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News Conference by the President

South Court Auditorium

Please note the correction to the transcript below.

THE PRESIDENT: The answer to your second question is yes. And so I already told Prime Minister Kan that we will provide whatever assistance that they need. My understanding is that the main assistance that we're going to be able to provide them is "lift capacity, the ability for us to I think help in the cleanup.

12:33 P.M. EST

THE PRESIDENT: Good morning, everybody. Before I begin, I want to say a few words about the terrible earthquake and tsunami that struck Japan earlier today.

First and foremost, our thoughts and our prayers are with the people of Japan. This is a potentially catastrophic disaster and the images of destruction and flooding coming out of Japan are simply heartbreaking. Japan is, of course, one of our strongest and closest allies, and this morning I spoke with Prime Minister Kan. On behalf of the American people, I conveyed our deepest condolences, especially to the victims and their families, and I offered our Japanese friends whatever assistance is needed.

We currently have an aircraft carrier in Japan, and another is on its way. We also have a ship en route to the Marianas Islands to assist as needed. The Defense Department is working to account for all our military personnel in Japan. U.S. Embassy personnel in Tokyo have moved to an offsite location. And the State Department is working to account for and assist any and all American citizens who are in the country.

Tsunami warnings have been issued across the Pacific, and we've already seen initial waves from the tsunami come ashore on Guam and other U.S. territories, in Alaska and Hawaii, as well as on -- along the West Coast. Here in the United States, there hasn't been any major damage so far. But we're taking this very seriously, and we are monitoring the situation very closely. FEMA is fully activated and is coordinating with state and local officials to support these regions as necessary. And let me just stress that if people are told to evacuate, do as you are told.

Today's events remind us of just how fragile life can be. Our hearts go out to our friends in Japan and across the region and we're going to stand with them as they recover and rebuild from this tragedy.

Now, before I take a few questions let me say a few words about something that's obviously been on the minds of many Americans here at home, and that's the price of gasoline.

In an economy that relies on oil, gas prices affect everybody -- from farmers and truck drivers to restaurant owners and workers as well as consumers. Businesses see rising prices affect their bottom line. Families feel the pinch every time they fill up the tank. For Americans already facing a tough time, it's an added burden.

Of course, rising prices are not a new phenomenon. Three years ago, before the recession hit, a combination of factors, including rising demand from emerging economies like China, drove gas prices to more than \$4 a gallon. The worldwide recession and the decrease in demand pushed prices back down. But over the past year, as the economy has picked up steam and global demand for oil has increased, prices have increased again. Turmoil in North Africa and the Middle East has added uncertainty to the mix and lost production in Libya has tightened supply.

Now, here's the good news. The global community can manage supply disruptions like this. Other oil-producing nations have committed to filling any gaps -- and we will continue to coordinate closely with our international partners to keep all options on the table when it comes to any supply disruptions.

Here at home, everybody should know that should the situation demand it, we are prepared to tap the significant stockpile of oil that we have in the Strategic Petroleum Reserve. We're also using the resources at our disposal at the federal level to monitor any possible manipulation in the oil markets. And I'm asking the Attorney General and

relevant state -- relevant agencies to work with state attorneys general to monitor for price gouging to make sure that nobody is taking advantage of working families at the pump.

In addition, America is better prepared for supply disruptions than we used to be. Today, we use 7 percent less oil than we did in 2005, even as our economy has grown since then, partly because our economy as a whole is more efficient. We're adapting. We're producing more oil and we're importing less. Our automakers, for example, are manufacturing more fuel-efficient cars -- some that now get more than 50 miles to the gallon -- and our consumers are driving more of these cars.

In December, Democrats and Republicans came together to pass a payroll tax cut that is already helping to grow our economy and create jobs. In the wake of rising gas prices, it should also help act as a cushion for working families. This doesn't lessen our commitment to do everything that we can to get gas prices down, but that tax cut will total about \$1,000 for the average working family this year, or an extra \$80 or so showing up in your paycheck each month. And that tax relief package is a key reason that even with these higher prices, economists and investors like Warren Buffett believe we should still expect solid growth and strong private sector job creation this year.

