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THE WHITE HOUSE

WASHINGTON

PHONE INTERVIEW WITH *THE UNION LEADER*

Friday, September 17, 2004

9:35 a.m. – 9:45 a.m.

Oval Office

Dan Bartlett

I. PURPOSE

To discuss the election, the economic outlook, the war on terror, and your agenda for the next four years.

II. BACKGROUND

You will be interviewed via telephone by John DiStaso, Senior Political Reporter for *The Union Leader* in Manchester, New Hampshire. You were interviewed by Mr. DiStaso during the 2000 presidential primary. In July 2004, he interviewed Karl Rove. He has been invited to the White House for reporter roundtables twice but has not been able to attend.

This article will run in conjunction with your upcoming visit to New Hampshire on Monday.

III. PARTICIPANTS

John DiStaso [duh-STAYS-oh], Senior Political Reporter, *The Union Leader*

Dan Bartlett, Assistant to the President for Communications

IV. SEQUENCE

- Ashley Kavanaugh connects you to Mr. DiStaso.
Note: Mr. DiStaso's primary phone number is 603-668-4321 (ext. 321).
The back-up number is 603-668-4321 (ext. 343).
- You conduct ten-minute phone interview.

V. REMARKS

None

VI. ATTACHMENTS

Biography of John DiStaso

Possible Questions and Answers (to be provided when available)

New Hampshire Background Information and Economic Indicators (to be provided when available)

BIOGRAPHY OF JOHN DISTASO

John DiStaso has been the lead political reporter at *The Union Leader* in Manchester, New Hampshire, and *New Hampshire Sunday News* since the mid-1980s. He has held the title of Senior Political Reporter for the past 10 years.

He has interviewed sitting Presidents Reagan, Clinton, and George H.W. Bush (as President in Kennebunkport and when he was Vice President). He also interviewed Vice President Al Gore.

DiStaso has covered seven New Hampshire presidential primaries and has appeared in several nationally televised debates.

POSSIBLE QUESTIONS AND ANSWERS

Q: How will the Administration's stance on Base Realignment and Closure (BRAC) affect New Hampshire, specifically the Portsmouth Naval Shipyard?

[Note: During interviews with regional media in New Mexico on Sunday, August 8, 2004, Senator Kerry said, "I'm going to stop the next round of BRAC, for the time being, because I intend to put my secretary of defense and my national security team on the mission of really determining where we are now." Kerry acknowledged he voted for legislation in 2001 that authorized the latest base closure round, but he said the world has changed since then. He said he would need more detailed information as president before he could move forward with plans to eliminate military bases while the Nation wages a war on terror. "I need the latest intelligence. I need the Joint Chiefs of Staff sitting in front of me. I need a level of accountability, which will empower me to make smart decisions," Kerry said. "And I'm not going to see BRAC move forward until I've done that. We're not in the same post-Cold War world we were in 1991 and '92 when the Soviet Union fell and everybody said, 'OK, now we can start folding up a lot of bases,' " Kerry said. "We've got a problem in North Korea; we've got a problem in Iran. We've got a problem with radical and Islam fundamentalism around the world. And I want a new assessment, a rapid assessment, from the best minds we have, without ideology, without politics, to make a judgment about where we're proceeding. And I'm not going to close any base or shut down any facility until I have on my desk a plan for America's long-term security and future."]

- Congress authorized a base realignment and closure (BRAC) round for 2005.
- The Administration would strongly oppose any amendments to weaken, delay, or repeal the base realignment and closure (BRAC) authority passed by the Congress. [The Administration has veto threats on bills that would do this in Congress right now.]
- Experience has taught us that the objective and comprehensive view of the community when thoroughly weighed by the Secretary of Defense and his military advisors produces a sound outcome that balances our security interests with taxpayers' interests.
- The Secretary of Defense is studying these questions closely and won't make any recommendations until next year.
- It will be a long process with many chances for public input.
- BRAC is integral to the effort to transform our Armed Forces to face the threats of the 21st century. It will convene to consider public input next year.

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Q: Senator Sununu voted in opposition to a Federal constitutional amendment outlawing gay marriages, because states should have control over this issue. How do you explain your position when it stands in direct opposition to such a fundamental conservative belief as states' rights?

- I strongly believe that marriage should be defined as a union between a man and a woman and that states play a critical role in the Amendment process, which was designed by the Framers to include federal and state participation. Without an amendment, judges in one state could threaten to redefine marriage for all Americans.
- This is a decision that should not be made by a few activist judges.

Q: At the 2000 Republican National Convention, the state of Delaware petitioned to go before New Hampshire in the presidential primary process. What do you think of New Hampshire's first-in-the-Nation status?

