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Press Briefing by Press Secretary Jay Carney, 4/18/2011

James S. Brady Press Briefing Room

See below for an answer to a question (marked with an asterisk) posed in the briefing that required follow up.

* Secretary Geithner briefed the President on the S&P report on Saturday.

12:28 P.M. EDT

MR. CARNEY: Good afternoon, everyone. Before we get started with questions I just wanted to give you a readout of the President's call with Israeli Prime Minister Netanyahu.

The President called the Israeli Prime Minister today to convey his best wishes before the start of Passover. Noting that he would host a seder at the White House, the President recalled that the story of Passover is one of liberation and freedom, and expressed hope that the Israeli people would be able to celebrate in peace. The two leaders also discussed U.S.-Israeli cooperation on counterterrorism, how best to move forward in efforts to advance Middle East peace, and the recent violence near the Gaza Strip.

Prime Minister Netanyahu expressed his deep appreciation for U.S. funding for the Iron Dome rocket and mortar defense system, which he noted has successfully intercepted several rockets aimed at Israeli communities. The President congratulated the Prime Minister on his impressive -- on this impressive Israeli technological achievement and expressed his pride that Israel-American cooperation made it possible.

With the signing of the fiscal year 2011 budget appropriation, the President approved \$205 million in U.S. funding for Iron Dome, which is above the annual package of foreign military financing for Israel.

The President and the Prime Minister agreed to stay in close touch on the range of issues facing the United States and Israel.

That is all I have to start this day, and I'll take your questions. Ben.

Q Thanks, Jay. Two topics, please. Standard and Poor's downgraded its rating on U.S. long-term debt to negative and cited a material risk that Washington won't be able to get a deal to confront and address these deficits in the coming years, and then the stock market took a plunge. Just to start with, what's the President's reaction to

that kind of bond rating?

MR. CARNEY: Well, first of all, the bond rating remained the same. The S&P affirmed the AAA bond rating of the United States, but emphasized the importance of timely bipartisan cooperation and action on fiscal reform -- the same emphasis the President made when he gave his speech last Wednesday. What the S&P analysis also said was that the American economy is strong, it's growing, it's diversified, it's dynamic, it continues to be the most important and most powerful economy in the world.

As for its political analysis, we simply believe that the prospects are better. We think the political process will outperform S&P expectations. The President is committed, as he made clear in his speech on Wednesday, to moving forward in a bipartisan way to reach common ground on this important issue of fiscal reform. And he believes that the fact that Republicans -- that he and the Republicans agree on a target -- \$4 trillion in deficit reduction over 10 to 12 years -- is an enormously positive development. They also agree that the problem exists. So the third part is the hard part, which is reaching a bipartisan agreement. But two out of three is important. And it demonstrates progress.

Now, a statement that observes the fact that there is often gridlock in Washington and that the contentiousness between the two parties sometimes prevents us from getting things done is not one we would disagree with. But the fact is when the issues are important, history shows that both sides can come together and get things done. President Ronald Reagan did that with Tip O'Neill, Democratic Speaker of the House. President Bill Clinton did it with Newt Gingrich, Republican Speaker of the House. President Obama did it 10 days ago with John Boehner, Republican Speaker of the House. We can do it again. The President believes that's possible and that it will happen.

Q So I understand your point there that the White House thinks that Washington will outperform this outlook, but I just want to make sure I understand. When the agency lowers the outlook on the long-term debt to negative, is it your view that -- what is your view about the significance of that?

MR. CARNEY: We think a reminder that it is important that we reach agreement on fiscal reform is always valuable, and that's essentially what it is. It is another indication on the -- of the importance of both sides coming together and grappling with this problem and getting to a resolution. Again, Republicans and Democrats, the President, all agree that there is a problem, that we need to do something about reducing our deficit. Everyone agrees now on a target for deficit reduction -- \$4 trillion over 10 to 12 years. That's significant.

And I would point you to Moody's analysis. In the wake of the President's speech on Wednesday, Moody gave a very -- Moody's gave a very positive assessment, and again today in its weekly report, made another positive assessment. And the fact that both sides have the same or similar target, that they diagnose the problem similarly, and that the President has begun a process that he hopes will lead to bipartisan negotiations and lead to some sort of bipartisan agreement I think is all an indication of the seriousness with which he takes this issue and the importance that he places on moving forward and addressing it.

Q One other quick topic, please. On the severe weather down in the South, as you know, dozens of people have been killed over the last few days by tornadoes across the South. Does the President have any plans to go to the region and talk to victims and inspect the damage? As you know, that's often the role that Presidents play.

MR. CARNEY: The President -- I don't have a scheduling update. The President spoke with Governor Perdue and Governor Bentley yesterday to express his condolences and make sure they knew that the federal government stands ready through the Federal Emergency Management Agency to assist in the recovery efforts if needed.