Now, the hard truth is, is that as long as our economy depends on foreign oil, we'll always be subject to price spikes. So we've got to get moving on a comprehensive energy strategy that pursues both more energy production and more energy conservation. We need to increase our access to secure energy supplies in the near term, and we've got to make our economy more energy-efficient and energy-independent over the long run.

Let me be more specific. First, we need to continue to boost domestic production of oil and gas. Last year, American oil production reached its highest level since 2003. Let me repeat that. Our oil production reached its highest level in seven years. Oil production from federal waters in the Gulf of Mexico reached an all-time high. For the first time in more than a decade, imports accounted for less than half of what we consumed.

So any notion that my administration has shut down oil production might make for a good political sound bite, but it doesn't match up with reality. We are encouraging offshore exploration and production. We're just doing it responsibly. I don't think anybody has forgotten that we're only a few months removed from the worst oil spill in our history. So what we've done is to put in place common-sense standards like proving that companies can actually contain an underwater spill. And oil companies are stepping up -- we've approved more than 35 new offshore drilling permits that meet these new safety and environmental standards.

There is more we can do, however. For example, right now, the industry holds leases on tens of millions of acres -- both offshore and on land -- where they aren't producing a thing. So I've directed the Interior Department to determine just how many of these leases are going undeveloped and report back to me within two weeks so that we can encourage companies to develop the leases they hold and produce American energy. People deserve to know that the energy they depend on is being developed in a timely manner.

We're also taking steps that will enable us to gather data on potential gas and oil resources off the mid- and south Atlantic, and we're working with the industry to explore new frontiers of production, safety measures, and containment technology. We're looking at potential new development in Alaska, both onshore and offshore. And when it comes to imported oil, we're strengthening our key energy relationships with other producer nations, something that I will discuss with President Rousseff when I visit Brazil next week.

All these actions can increase domestic oil production in the short and medium term. But let's be clear -- it is not a long-term solution. Even if we started drilling new wells tomorrow, that oil isn't coming online overnight. And even if we tap every single reserve available to us, we can't escape the fact that we only control 2 percent of the world's oil, but we consume over a quarter of the world's oil. T. Boone Pickens, who made his fortune in the oil business -- and I don't think anybody would consider him unfriendly to drilling -- was right when he said that "this is one emergency we can't drill our way out of."

We can't place our long-term bets on a finite resource that we only control 2 percent of -- especially a resource that's vulnerable to hurricanes, war, and political turmoil.

So beyond increased domestic production, if we want to secure our long-term prosperity and protect the American people from more severe oil shocks in the future, the way to do it is to gradually reduce demand and then do everything we can to break our dependence on oil.

For example, last year we established a groundbreaking national fuel efficiency standard for cars and trucks. It's going to save consumers money while conserving about 1.8 billion barrels of oil. And we're working with automakers, autoworkers, and states to ensure that the high-quality, fuel-efficient cars and trucks of tomorrow continue to be built right here in the United States of America.

To satisfy our broader energy needs, we're working to diversify our entire portfolio with historic investments in clean energy. Right now, all across America, our farmers are producing homegrown fuels, our scientists are looking for the next breakthroughs, and our workers are back in once shuttered factories, manufacturing wind turbines and solar panels and advanced batteries that will help our cars get hundreds of miles to the gallon. These are jobs that didn't exist two years ago, and we want to create millions more of these jobs.

And in this year's State of the Union address, I set a goal for America: By 2035, 80 percent of our electricity will come from a broad array of clean energy sources -- from renewables like wind and solar and homegrown biofuels, along with natural gas, clean coal, and nuclear power.

