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**Press Briefing by Press Secretary Jay Carney, 7/7/2011****James S. Brady Press Briefing Room**

1:06 P.M. EDT

MR. CARNEY: Thank you all. Get set up here. We'll let that be my topper and I'll go straight to questions.

Mr. Feller.

Q Thanks, Jay. The President said that the talks were very constructive but also that they're -- the sides are still far apart on a range of issues. Can you offer any detail at all about what progress was made specifically?

MR. CARNEY: No. We are committing --

Q Thank you.

MR. CARNEY: Yes, I could end there if you like. There is a commitment among the folks in the room, as there was a commitment among the folks in the room when the Vice President was leading those negotiations, not to read out the content and the specifics of these meetings -- not because there's an interest in secrecy or hiding or anything like that, but because it preserves an environment that allows real progress to be made.

That is why the President just now did not get into specifics and why I will not get into specifics. There was a constructive tenor set. As the President said, he felt that participants came in the spirit of compromise, but, as he said, there are significant differences that remain on key issues.

And that's why staffs will work over the next 48 hours very hard, why leaders will be talking among themselves; members will be talking among themselves. They'll be talking with senior folks over here, including the President and the Vice President, probably. But the content and specifics of this meeting and others we're not going to read out.

Q A couple others, please. You put out a statement earlier that suggested there's nothing really new in terms of the role of Social Security in this debate, going back to what the President said in the State of the Union. But one detail that does seem to be new is the possibility of changing the way cost of living increases are laid out, changing the inflation measure and it could result in smaller increases. Is that not the case?

MR. CARNEY: Let me just be clear, as I think I tried to be in the statement I gave to all of you. This story is really not new at all. The President has -- in fact, it essentially was written back when the President delivered his State of the Union address and he talked about his openness to doing things to strengthen Social Security, things that would not slash benefits.

But he also made very clear that we do not believe -- and a lot of independent economists back up our contention -- that Social Security is an issue in the near- and medium-term deficit. So when you talk about deficit reduction, dealing with the issues that have been before us in these negotiations for these many weeks, Social Security is not a factor.

But it also remains true, as he made clear in the State of the Union, that he is willing to and thinks it's important to talk about the long-term strength of Social Security. And it is also true, as he has made clear -- and the Vice President and others -- that they have created an atmosphere -- or tried to -- an environment, in the negotiations that they've had where everybody, every participant, feels that he or she can bring to the room issues that they think are important. And that's what we mean by -- when we say everything is on the table. But it does not mean that the President's position has changed at all.

Q Well, I'm just asking about that one --

MR. CARNEY: Well, you're asking about a specific that I'm not going to get into. But I think it's clear from what I have been willing to say, and clear from the position the President enunciated at his State of the Union address and I just reiterated here, that we do not believe, and we think there is ample economic evidence to back this up, that Social Security is really an issue when we talk about our near- and medium-term deficits.

Q One other. Can you update us on the deadline that the parties are working under, not the August 2nd debt limit but the real deadline to get this done, in particular because this meeting happening on Sunday -- I'm wondering why they're meeting on Sunday as opposed to Monday or some other date.

MR. CARNEY: Well, I think that reflects the sense of urgency that everyone shares. As the President said, there is a recognition in the room that while we have to make sure the United States does not default on its

obligations, that deadline, as you said, is August 2nd. You have to work back from there -- and this is a little bit of an imprecise science -- but you have to work back from there to allow for what it would take to write and pass legislation that would take care of this issue.

So without putting a date on it, we're in the end game here because of the absolute August 2nd deadline that does represent the point at which the United States could default on its obligations.

Q Thanks.

MR. CARNEY: Yes, Caren.

Q So is July 22nd still the date that you're --

MR. CARNEY: Well, I think that was -- again, I think I just explained this, that is an imprecise -- this is working back from an August 2nd date, recognizing the way that Congress works and the pace at which it works, even under duress, that there needs to be some time to produce a product and pass it. So I think this was a date that emerged in the context of a rough estimate of what it would take. This is not -- the 22nd is not a hard deadline, but it is an assertion of the recognition that obviously it all can't happen on August 2nd.

Q And on Social Security, you said that the President's position hasn't changed from what he said in the State of the Union, but what is new is that this might be a part of the talks. So are you confirming that it's part of the talks now?

MR. CARNEY: What I simply said is that the President and the Vice President in the negotiations that they have led have created an environment, quite consciously, that allows for anyone, any participant who's there in good faith, to bring to the table any issue that he or she thinks is relevant or important. And that means bringing the House Republican plan to the table.