FEMA, through its regional office in Atlanta, Georgia, is closely monitoring conditions following the severe storms. It has dispatched preliminary damage assessment teams to North Carolina, Alabama and Mississippi, and we have folks on the ground assessing the situation and standing ready to provide assistance as necessary.

Q Staying with S&P, does the warning on the direction and the outlook for the long-term debt rating make a deal over the deficit more urgent?

MR. CARNEY: I would say that any call for a bipartisan agreement on deficit reduction on fiscal reform is a welcome one, and in that context, I think that it adds to what we believe is some momentum towards that end.

But again, I would point to some important factors here, that even in S&P's analysis on the U.S. economy it said: "The economy of the United States is flexible and highly diversified. The country's effective monetary policies have supported output growth while containing inflationary pressures. And a consistent global preference for the U.S. dollar over all other currencies gives the country unique external liquidity."

It goes on with: "Our ratings on the U.S. rest on its high income, highly diversified and flexible economy, backed by a strong track record of prudent and credible monetary policy."

Again, there's a lot here that describes the strength of the United States economy, the strength of our recovery. And on the political question of whether achieving compromise is within reach, we believe it is, and we rest our faith in those prospects on historical precedent that is as fresh as the recent agreement between the Speaker of the House and the President and other leaders on the fiscal year 2011 budget, and on the seriousness with which this President and other serious parties are approaching this issue.

Q Any other concrete evidence, apart from the deal over the government shutdown? I mean, their analysis is based on --

MR. CARNEY: Right. I would say the fact that they share the \$4 trillion target, they share an analysis of the problem and the fact that it needs to be addressed, and these are important steps toward a deal. And the fact that it is recognized as an important matter adds to the momentum, we believe.

Q Jay, there is some legitimate sentiment on the Hill that the talks on deficit reform that the President called for last week have really undermined the work that the Gang of Six has been doing, working on for months. They're just a few weeks from -- away from releasing their own plan. Why not wait for them, or why not include them more in the talks?

MR. CARNEY: Well, look, the President has said and others have said that we wholly endorse the fact that serious-minded lawmakers of both parties in that group and others have taken on this issue and approached it in a way that recognizes the importance of getting something done and the need to do it in a balanced way.

The fact that the President has come out with his vision should be a positive reinforcement, another indication that this is important work that needs to be done. And the fact that the President built his vision by borrowing in many ways from the recommendations of the bipartisan commission on which a number of members of that Senate group sat, and that he has been -- his approach has been praised by people, independents, in this field, if you will, of fiscal reform -- like Pete Peterson and David Walker -- gives a good sign, a good indication, of the fact that there is a building consensus around the way to approach this problem. So he thinks it's very complementary to the process.

Q So creating another group you don't think undermines what --

MR. CARNEY: Well, look, the reality is that for anything to pass Congress you need 60 votes in the Senate and 218 votes in the House. So we need to build off of all the existing groups, if you will. We need to bring together through a process that has to involve the leadership those Republicans and Democrats who can find consensus on common ground on measures to reduce our deficit and begin to reform our fiscal policy in a way that makes us stronger for the 21st century.

Q And President Obama is hitting the road this week. What is his message for the American people and how is it different from his speech last week? And what do you guys intend to get from the Facebook --

MR. CARNEY: The message he's carrying to Virginia tomorrow, to California Wednesday, to Nevada on Thursday, is very much the message that he laid out on Wednesday. And you can't just say these things once, you need -- he very much looks forward to engaging with Americans outside of Washington to talk about how we got here, why it's so important to deal with the need for fiscal reform, and what his vision is for getting there.

This can be extremely arcane and esoteric stuff, when Americans out there are worrying principally about the economy and job creation and gas prices, and he wants to explain why, for the sake of our economy, we need to move forward on fiscal reform, share responsibility and share the burden as we go forward to create an America that is stronger and creating more jobs in the future.

Q A couple things. On the S&P, Majority Leader Cantor just put out a statement calling it a wakeup call -- it seems to agree with what you're saying -- but also said that as a wakeup call, House Republicans will only move forward on the President's request to increase the debt limit if it's accompanied by serious reforms that immediately reduce federal spending. The Majority Leader being pretty clear that they're standing firm on their position of more spending cuts. Is that at this point something the President can agree to?

MR. CARNEY: Well, the President very much, as he laid out in his speech on Wednesday, believes that part of the package in terms of long-term fiscal reform involves spending cuts. It also involves reductions -- savings in health care spending. It involves savings in the tax code. It involves savings in Pentagon spending, as well as, of course, interest payments.

So what I would point you to are the statements that the Secretary of the Treasury made over the weekend where he made very clear -- and he was in the room for a number of these meetings -- that what is reassuring and important is that the leaders of both parties in Congress as well as the President, of course, agree that the debt ceiling will be raised.

Because we cannot play chicken with our economy. We cannot play chicken with the full faith and credit of the United States government. We meet our obligations -- we are the United States. And we will do that. That will happen.

