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**Press Briefing by Press Secretary Jay Carney, 7/20/2011**

**James S. Brady Press Briefing Room**

12:47 P.M. EDT

Q No warm-up speaker today?

MR. CARNEY: Not today. Not today.

Okay, good afternoon, ladies and gentlemen. Thank you for being here, as ever, at the White House. This is your daily briefing. Before I take questions I have a brief readout.

Last night, the President called Senate Majority Leader Reid, Speaker Boehner, Senate Minority Leader Mitch Mitchell, and House Minority Leader Pelosi to discuss progress we are making -- Mitch McConnell, sorry -- Mitch Mitchell, in addition to being a great drummer for Jimi Hendrix, is also a guitarist in Guided by Voices -- (laughter) -- a different Mitch Mitchell. (Laughter.)

Q Whoa!

MR. CARNEY: It just -- let's motor on here.

Q I didn't know the President was a fan of Guided by Voices.

MR. CARNEY: I'm working on him. Anyway, sorry, the President spoke with Senators Reid and McConnell, Leader Pelosi and Speaker Boehner to discuss progress we are making in negotiations to find a balanced approach to deficit reduction. The President will also hold a meeting at the White House today at 2:50 p.m. with House and Senate Democratic leadership.

Those are my announcements.

Q All eight?

MR. CARNEY: I'm sorry?

Q All eight leaders?

MR. CARNEY: No, sorry, House and Senate Democratic leadership.

Q Democratic leadership.

MR. CARNEY: Yes.

Q Not the Republicans?

MR. CARNEY: As we have other meetings to announce, we will announce them. But the meeting we have to announce for 2:50 p.m. today is with the Senate and House Democratic leadership.

Q How many?

Q Four or eight or --

MR. CARNEY: At least four. We'll see. Haven't -- they're still working on the manifest.

Q Photo op?

MR. CARNEY: I believe it's four. Let me get back to you on the coverage.

Q Just to follow on that, why are the Republicans not involved, and how did the conversation go with Boehner?

MR. CARNEY: I'm not going to read out the individual conversations, except to say that they were obviously useful and productive.

We have been having conversations and meetings with different groupings of leaders and rank-and-file

members, and we will continue to do that at the presidential, vice presidential and staff levels. This meeting is the next one up. We will get back to you with announcements of other meetings as they happen.

Q What's the goal of today's meeting? What does he want to accomplish?

MR. CARNEY: To discuss approaches for further deficit reduction, balanced approach. Obviously the role that the Gang of Six is playing now in adding to the, we think, the momentum behind the principle that the best way to do this -- the only way to do it, really, to do significant deficit reduction, is to do it in a balanced way; to do it so that we go after all the drivers of our long-term debt, including non-defense spending -- discretionary spending -- defense spending, entitlement spending and tax code spending -- so to further those conversations.

We are, as the President said yesterday, in the 11th hour. We need to meet, talk, consult, narrow down what our options are and figure out in fairly short order which train we're riding into the station. Right now there are multiple options being discussed, including the work that Senator McConnell is doing with Senator Reid and others. There's the Gang of Six proposal. There are obviously the President's framework and other proposals out there. And we need to do decide, through the course of these meetings and discussions, eventually what we're going to do to ensure that, at the very least, as we've talked about, the United States does not, for the first time in its history, default on its obligations.

Q A couple other quick ones. Can you discuss the President's challenge in swaying Democratic leaders to go along with changes in entitlements?

MR. CARNEY: Well, let's not leave it at Democratic leaders. I mean, I think it's the Democrats --

Q Well, for today -- yes, today's meeting.

MR. CARNEY: Well, I think, as representatives of the Democrats in both the House and the Senate. This is an important point that you raise, because while we have certainly spoken a lot about and made clear that we believe Republicans need to be willing to compromise, need to accept that they won't get 100 percent of what they want, that this is a two-party system and a divided government and it requires compromise and bipartisan cooperation in order for big things to get done -- the same is true for Democrats. And the point the President has been making both in public, and in private in these meetings, is to take political heat in order to argue -- successfully, he believes -- to his fellow Democrats that we need to make some tough choices in order to ensure that we can reduce our deficits, get control over our debt -- precisely because that is the best thing for our economy, and it allows us to continue to make the absolutely necessary investments we need to make in education, in research and development, and in infrastructure to allow the economy to continue to grow.

So that's that case he has been making to Democrats and will continue to make.

Q And lastly, I know that you've gone over this debate about the real deadline considering Congress' timetable for legislation. Can you explain how it's possible -- or when do you run out of time to get something as big as a Gang of Six piece of legislation through? I mean, aren't we there?

MR. CARNEY: Well, I would point you to the comments that the OMB director made over the weekend that there is still time if everyone is serious and committed to achieving a big deal.

Obviously, time is running short. And in terms of the deadlines we've talked about, August 2nd is a real and fast deadline. We must take action to deal with our debt, raising the debt ceiling before then. But there is still time to do something significant if all parties are willing to compromise -- because the parameters of what that might look like are well known, especially to the participants in the negotiations the President oversaw last week.

And going back to -- because I may get the question, is it July 22nd, is it the 23rd -- this is, again, an estimate about what it takes to move something through Congress. There is the almost -- the sort of ineluctable modality of the way the Congress works that you have to accept that things can't turn up and be voted on and reconciled and all the things that need to happen all in one day. So you need to move back from August 2nd from there. But it's hard to guess, and we'd leave it up to the leaders of Congress to provide their best estimates rather than us.