- This issue was not debated at the 2004 Republican National Convention.
- I support New Hampshire's historic role in the presidential election process.

Q: Governor Benson supports drug importation. What is your position on importation?

- I have worked to lower costs of medicines for all Americans by implementing a new Medicare drug benefit to cut drug costs in half, and by closing loopholes to speed the availability of safe, effective, and affordable generic medicines. American consumers will save an estimated \$35 billion over 10 years because of my generic drug rule.
- I believe my first responsibility is to ensure the safety of our drug supply. We have the strongest and safest regulatory structure in the world within the FDA.
 - Two Secretaries of HHS – one a Democrat and the other a Republican – have both found that it is unsafe to import drugs from other countries because of concerns that these drugs are contaminated, expired, or diluted drugs.
 - Secretary Tommy Thompson is conducting a study to determine what safety measures could be put in place to permit importation of prescription medicines without endangering the health and well-being of the American people.

Q: Senators Judd Gregg and John Sununu both voted against the Medicare Reform bill, with Senator Gregg calling it “the largest intergenerational tax increase in the history of this country.” Do you think your Medicare reform plan will hurt your re-election chances in New Hampshire?

My Medicare and Prescription Drug Plan

- After years of Washington promises, I signed into law the first-ever prescription drug benefit under Medicare with bipartisan support and the support of the AARP. This bill is the biggest improvement in senior health care since Medicare was established and will reduce the amount seniors pay for prescription drugs.
- The changes in Medicare are a 3-stage process:
 - First stage is issuing Drug Discount Cards, which are saving more than 4.3 million seniors an average of 15% - 30% on brand name drugs and even more on generics. In addition to these discounts, more than one million low-income beneficiaries are receiving a total of \$1,200 through the end of next year to buy their medicines.
 - The second stage happens next year, when Medicare expands coverage of preventive services – maintenance and screenings for seniors. In other words, for the first time in Medicare’s history, we’re now going to diagnose problems

before they become acute. If you act early to prevent problems from happening in the first place, it's good for the taxpayers. Medicare didn't do that in the past; we're going to do it now.

- Third stage: Starting in 2006, for the first time ever, there will be a voluntary prescription drug benefit available for people in Medicare. In exchange for a monthly premium of about \$35, seniors who currently lack coverage will reduce their prescription drug spending by about half. The benefit will provide the greatest help to those in greatest need. The program will cover 95% of a beneficiary's drug costs once they have spent \$3,600 out of their own pocket on prescriptions, and low-income seniors will pay no more than \$2 or \$5 per prescription.

John Kerry on Medicare and Prescription Drugs

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 - Kerry opposed and pledged to repeal prescription drug coverage under Medicare.
 - John Kerry skipped 36 of 38 votes on Medicare reform and the prescription drug benefit, including final passage of the bill. Kerry was one of only two senators to miss the final vote on the conference report.

Q: There was a recent study conducted in New Hampshire regarding mercury levels in the water. Environmentalists oppose the Bush Administration's proposal for an emissions cap-and-trade program that they say ignores the dangers of localized mercury "hotspots."

- I am very proud of the fact that my Administration will regulate mercury emissions from power plants for the very first time.
- My clean air policies are building on decades of consistent improvement in air quality and public health protections for all Americans. Over the last 30 years, major pollution has been cut nearly in half even as the economy more than doubled. In the last decade alone, airborne mercury emissions are down more than 40 percent.
- My Clear Skies legislation will steadily reduce sulfur dioxide, nitrogen oxide, and mercury from power plants by another 70 percent. The cap-and-trade approach in Clear Skies has been used for over a decade to cut the pollution responsible for Acid Rain – proving to be the most successful and certain way to cut air pollution from power plants.

- My Administration has also, for the first time, issued a joint FDA and EPA advisory to guide Americans to obtain the health benefits of eating fish and advise pregnant women and young children about which fish and how much should be eaten to stay healthy.

Hotspots

- Hotspots were a concern when Congress passed the Acid Rain program back in 1990. That did not happen. Markets work—they create incentives for big power plants to reduce their emission by more and sooner than required. This makes economic sense.
- We expect the same to happen under the Clear Skies rules. Based on EPA modeling, we do not expect hotspots will be a problem. We are committed to keeping an eye on this. States can also take local action if a problem arises.
- My proposal further makes sure that if the federal effort to cut mercury by 70 percent does not fully capture local effects, then the states are given authority to take further action locally to address any issue that remains.