Concurrently, we, as the President urged, will be engaged in bipartisan negotiations aimed at reducing our deficit, cutting spending, and taking other measures to reduce our deficit. Those things can happen on parallel tracks, if you will. But regardless of how that process proceeds and what agreements are reached along the way and in what timeframe, it is absolutely a fact that Congress will raise the debt ceiling because not to do that would be a catastrophic folly.

Q And also on Friday the President issued a signing statement that -- a lot of people have been talking about it. On the campaign, during the campaign, he said in several different venues that signing statements were a bad idea, and at one point he said we're not going to use signing statements to do an end-run around Congress. So why

going -- why the change in position now?

MR. CARNEY: Well, let me make very clear what the President -- the President's position, what -- the position he took during the campaign, because it's been a little bit misunderstood, although most of the folks who reported on this over the weekend got it right. He never said he was opposed entirely to signing statements. I can point you to numerous statements from the campaign where he made clear that every President should retain the right, of course must retain the right, to have signing statements, to raise constitutional concerns and objections with a law passed by Congress that he signed into law. His concern was with what he saw as an abuse of the signing statement by the previous administration.

So the positions he took in the signing statements on the budget bill are entirely consistent with that position. You need to retain the right to, as President, to be able to issue those signing statements, but obviously they should not be abused.

Q Did that position evolve, would you say, over time? Because it was pretty clear at a couple venues when asked about them, he said, no, I won't sign --

MR. CARNEY: I don't have them with me -- no, actually on numerous occasions, including a question-and-answer session with Charlie Savage, who was with The Boston Globe at the time and did a lot of work on this issue, made very clear, explicitly, that signing statements needed to be retained. They just should not and he would not abuse them.

Yes, sir.

Q On the tax -- does the administration have any more specific recommendations for reforming the tax code?

MR. CARNEY: Any more specific today? No, obviously we've begun a -- we've begun a process. The President, as you know, is committed to both individual tax reform as well as corporate tax reform. He believes that a simpler tax code is good for individual filers and it's good for business because it makes business more efficient. So those are two goals that he thinks are very important. But I don't have any new proposals for you today, Mr. Plante.

Q The Tax Policy Institute says that 45 percent of Americans don't pay any income tax. Many of them are lower-income people. But does that mean they don't have a stake in the system? Should they pay something?

MR. CARNEY: Well, first of all, there are many taxes besides income taxes, as you know, and most people --

Q I said income tax.

MR. CARNEY: No, I know you did, but to say that they don't have a stake in the system, of course, they're all Americans, and those who are paying payroll taxes are working Americans. They very much have a stake in the system, and they very much have a stake in the economic future of this country.

And for those who are out of work, they very much have a stake in this process, which must not as we go forward take actions that undermine the recovery that's underway or that undermine the job creation that's underway. That is paramount here and is -- the focus the President wakes up with every morning is: What can I do to continue job creation? What can I do to continue the growth that we've seen as we emerge from this terrible recession that we've suffered from?

So everybody has a stake in this. And everybody has a stake in Congress and the President reaching agreement on economic policy issues that allows for the economy to continue to grow, for jobs to continue to be created, for industries to thrive in this country that can create jobs in this country. And those are the policies that the President feels more passionately about and pursues every day.

Yes, Wendell.

Q Jay, walk me through what happens if the nation bumps up against this debt ceiling and how that is fundamentally different than us lacking budget authority, for example? What makes it so catastrophically more serious?

MR. CARNEY: Because we have the largest economy in the world, the most important economy in the world. The world looks to us for economic stability. The world obviously takes -- has a great deal of faith in our currency and in U.S. treasuries. And a failure to meet our obligations would be a grave mistake that would have a grave impact on both the American economy and the global economy.

You don't have to look to me for an analysis of this. There are plenty of credible economists who can provide it for you independent of the White House, the Congress. And I think the consensus is near universal that the impact would be very negative and very severe.

Q What happens, though? Does it mean we're not paying the interest on treasuries to institutions or individuals that own them?

MR. CARNEY: I believe what happens -- and at the end of this answer, I'll refer you to the experts at Treasury for this -- but I believe what happens is that we have bills come due that we can't pay because we haven't raised the debt ceiling. So, to put it in very plain language, we would default. And default is a terrible thing for an individual; it is a catastrophic thing for the United States of America.

Q Can you talk to me about this aid to an anti-Syrian government broadcast group, I guess, that was revealed in Wikileaks last week? There's some reporting that administration officials are concerned that people who participate in this could be targeted by the Syrian government.

MR. CARNEY: Well, Wendell, you know we're not going to comment on alleged leaks of classified material. As you know also, the U.S. government provides support to civil society, democracy and human rights activists around the world in line with our values, among them respecting the fundamental human rights of free speech, peaceful assembly and human dignity. U.S. outreach to Syrian civilian society is entirely consistent with those principles.

Athena.

Q Two subjects. On the debt limit, I want to make sure I understand the reason for sort of drawing a line in the sand or talking about how important it is to have a clean bill. Is it a philosophical reason, or a practical one? Are you worried that you -- you have to have it on two parallel tracks because if you try and lay out the debt limit bill, you'll slow it down?