Q But to buy yourselves some time, are you going to have to go with the McConnell plan or a short-term deal, so you can take a little more time, negotiate the broader package?

MR. CARNEY: Well, we are, as you know, supportive of the efforts by Senators McConnell and Reid to craft a fallback provision, solution, that ensures that we take the necessary action on raising the debt ceiling.

And when I was talking about which train we're going to ride into the station, right now there are multiple trains heading towards the station and we have to decide. And some of them may continue up to the last moment, because we need to be sure that that failsafe option is there -- even as we pursue, aggressively, the possibility of doing something bigger.

The President has been clear that he will not support a short-term extension of the debt ceiling. There is no reason why we cannot come together now and get something significant done. So what we mean by that is we would not support a short-term extension absent an agreement to a larger deal. That's not acceptable. Obviously,

if both sides agree to something significant, we will support the measures needed to finalize the details of that.

But as you saw -- and I'll go back to what I just said a minute ago -- Jack Lew over the weekend made clear that because we know what we're talking about here, if there's a willingness -- and we believe there's a growing willingness on Capitol Hill -- if there's a willingness to do something significant and comprehensive and balanced, we can get that done within the time frame and by the deadline of August 2nd.

Q Let me ask you briefly about Libya. The French are saying that Qaddafi could stay in power -- or could stay in Libya if he gives up power. Is that something the U.S. would support?

MR. CARNEY: The United States' position has always been that Colonel Qaddafi lost his legitimacy to lead and that he needs to be removed from power, remove himself from power. It is up to the Libyan people to decide what his future is beyond that. So it's not for us to say.

The issue here is that he needs to step down. He's lost his legitimacy. He is increasingly isolated not just from the world but from his own country. The opposition has made significant progress. The international community, together with the United States, is taking the steps necessary to recognize the TNC as the provisional government and, with the aid of doing that, freeing up funds for the opposition to use, the TNC to use.

In so many ways -- the Qaddafi regime is running out of fuel and cash. I mean, there are so many ways that he's really running out of time. So the issue here is removing himself from power, no longer being a threat to the people of Libya. And then it's up for the Libyan people to decide their own future, including what that means for Qaddafi if he's not out of the country.

Q But if he stays in the country, you're not going to quibble with that is what I'm --

MR. CARNEY: Well, again, this is for the Libyan people to decide. Our position is quite clear about his retaining power and -- or rather giving up power and no longer being a threat to his people.

Jake.

Q Does the White House have a position, now that you've had a chance to review it, on the Gang of Six plan beyond the general support for principle -- its principles that the President discussed yesterday?

MR. CARNEY: Well, what I would say is that again, as I said yesterday, it represents significant, broad support along the lines of the approach that the President took. There are -- as we look at the provisions within it -- and as you know, there was some level of detail provided and more coming -- it's possible we may not agree with every aspect of their approach. But the issue here isn't which piece of paper will be the final piece of legislation because that's going to be -- if the decision is made that we're going to take a bipartisan approach, that we're going to take a balanced approach, the framework that the President put forward, that the Gang of Six has now put forward, that Simpson and Bowles Commission has put forward, and others, are all available to create a process that produces a piece of legislation that we believe a majority in Congress would support and certainly the American people would support, and the President would sign.

The details of that obviously would have to be worked out. But the frame here -- savings out of the tax code, savings from entitlement reform, significantly reduced nondefense discretionary spending, reduced defense spending that's done in a way that protects our national security -- this is the way to go about it. And that's how you get to the \$3.5 trillion and above savings over 10 years that we've talked about, and that the Gang of Six is talking about.

So as long as there's political will, the details -- there's enough substance out there now for a package to be crafted. And I think -- I would note that one of the things that either Speaker Boehner or his spokesperson said last night was that there was some similarity between what the Gang of Six had put forward and what the President and the Speaker had been talking about when they were looking at the possibility of achieving a grand bargain. So again, that's the -- we agree with that assessment. And if the will is there, we can get down to negotiating the details.

Q So you don't -- so there's no change?

MR. CARNEY: I don't have a specific provision of the Gang of Six's proposal to declare from here that we accept or reject. The overall approach we definitely accept. And as you know, others, including the Speaker of the House and the President of the United States, have been having discussions about what a grand bargain would look like concretely. So there is a framework with details that has already been worked on, that this helps propel the -- or create momentum behind the possibility that we could actually move in that direction. It may --

Q If this were to become legislation, would the President sign it?

MR. CARNEY: Well, again, I'm not going to make a declaration about the specifics of what the Gang of Six has put forward, in part because all the details aren't even known yet. This is not a piece of legislation -- it's not even written as a bill, so we would not issue a statement of administration policy or make a declaration about whether the President would sign it based on an outline.

What he does wholly support is the approach that they've taken because he believes it's the right approach. It's the approach that overwhelmingly we've seen now the American people support -- Americans who are both Democrats and Republicans and Americans who are independents -- they all support this kind of approach. So we find that very encouraging.

Q What reason do you have or does the President have to be optimistic that the House Republicans or the House of Representatives in general can muster a majority vote for anything other than the cut, cap and balance bill?