So these are just some of the steps that we've already taken to secure America's energy future. And over the course of the weeks and months ahead, we will take more.

But the bottom line is this. We've been having this conversation for nearly four decades now. Every few years, gas prices go up; politicians pull out the same old political playbook, and then nothing changes. And when prices go back down, we slip back into a trance. And then when prices go up, suddenly we're shocked. I think the American people are tired of that. I think they're tired of talk. We've got to work together -- Democrats, Republicans, and everybody in between -- to finally secure America's energy future. I don't want to leave this for the next President, and none of us should want to leave it for our kids.

So, with that, let me take a few questions. And I'm going to start with Mr. Todd.

Q Thank you, Mr. President. I want to go to -- start with Libya. You had said that you want to see Qaddafi leave power, leave office. Are you prepared to use any means necessary in the United States government to make that happen? And if not, why not? I know in the cases of some of these other uprisings there's been a careful consideration not to take sides, let the Libyan -- let the people in those countries make this decision. But in this case, it does seem we have taken sides. So what -- what's the red line here?

THE PRESIDENT: Well, first of all, let's take a look at what we've already done. My first priority obviously was getting out American citizens and embassy personnel out of Libya, and we got that done. The very next day we had already instituted the largest financial seizure of assets in our history. And the day after that we'd imposed sanctions and we had mobilized the international community through the United Nations, so that across the board we are slowly tightening the noose on Qaddafi. He is more and more isolated internationally, both through sanctions as well as an arms embargo.

In addition to that, we've provided a host of humanitarian aid measures to make sure that people are not adversely affected as they cross the borders into Tunisia or Egypt. And we will continue to do that.

And what we've done is we've organized in NATO a series of conversations about a wide range of options that we can take -- everything from 24-hour surveillance so that we can monitor the situation on the ground and react rapidly if conditions deteriorated, to further efforts with respect to an arms embargo, additional efforts on humanitarian aid, but also potential military options including a no-fly zone.

NATO will be meeting on Tuesday to consider a no-fly zone, and we've been in discussion with both Arab countries as well as African countries to gauge their support for such an action.

In addition, Secretary Hillary Clinton will be meeting with the opposition in the next several days, and we have determined that it's appropriate for us to assign a representative whose specific job is to interact with the opposition and determine ways that we can further help them. And so we're going to be in close consultation with them.

So the bottom line is, is that I have not taken any options off the table at this point. I think it is important to understand that we have moved about as swiftly as an international coalition has ever moved to impose sanctions on Qaddafi. I am absolutely clear that it is in the interest of the United States, and more importantly, in the interest of the Libyan people for Mr. Qaddafi to leave. And I have not foreclosed these options.

Now, I do take very seriously making sure that any decisions I make that involve U.S. military power are well thought through and are done in close consultation with Secretary Gates, Chairman of the Joint Chiefs of Staff Admiral Mullen, and all relevant personnel. Any time I send the United States forces into a potentially hostile situation, there are risks involved and there are consequences. And it is my job as President to make sure that we have considered all those risks.

It's also important, from a political perspective, to, as much as possible, maintain the strong international coalition that we have right now.

Q Are you concerned that because you've called for his removal, you've imposed all these sanctions, that Qaddafi feels cornered, has no other option in his mind but to just keep fighting, keep fighting? And, in the words of your Director of National Intelligence, he may have the firepower to potentially win this standoff with the rebels.

THE PRESIDENT: I am concerned, absolutely. And I think that's why it's so important for us not to stop where we are, but to continue to find options that will add additional pressure, including sending a clear message to those around Qaddafi that the world is watching and we're paying attention, and that there have been referrals to the International Criminal Court.

Part of what we're going to be wanting to do is to change the balance not just militarily inside of Libya, but also to change the balance in terms of those who are around Qaddafi and are thinking about what their future prospects are if they continue down the course that they're on.