Obviously there are elements of that that we simply categorically disagree with, but the Ryan plan was brought to the table. There are elements of the President's framework that Republicans disagree with, but we brought that to the table. Simpson-Bowles, Rivlin-Domenici, Gang of Six ideas, that sort of thing.

So that's what we mean. So to use terminology is -- different things, part of the talks are on the table -- it's not -- we have not ruled anything out as an issue to talk about. But that doesn't change the position that the President takes or the limits beyond which he will not go on any issue of significance.

Q And just on the progress that he said was made, was there a specific breakthrough at this meeting that has made you optimistic, or was the real progress made over the weekend that laid the groundwork for this? Where are things now?

MR. CARNEY: Look, there has been a lot of work going on for weeks now, represented in large part by the Biden negotiations; also, in obviously meetings between staffs and consultations between various folks. This was another step in that process, an important step to bring the eight leaders of Congress here in a meeting with the President and the Vice President to further these discussions. Because in the end, obviously, something that has to go through Congress has to have all the leaders engaged.

So there's no -- again, going back to what I said to Ben, I'm not going to get into specifics but I can say that there's not a specific breakthrough that happened today, but there was a constructive atmosphere and a recognition that we all need to continue working towards this. And that is why there will be work done in the next several days and then the President will have the same group back on Sunday.

Jake.

Q The White House -- White House officials have repeatedly said that this cannot pass the House with just Republican votes; it needs Democratic votes as well. What outreach has President Obama done? What conversations has he had with Democratic leaders in terms of trying to get their rank and file onboard with whatever --

MR. CARNEY: Well, as you know, he met with the Democratic caucus in the House, the Democratic caucus in the Senate. He has had regular conversations with the leaders of both houses in the Democratic Party. And those continue.

Q But what has he told -- in terms of assurances, in terms of their concern about being reelected if they vote for a plan that cuts benefits for --

MR. CARNEY: He has told them exactly what he's told you and the American people about the need -- the greater good here that needs to be reached for, which is significant agreement on deficit reduction created by an opportunity that does not come very often and has not come in Washington since the mid-'90s, and that that is good for America, it's good for Democrats and it's good for Republicans, and that we ought to do it.

I mean, really, the message is not very complicated. The issues here have been substantive and not political

because this is really a case where good policy is good politics.

Q I'm also wondering if you have any response to the fact that one of the leading Republican presidential candidates, Michele Bachmann, who is a member of Congress and will vote on this, who has said that she will not vote to raise the debt ceiling, that that is --

MR. CARNEY: There may be other members who feel that way. We obviously disagree strongly and think that it's a -- it would be a mistake not to do that because we are talking here about the United States of America defaulting on its obligations for the first time in its history. The consequences of that -- as Ronald Reagan believed, as President Obama believes -- would be significant and unpredictable and in no way positive. They would definitely be negative. The question is just how seriously negative, and I think there's ample evidence to suggest that it would be quite serious.

Chip. Oh, sorry. Okay.

Q Is this my order?

MR. CARNEY: How are you? Are you -- yes, you're up.

Q It's my first. This is my order. Can I ask, strategically, why the administration believes it's feasible to get a \$4 trillion deal done in two weeks when you've been unable to negotiate a \$2 trillion deal in more than two months?

MR. CARNEY: Well, I think you're making assumptions about numbers that are not ones that I'm going to concede. We think -- we have said that a big deal is possible and should be sought and reached for, and by a big deal we mean in the range of the roughly \$4 trillion in deficit reduction that the President put forward over 10 to 12 years; that the budget that emerged from the House from the Republicans put forward -- Simpson-Bowles, Domenici-Rivlin, et cetera, Gang of Six -- that that is the context of a big deal. How close it gets to \$4 million [sic] is not really the issue.

And to answer your question why does -- something big doesn't happen until the end. I mean, that's the way these things always work. We have made very clear that because of the consequences of even approaching the August 2nd deadline that Congress should not postpone final action on this until right up until the deadline. But these are hard issues. So, as the Vice President has said and the President said again just now, this is a situation where nothing is agreed upon until everything is agreed upon. So no matter how large the size of savings in an agreement, that would be true if you were at one penny short of \$2 trillion or one penny short of \$4 trillion. It would not come together until the very end.

Q Was the atmosphere, the constructive atmosphere more constructive with the big deal?

MR. CARNEY: Look, I think that there is an appreciation within Congress that this is an opportunity and that there is something transcendent about the possibility of achieving significant deficit reduction that makes the achievement of the kind of deficit reduction and fiscally responsible measures that makes the pain involved for everyone that a compromise would represent more tolerable.

You would not want to give on an issue that is hard for you as a Republican or a Democrat if the reward is not significant. And the reward here for both parties is the opportunity to significantly reduce the deficit, send the message that we're getting our fiscal house in order, and providing, therefore, the confidence in the American economy that will help us grow faster and create jobs faster. That's the reward that everyone seeks here.