MR. CARNEY: The reason to be optimistic is that the members of the House of Representatives were elected by the American people, by their constituents in their districts. And if they listen not just to the loudest voices, especially those in special interest groups, who argue that they should or shouldn't do one thing, but take into account the views of all of their constituents, we believe that a majority in both houses would support a balanced approach. And in the end, listening to the voices of the people who elected you, who sent you to Washington is really what you're supposed to do and what this is all about.

And we believe that there are some signs that -- certainly many signs of a growing willingness to consider this approach among Democrats and Republicans. And that's a positive thing. So we obviously understand that the political dynamics in the Congress are pretty complicated, and we're a step removed from it, but keen observers of it. But we continue to make the case and work with the leaders of Congress and other willing participants among the rank and file that this is the approach that will best serve the American people, will best serve the economy, and will best serve the political interests of everyone because doing the right thing in this case is good politics.

Q So just -- faith in humanity is your answer. (Laughter.)

MR. CARNEY: Well, like I said, we're said we're keen observers of the dynamic up there and we think there is reason to be optimistic that something like this could be achieved. Obviously, it takes a lot of work and willpower --

Q Keen observers of what? Are you watching --

MR. CARNEY: Of the political dynamic in the Congress.

Q What specifically is the political dynamic that you're observing that gives you faith that they're going to support anything that has tax increases in it?

MR. CARNEY: We have -- we believe there has been significant -- as more and more attention has been paid to this issue, there has been a significant amount of acceptance, broadly, by Democrats, independents, and Republicans, including elected officials, that a balanced approach that requires compromise on all sides is the right way to go.

Now, we continue to push for the biggest deal possible, and that would include a balanced approach. We are also pragmatic and realistic and committed to the notion that we absolutely must take action before August 2nd in order to not create a situation where the United States could default on its obligations. Therefore, we are pursuing, as well -- even as we pursue the bigger prize, we are working with Congress to ensure that there is a mechanism by which we simply raise the debt ceiling, or raise the debt ceiling and do something much smaller than the grand bargain.

But I think it's important to note that the members of the Gang of Six represent in many ways progressive Democrats and very conservative Republicans. It is --

Q I'm not talking about the Senate.

MR. CARNEY: I know you're not, but these are not a distinct -- this is not a distinct species even within the political categories that we're talking about. And we have a little faith in the capacity of our elected leaders in Congress to hear what the American people are telling them, hear what their colleagues are telling them, and hopefully create majorities within both houses to do the right thing.

Q Just to try to be a little more specific, after the President made his statement praising the Gang of Six yesterday, Senators Reid and Durbin came out saying there's not enough time and this would probably have to start in the House, where its path to passage is more tricky. McConnell was noticeably, decidedly silent. And Leader Cantor was critical of its revenue component -- very critical. So you keep saying, if there's the will. Does the White House think there is the will to pass this in the Senate -- in Congress?

MR. CARNEY: We think there should be, and there could be. But I'm not laying bets that it's going to happen. But we would be -- it would be a failure of leadership to simply give up because the odds aren't overwhelmingly in our favor. And that would be true if it were the right thing to do even if the majority of the American people didn't think it were the right thing to do if we firmly believed it was.

In fact, the President firmly believes it's the right thing to do, and the majority of the public believes the same thing. So we believe that -- we continue to make the argument, we continue to negotiate, we continue to look at the

avenues available to us to make something bigger happen, even as we, very pragmatically, negotiate and try to work out something small.

Q Given that the clock is ticking and that there is this McConnell-Reid plan that seems maybe the likeliest path to get the debt ceiling raised, mechanically, what is the advantage of pushing something that seems more like a Hail Mary pass? Mechanically, what do you think can get done by pushing the Gang of Six?

MR. CARNEY: Again, I think it's important to note, and I tried to make this clear yesterday, we're not -- the President has not endorsed the specifics of the Gang of Six. The President was involved in negotiations on a grand bargain with his own proposals and his own ideas that mirror broadly what the Gang of Six is doing. So it's not like we're -- we're not saying that it's Gang of Six and their plan or bust, first of all.

Second of all, we have the capacity to do two things at once, which is negotiate the smaller deal and negotiate the potential for a bigger deal. It would be -- we would be failing in our responsibilities not to do that, because we believe that a bigger deal remains possible. And we're not alone. There are a number of members of Congress who believe that. And while you did point out that there were some cold water poured on this idea by some folks, overwhelmingly, the reaction I think was notably positive in Congress yesterday -- in the Senate. And even some of the leaders, some of the things they said, I would point to you and note that there were some positive statements said by leaders in both houses of both parties about the work of the Gang of Six.

So we press on. And we acknowledge that we have to be sure that there is a backup plan, because the United States will not default. The United States President, working with Congress, will take the action necessary to ensure that we raise the debt ceiling, we pay our bills, bills that were rung up in the past and need to be paid. And we continue to fight for something bigger and better that addresses the big problem here, which are the sizeable deficits that we confront and the drag that the long-term debt problem creates for our economy, and address it in a way that's balanced so that we don't do something that actually contracts the economy or slows it down or reduces job creation, but enhances it.

Q Any hindsight concern that he was a little too enthusiastic in his embrace of the Gang of Six and that as a negotiating --

MR. CARNEY: Hindsight? This was 24 hours ago. Absolutely not. We are immensely enthusiastic about the fact that yesterday six members of the Senate -- three Republicans, three Democrats, progressive and conservatives -- came together and put forward a proposal that's balanced, that deals in a significant way with our deficit problem and our long-term debt problem. That is a significant deal and it is worth being enthusiastic about.