MR. CARNEY: Well, let me make clear, the cleanliness of this bill is not the issue. I think we went through this a little bit when we were talking about the 2011 budget negotiations and riders, for example. And the issue here is -- again, you could have an attachment to this that declared my favorite baseball team America's baseball team, if you will. That would be fine with me, maybe not everybody, but it wouldn't interrupt the process.

The problem -- the issue here is the debt ceiling has to be raised, and it cannot be held hostage to a process that is very complicated and difficult. Now, we may reach -- we hope we will reach an agreement on deficit reduction, a bipartisan agreement on deficit reduction within the timeframe; we believe that's possible. However, I think what the Secretary of Treasury made clear over the weekend is that we cannot make it conditional. Because what if we don't? These are hard things. What if we don't? What if we're a week away or two weeks away and in the meantime, Congress says, well, then we're not going to raise the debt ceiling? And even getting up to that deadline poses huge problems for the economy because the global economy begins the possibility of the impossible, the unthinkable, which is a U.S. default.

So the point is we have to separate the two in the sense that we can make serious progress with great commitment on deficit reduction, but we must within a time certain raise the debt ceiling. Because in many ways not to do so would render all our other efforts pointless because we would immediately arrest the recovery. We could very potentially cause a global economic problem, and that would make everything else we need to do so much harder.

Q One more on the oil spill. We're coming up on a year anniversary since the Deepwater Horizon accident and the subsequent oil spill, which we all know what the effects of that were. How confident is the administration now that that sort of incident could be avoided? And what more needs to be done or is still being done to get to the point where you can be confident?

MR. CARNEY: Well, this is an excellent question because we've discussed a lot even since I've been Press Secretary about the process of granting new leases for offshore oil drilling in deepwater. And what happened after this historically serious oil spill was that the administration -- this administration insisted that before we grant permits for more deepwater drilling that industry demonstrate its capacity to contain a spill like the one we saw in the Gulf.

The first permit after that was demonstrated by the first company or consortium of companies which was granted in February. We have now granted 10 deepwater, offshore oil permits, and we will continue to do that because we believe it is of paramount importance that we continue to drill, but we drill safely. We need to obviously maintain and, when possible, increase our domestic oil production, but we need to do it in a safe way.

And it wasn't, as you just said, that long ago that we were witnessing this terrible oil spill, and we should not forget that it is important to take the measures necessary, as this administration has through the Department of Interior, to make sure that the industries that want to drill -- and we want them to drill -- that they do it in a safe way, and they have the capacity to deal with the kind of spill we saw.

Q So you are confident that you could -- it's not going to happen again?

MR. CARNEY: Well, we are confident that the procedures are in place. And as the Secretary of State -- the Secretary of the Interior rather, said over the weekend, we obviously know there's more to be done and we are constantly in the process of improving the agency that oversees this process. But on the issue of are we able, will industry be able to contain a spill if the kind of spill happened that happened last year, we believe that we are only issuing permits to those companies that demonstrate that capacity.

Q Can I follow on that?

MR. CARNEY: Can I get back to you, Sam? Carol.

Q When did the White House learn that S&P was going to make the announcement that it made this morning?

MR. CARNEY: Friday afternoon.

Q Okay. And did anyone try to talk them out of what they were going to say? Or what were those discussions like?

MR. CARNEY: Well, I don't know what the discussions were like. I mean, it was -- they obviously have a process and they issue the --

Q Who did they raise --

MR. CARNEY: I believe the Treasury Department, but you may ask them for more details about the conversations. I don't have any details.

Q What was the President's reaction when he learned that this was --

MR. CARNEY: I think that the reaction of all of us is that the assessment of the state of the U.S. economy is one we agree with. The assessment of the potential for a bipartisan agreement is, we think, not as positive as we believe it is, and that -- that's why I say that we believe the process will outperform S&P expectations on the political side of this, which, we obviously have a certain amount of experience here just in these last two-plus years in dealing with Congress, and in the last several months in dealing with a divided Congress and still getting things done.

And there is great historical precedence for that to happen. When you can look and hear the competing statements from members of both parties and think there is no way these two sides are going to find common ground and come together -- and yet there is a way because the American people demand it and the American economy demands it. We need to address this issue. That's why the President takes it so seriously. And we believe that there are a lot of serious lawmakers up on Capitol Hill who agree that we need to do this.

So in many ways, as hard as this issue is, because of what we've been through in the economy and because of the fine work of the commission, the President's commission, there is an atmosphere, if you will, that creates potential for agreement that didn't exist in the past. And we hope to capitalize on that and get something done for the American people. We may not agree on every item, but there is much we can agree on that we think will be good for the economy and good for our balance sheet.

Yes, Mark.

Q Jay, on the interviews the President is doing this afternoon, can you tell us the criteria that's used to select the stations that get the exclusives?