And the price for that reward is the willingness to compromise and move off of your starting position, to accept the fact that you're not going to get 100 percent of what you want. The plan you came to the table with will not be the plan that you leave the table with. And I think that that is what the President has asked every participant to acknowledge and accept, and that's why I think he feels pleased with the tone in the room today -- recognizing, as he did, that there are significant differences, and we're not going to ignore that fact. There's a lot to be resolved.

Chip.

Q Jay, you said -- you said, the President, and everybody says -- almost everybody says that everything has got to be on the table. But just this morning John Boehner said everything is on the table except raising taxes on the American people. Are they still -- were they still that intransigent in there? And is there any reason to believe that they're going to back down from that hard position?

MR. CARNEY: Well, I'm not going to get into specifics about what went on in the room, but I think that there is -- there was a constructive atmosphere. A lot has been said and I'm not going to interpret the words of a member of Congress, except to say that everyone recognizes that a significant deal cannot pass this Congress that does not have a balance -- that does not take a balanced approach.

So to achieve something significant requires balance, requires an acknowledgment in fact and in deed -- or an acknowledgment not just in word, rather, but in deed that savings has to come -- will have to come from discretionary spending; cuts in programs, in some cases that Democrats and the President will see as painful but necessary: cuts in defense spending that are significant but protect our national security: cuts in entitlement

spending; savings that we can extract to reduce health care costs without putting the onus on seniors or the disabled; and cuts in tax spending.

And that's the only way that you can plausibly get a big deal. It's the only fair and responsible way. And it's certainly the only way that you can get to a deal that will pass this Congress and be signed by this President if you want a deal that's significant in size.

Q Back on the question -- so if they don't back off that position, there's no deal?

MR. CARNEY: Again, this -- there's a lot of positioning that takes place -- and I mean this broadly, not in reference to a single member or a single statement -- and then there is the reality of what everyone recognizes has to take place in order to achieve a significant deal.

Q On the tone, it was just yesterday that the President suggested the Republicans were using the debt limit as a gun to the head of the American people to expect tax breaks for corporate jets and with the oil and gas industry. I take it his tone --

MR. CARNEY: Well, he suggested that some have that approach. Those who would not vote to raise the debt ceiling either under any circumstance or without the success of their absolutist position, which is impossible -- therefore they won't vote to raise the debt ceiling. So that is in essence holding a gun to the head of the American people because make no mistake, the specific consequences of default may be unknowable or unpredictable, but we know they will be seriously negative and they will impact -- they will have an impact directly on the American people. They will have an effect on growth, they will have an effect on job creation, they will have an effect on interest rates -- very quickly. And the uncertainty created even by approaching that deadline will have negative consequences.

So I think that's what the President meant. I know that's what the President meant. But that does not mean that -- I mean, the fact that some people hold that view or take that position does mean that a majority of Congress or even a majority of one party holds that view.

Q But were there -- last question. Were there contentious or tense moments in there today?

MR. CARNEY: It was a very constructive atmosphere.

Q Just like in here. (Laughter.)

MR. CARNEY: Yes, actually, very collegial, very constructive. I appreciate that. I can say there were no tense moments when I was in the room, and I wasn't in there the whole time, but not when I was in the room.

Q Is everyone involved in the talks onboard with the "big deal" concept now, the closer to \$4 trillion rather than \$2 trillion in deficit reduction?

MR. CARNEY: I don't want to characterize, again, how each -- you know, when you say "everyone," that's eight members plus the President and the Vice President. So that would -- I'm not going to say that every member accepted a certain proposition. I can simply say that there was a recognition that we need to work hard, we need to try to get to a big deal. You'll have to go -- we have some faith and confidence that everyone recognizes the importance of not reading out every detail of all of these meetings. But in terms of the general tone and sense that each participant has about the meeting, obviously they may have something to say about that.

Q All right, we'll move away from the meetings themselves and talk about the President's proposal, which as I understand was \$4 trillion over 12 years. There's some criticism that the majority of the cuts are backloaded in the last two, so that a 10-year timeframe for the President's proposal is unworkable.

MR. CARNEY: In what sense?

Q In that you would not even come close to the number of -- even half the \$4 trillion over a 10-year period of time.

MR. CARNEY: It's been awhile since I had the details of the President's framework on the tip of my tongue, but I don't think that's accurate, actually. But the President's framework represents \$4 trillion in savings over 12 years. There is significant savings in the President's framework in 10 years.