And it happens -- one of the reasons why we're so enthusiastic about it is because it mirrors the approach the President has been pushing for some time now. It mirrors the approach that Simpson and Bowles, that their commission put forward and that Domenici and Rivlin put forward in those two bipartisan commissions.

And we think it further -- one of the headwinds we've been dealing with in talking about this, as we've made the case that the President is pushing for a bigger deal and a balanced approach, is that, well, we know that Republicans who aren't in Congress are arguing increasingly that we should do this, but what about elected members of Congress? Well, what the Gang of Six put forward yesterday, and the support they got after they put it forward from their colleagues of both parties I think is an indication that that headwind is dissipating.

Yes, Norah.

Q You mentioned that the President was immensely enthusiastic about the Gang of Six plan. Does the President believe that the Democratic leadership in the Senate is also enthusiastic about it?

MR. CARNEY: I will go right back to the question that Ben asked, which is that it is -- the President feels it is his responsibility and it's the responsibility he takes on willingly to make the case to Democrats, rank-and-file Democrats and members of leadership, about why a significant balanced deficit reduction package is the right way to go.

I would remind you, of course, that Senator Durbin is a member of leadership and he's a member of the Gang of Six as well. Senator Alexander, while not a member of the original Gang of Six, is a supporter of it and is a member of the Republican leadership.

Q So is part of the meeting today, first with Democrats and alone with Democrats, to make the case to them to move forward on this?

MR. CARNEY: Look, there are -- they will have a discussion about the potential for a big deal, the potential for a medium-size deal, and the work that's being done to ensure that there is a failsafe, fallback alternative if we are not able to reach agreement -- regrettably not able to reach an agreement on a more significant deficit reduction package.

So I'm sure everybody will have important things to add to that conversation. The President will continue to argue that -- with both sides -- that since none of this is easy, none of these votes are going to be easy for members of either party, that this is an opportunity, then, to go ahead and think big and try to get something significant done

that actually has long-term positive impact on the economy.

Q All right, but if you look at the whole Gang of Six deficit reduction plan, it's not a plan to raise the debt ceiling. That would take an enormous amount of time to do all of that, even get a bill put forward. So the President would accept a short-term extension alongside an agreement for larger deficit reduction with some triggers?

MR. CARNEY: Well, let me turn it around a little bit. If both sides agree to something significant, we will support the measures needed to finalize details. But there is no extension without an agreement on something big -- a firm, committed agreement on something big.

And so the point -- we are not wavering on the President's absolute assertion that he won't sign a series of ill-defined -- a sort of tollbooth kind of series of provisions that temporarily or in a limited fashion raise the debt ceiling, and we have to relitigate this again and again and again -- not just because it's unpleasant -- in fact, not principally because it's unpleasant for everyone involved, but because that's bad for the economy. It sends the wrong signal to everyone around the globe about Washington's capacity to deal with its fiscal issues.

And one of the things that I think is quite clear is that if we send a signal from Washington that Washington works, that Washington can tackle big problems, that that will have a significantly positive impact around the globe. And it will remind people about why the United States is the best country to invest in; why we are, as we have always been, a safe harbor in terms of the security of your investments. And that's an important signal to send. So we look forward to doing that.

Yes, Wendell.

Q There are only six or seven Republicans in the House that haven't signed the Americans for Tax Reform pledge. As you understand the Gang of Six proposal, is it possible to support that and not violate the pledge?

MR. CARNEY: Well, I used to be someone who analyzed Republican Party politics for a living; I am no longer. I would simply say that what's needed here is the political will to get outside of one's comfort zone, and that's true for Democrats as it is for Republicans. And that would be required for anything that is significant in size in terms of the deficit reduction packages that we're talking about.

I would note, however, that there are -- there have been some important voices who have pointed out -- and some of them are elected officials in the Republican Party -- who have pointed out that no one here is talking about raising -- and certainly not the President of the United States, who has lowered taxes for working and middle-class Americans ever since he took office -- about raising taxes on those people.

What we're talking about at the minimum is closing loopholes, ending subsidies that give unfair advantages to industries or simply aren't justifiable in a time where we all need to tighten our belts in order to reduce the deficit and get our fiscal house in order.

So I don't want to give political advice to either -- the members of either party, but I think there is -- it is certainly a worthwhile argument to make that closing a loophole is not raising an average American's taxes. It's simply not. When you end an unfair advantage that the makers of private jets enjoy -- tax advantage -- or the subsidies that the oil and gas companies enjoy, you're actually -- and by using that money to reduce the deficit and allow for a balanced package, a more balanced package, that therefore does not require as much burden on middle-class Americans, you're doing everyone -- you're doing the broad swath of the American people a favor and doing it right in a balanced way.

So that would be the argument that I would make and others who I'm sure have more swack within the GOP have been making.

Q One of the elements of the Gang of Six proposal is a 29 percent top income tax rate. Could the President live with that?

MR. CARNEY: Well, I'm not going to get into the itemized specifics of the proposal and what we can and cannot support. What the President has said is that he does support tax reform, and it has, I think, been reported that what a broad compromise might look like would involve some tax reform. So beyond that, I'll leave it to the folks who are actually negotiating a deal.

Q Has Budget Director Lew advised the President how long it would take to score this proposal? Whether or not you will tell us that number, has the President asked him how long it would take to score it?