MR. CARNEY: Well, we -- I mean, we do a lot of these, as you know, Mark. I think we look at different states, different markets, where the President wants to carry his message. And this is a continuing process. I'm sure by the time my time is done here we will have hit a vast array of regional TV markets.

Q Does the campaign weigh in on this?

MR. CARNEY: The campaign doesn't weigh in on it. We make our -- we make our decisions about where the President give interviews here at the White House. And I would note that the campaign -- I think that you're

referring to the President's campaign -- did not exist but for a few -- until a few days ago, or a number of days ago. So it is not -- the process is pretty simple. We look at where he hasn't spoken before, where the market is, and proceed from there.

Q Does he think he gets better access to the American people than doing a news conference here?

MR. CARNEY: I think we believe, and he shares our belief, that there are many ways to speak to the American people. And it would be nice, it would make our jobs a lot easier, if these were the days when a vast majority of the American audience tuned into Walter Cronkite at night and we could just talk to "Uncle Walter" and get our message out there, and that's just not the case anymore, as you well know.

And so we reach out in numerous ways -- through national media interviews, through national White House press conferences, through regional media interviews, through Facebook town halls, which we're doing this week, which we are greatly looking forward to. And so it's a mix of traditional media, new media, national media, regional media and -- because you've got to reach Americans where they are. And it just remains the case that a lot of Americans still get a large amount of their news from local television.

Yes, sir.

Q Jay, thank you. Did the President actually get briefed himself on the S&P report?

MR. CARNEY: I do not know specifically if he got briefed himself. I know he's aware of it. But I don't know if he had a broad briefing on it, but he is aware of it.*

Q Will he use that report in any way in the town halls tomorrow and Wednesday and Thursday to make his points?

MR. CARNEY: Well, I don't want to anticipate because these are town halls where people are asking him questions, but it certainly -- he certainly stands ready to answer a question that makes a reference to that report.

Q And when the S&P said that there was a material risk on long-term debt, does the White House agree or disagree with that?

MR. CARNEY: The fact that there is a long-term debt issue that we must confront as a nation is precisely why the President and other serious-minded people in Washington, lawmakers on Capitol Hill, have come forward with their visions of how to address it.

And so, again, if the assessment is that we have a problem, we agree. If the assessment is that we need to reach a bipartisan agreement to address that problem, we agree with that. And where we slightly disagree is that we think the prospects for bipartisan agreement remain high, because it is at moments like these when the leaders of this country come together and in a bipartisan way find common ground and do what's right for the country. And we believe that's possible. We've seen it already, this President has, and we think we can do it again.

Mara.

Q One of the things that administration officials have warned about in terms of the urgency of the debt ceiling is that it's not so much that the markets would react in a catastrophic way after, heaven forbid, you don't raise the debt

ceiling, but that they could start weighing in before if they don't think it's going to be done, which is what this seems to be.

MR. CARNEY: Which is why it's so reassuring, Mara, that the leaders of both houses in Congress of both parties have said the debt ceiling will be raised. They have said -- as you know, you've heard me --

Q Right, we can stipulate that --

MR. CARNEY: -- read some of the quotes back, that -- and we believe they -- and that's the same thing they said in their meeting with the President.

Q But the fact that after the President gives this major speech the markets -- S&P and now the markets seem to have taken the exact opposite takeaway, in other words, that they're pessimistic instead of optimistic about the two sides coming together. And they get a unique vote -- they don't have to wait until election -- markets don't have to wait until Election Day to vote. And I'm wondering if you think their pessimism could affect not just the economy and the stock market going down, but could affect -- make it harder for you to achieve the outcome that you want. And this is a real factor.

MR. CARNEY: Well, I think -- let me parse -- let me split some of what you're saying here. One is, is it a problem -- would it be a problem if the markets, prior to the deadline for raising the debt ceiling, believed that it wasn't going to happen? Yes. I think the Secretary of Treasury has said that. And that's why it's so important not just to raise the debt --

Q You don't think that's a --

MR. CARNEY: No, that's -- today's report was about a prospect for deficit reduction, okay?

Q Right, but -- yes, okay.

MR. CARNEY: So -- and that's why it's so important to move and to move sooner rather than later, because we don't -- you don't want the instability caused by any doubt about Congress's willingness to raise the debt ceiling. So that's why it's so important that they do it. That's why it's so important that the leaders have said they will do it.

Two, you've asked a lot about this one piece of analysis. But again, I point you to a lot of others out there -- Pete Peterson, David Walker, Erskine Bowles, Alan Simpson, others who have -- outside people who have made very positive statements about the President's speech and the prospects for bipartisan compromise.

I would also point you to Moody's: "This potential change in the direction" -- this is in the wake of the President's speech -- "This potential change in the direction of fiscal policy is credit positive for the U.S. federal government, although it remains uncertain what sort of budget will actually be adopted." Credit positive, so that is a positive assessment on the future as a result of the President's speech on Wednesday.