I had also said, I think, and I made quite clear, that nobody's framework, nobody's plan is going to be the plan that emerges. No single plan -- whether it's the President's or the House Republican plan, or anybody else's -- is going to be the plan that emerges from these negotiations as the final product. The President has made clear that he accepts the responsibility and the need to compromise and that he won't get everything that he wants, that he will have to make tough choices. And he is calling on others to do the same.

Q In your statement today about Social Security, you assured that benefits would not be cut. And the House progressives spoke today and said it's going to be a tough sell to seniors. What don't they understand about the President's proposal?

MR. CARNEY: Again, the President's position on Social Security and addressing Social Security has been explicit since he uttered it in front of millions of viewers in the joint session of Congress at the State of the Union in January. And that is the position that I repeated today in my statement, and that is the position he holds today.

The reason why I issued the statement is because there was a misperception created by some reporting about what -- like the idea that the President put forward some plan related to these talks affecting Social Security, and that's simply not the case. The President's position on Social Security is today what it was in January. And I think the most important point to understand is that his position is the position held by many, and I would say most, credible economists that Social Security is not a contributor to our short- and medium-term deficit problem.

So when you're building a plan to deal with our short- and medium-term deficit problem, Social Security is not an issue. So when we talk about entitlement savings and the kinds that the President has put forward, in addition to the ones he found in the Affordable Care Act, we're talking about savings from Medicare and Medicaid to the cost of health care, and not savings that put added burdens on beneficiaries.

Q So why is it involved then?

MR. CARNEY: You were here, right? I just went through this where we have said that everything -- any issue that any participant in these negotiations who is there in good faith -- and we believe they have been there in good faith -- wants to bring into the room for discussion and to raise, they are welcome to do so. Just -- but that does not make them viable options for an outcome or something that the President is going to agree to or necessarily other members might agree to. But we have not put restrictions on what can be brought into the room or put on the table to use the variety of sort of --

Q I guess with the deadline looming, the suggestion is the only things on the table are things that will pay benefits toward the goal you're trying to achieve. If Social Security is not a significant contributor --

MR. CARNEY: The President put forward a plan with \$480 billion in savings in Medicare and Medicaid over 12 years that does not overly burden seniors but finds savings in the cost of health care. So that's simply not the case. And the savings that are represented in the Affordable Care Act are savings that Republicans want to gather as well. So -- and those do not represent -- do not cause harm to seniors or to beneficiaries. So I reject that premise.

Q Jay, I don't mean to harp on this, but how is this not a policy change? The President specifically said it should not be included, and then now you guys are acknowledging it's included in the talks.

MR. CARNEY: The President has said since January that he is willing and eager to have discussions about Social Security --

Q But not -- but he always -- was specific to say not connected to this stuff.

MR. CARNEY: He has always said that it is not connected to the short- and medium-term deficit problems that we face as a nation. It doesn't mean that he's not willing to talk about, as a separate matter, as he has made clear since January, the need to strengthen Social Security in the long term in a way that doesn't slash benefits.

Q How is it a separate matter today?

MR. CARNEY: But what he has also said -- and, again, I don't want to make too much about what people seem to think has been going on in the room. I'm hamstrung a little bit by the fact that I'm not going to discuss details. But sometimes there are sources for stories that -- people who source stories have agendas. The fact is the President's position has not changed at all since January. He has also said that anybody who wants to --

Q So there is no deal that comes out of this that's going to include Social Security?

MR. CARNEY: I'm not going to characterize what would be in or out of a deal.

Q Well, that was the President's position.

MR. CARNEY: Look, you could -- if somebody felt it was very important to talk about -- go abstract so nobody thinks I'm -- some policy that had nothing to do with even economic -- we're not excluding things from the room. But what doesn't change is the fact that Social Security is not a driver of our short- and medium-term deficits; that when you're talking about a deficit reduction plan, it is addressing just that and trying to glean up to \$4 trillion of savings over 10 to 12 years. Social Security is not a player in that.

Q So if it's included in the final deal, then it's a policy change?

MR. CARNEY: I'm not --

Q Fair?

MR. CARNEY: No. And I'm not even suggesting that it will be. But it depends on -- like you can attach -- you could attach anything to this that may not have anything to do with dealing with our short- or medium-term deficit. And I'm not suggesting that this will be. Again, I want to make clear there is no news in the story that pretended to be news this morning. But the -- (laughter) --

Q She's not even here to defend herself.

MR. CARNEY: Well, there are headline writers, too.

Q All right, let me ask -- there is an empty chair.

MR. CARNEY: Yes, there is an empty chair for the organization that produced that story.

Q I was confused by something. The President said Sunday was about coming in with your bottom lines; that that's what everybody has got to come back to. So that implies that nobody had their bottom line today?