MR. CARNEY: Well, CBO does the scoring, and not the OMB. But the -- I would just point you to what Jack Lew said over the weekend -- that was just three days ago -- but that he believes, based on what he knew -- and he knows quite a lot, having been around this block a number of times in his career -- that there is time in Congress to get a big deal done, and that would include everything necessary to write and pass legislation.

And I would remind you about Jack Lew. This is an important -- this is somebody who was with Tip O'Neill when Tip O'Neill did those compromises with President Ronald Reagan. He was with President Clinton when President Clinton had those compromises with Speaker Gingrich. And he's here today. And this is somebody who

knows how this works and how bipartisan compromise can work with people who are viewed as staunch progressives and staunch conservatives: Tip O'Neill and Ronald Reagan; Bill Clinton, Newt Gingrich. There's ample precedent for why this should work, and plenty of historical precedent for members of Congress to look to and say, I did what Ronald Reagan would have done, or I did what Tip O'Neill or Bill Clinton would have done.

Q And you say there's time to get this through if there's political will. Are you particularly looking at the Senate, where one member has the power to at least slow things down?

MR. CARNEY: We're looking at both houses. We're not direct participants but keen and close observers of what happens in Congress and we're aware of how it works and its modality. And so we're looking at all of these factors.

Q So the White House disagrees with Harry Reid? Harry Reid said there was no time to do -- to get Gang of Six as the vehicle to raise the debt ceiling; that maybe if they move it concurrently, you get debt ceiling raised with it -- I mean, is that -- that's what I'm trying to understand.

MR. CARNEY: I mean, there are -- again, the legislative components of this or tactics of it I will leave to -- or the President rather -- I will leave to the President and the leaders of Congress to work out, as long as we -- with the understanding, obviously, that we are pursuing the biggest deal possible, as well as ensuring that there is a fallback provision.

Q There's a two-step process here, that you're going to get the debt ceiling raised and you're pursuing this big deal, and they don't necessarily have to happen on the same day, right?

MR. CARNEY: You mean that they don't necessarily have to happen as part of one bill?

Q One legislation, assuming --

MR. CARNEY: As I understand it, no, but there is a deadline of August 2nd for raising the debt ceiling. And the dynamic that's created here that, for better or worse, and we think now for better, that has linked these two has focused attention and focused people's minds on the need to do something significant around deficit reduction as we deal with what is, while not always pleasant, a very routine thing that Congress has done every couple of years for as long as you and I have been in Washington, which is raise the debt ceiling. So we think that this is a unique opportunity, and we ought to seize it.

Q Are you concerned actually if somehow Gang of Six is used sort of -- gets some -- enough senators, folks excited that this could get done, it gets debt ceiling raised, and then everybody backs off?

MR. CARNEY: Well, I would simply say that if -- these are hypotheticals, so I -- but we are committed to trying to get a big deal done. We have laid down some of the markers, the President has, about what he will or won't do in terms of raising the debt ceiling. We recognize the McConnell proposal as a potential fallback option -- not a preferred option, but a fallback option -- simply to get that done. And then whether things are attached to it or run parallel to it, these are all things that I'm sure are being studied by the leadership and the staff.

Q While I know you're not endorsing I guess all components of Gang of Six, is it fair to say he's more supportive of this Gang of Six proposal that he was Bowles-Simpson?

MR. CARNEY: No, I would simply say that he's supportive of the approach taken by both. And what is significant about --

Q He's more -- he's been more enthusiastic about Gang of Six than Bowles-Simpson --

MR. CARNEY: We made clear at the time that the President agreed with many of the proposals put forward by Simpson-Bowles, disagreed with some. We embraced some of the proposals in his -- in the President's own legislative proposals, the ones that have emanated from Simpson-Bowles, including corporate tax reform, allowing the 2001 and 2003 high-income and estate tax cuts expire, fully paying for the alternative minimum tax patch for three years, strengthening Social Security for the future. I mean, that's are all elements that were part of Simpson-Bowles that the President endorsed right away and at the time.

Q So no difference?

MR. CARNEY: Well, in terms of enthusiasm? I think we're at different -- we're in a different period now in terms of where we are legislatively. And the introduction by the Gang of Six of a concrete proposal put forward by six members of the Senate -- three Republicans, three Democrats, representing a broad ideological spectrum in American politics -- I think is a welcome development.

Q Is the President concerned that a majority of the Democratic leaders he's going to meet with are going to be against these entitlement reforms that he is putting on the table?

MR. CARNEY: I think the President has made clear when he's come, as he has frequently, to speak with you here that he understands he has a responsibility and a challenge in persuading Democrats that they need to join

him in making tough choices in the name of a broad, balanced approach to deficit reduction; that some of the measures he is willing to consider in terms of entitlement reform will strengthen those programs; and that in the name of a broader goal here, we need to make some tough choices and that includes setting aside entitlements. That includes some very tough choices in domestic discretionary spending.

As the President has made clear, and he did during the CR, there are cuts that are going to be required in discretionary spending that he would not otherwise want to make, and he understands that Democrats would not otherwise want to make. There are some programs out there that are going to be trimmed, if there's a deal, or cut significantly that have merit. But in a time when we're tightening our belts and we need to get our fiscal house in order, the standards are very high for what qualifies as absolutely necessary spending.

And in order to allow the government to have the capacity to make the kind of necessary -- absolutely necessary investments in education, technology, innovation, infrastructure, you need to cut back as much as you can in the areas where you can.

Carol.

