not losing our confidence. Look at the 1920s in our country's history. We shut down immigration, we had huge trade tariffs, and we were isolationist. And it didn't serve our country well, in my judgment.

All right, I've got to go to work. (Laughter.) This isn't work, this is enjoyable. I want to thank you all for giving me a chance to come by and visit with you. Thanks for considering serving our country. It's a noble calling. It's a noble calling, and worthwhile.

God bless you. (Applause.)

END 11:45 A.M. EST

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