"Despite these uncertainties, we view the changed parameters of the debate with broadly similar goals as to government debt levels as a turning point that is positive for the long-term fiscal position of the U.S. federal government." That is Moody's. That's Moody's assessment.

So, look, this is hard stuff, complicated stuff. It requires some elbow grease by members of both the Republican

and Democratic parties to get these kinds of agreements done, but we think there's reason to believe we can do it.

Q Why do you think S&P matters more to the markets than Moody's?

MR. CARNEY: Well, look, I'm not a market analyst. And we believe in the strength of the U.S. economy, the fact that we're growing out of the recession and creating jobs, and that there is a focus by this President and members of Congress on the need to deal with our long-term debt and deficit issues.

Jackie.

Q Jay, what is the President doing, if anything, to spur Congress, the congressional leaders, to name the members of the debt reduction group that he called for in his speech? The Republicans haven't named anyone. The Democratic leaders have each named two instead of four, as he proposed. And the two that Senator Reid proposed are not exactly people you associate with trying to reduce the debt. And Senator Baucus is actively opposed to even talking about doing anything on Social Security's long-term finances. I mean, why do we have any grounds to believe this is ever going to get off the ground?

MR. CARNEY: Well, because it has to. Because it has to.

Q What is the President doing about it?

MR. CARNEY: Well, we are obviously -- Congress, as you know, is on recess, but we are, at staff level, having conversations, and the phones work around the world, so we're also having conversations with lawmakers who are in various places around the world about the need to move forward with this process.

And we remain confident that we can do that and we will do that because it's essential. It's essential that the American people see that its elected leaders in Washington are addressing an important problem together. And it's essential for them to see that the serious members of both parties acknowledge that in any situation like this, just as it was true with the fiscal year 2011 budget negotiations, neither side is going to get 100 percent of what it wants. There is not -- a "my way or the highway approach" is not credible. And so the President understands that, and we believe that everybody needs to understand that. And then that will help -- that recognition will also help the process move forward.

Q Has the President had conversations since his speech last Wednesday with either Speaker Boehner or Senator McConnell about naming --

MR. CARNEY: Again, there have been conversations at the staff level. I don't believe the President has had conversations with any of the leaders you mentioned in the last several days, but we're moving forward on this.

Q Just one question --

Q Did the President --

MR. CARNEY: You know what, let me go to Ann.

Q Just one -- just one. It's my turn.

MR. CARNEY: Sorry. Ann Compton, from ABC.

Q A follow-up on what Jackie asked. Did the President have any conversation with the Speaker before he went to Iraq and to Pakistan to make sure the United States is speaking with one voice overseas?

MR. CARNEY: Again, I don't know if that's -- if they spoke about his trip to Iraq. They obviously spoke in the wake of the agreement on the budget a week ago Friday. And we think it's a good thing that the Speaker of the House visited Iraq to see the progress that's been made there and the fact that our civilian and military personnel continue to do extraordinary work there.

A lot of people have taken their eye off that ball, understandably, because we have drawn down -- this President has drawn down 100,000 American troops from Iraq. And we are very much in a process of making transition -- full transition to the Iraqis, and we've been in a support and assist mode there for a long time now, as you know.

Q The Speaker announced in a letter this morning that he would like to take money away from the Justice Department and give it to the House to defend the Defense of Marriage Act, something that he says, now that Justice has announced that it will not defend it, that the money it would have otherwise spent should go to the House to hire outside legal counsel so it doesn't add to any additional government spending.

MR. CARNEY: I'm not aware of that. I don't have any comment specifically on funding. I do know that from the day that we announced this here and I spoke about it, that we obviously will work with Congress if Congress so chooses to move forward and want to defend it.

Q -- pay for it?

MR. CARNEY: Again, I would address that to the Justice Department. I'm not aware of the question, the issue of funding.

Peter.

Q Jay, thank you. We're moving from a high-stakes, high-drama dispute over spending that almost led to a government shutdown to another high-stakes, high-drama dispute over raising the debt ceiling. It's a difficult political environment. Is there space for the President to advance a positive agenda here on jobs and the environment? Does he see the next two years as playing defense?

MR. CARNEY: What we have learned since the midterm elections that delivered the House of Representatives to the Republicans is that despite prognostications to the contrary, we can get big things done. We can get important things done. So this President believes very strongly that, yes, there's a potential for serious work to be done.

It's not necessarily going to be easy. It's going to require compromise by both sides. It's a divided government. But that's how our system works, and he remains confident. And I would just note a couple of things -- that he spent a lot of time going out not just from Washington but around the country talking about his energy policy and the need to diversify our energy sources and to pursue a clean energy standard and address very directly the problems that Americans are contending with because of the rise in oil prices.