But, Chuck, there's no doubt that I am concerned about it. Qaddafi has a stash of weapons. He not only has some troops that remain loyal to him, but there have been reports that he's also been hiring mercenaries. Even with the financial freeze that we've imposed, he still has some assets. The rebel groups are just now getting organized. And so we're going to have to continue to apply pressure, and that's why I say we have not taken any options off the table at this point.

Mimi Hall.

Q Thank you, Mr. President. Just to follow up on Libya, and I also have a budget question. You say you're concerned, but is Qaddafi staying, is that an acceptable option for you ever?

And my question on the budget is -- there's been some criticism from members of your own party about your leadership on negotiations on spending. And I'm wondering, given that, if you can talk about where you stand on a three-week CR, on longer-term priorities, and what you would and would not accept on cuts.

THE PRESIDENT: Sure.

Q Thank you.

THE PRESIDENT: Going back to the Qaddafi question, as I said before, it is in the United States' interest and the interest of the people of Libya that Qaddafi leave. And we are going to do a -- we're going to take a wide range of actions to try to bring about that outcome. When you say is it ever acceptable, I think what you're asking is are we going to do -- engage in any potential military action to make that happen. And as I've said before, when it comes to U.S. military actions, whether it's a no-fly zone or other options, you've got to balance costs versus benefits. And I don't take those decisions lightly.

But let me be as clear as I can about the desired outcome from our perspective, and that is that Qaddafi step down. And we are going to continue to work with the international community to try to achieve that, and we are going to be in close consultation with these opposition groups as they get organized to see how we can bring about that outcome.

Now, with respect to the budget, I think it's important to understand that right now the discussion is about last year's business. We're talking about how to fund the remainder of this fiscal year. This is an appropriations task. And we have been in very close contact with all members of Congress -- both parties. I've had conversations with Mr. McConnell, I've had conversations with Mr. Boehner, I've had conversations with Nancy Pelosi, and I've had conversations with Harry Reid about how they should approach this budget problem.

Here's what we know: The Republicans in the House passed a budget that has been now rejected in the Senate. They are not going to get 100 percent of what they want. The Democrats have put forward spending cuts, many of them pretty painful, that give Republicans already half of what they were seeking, because they're the right thing to do. Many of those cuts are ones that were already embodied in the budget that I proposed for 2012. Now, that's been rejected as well.

So here's what we know -- that both sides are going to have to sit down and compromise on prudent cuts somewhere between what the Republicans were seeking that's now been rejected and what the Democrats had agreed to that has also been rejected. It shouldn't be that complicated. And so what I've done is, every day I talk to my team, I give them instructions in terms of how they can participate in the negotiations, indicate what's acceptable, indicate what's not acceptable. And our expectation is, is that we should be able to get this completed.

Now, because I think neither Democrats or Republicans were in the mood to compromise until their 100-percent maximal position was voted down in the Senate, we've probably lost some time. And we may not be able to fully resolve this and meet next week's deadline for the continuing resolution, which means that there may be potentially

one more short-term extension.

But let me just make some broad points about this. Number one, we can't keep on running the government based on two-week extensions. That's irresponsible. We've got a war in Afghanistan going on. We've got a wide range of issues facing the country on a day-to-day basis. And the notion that we can't get resolved last year's budget in a sensible way with serious but prudent spending cuts I think defies common sense. So we should be able to get it done.

Point number two. There are going to be certain things that House Republicans want that I will not accept. And the reason I won't accept them is not because I don't think we've got to cut the budget; we do. And we've already put forward significant cuts in the discretionary budget, some of which have not made members of my own party happy.

But the notion that we would cut, for example, Pell Grants, when we know the single most important thing to our success as a nation long term is how well-educated our kids are, and the proposal that was coming out of the House would cut this year about \$800 out of Pell Grants for 8 million kids, and if were extended into next year would cut in half the Pell Grants that they're receiving -- that makes no sense. The notion that we would decide that, under the Republican budget proposal, to eliminate 200,000 Head Start slots that also would mean the layoffs of 55,000 teachers -- that doesn't make sense.

