

The President. Stand up, I'm sorry. What's your name?

Q. Brianna.

The President. Brianna. So what were you saying?

Q. Is there, like, a lot of stress when you—

The President. Like when I'm working on the economy or something?

Q. —when you're working on the economy—

The President. Well, yes, look, there's stress involved. But let me tell you something. I promise you there's stress involved being the principal of a middle school. There's stress involved being a teacher.

One of the things that I want everybody here to understand is, is that whatever profession you choose, whether it's being President, being an engineer, being the principal of a school, being a teacher, there are going to be some stresses involved. There aren't that many jobs out there that you just kind of sit back and have fun all the time. But that's part of growing up, and that's part of being successful, is managing that stress.

The one thing that I think helps me handle the stress is if I feel like, at the end of the day, I've done the best possible job I can do, even if not everything has worked out exactly the way I planned it, then I feel okay. What bothers me is if I feel like, gosh, I could have done better on that.

So you guys should take the same attitude with respect to school. I mean, look, I know seventh and eighth graders, you guys have got your own little stresses. And growing up is stressful, and taking tests are stressful, and getting that paper in on time is stressful. The key is just making sure that you're hungry for knowledge, you're working hard, you're getting better all the time. If you do that, then you can look yourself in the mirror and say, I'm doing my best.

And if everybody here is doing their best, I'm confident you guys are going to succeed and thrive.

All right? Well, I'm very proud of you guys. Thank you, everybody. Thank you.

NOTE: The President spoke at 10:38 a.m. In his remarks, he referred to Murray G. "Buddy" Parker III, principal, Parkville Middle School and Center of Technology.

The President's News Conference February 15, 2011

The President. Good morning, everybody. Please have a seat. I figured that I'd give Jay one more taste of freedom—[laughter]—before we lock him in a room with all of you, so I'm here to do a little downfield blocking for him. Before I take a few questions, let me say a few words about the budget we put out yesterday.

Now, just like every family in America, the Federal Government has to do two things at once. It has to live within its means while still investing in the future. If you're a family trying to cut back, you might skip going out to dinner, you might put off a vacation. But you wouldn't want to sacrifice saving for your kids' college education or making key repairs in your house.

So you cut back on what you can't afford, to focus on what you can't do without.

And that's what we've done with this year's budget. When I took office, I pledged to cut the deficit in half by the end of my first term. Our budget meets that pledge and puts us on a path to pay for what we spend by the middle of the decade.

As a start, it freezes domestic discretionary spending over the next 5 years, which would cut the deficit by more than \$400 billion over the next decade and bring annual domestic spending to its lowest share of the economy since Dwight Eisenhower.

Now, some of the savings will come through less waste and more efficiency. To take just one example, we'll give—we'll save billions of

dollars by getting rid of 14,000 office buildings, lots, and Government-owned properties that we no longer need. And to make sure special interests are not larding up legislation with special projects, I've pledged to veto any bills that contain earmarks.

Still, even as we cut waste and inefficiency, this budget freeze will also require us to make some tough choices. It will mean freezing the salaries of hard-working Federal employees for the next 2 years. It will mean cutting things I care about deeply, like community action programs for low-income communities. And we have some conservation programs that are going to be scaled back. These are all programs that I wouldn't be cutting if we were in a better fiscal situation. But we're not.

We also know that cutting annual domestic spending alone won't be enough to meet our long-term fiscal challenges. That's what the bipartisan fiscal commission concluded; that's what I've concluded. And that's why I'm eager to tackle excessive spending wherever we find it, in domestic spending, but also in defense spending, health care spending, and spending that is embedded in the Tax Code.

Now, some of this spending we've begun to tackle in this budget, like the \$78 billion that Secretary Gates identified in defense cuts. But to get where we need to go, we're going to have to do more. We'll have to bring down health care costs further, including in programs like Medicare and Medicaid, which are the single biggest contributor to our long-term deficits. I believe we should strengthen Social Security for future generations, and I think we can do that without slashing benefits or putting current retirees at risk. And I'm willing to work with everybody on Capitol Hill to simplify the individual Tax Code for all Americans.

All of these steps are going to be difficult. And that's why all of them will require Democrats, Independents, and Republicans to work together. I recognize that there are going to be plenty of arguments in the months to come, and everybody is going to have to give a little bit. But when it comes to difficult choices about our budget and our priorities, we have found common ground before. Ronald Reagan

and Tip O'Neill came together to save Social Security. Bill Clinton and the Republican Congress eventually found a way to settle their differences and balance the budget. And many Democrats and Republicans in Congress today came together in December to pass a tax cut that has made Americans' paychecks a little bigger this year and will spur on additional economic growth this year.

So I believe we can find this common ground, but we're going to have to work. And we owe the American people a Government that lives within its means while still investing in our future, in areas like education, innovation, and infrastructure that will help us attract new jobs and businesses to our shores. That's the principle that should drive this debate in the coming months. I believe that's how America will win the future in the coming years.

So with that, let me take a few questions. And I'm going to start off with Ben Feller of AP.