And he believes that he can continue to talk about those issues and make progress on those issues because the American people expect us to. They don't really care -- they don't think it's an excuse that one party controls the

House and another party controls the Senate, and the President's party isn't in control. That's not an excuse to the American people. And he certainly doesn't think it is. And that's why he began a process on Wednesday that explicitly calls for bipartisan agreement because that's what we're here to do, is to get some work done for the American people

Q The President's timeline for dealing with the group is targeted for the end of June. The deadline -- expected deadline for the debt limit to be increased is -- of course, could be between mid May and late July. What happens if the debt limit -- if Treasury says we need that May 15th and negotiations are ongoing and you're not in a position yet to put forward a package? What -- is there -- that seems to be another kind of game of chicken. What is the White House's expectation in terms of what will happen if the two parallel tracks don't proceed?

MR. CARNEY: I think the big -- well, the Treasury Department has made very clear what the -- in its letters to Congress from the Secretary of the Treasury and in other ways about what the chronology looks like. And I would leave it to them to analyze what those deadlines are and to provide that information to Congress, which they have done and I'm sure will continue to do.

But it does -- your question goes right to my earlier point, and right to the statements that Secretary Geithner made yesterday, which is we are pursuing deficit reduction aggressively at the same time -- and within the same timeframe that Congress needs to take action on raising the debt ceiling. It would be a mistake to have one be conditional upon the other precisely for the reasons that you mention, that -- agreement is hard. We believe an agreement is possible by the end of June, and that that will be a positive thing in and of itself.

But you can't -- what we have said is that you cannot play chicken with the economy. You cannot play chicken with the full faith and credit of the United States government. And to make raising the debt ceiling contingent upon the success of those negotiations is very risky behavior. It is playing chicken, and we don't think that that's what congressional leaders meant when they reassured the President and they reassured the public that the debt ceiling would be raised.

Q So you would expect them -- the House and the Senate to just do the debt limit on the promise of this?

MR. CARNEY: Well, I take them at their word that the debt ceiling will and must be raised, and more importantly, the President takes them at their word. But let me remind you that we are cognizant of -- we acknowledge what members of Congress are saying and how they want to see progress on deficit reduction. And so do we, which is why we're committed to this process. And we will push that boulder up the hill because it's important, and we will demonstrate, again, the President's commitment to doing that.

April.

Q On another subject. You say you can't play chicken with the economy, but the economy right now is directly tied to prices at the pump. When is the President -- or what conversations have been happening right now about tapping into the Strategic Oil Reserve?

MR. CARNEY: Well, as you know, the President gave a major speech talking about gas prices. And he spoke in a press conference about this, and he has taken questions in the past about the SPRO, the Strategic Petroleum Reserve. We obviously look at the situation constantly and assess what our options are. The SPRO exists to deal with a literal disruption in the supply of oil. And I believe the President said recently in one of his interviews that you have to be very careful about the decisions you make with regard to releasing the reserve

because you don't want to get in the situation where you release it because of a price issue, and then find that you have disruption and your reserves are down. So it's a very serious decision to take.

However, he remains -- he obviously continues to look at it. The point he has made in his energy speech and his statements about our need to address our long-term energy future is that there are no short-term fixes to this problem, and it is -- that are sustainable or dramatic because -- and this is what he addressed and talked about before, that we had a spike in 2008. A lot of people said a lot of things in Washington about the need to deal with gas prices. And then prices went back down and everybody forgot about it. And that's why you need a long-term energy policy that reduces our dependence on foreign oil, increases our production both of fossil fuels and forms of clean energy, diversifies our energy sources, and does it in a way that protects us in the future against these same kinds of price shocks.

Q Can I follow up on that --

Q Let me follow up. So let me understand if I'm understanding you correctly. If the President were to think about tapping the petroleum reserve, if he did that it would not make a significant difference to the American pocketbook?

MR. CARNEY: I'm not saying that. I'm just saying that there are no short-term solutions to our overall problem with dependence on foreign oil. You have to have a sustained energy policy and you have to look at diversifying your sources of energy, increasing your production of energy of all kinds, and building clean energy technologies that allow us to move -- again, move off of our dependence.

Q As we're seeing \$4 a gallon at many pumps across the nation, is this White House bracing for \$5 a gallon and higher starting this summer?

MR. CARNEY: I would not predict -- any more than I can become a market analyst be an oil market analyst. What I will say is this -- again, it is a conversation we have every day here about gas prices and the impact they have on Americans. I mean, that is the conversation that Americans are having around the country. They're concerned about deficits and debts. They're concerned about a lot of things. But, far more, they're not talking about the S&P analysis today -- they're talking about the price at the pump down the street and the impact it's having on their wallets, which is why the President is so committed to coming up with a long-term solution and not just trying to win the rhetorical debate about the problem of gas prices. He wants a policy that positions America in the future in a way that reduces the impact of these kind of price hikes.

Q Without quantifying that, is this White House bracing for higher prices?

MR. CARNEY: Again, we're not predicting higher or lower. We don't -- we're not in that business. What we know is that prices are high and that severely tests Americans. We are grateful that Congress and we were able to reach the tax cut agreement in December that provided a payroll tax cut for everybody that has helped alleviate the impact of the rising gas prices. But we are very cognizant of it. We think about it and talk about it every day.