The principle that I've tried to put forward since the State of the Union is we've got to live within our means, we've got to get serious about managing our budget, but we can't stop investing in our people. We can't stop investing in research and development. We can't stop investing in infrastructure -- those things that are going to make us competitive over the long term and will help us win the future.

And so I've communicated directly to Speaker Boehner as well as to Republican Leader McConnell that we want to work with them to get to a sustainable discretionary budget. And we think it is important for us to stop funding programs that don't work. But we're going to make sure that we hold the line when it comes to some critical programs that are either going to help us out-educate, out-innovate, or out-build other countries.

Last point I'll make on the budget. The Republican budget that passed out of the House included a whole range of what are called riders. These aren't really budget items. These are political statements. And I want -- I've said, again, directly to Speaker Boehner that we're happy to discuss any of these riders, but my general view is, let's not try to sneak political agendas into a budget debate. If Republicans are interested in social issues that they want to promote, they should put a bill on the floor of the House and promote it, have an up or down vote, send it over to the Senate. But don't try to use the budget as a way to promote a political or ideological agenda.

I think that's the American people's view as well. I think one of the messages that the American people have clearly sent is get serious about living within our means and managing our budget in a responsible way, and stop with the political bickering. And if we have that view in mind, then I think that not only can we get this short-term issue resolved, but I think we can actually solve the long-term budget issues as well.

Jake Tapper. Where's Jake?

Q Thanks, Mr. President. Experts say they can't recall a time when the U.S. ever had to rush assistance to a nuclear power plant in another country before. What can you tell us about how serious this is with the U.S. rushing coolant to Japan because of the nuclear plant there?

And then, a second question -- the State Department spokesman, PJ Crowley, said the treatment of Bradley Manning by the Pentagon is ridiculous and counterproductive and stupid. And I'm wondering if you agree with that. Thank you, sir.

THE PRESIDENT: On point number one, when I spoke to Prime Minister Kan, I specifically asked him about the nuclear plants and their potential vulnerability as a consequence of the earthquake. He indicated that they are monitoring the situation very closely. So far, they have not seen evidence of radiation leaks. But, obviously, you've got to take all potential precautions. And I've asked Steve Chu, our Energy Secretary, to be in close contact with their personnel to provide any assistance that's necessary, but also to make sure that if, in fact, there have been breaches in the safety system on these nuclear plants, that they're dealt with right away.

With respect to Private Manning, I have actually asked the Pentagon whether or not the procedures that have been taken in terms of his confinement are appropriate and are meeting our basic standards. They assure me that they are. I can't go into details about some of their concerns, but some of this has to do with Private Manning's safety as well.

Q Do you disagree with PJ Crowley?

THE PRESIDENT: I think I gave you an answer to the substantive issue.

Q One quick question. On the coolant, how did that happen? Why was it --

THE PRESIDENT: I don't yet have all the details, Jake. So I'm going to have to defer that question until we get more. Obviously the tragedy just happened a few hours ago, and there's going to be a lot of fact-finding that we're going to have to determine.

Chip Reid.

Q Thank you, Mr. President. I'd like to go at the Libya thing in a slightly different way. In an interview with CBS News, Qaddafi's son Saif said, "The plan" -- said the plan is "to squash the rebels with no mercy." If he follows through, if the Qaddafi regime follows through on that, can the United States simply stand by and do nothing? And I say that in light of the fact that in the past you have said there are times when a brutal government is massacring its own citizens that the United States has a moral obligation to intervene militarily.

THE PRESIDENT: I continue to believe that not only the United States but the international community has an obligation to do what it can to prevent a repeat of something like what occurred in the Balkans in the '90s, what occurred in Rwanda. And so part of, for example, maintaining 24-hour surveillance of the situation there is for us to have some sort of alert system if you start seeing defenseless civilians who are being massacred by Qaddafi's forces.