MR. CARNEY: Well, this group has not met, at least not recently, on this issue, and it was important for this meeting to take place as a way to move the process forward. This was not --

Q This was a surprise? Nobody came prepared for a bottom line today?

MR. CARNEY: Again, I'm not getting into details in the meetings. And I go back to what I said yesterday -- people are very aware of what the parameters of the discussion is here, when we're talking about how do we reduce our deficit significantly over 10 to a dozen years, and how we need to do that in what we think is a balanced way, in a way that can actually pass Congress and be signed into law, and how we need to make sure that the United States doesn't default on its obligations.

So obviously there have been a lot of discussions up to this point -- there have been the Biden negotiations and obviously other discussions -- so there is an understanding of where we stand, what the issues are. But what did not happen here was any sort of "this is as far as I will go on this," or "this is as far as I will go on that." There was --

Q So you're asking --

MR. CARNEY: There was a discussion -- no -- there was a discussion of the various issues and the fact that -- and it was established what people knew, which is that there are differences, significant in some cases, in a variety of areas. And the President is inviting -- or asking, and participants are willingly accepting, the charge that we need to go back over the next several days and work on these issues and then for these participants to come back on Sunday to move these discussions even further down the road.

Q I guess I'm just confused by the President's use of "bottom line." They didn't have it today, and the expectation is on Sunday they better have it?

MR. CARNEY: Well, I can't improve upon his words. I think he did expect that people will have bottom lines on Sunday, yes.

Q One more on that sort of point. Will the staffs of the eight leaders and White House staff tasked with driving towards \$4 trillion -- is there a number -- I mean, is that what they're supposed to do between now and Sunday?

MR. CARNEY: I think we shouldn't get hung up on a specific number, just because this is a bit like a jigsaw puzzle, and to go to the context of what's in the room and what's not and how you -- if the puzzle is 60 pieces but there are 100 pieces on the table, and you have to find the pieces that all fit together and then add them up, if they all have values, and whether that's -- what we're looking for here is a significant deal that goes significantly beyond sort of the lower dollar figures that we've talked about and gets you in the range of, not necessarily hitting or precisely -- slightly below, slightly below -- but gets you in the range of what everyone has talked about as a significant deal. But I don't want to say that if it's a few dollars short of this or a few dollars over that we've missed a target, because we don't have a specific dollar target. Bigness is our target. Comprehensiveness and balance are our targets.

Yes.

Q And in the next 48 hours, does the President plan to do anything personally to reach out to Democrats and sort of walk them to and bring them along --

MR. CARNEY: He will participate and I'm sure have discussions with folks involved in this process.

Q Is there anything that you can already announce?

MR. CARNEY: I have nothing on his schedule to announce to you. But I think he said that everybody in that room will be engaged in this in the two days before we get to Sunday and then obviously in the meeting on Sunday

room will be engaged in the in the the days before he get to Sunday, and then Saturday, in the meeting on Sunday.

Q Does he see that as part of his job to -- as leader of the party to bring the party along?

MR. CARNEY: To talk to -- he sees it as part of his job as President to talk to lawmakers on both sides and also obviously to talk to Democrats, yes.

Q Jay, when the President says there will be political pain involved, can you tell us what -- will it be equally distributed pain --

MR. CARNEY: How much it hurts? (Laughter.)

Q -- what the threshold of pain -- what he --

MR. CARNEY: What medications might alleviate the pain?

Q Is there any medication that will alleviate the pain?

MR. CARNEY: Alleviate the pain, rather, or relieve the pain. Look, I think, again, we're talking about pain can sometimes be psychological and not physical. And it can be perceived pain. And every politician knows his or her own politics best. So it's not for him to say, or the Vice President or others, to tell one member -- one elected official what he or she can tolerate.

What they can say is that everybody should be willing to accept some discomfort, if you will, so that everyone has some skin in the game, everyone is willing to move off of their desired position, their perfect outcome, and accept a less-than-perfect outcome because it will result in a bigger deal. And then that then alleviates some of the pain because Americans I think overwhelmingly expect Washington to work for them and they're more concerned about that then they are about the specific issues that animate different constituencies and the two parties.

Q So back to Social Security, just to be clear, you said the President wants to strengthen Social Security, but the CBO said that changing the inflation adjustment measure would reduce spending on Social Security by 1.2 percent over 10 years. So I just want to be clear, how is it strengthening it? Why is it still on the table if indeed it would actually reduce Social Security benefits?

MR. CARNEY: Well, again, you're making assumptions about what's being discussed here that I don't want to acknowledge by answering the question without prefacing it the way I just did. But I will go back -- I mean, I could have taken this question three months ago in relation to the President's State of the Union address. We do not think Social Security is -- and there's ample evidence to back us up here -- that Social Security is a driver of our near- and medium-term deficit problems. As with all of these entitlement programs, there are issues in terms of long-long-term strength. And the President is interested in strengthening Social Security for the long term in ways that preserve the promise of the program and don't slash benefits.