Q Can I follow up on that?

MR. CARNEY: Let me just do one more. Keith.

Q On Libya, there are reports that NATO Europe is running out of munitions to fight the war. Is there any --

MR. CARNEY: I'm sorry, reports of what?

Q That NATO Europe, the European allies of NATO who are in this front seat of this war, are running out of munitions to drop on Qaddafi's forces. Is there any -- and apparently there's some pressure for the United States to take up a larger role again. Is there any consideration of that now at the White House?

MR. CARNEY: Well, we believe that NATO has the capability and the capacity to fulfill the mission it has, taking the lead and command and control in enforcing U.N. Security Council Resolution 1973. We have -- our role is as the President promised it would be, which is support and assist, and it remains an important role but not a lead role. We provide capacities for jamming, for tanker refueling, for intelligence gathering and the like, and we continue to work with our NATO partners to find if there are other ways that we can assist. But we are not -- we have no plans to change our posture.

We have a great deal of faith in NATO's ability to fulfill its mission. And I would point to you that as -- in the last 24 hours have been -- there's been a dramatic increase in the number of sorties flown by NATO planes as the weather has cleared, and again, demonstrates the capacity of NATO to fulfill its mission.

Q Is the report wrong then? Does NATO -- do the European allies have enough munitions to --

MR. CARNEY: Well, I think -- again, I would address those questions to NATO. We remain fully confident in NATO's capabilities.

Thanks, everybody.

Q Jay, but you said you'd take it after. You said --

MR. CARNEY: Oh, wait. You know what, I did -- well, I said I would take Sam's question. (Laughter.) I don't remember Victoria, but I'll take Victoria's, too.

Sam.

Q One more. One more.

MR. CARNEY: I never said yours, Lester.

Q You never said -- in other words, I'm not going to be allowed to ask any questions?

MR. CARNEY: Lester, I've answered your questions many times.

Q Many?

Q So, Jay, you've talked to a lot of -- with the year anniversary of the BP spill, you've talked a lot about ensuring that similar mishaps don't happen in the Gulf. But one of the key domestic legislative priorities for this administration is lifting the cap on economic damages. From \$75 million I think you got all the way to unlimited. It started at \$10 billion and I think it went further from there. There is no movement on that in the Congress. How can you be comfortable with more drilling in the Gulf when there still is a cap on economic damages at \$75 million should a spill actually take place?

MR. CARNEY: Well, Sam, I'll confess that I don't have any specifics on the issue of the cap on damages. What I can tell you is that, as I said earlier, that the administration is committed and focused on making sure that, as it has in recent weeks begun issuing permits, new permits for deepwater drilling, that it only does so when an industry demonstrates the capacity to deal with these kinds of spills, so that what happened in the Gulf last year does not happen again.

And it feels -- we feel confident that the procedures in place do demonstrate that an industry can do -- can contain and can deal with that kind of spill, which is why we've issued these leases. We think drilling and increasing production is important as long as it is done safely, as you can do both.

Q Can you come back and tell me if you're still pushing for a raising of that cap?

MR. CARNEY: Let me see if we have anything for you on that.

Q Could you take that question?

MR. CARNEY: Yes.

Q Yes, Jay. Going back to April's question -- what I'm hearing from people on the radio, going back to the question of \$5.00 a gallon gas coming up in the summer, people are saying they are very concerned about this. They understand a long-term solution, but they're concerned about \$5.00 a gallon gas in the summer. They're concerned about 10 percent, 15 percent increases in airfares. They're concerned about not going away this summer. And they want to know what the President can do to help them. And we're talking about people who are supportive of the President's policies, but who are looking around and saying we're not going to be able to go anywhere this summer.

MR. CARNEY: Well, Victoria, I would tell you that we are, again, very focused on this, extremely aware of the burden that it creates, and looking at ways that we can help alleviate it. The reality is, as you know, and I hope as a host of a radio show, that you are responsibly informing your readers that there are no silver bullets to alleviate this problem; that the way to deal with this problem in the long term is to have a serious long-term energy policy that reduces our reliance on foreign-produced oil and increases our diversity of our supply of energy. That's the way we get out of this mess in the long run.

In the short, we are obviously looking at different measures we can take to help alleviate the impact of the oil -- rise in oil -- this rise in oil prices. But, again, it's important for everyone here who talks about and writes about this issue to acknowledge the fact that administrations and congresses in the past have not succeeded in addressing this issue for the long term, which is why we continue to have these cycles of price hikes and a great deal of consternation followed by a lull when everyone ignores the need for a long-term energy policy because the prices at the pump have gone down.

The fact is, this President is focused on a long-term solution so that Americans in the future, and his successors have a policy in place that means that we will not suffer from the kind of swings from the policy -- sorry -- suffer the impacts of serious spikes in oil prices in the future.

Thank you.

END

1:21 P.M. EDT

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