But obviously we're going to have to look at what develops on the ground on a case-by-case basis. I don't want to generalize right now and say that's what's happening and we're prepared to step in. It's going to require some judgment calls, and those are difficult ones. But we have sent a clear warning to the Qaddafi government that they will be held accountable, particularly when it comes to assaulting civilians. And some of the rhetoric that you've seen -- for example, the idea that when Qaddafi said that they'd be going door to door hunting for people who are participating in protests -- that implied a sort of lack of restraint and ruthlessness that I think raises our antenna.

But, as I said before, what I've got to do is make sure that we're monitoring the situation and matching our actions with what we think will be helpful on the ground and also sustainable, and we've got to do so in consultation with the international community.

Q Can I follow up? Can I ask you do you agree with your top intelligence official, James Clapper, who said before Congress yesterday that it is likely that the Qaddafi regime will prevail in the long run? And did he err by saying that in public? And if so, is this something he needs to be taken to the woodshed for?

THE PRESIDENT: He was making a hardheaded assessment about military capability. And I don't think anybody disputes that Qaddafi has more firepower than the opposition. He wasn't stating policy.

So let me be clear, again, about what our policy as determined by me, the President of the United States, is towards the situation there. I believe that Qaddafi is on the wrong side of history. I believe that the Libyan people are anxious for freedom and the removal of somebody who has suppressed them for decades now. And we are going to be in contact with the opposition, as well as in consultation with the international community, to try to achieve the goal of Mr. Qaddafi being removed from power.

Zachary Goldfarb.

Q Thank you, Mr. President. You talked about the option of tapping the Strategic Petroleum Reserve. Can you walk through which steps or which targets have to be hit before we do that -- oil price, gas price -- and how much would you want to release in any particular moment? And secondly, can you talk about, in addition to energy shocks, what are the other two or three gravest threats to the economic recovery and what your administration is doing about it?

THE PRESIDENT: The answer to your first question is, no, I will not go through the prices that would trigger the release of the Strategic Petroleum Reserve. But what I can do is to give you a sense of how historically it's been understood.

The idea behind the Strategic Petroleum Reserve is, if there was a severe disruption in supply -- similar to what happened in the '70s, for example, when you had OPEC making a decision not to sell for a while -- how would our economy continue to function, and making sure that we've got sufficient supplies for that. Another example would be during Hurricane Katrina, when you've got a whole bunch of refineries that have been impacted and production in the Gulf has been impacted. That's another example where in a short term you can fill that hole.

Right now, what we're seeing is not a shortage of supply; refineries are actually operating at fairly full capacity at the moment. The problem is, is a great deal of uncertainty in the oil markets -- part of it prompted by the fact that the economy is growing faster in some places than others, but you've got China and India and Brazil and other emerging nations that are using more and more energy as their economies advance.

We already saw that trend in 2008. Because of the worldwide recession, oil prices went back down. But to some degree, a lot of what's happening in prices is as a consequence of economic growth and countries and economies starting to use more oil.

Part of it, though, is also uncertainty in terms of what's happening in the Middle East. And so one of the messages that I want to send today is that we are confident about our ability to fill any potential gaps in supply. Libya, for example, does not account for a large portion of overall world production. They provide a type of oil that is highly valued and there's a high premium on it, but basically even if Libyan oil production was suspended for a significant period of time because of the unrest there, we'd be able to fill that gap.

So a lot of this has to do with uncertainty in the market. And part of what I want to communicate to the market is, is that we're going to do what we need to do, in consultation with both other producer nations as well as in consultation with our allies who also have reserves, to make sure that oil supplies remain stable and that economic growth is going to continue.