So we're talking about preserving and enhancing its long-term solvency in ways that do not -- that preserve the integrity of the program and doesn't slash benefits. I mean, I think that -- you know, I'm not going to get into line items and how you achieve that and not -- again, and not answering this question in the context of what is or isn't on the table in these negotiations, but just as a matter of fact, in terms of the President's position that he took in the State of the Union address to these many months ago.

Q So the inflation adjustment measure is off the table because it would slash benefits, right?

MR. CARNEY: I'm not going to talk about individual items about the President's policy that he enunciated back in January.

Q Okay. And will eligibility age and other parts of Social Security be on the table?

MR. CARNEY: I'm not -- look, again, broadly, without addressing the specific question, the President and the Vice President created an environment in these negotiations where they have asked -- told everybody that they -- that there are no preconditions about what you can or can't bring into the room and raise for discussion, on the presumption that you're there in good faith to talk about issues that you think are important as part of this discussion.

So I don't want to -- it does not behoove us to say something is on or off the table, something can or cannot come into the room. But what gets into the room doesn't necessarily emerge from the room.

Q What does "slash" mean?

MR. CARNEY: Haven't you got, like, a dictionary app on your iPhone?

Q Well, it's a word that you use instead of "cut."

MR. CARNEY: "Slash" is, I think, quite clear. It's slash. It's like that. (Laughter.) It's a significant whack. (Laughter.)

Q So it means a significant --

MR. CARNEY: I'm not going to put a numerical figure on it.

Q So it means a significant cut.

MR. CARNEY: I think slashing is a pretty sharp, direct --

Q It's not the same thing as cutting -- the point is, it's not the same thing as "cut."

MR. CARNEY: It's slash. (Laughter.) And I don't mean the guitarist. (Laughter.)

Q A pledge to not slash benefits is not the same thing as a pledge to not cut benefits.

MR. CARNEY: I'm not -- again, we're talking about a policy enunciated by the President back in January, and that is --

Q This is a diction you guys have chosen.

MR. CARNEY: No, no, I get that, and we did choose it, and the President used it. But I'm not here to negotiate the semantics --

Q Just so everybody understands -- just so everybody understands, when you say "slash," you don't mean "cut."

MR. CARNEY: We have said that to address the long-term solvency of the problem -- of the program, because this is not an issue that drives short- or medium-term deficits, that we would look -- the President is interested in looking at ways to strengthen the program and enhance its long-term solvency that protects the integrity of the program and doesn't slash benefits.

Q Which is not the same thing as not cutting benefits.

Q Jay, can I have a clarification? You keep saying that it's in the talks because anybody can bring anything up. Are you suggesting Social Security is a topic of the conversation not because the President made it one but because somebody else did?

MR. CARNEY: Can I just say that I'm just not going to talk about the contents of the conversation. All I'm saying is the story today way overwrote a simple fact that has been true since January, which is the President is willing to and interested in talking about ways to strengthen Social Security in the long term, and then separately but in a related way, because of the nature of the story, we have also not put any bars on the door to -- that disallow issues that people want to bring into the room.

Q Just a clarification, is the staff of all eight members going to be part of the staff talks leading up to Sunday, or is it a smaller group than that?

MR. CARNEY: I don't have a manifest for -- and there's not -- it's not like one group meeting as far as I know. I mean, this is a more fluid and evolving thing, but I would imagine that staff members who, either because of their expertise or who they work for, will be involved beyond even the members in that room.

Q And then totally unrelated to the debt talks, tomorrow is the sixth [sic] anniversary of the Tucson shootings and gun control groups are upset that there's no action to prevent such an event from happening in the future. Why not?

MR. CARNEY: As you know, the President directed the Attorney General to form working groups with key stakeholders to identify common-sense measures that would improve Americans' safety and security while fully respecting Second Amendment rights. That process is well underway at the Department of Justice with stakeholders on all sides working through these complex issues. And we expect to have some more specific announcements in the near future.

Q Any definition of near future?

MR. CARNEY: Near and not far into the future.

Q Jay, has anyone --

MR. CARNEY: The New York Times -- oh, there you are.

Q Can I -- and I apologize if this was asked, I was filing a few minutes ago -- if you were going -- to reach the kind of -- and let's leave numbers out -- to reach the kind of large package that the President desires, you're going to need a level of revenues that most economists say is impossible to achieve without fundamental reform of the tax code. First of all, I'll ask whether you agree with that. And then secondly, if that's the case, do you foresee a deal where you reach some level of revenues that everyone agrees on next week, but agree that the broader tax reform, a process that will take a long time, will have to be handled later and hence much of the future tax revenues you don't really have in this deal that you reach next week, that's to be worked out in the coming months?