Q I just wanted to clarify, are you saying that the President would sign a temporary debt ceiling increase if it was to allow the legislative process a little bit more time to get a deal that leaders have already agreed to?

MR. CARNEY: What I'm saying is that the President will not sign just a temporary measure that requires a repetitive process where we cast doubt on the capacity of Washington to deal with raising its debt ceiling, cast doubt on whether or not it's going to honor its obligations in a repetitive way.

What I will say, to be clear, is that we believe a short-term extension absent an agreement to a larger deal is unacceptable. Obviously, if both sides agree to something significant, we will support the measures needed to finalize details. But as you saw Jack Lew say over the weekend, there is something -- there is still time to get something big done, and members of both parties and the American people agree.

So we continue to press for getting a big deal. We believe that there is time to get it done. And the answer to your question is that if both sides agree to something concretely significant, we will support the measures needed to finalize the details.

Q Sort of like what he did with the shutdown, the CR? They agreed to a deal, it was a temporary thing.

MR. CARNEY: Well, rather than make an analogy, I'll just stick with the language I used.

Q Okay. And then, so the President's meeting today and these other meetings and discussions that he's having are to figure out, as you said, which train is going to leave the station and whether it's a big deal, or a little deal or --

MR. CARNEY: No, the trains -- several trains have left the station. It's a decision about which train we'll be riding when we get to the next station.

Q -- like baseball.

Q Will they be serving turkey and peas on the train?

Q Jell-o?

MR. CARNEY: Jell-O and peas. (Laughter.)

Q Layer cake.

Q How many stops are they trying to take?

MR. CARNEY: Too many stops on the way.

Yes.

Q Wasn't that -- wasn't his goal to decide on Friday and then to decide by Saturday which horse they were going to ride, trains \*\*leaving the station --

MR. CARNEY: What the President said on Friday is that we need to understand what people's bottom lines are. And we have been in basically a non-stop process of having conversations, negotiations, meetings to find out what -- I think Jake was talking about it -- this is -- the way that Congress works is not -- it's just not that simple. And we have to not just come up with proposals that everybody in the room likes, but proposals that we can be confident will garner majorities in both houses. And that includes both a possible bigger deal, a mid-size deal and the fallback measure that we've talked about, that Senator McConnell and Senator Reid are working on. So those are the conversations that we're having and continue to have.

Q So at what point do you -- does the President believe that you guys have to settle on -- zero in on one train?

MR. CARNEY: Well, I think that in terms of what point we have to -- the process of legislating has to be engaged in order to ensure on the debt ceiling issue we get it done, I would point you to Capitol Hill, since they know much better than I and they know even better than anyone here how much time they need to make that happen. But we're obviously working with them to ensure that, at the very least, we have a train to ride that gets to the station by August 2nd with legislation that allows for the debt ceiling to be raised.

Q So you guys think that we could go up to August 1st?

MR. CARNEY: Well, I just said by August 2nd. That's the deadline. If you say by August 1st for something to be ready to be signed, that's a long -- that doesn't mean that you start -- you make the decision on August 1st of what you're going to do because you have to back up from there because you have to pass bills through both houses of Congress, potentially reconcile them.

And I don't have a deadline for when that process starts, and it could be that there are two vehicles that are still being put forward maybe legislatively, even beyond that window as long as we know that the failsafe measure is moving along and has the support necessary to ensure that the debt ceiling gets raised.

Q And then, just lastly, a procedural matter. Has Treasury and OMB decided which payments to prioritize?

MR. CARNEY: You'd have to ask them. I don't know.

Q Jay, was the phone call to Speaker Boehner last evening after the vote on cut, cap and balance?

MR. CARNEY: Yes.

Q Can you read out that --

MR. CARNEY: No. No readouts, especially of phone calls, to all four.

Q Is the President of the opinion the House wasted its time yesterday?

MR. CARNEY: Well, I think the President spoke to this yesterday when he said he recognized what they were doing and perhaps the need for doing it, but that it was time to move past symbolic votes and -- because the clock is ticking and we need to get something done that can be supported by both houses and the President. Obviously that measure does not have the support necessary to become law and everyone is aware of that. So we need to move on.

Q Does it look to you as though any measure has the support to become law?

MR. CARNEY: Well, that's what I think a lot of members of Congress and members of this administration are working on now to ensure that there are measures that emerge from this process that can become law.

Yes.

Q Jay, in the House it's all about getting 218 votes. I was just wondering, what is the White House doing --

MR. CARNEY: We'd take more than 218 if we could get them.

Q All right. What are you doing to get those 218 votes, at least on the Republican side? Or is that maybe up for discussion this afternoon?

MR. CARNEY: Well, I think what we've been doing has been pretty clear. We've had a lot of public activity to argue the merits of, A, why there is no alternative to making sure the United States has the capacity to pay its bills; B, that we should be pushing for a broad, bipartisan, balanced deficit reduction bill that allows us to put our fiscal house in order and sends the right signals to the economy, that allows the economy to grow and create jobs.

Now, we obviously have a lot of people who work with and pay attention to Congress, but in the end, it's members of Congress who have to vote, and their leaders who will take their temperature and measure the support that may or may not be there for different proposals that are put forward.

Q When do you think you have Mr. Boehner down?

MR. CARNEY: I don't have any announcements to make on other meetings right now. We have the meeting scheduled for 2:50 p.m. today with House and Senate Democratic leaders. But I would remind you he spoke with the Speaker just last night, as well as the Senate Minority Leader.