I do want to repeat the point that I made, though, that, look, the American people feel this pretty acutely. We can talk all we want in the abstract about world oil markets; what they're concerned about is, this is money out of my pocket. Some of the steps that we've already taken are making a difference. But, obviously, if you are in a house that requires you to commute 50 miles every day to your job, you're not going to be able to sell your house immediately, particularly in this market, and move closer. You may want to buy a fuel-efficient car, but you may not be able to afford it. And so you're stuck with the old clunker that's getting 8 or 10 miles a gallon.

And so -- and in fact, a lot of folks who are having the toughest time, who are either unemployed or have low-wage jobs, they're the ones that are most severely affected because they're using a higher portion of their income just to fill up the gas tank.

So we're going to try to do everything we can not only to stabilize the market -- as I said, to the extent that we see any efforts to take advantage of these price spikes through price gouging, we're going to go after that. If we see significant disruptions or shifts in the market that are so disconcerting to people that we think a Strategic Petroleum Reserve release might be appropriate, then we'll take that step. And we're going to monitor very closely -- and obviously we have it teed up, so this isn't a situation where it would take a big bureaucracy and several weeks for us to implement. This is something that would take several days.

With respect to the overall economy, I think my assessment and the assessment of most economists is that, although gas prices are hurting individuals right now and obviously taking some of that tax cut that we gave them and forcing them to use it on gas as opposed to buying other items -- that, in part because of the steps we took, both Democrats and Republicans, during the lame duck session, that the economic growth continues in a positive trend.

We saw that in the jobs report, which in the private sector, at least, was better than expected. We've seen the unemployment rate drop a full point. And so, overall, I'm positive about the fact that we're moving slowly but surely into positive job growth over the next several months.

There are some areas we're still concerned about. Housing is one that I just mentioned. We've got a lot of folks who, because housing prices have fallen so steeply, are still hurting. Some of them are threatened with foreclosure, maybe because they lost a job. In some cases, they want to sell their house so they can move to a new job and their house is underwater; essentially their mortgage is higher than what the house would sell for right now.

We have a number of steps to encourage loan modifications, to encourage banks to take steps that would alleviate some of that burden and start clearing some of those homes on the market, but it's a slow process. It's a five -- you're talking about \$5 trillion worth of product out there. And I mentioned that I had this conversation with Warren Buffett a couple weeks ago when I was giving him the Medal of Freedom, and his point was, look, I'm bullish about this economy; when it comes to the housing market, it just takes some time to work itself out because we had such a housing bubble. We had so much construction, particularly in certain states that are harder hit than others. That was then compounded by the overall recession. And it's going to take some time for the housing market to improve. But we're continuing to take a range of steps to try to strengthen that process of recovery in the housing market.

The last point I'll make on the economy overall relates back to the budget issues that we talked about. If you

looked at the last jobs report, growth in the private sector -- very strong; 220,000 jobs created. Where you lost jobs was in state and local government. And that means teachers being laid off, firefighters being laid off, police officers being laid off. Now, we were able to cushion some of that over the first two years of this recession through the Recovery Act, and it made a huge difference all across the country. But now states are continuing to cut, local governments are continuing to cut.

I think it's very important, when we think about the budget, to understand that our long-term debt and deficits are not caused by us having Head Start teachers in the classroom. Our long-term debt and deficit are caused primarily by escalating health care costs that we see in Medicare and Medicaid that is putting huge pressure on the overall budget.

And that's why I think it's going to be important for us to have a conversation after we get the short-term budget done about how do we really tackle the problem in a comprehensive way. And that means not just going after Head Start or Corporation for Public Broadcasting -- that's not where the money is. What it means is, is that we've got to make sure that we're tackling defense spending; we're tackling tax expenditures and tax loopholes; that we're tackling entitlements; and that we're thinking about how do we really get our arms around those things that are driving the debt and deficit, in a serious way and in a bipartisan way.

I'll make this the last question. Hishan Bourar.

Q Thank you, Mr. President --

THE PRESIDENT: Why don't you get a microphone so we can hear you?