MR. CARNEY: Let me start with the second question and then go to the first. I'm not going to get into specifics about what may or may not be part of the specific negotiations related to a significant deficit reduction package. I will contest the premise -- even though I'm not an economist -- because I will point you to the framework the President laid out, which did not -- which did achieve savings, significant savings, out of the tax code without the kind of sweeping tax reform that you talk about.

Now, I understand that not everything that the President wants or every approach that he takes is going to be accepted by the larger group, and that's true for everybody at the table. But I just think that the premise is not entirely correct.

Q Yes, but just let me point out, I mean, David Plouffe I think appeared at a Bloomberg breakfast and raised tax reform as a possible scenario here. So I think the White House appears to be open to that scenario. And if it does happen, that's obviously something that doesn't happen over the next two weeks, it happens over a period of several months.

MR. CARNEY: Well, I don't think -- again, you're correct, and David -- and I'm not going to further elaborate on what David said. It's certainly true that tax reform can't be done in two weeks. But there are a variety of ways to skin a cat here, and going back to my jigsaw puzzle analogy, there are different -- and some of those pieces are identical in shape; they just have different images on them and you can make them work and get to a big significant package. I just don't want to favor or disfavor any element that may or may not be part of a negotiation because these things can change regularly and I don't want to prejudice the outcome.

Connie.

Q Thank you. Do you have any evidence that North Korea has been bribing Pakistan to get nuclear technology? And also, how concerned is the President over this security surgical implant situation?

MR. CARNEY: Well, I addressed the issue of the warnings that TSA -- or the notifications that TSA made to foreign air carriers -- air carriers and our foreign partners yesterday, and I don't have anything to add on that in terms of that.

But on Pakistan, I don't have anything to say beyond the fact that we take obviously North Korea's nuclear program very seriously.

Q Is the U.S. trying to buy Pakistan's friendship and have we succeeded?

MR. CARNEY: I think I've said on many occasions, Connie, that our relationship with Pakistan is complicated. We don't always agree, it is not always perfect, but it is significant and important. And it is significant and important because it helps us protect the United States of America, protect United States citizens and assets abroad, as well as our allies, and that Pakistan has been an important partner in our effort to disrupt, dismantle and ultimately defeat al Qaeda and continues to be so. So that's why we continue to work on that relationship.

Peter.

Q Why is bigness an important value here? If the stakes are so high and the deadline is so close, why not reasonableness or why not -- you know, doing what's feasible?

MR. CARNEY: Well, the reasonable thing to do here -- reasonableness and bigness walk down the street hand-in-hand here because the -- (laughter) --

Q That's quite an image.

Q I didn't even know they were dating. (Laughter.)

MR. CARNEY: TMZ. (Laughter.) But seriously, the reasonable thing to do here is be willing to accept less than your ideal outcome, because you acknowledge that the only possible outcome if you hope to achieve something significant is a compromise.

And bigness is important because the opportunity to do something this significant does not present itself very often. The stars, in some ways, have aligned here because of the circumstances of the economy, the dynamic in Washington, the recognition by members of both parties that -- of what the problem is in a very real sense.

There's not -- often you get a situation here where one side thinks something is a very, very important issue

and a big problem that needs to be solved, and the other side doesn't even accept the premise that there's a problem. And that's just not the case here.

We saw this last in the mid-'90s when a Democratic President and a Republican House and Senate were able to come together and achieve significant deficit reduction and actually a balanced budget that created -- and I'll go down memory lane here -- that created significant surpluses, surpluses as far as the eye could see and that disappeared in the previous decade -- or in the decade after that, rather -- because of some decisions made to put a lot of stuff on the credit card without paying for it.

And now we're in the situation where we have very significant deficits, growing deficits, and a much larger debt. We've got to deal with that and we have the opportunity to deal with it. And the President feels very strongly that leaders were elected to lead. And leading is not always a comfortable thing to do. It's easy to tell everyone in your party or your constituency exactly what they want to hear. What's hard to do is to say, you know, we have to make tough choices and I'm going to do this because it serves the overall good. In this case, the overall good is significant deficit reduction that strengthens our economy and helps us create jobs.

Carrie.

Q Jack Lew -- I believe you and I think others --

MR. CARNEY: Speaking of the mid-'90s.