Q Another topic -- the trade package. That hasn't been sent up yet, as far as I know. Are you -- is the White House still going to send the package up yet -- I mean, through August, or do you think it might be slipping towards September?

MR. CARNEY: I don't have any updates for you. We still firmly believe that it is time to move forward with these agreements and with TAA and get it done now, because these agreements have broad bipartisan support and there is broad recognition that they will support -- either create or support up to 70,000 American jobs. So we ought to move quickly on them. But I don't have any update on the legislative minutiae of how that process is going to work.

Yes.

Q Just to clarify the point you're making, the point that you have written down there about the short-term extension absent a significant agreement is not acceptable -- I mean, you're trying to be really precise about that.

MR. CARNEY: You want me to try synonyms maybe?

Q No, I just want to make sure I understand. When you say a short-term extension absent something more significant, are you talking about the McConnell fallback? Because that's short term; those are three chunks.

MR. CARNEY: I think I have addressed -- I'm not sure if you were here. There is a significant difference. What the McConnell bill does is allow for the extension of the debt ceiling into 2013. That is obviously what the President --

Q You don't consider that short term. Okay.

MR. CARNEY: -- has insisted be done. There are some mechanisms for political cover that allow -- require votes that will be foregone conclusions. But the debt ceiling -- it will -- because the whole point about extending the debt ceiling for a relatively significant amount of time is to create the kind of certainty that we need to ensure that the domestic and global economy understands that we're functioning appropriately. So the McConnell provision extends the debt ceiling into 2013.

Q Even though you have the three separate chunks?

MR. CARNEY: Correct, but those are designed in a way that makes them a foregone conclusion.

Q Okay. But what is your thinking about what pieces of the Gang of Six could be attached to some kind of a short-term deal that would make it acceptable? I mean, how does that work? If you can't -- you can't just draft the whole thing onto it, because it takes time to get this done.

MR. CARNEY: Well, let me remind you that the Gang of Six is an entrant -- an important entrant into the field here of proposals that broadly mirror what is a growing consensus and mirror what the President supports, which is taking a balanced approach.

The Vice President, in the negotiations he led -- I mean, there has already been -- there is a lot of road that has been traveled already in terms of identifying acceptable discretionary cuts. There's a lot of road that has already been traveled in terms of identifying cuts that can still be negotiated in defense discretionary spending, in savings that can be gleaned from entitlement reform, and obviously savings that can be garnered dealing with the tax code and ending loopholes and other measures that we can take, and also then broadly dealing with tax reform.

So it is not a question of Gang of Six, whole or in part, being grafted onto something. There are -- we know what these proposals look like. And there could be good ideas within the Gang of Six proposal that can be incorporated into the stuff that has already been negotiated between Democrats and Republicans in the administration and that could build -- I mean, we have talked about for a long time now the building blocks and what we need to -- what needs to be done to get us beyond, say, \$1.5 trillion up to \$1.7 trillion, up to \$2.4 trillion, into the threes and beyond. Every participant in the negotiations that were held here is aware of what is required to get there and the compromises and tough choices that need to be made to get there.

So the Gang of Six will be another example with some explicit ideas about how you do that and really you're looking at a menu of options. And if there is the political will to do this in a balanced way, we believe it can be done.

Q On the question about both sides' bottom lines, which the President has been asking them to tell him -- today, when he meets with Democrats, one of their bottom lines all along has been no cuts in Medicare benefits. They said they would be willing to do something to the programs. And the President is fond of pointing to polls that show that his balanced approach is very popular. One thing that's not popular is any changes in benefits to either Social Security or Medicare, which he's discussed with the Speaker, that's in the Gang of Six, that that's a constant in this -- either raising the eligibility --

MR. CARNEY: Well, I would make two points. One, I'm not going to negotiate the details that they're going to negotiate with you. And then secondly -- and that's even if we are able to achieve something significant that would have as a component of it entitlement reform; B, I think the President has also been very clear in stating that if we go

in this direction, it requires some hard choices. I mean, I don't think he could have been more clear about that. And I think that's part of the discussion that needs to be had.

Q And do you have a sense yet of the Republicans' bottom line? Because this -- Gang of Six requires \$1.7 trillion in net revenue increases, and that seems to violate one of their bottom lines.

MR. CARNEY: Well, again, I think there was a lot of positive response to what the Gang of Six put forward. And you're talking -- you're thinking about this again as if this is the only way to get a grand bargain, if you will, is in every element and detail of what the Gang of Six put forward. I remind you that --

Q -- talking about the net \$1 trillion then.

MR. CARNEY: Well, you said in that \$1.7 trillion, didn't you? I mean, there's --

Q All right. Well, I mean --

MR. CARNEY: But what I'm saying is that there are -- well, I mean, that's a perfect example of what would remain to be negotiated about how you get revenue and how much revenue, which affects, obviously, the size of the package. And that's for them to negotiate. If there is the will and the decision made that we should go there, we should try to get the biggest possible deficit reduction package because that's the best thing for the economy, it's what the American people want, it's what the Republicans want, it's what the Democrats want, it's what the independents want, it's what you and I want -- well, at least it's what I want.

David.

Q It was reported last week that the President told Majority Leader Cantor that he would be willing to take this debate to the American people. And today, in an ABC/Washington Post poll, it found that six out of 10 Americans did not think the President was doing enough to reach across the aisle to find a compromise here. I'm wondering, regardless of what the poll found about views on Republicans, doesn't that show that the President is losing this debate as well?