Q Thank you, Mr. President. Did you have contacts with other leaders in the Middle East? And when you appraised them for reforms, are you looking at other options where other leaders in the region can be supported to stay in power in the Middle East?

THE PRESIDENT: I'm in constant contact with leaders throughout the Middle East, and I've had a fairly consistent message to all of them: Number one, the United States believes in the right of peaceful protests and the ability of ordinary people to express their grievances to their government. And we oppose the use of violence in response to peaceful protestors. So that's one clear message that we've try to send.

The second message we've try to send is that it is in the interest of the entire region to reform itself -- to reform itself both politically and economically so that the incredible talents of young people throughout that region can be tapped; so that the young man whether he is in Sanaa or he's in Tripoli, or she's in Cairo or Amman, that they know that if they work hard, if they are getting an education, that they have an opportunity to live a better life; that they can get a job that pays a good wage and supports their family, and that they can have the basic necessities of life, and that they have personal security and they have personal freedom.

Now, each country is different and so the evolution, the process towards that vision is going to differ in each country. But my consistent message to leaders in the region is that this process of change can be a great opportunity for the Middle East -- because if you can tap into the talents of those young people, then you can start seeing the kind of economic growth in that region that you started to see in other places in the world.

And there's no reason why countries in the Middle East shouldn't have the same kind of growth rates that you're seeing in China and India. There's nothing inherent about the people in those countries that would prevent that. What's preventing it is the fact that for many decades you've seen a lack of opening up that allows you to take advantage of the global economy.

And I think that, as I said, each country is going to be different and it's going to ultimately be up to the people in those countries to determine the best form for them to seize this opportunity, but we should be on the side of those who want to seize this opportunity.

Okay.

Q Japanese press -- Mr. President, from the Japanese media?

THE PRESIDENT: From the Japanese media, because of -- because, obviously, we're concerned about what's happening in Japan.

Q Thank you, Mr. President. I'm Toshi Ogata with Asahi Shimbun, a Japanese newspaper. I have two questions on the tragedy in Japan. You already touched on the issue in your opening statement. I'd like to ask about your personal feeling on the situation. You went to Japan last year; you went to Kamakura. Now a tsunami hit the coast of Japan and waves washed away cars and houses, and Japanese people are devastated. I just want to ask

about your personal thoughts and feelings on that.

And secondly, you also touched on the possibility of assistance from the United States to Japan. And the Japanese government publicly said that Japan asked for help from U.S. forces in Japan. Are you ready to provide those assistance?

THE PRESIDENT: The answer to your second question is yes. And so I already told Prime Minister Kan that we will provide whatever assistance that they need. My understanding is that the main assistance that we're going to be able to provide them is life capacity, the ability for us to I think help in the cleanup.

Obviously, when you have a tsunami like this as well as an earthquake, you have huge disruptions both in the infrastructure -- you have boats and houses and cars that are washed into main thoroughfares, and that requires heavy equipment. And so, any assistance that we can provide, we will be providing.

I'm heartbroken by this tragedy. I think when you see what's happening in Japan you are reminded that for all our differences in culture or language or religion, that ultimately humanity is one. And when we face these kinds of natural disasters, whether it's in New Zealand or Haiti or Japan, then you think about your own family and you think how would you feel if you lost a loved one, or if your entire lifesavings were gone because of the devastation.

And the Japanese people are such close friends of ours, and I have such a close personal friendship and connection to the Japanese people -- in part because I grew up in Hawaii where I was very familiar with Japanese culture -- that that just makes our concerns that much more acute.

But I am very confident, though, obviously, that the Japanese people are so resourceful, Japan is such a powerful economy and such an advanced economy technologically, that Japan will successfully rebuild. And it has experience dealing with natural disasters. It has dealt with them before and will deal with them again. And Japan, I'm sure, will come back stronger than ever -- hopefully with our help.

Thank you very much, everybody.

END

1:20 P.M. EST