Q Speaking of the mid-'90s -- have said that -- in regards to Social Security -- that that conversation had to happen on a parallel track because there was opposition to using anything from Social Security for deficit reduction. So if you consider, like, the adjustment to cost of living for Social Security beneficiaries, is there a commitment or desire by the President to make sure that money is kept to shore up Social Security, not as part of the broader package? Is that --

MR. CARNEY: I'm not going to -- it's a well-put question, but I'm not going to go down the road any further in discussing a hypothetical about what strengthening the Social Security program might look like if that were indeed addressed in any near time period. The President is interested in doing that for the reasons I've laid out. We feel very strongly and have a lot of economic evidence to back it up that it is not an issue when it comes to our near- and medium-term deficits.

So -- but that doesn't mean he's not interested in doing it.

Q Would you agree, though, that that would be a shift by the administration, though, if you don't adhere to what your top aides have been saying for months, that it needs to be parallel and not used for deficit reduction? It seems like there's some --

MR. CARNEY: Well, we don't -- we don't think that there is an issue in terms of short- and medium-term deficit problems created by Social Security. So I'm not -- but, again, I'm not going to get into the specifics of what strengthening the Social Security program would look like any more than I'm going to get into specifics of what the ultimate jigsaw puzzle when it comes together will look like, because the jigsaw masters are putting it together.

Jon-Christopher. How are you?

Q Just great, Jay. Thank you for asking. A change of topic a little bit. The President is sending a distinguished delegation to the Republic of South Sudan, including Ambassador Rice and Deputy -- excuse me, Donald Payne, former Secretary of State Colin Powell, et cetera, and many other distinguished individuals. They will be there to attend a ceremony on Saturday to mark the birth of a new nation. In light of the reports of violence perpetrated by the north on the south, how optimistic is the President that this new nation in its independence from the north will actually mean peace for the people and an end to the violence?

MR. CARNEY: Well, we're very hopeful and we think that the peaceful transition to independence for South Sudan is a major milestone on the path to a more peaceful and prosperous future for both Sudan and South Sudan.

Now, we've made clear that we call on a cessation of violence -- some of the violence that we've seen recently. But in the days and the months ahead, the leaders of Sudan and South Sudan will need to work together to prevent violence and ensure that any isolated incidents do not cause wider instability or threaten a peaceful future for the citizens of these new nations. So we monitor these things but we do believe that this is a moment that's significant -- the creation of a new nation that creates the opportunity for a more peaceful and prosperous future for both nations.

Q Has this -- may I -- has this administration been involved in any of the talks regarding the U.N. peacekeeping groups that will stay on afterwards or throughout this --

MR. CARNEY: No, I would direct that to Ambassador Rice's office. We have been very engaged in this issue, so I would hazard a guess that the answer is yes, but I would not go with that. I would check with our mission to the U.N.

Q Thanks, Jay.

MR. CARNEY: Last one, Richard.

Q The President said that there was agreement on August 2 as a hard deadline in this meeting. Is that considered new? Had all the parties not agreed that August 2 should be it? Is that --

MR. CARNEY: I don't know that all the parties in this -- in the room had not agreed to it, but, again, they hadn't all been in a room together and had that discussion. So I think it's important that as a starting point everyone acknowledge that that was a hard deadline; that the analysts who do this at the Treasury Department are basing it on very hard data that they crunch and they analyze; and it's simply an inescapable fact that on August 2nd, without a vote to raise the debt ceiling, we will be in arrears.

Q And on bigness, is the President no longer thinking that \$2.4 trillion or something in that range would be a deal worth taking?

MR. CARNEY: Look, there are things we can do. There are outcomes we can do that would be an accomplishment, would represent an accomplishment. But then there is something we could and should do, which is bigger, because it will represent a substantial achievement and accomplishment as opposed to a more modest one, and that the payoff for that in some ways is larger even than the increase numerically in the size of the package because of the confidence it instills -- the potential for a significant package to have a truly lasting impact on the size of our national debt as a ratio of GDP and that sort of thing. So it's not that something less than that couldn't be achieved, it's that the President believes this opportunity has to be seized because something bigger can be achieved.

Q Just one more quick one. Just a last quick follow on Mark's question on taxes.

MR. CARNEY: Yes, this is my last one.

Q Is it possible that what you're looking at in terms of bigness is throwing tax reform in and not throwing the specific taxes in, that just like appropriations you're going to have some agreement on taxes but push all the details to the tax writing committees?

MR. CARNEY: Yes, I'll go back to what I said at the beginning that I'm not going to get into the specifics of what may or may not be -- end up being negotiated. I will say that there are lots of pieces to the puzzle, and some of them could be used and others may not be. And what's in the puzzle today may not be in tomorrow.

Okay, thanks.

Q And there are many ways to skin a cat.

MR. CARNEY: Yes, there are.

Q Say hi to bigness for us.

END 1:50 P.M. EDT