John Kerry on Mercury Emissions

- Kerry supports a 1970's command-and-control approach and timelines that are unrealistic, unachievable and very costly for American consumers and businesses who depend on affordable energy. Kerry's plan would force fuel switching from coal to other more expensive energy sources. His plan would kill jobs and hurt consumers.
- More expensive natural gas will increase electricity bills and drive good manufacturing jobs out of America. The Kerry approach will also drain investment from and undermine the progress we are making to bring forward a new generation of clean coal technologies.

Q: Your critics claim that because of election year politics, you did not use your influence to force Congress to pass an extension of the Assault Weapons Ban. New Hampshire has a large population of sportsmen, how do you explain your position to people who are confused about where you stand; you have said that you support the extension, but you didn't act to make sure it was extended?

- There simply were not enough votes in Congress to renew the ban. I was for reauthorization of the current ban on semi-automatic weapons without expansion. As President, my focus has been on prosecuting criminals, including for crimes involving firearms. During the three years that my "Project Safe Neighborhoods" program has been in effect, there has been a 68 percent increase in Federal prosecutions for firearms-related crimes. The violent crime victimization rate is at

its lowest level in 30 years. (“Project Safe Neighborhoods” is a cooperative state/Federal partnership that you created in 2001 to target criminal misuse of firearms.)

Q. New Hampshire has used federal Medicaid dollars over the last 15 years to balance its state budgets. Your Administration is now proposing to block grants dollars back to New Hampshire. This would significantly cut the amount of federal dollars we received. Do you feel the state misused this money or should continue to receive the same amount? What does this do to the deficit?

- The proposal I offered to all the governors last year was not a block grant. It was voluntary to the states and it continued the guarantee to services under federal Medicaid law.
- It offered more money to the states in the short term to help states stabilize their budgets. But it was also budget neutral over a 10-year period. So, it was a good deal for the states and the federal government alike.
- The heart of our proposal was to help individuals with disabilities and senior citizens live in their own homes and communities rather than in institutions.
- When you combine state and federal dollars, Medicaid is larger than Medicare. The governors realize they need to modernize the program; we are basically running the program the way it was first designed more than 35 years ago.
- Governor Benson was just in Washington to meet with Secretary Thompson to share some ideas on improving Medicaid. The focus is on improving primary care services, preventive services, managing complex medical conditions, which in turn reduces trips to the emergency rooms, hospitalizations, and institutional care. We need to spend our dollars more wisely which will result in better care at a lower cost to the taxpayer.

NEW HAMPSHIRE BACKGROUND INFORMATION AND ECONOMIC INDICATORS

According to data released early by the State of New Hampshire, the unemployment rate went down in August to 3.7% (down 0.2% since July 2004). The Department of Labor will certify these numbers at 10:00 a.m. on Friday, September 17, and will announce the number of jobs created in New Hampshire in the month of August.

New Hampshire's Economy is Growing

- New Hampshire's economy added 2,900 payroll jobs in July 2004, including 700 jobs in manufacturing. As of July 2004, it had 12,400 more payroll jobs than a year ago.
- New Hampshire personal incomes increased 1.2% to \$46.2 billion during the first quarter of 2004. On a per capita basis, personal incomes increased \$717 to \$34,702 last year.
- New Hampshire housing values increased 9% in the past year. Over the last five years, home values have risen by 71.3%.
- New Hampshire exported \$541 million in goods and services in the first three months of 2004. That's 19% more than a year ago. 37,000 manufacturing jobs in New Hampshire – one out of five manufacturing jobs – are reliant on trade.

[Note: Last year, more than 19,000 people from Kerry's home state of Massachusetts moved to New Hampshire, many of them seeking refuge from high taxes and housing prices in a state that has neither an income nor a general sales tax. Half that number moved in the opposite direction.]

Jobs and Growth

- More than 525,000 taxpayers in New Hampshire have seen their income tax bills reduced.
- Over 120,000 small business taxpayers in New Hampshire have additional tax savings to invest in new equipment, expand facilities and hire additional workers.
- More than 180,000 married couples in New Hampshire are benefiting from marriage penalty relief.
- Over 125,000 families in New Hampshire have benefited from the increase in the child tax credit from \$600 to \$1,000.

War on Terror

- As of early this month, three Granite Staters have been killed in Iraq. None have been killed in Afghanistan.
- 1,535 members of the Guard and Reserve from New Hampshire are deployed in both Afghanistan and Iraq.
- 803 Active Duty military personnel from New Hampshire are deployed in Iraq and Afghanistan.

Education

- New Hampshire would receive more than \$31 million in Title I funding for the No Child Left Behind Act in FY 2005, an 8.1% increase over FY 2004 and a 44.4% increase over FY 2001.
- As a result of your budget, New Hampshire would receive more than \$45 million for Individuals with Disabilities Education Act (IDEA) special education funding, a 9% increase over FY 2004 and a 67% increase over FY 2001.