MR. CARNEY: Well, I would -- I certainly disagree with the assessment that he's losing this debate. I think there's overwhelming evidence that the American people prefer a pragmatic, balanced, bipartisan and significant deficit reduction package.

The President made clear when he's come out and spoken to you all here that the choices that would be involved in creating such a grand bargain would need to be explained and sold to Democrats and Republicans. And he has -- I think you've seen the President spend a lot of time discussing his views on this in public because he understands that this is complex and arcane stuff in many ways, especially when you throw in phrases like "raise the debt ceiling," and that it needs -- that it's important that he does his job to help explain to the American people what's going on in Washington and why he's taking the positions he's taking.

So he feels that that is absolutely his responsibility, and he takes it seriously. He believes that there is growing evidence that the American people broadly support the approach that he's taking, and thinks that that fact, coupled with increasing willingness by members of both parties on Capitol Hill to think big and to think about this in terms of a balanced bipartisan deal, is encouraging.

Q May I just follow up? I think the poll also found that his approval rating was at 47 percent, which is one of the lowest that this particular poll has found since he's taken office. Does that show that this is dragging the President down as well? I mean this whole debate --

MR. CARNEY: I honestly can tell you that this is about making hard choices that are the right choices to ensure that the American economy is where it needs to be. And, I mean, there's no question that even though the economy has been growing now for some time, even though we've created more than 2.1 million private sector jobs over the last however many months, we are nowhere near close to where we need to be, and that the anxiety that that creates is real and justifiable.

And this President is totally focused on making sure that he does everything he can to ensure that every American who is looking for a job can get a job. And he will not rest until we get to that point. I mean, that's the way he looks at it -- not in terms of what his job approval rating is.

Helene.

Q Given, though, that these polls are showing that so many Americans seem pretty fed up with the whole process, is the President --

MR. CARNEY: Understandably.

Q Is the President -- he, yesterday, to be pretty -- he seemed optimistic yesterday. Behind closed doors, though, is he showing any frustration? Is he fed up with this?

MR. CARNEY: I think to the extent that we had some questions about this with regard to one of the meetings last week -- I mean, to the extent that the President is ever frustrated, he's frustrated, or has been, when he sees the potential for something historic to be achieved that's right there and everybody understands what it would take, and it's not that hard -- because the beauty of a balanced approach is that it doesn't require draconian sacrifices by either party. It just requires a willingness to be reasonable. And his frustration with the way the process works sometimes is when he sees that possibility right there and doesn't see everybody reaching to grab it.

His optimism, which is perpetual, is that he has great faith in the American people to understand what's happening and to send -- to convey to their elected officials what they think ought to be done. And he's seeing that now. And we've seen some movement in Congress in terms of an appreciation and understanding about what we believe broadly the American people expect their leaders in Washington to do.

But I think some of the reporting about -- one of the times when he expressed that frustration is when he said, look, some of what's happening here is exactly why people get frustrated with Washington; it's exactly why Americans get fed up -- to use your words. And here's an opportunity to show the opposite; to show that leaders can lead, that the folks -- I mean, the people who are sent to Congress are the leaders of their communities. They're the ones that were chosen through the ballot box to work for them in Washington to get things done. Well, this is a huge opportunity to do that if the political will exists.

Q At the risk of belaboring the train analogy, I know you said you wanted to be pushing on the various different tracks. You want the push on the Gang of Six --

MR. CARNEY: I can say with absolute confidence that none of the trains is a high-speed train in this. (Laughter.) No high-speed rail here.

Q And that's not in the budget --

MR. CARNEY: These are slow-moving trains.

Yes, sir. Sorry.

Q Is the danger that if you decide that, at least for now, you need to go to plan B, you need to get something in place to eliminate -- to get past the absolute deadline of August 2nd, that that will inevitably result in the derailling of the grand bargain train because there is no more forcing event?

MR. CARNEY: Well, that would be a shame. But let me be clear that the United States Congress will take the measures necessary to ensure that we can continue to honor our obligations and pay our bills after August 2nd. We are absolutely confident of that. Leaders of Congress have expressed the same confidence.

We believe that we can get more than that, something much more significant than that within the time frame. If we do not, we are going to continue to fight for that, because we have to deal with our deficits, we have to deal with our debt, and we have to do it in a balanced way.

We do believe a unique opportunity has been created here that allows for action to be taken all at once, if you will, for Congress to make some very important, hard votes that will, we believe, end up paying off for the economy, for the American people. But we'll keep fighting. I mean, no matter how grand the bargain, if we achieve one, there will still be work to be done. There will still be work to be done to create jobs, to grow the economy. And that will continue on August 3rd and for the rest of the time that this President is in office.

Q Thank you, Jay.

MR. CARNEY: Christi, I'll take you, and then I apologize that I spent probably a little too much time on the front two rows, and I will remedy that next time.

Christi.

Q Not to belabor this point, but when you're talking short-term measures to finalize the details, are you talking hours or days, a week? Are we potentially talking about weeks?

MR. CARNEY: I'm just not going to go beyond the language.

Q And also, do you want to go beyond the language on what constitutes significant? I mean, is it a trillion dollars in cuts. Does that count as significant?

MR. CARNEY: No, I don't want to be any more specific.

Thanks very much.

END 1:44 P.M. EDT