2012 Federal Budget/Entitlement Spending/Situation in the Middle East

Q. Thank you very much, Mr. President. You've been talking a lot about the need for tough choices in your budget, but your plan does not address the long-term crushing costs of Social Security, Medicare, Medicaid, the real drivers of long-term debt. Can you explain that? Where is your leadership on that issue, and when are we going to see your plan?

And if I may, sir, on the foreign front, the uprising in Egypt has helped prompt protests in Bahrain, in Yemen, and Iran. I'm wondering how you balance your push for freedoms in those places against the instability that could really endanger U.S. interests.

The President. On the budget, what my budget does is to put forward some tough choices, some significant spending cuts, so that by the middle of this decade our annual spending will match our annual revenues. We will not be adding more to the national debt. It's—so to use a—sort of an analogy that families are familiar with, we're not going to be running up the credit card any more. That's important, and that's hard to do. But it's necessary to do.

And I think that the American people understand that.

At the same time, we're going to be making some key investments in places like education and science and technology, research and development that the American people understand is required to win the future. So what we've done is we've taken a scalpel to the discretionary budget, rather than a machete.

Now, I said in the State of the Union, and I'll repeat, that side of the ledger only accounts for about 12 percent of our budget. So we've got a whole bunch of other stuff that we're going to have to do, including dealing with entitlements.

Now, you talked about Social Security, Medicare, and Medicaid. The truth is, Social Security is not the huge contributor to the deficit that the other two entitlements are. I'm confident we can get Social Security done in the same way that Ronald Reagan and Tip O'Neill were able to get it done, by parties coming together, making some modest adjustments. I think we can avoid slashing benefits, and I think we can make it stable and stronger for not only this generation, but for the next generation.

Medicare and Medicaid are huge problems because health care costs are rising even as the population is getting older. And so what I've said is that I'm prepared to work with Democrats and Republicans to start dealing with that in a serious way. We made a downpayment on that with health care reform last year. That's part of what health care reform was about. The projected deficits are going to be about \$250 billion lower over the next 10 years than they otherwise would have been because of health care reform, and they'll be a trillion dollars lower than they otherwise would have been if we hadn't done health care reform for the following decade.

But we're still going to have to do more. So what I've said is that if you look at the history of how these deals get done, typically it's not because there's an Obama plan out there, it's because Democrats and Republicans are both committed to tackling this issue in a serious way.

And so what we've done is, we've been very specific in terms of how to stabilize the discretionary budget, how to make sure that we're not adding additional debt by 2015. And then let's together, Democrats and Republicans, tackle these long-term problems in a way that I think will ensure our fiscal health and, at the same time, ensure that we're making investments in the future.

Q. But when is that happening?

The President. Well, we're going to be in discussions over the next several months. I mean, this is going to be a negotiation process. And the key thing that, I think, the American people want to see is that all sides are serious about it and all sides are willing to give a little bit and that there's a genuine spirit of compromise as opposed to people being interested in scoring political points.

Now, we did that in December during the lame duck on the tax cut issue. Both sides had to give. And there were folks in my party who were not happy, and there were folks in the Republican Party who were not happy. And my suspicion is, is that we're going to be able to do the same thing if we have that same attitude with respect to entitlements.

But the thing I want to emphasize is, nobody is more mindful than me that entitlements are going to be a key part of this issue, as is tax reform. I want to simplify rates. And I want to, at the same time, make sure that we have the same amount of money coming in as going out.

Those are big, tough negotiations, and I suspect that there's going to be a lot of ups and downs in the months to come before we finally get to that solution. But just as a lot of people were skeptical about us being able to deal with the tax cuts that we did in December, but we ended up getting it done, I'm confident that we can get this done as well.

Now, with respect to the situation in the Middle East, obviously, there's still a lot of work to be done in Egypt itself, but what we've seen so far is positive. The military council that is in charge has reaffirmed its treaties with countries like Israel and international treaties. It has met with the opposition, and the opposition has felt that it is serious about moving

towards fair and free elections. Egypt is going to require help in building democratic institutions and also in strengthening an economy that's taken a hit as a consequence of what happened. But so far at least, we're seeing the right signals coming out of Egypt.

There are ramifications, though, throughout the region. And I think my administration's approach is the approach that jibes with how most Americans think about this region, which is that each country is different, each country has its own traditions. America can't dictate how they run their societies, but there are certain universal principles that we adhere to. One of them is, we don't believe in violence as a way of—and coercion—as a way of maintaining control. And so we think it's very important that in all the protests that we're seeing in—throughout the region that governments respond to peaceful protesters peacefully.

The second principle that we believe in strongly is in the right to express your opinions, the freedom of speech and freedom of assembly that allows people to share their grievances with the government and to express themselves in ways that, hopefully, will over time meet their needs.

And so we have sent a strong message to our allies in the region saying, let's look at Egypt's example as opposed to Iran's example. I find it ironic that you've got the Iranian regime pretending to celebrate what happened in Egypt when, in fact, they have acted in direct contrast to what happened in Egypt by gunning down and beating people who were trying to express themselves peacefully in Iran.

And I also think that an important lesson—and I mentioned this last week—that we can draw from this is real change in these societies is not going to happen because of terrorism; it's not going to happen because you go around killing innocents; it's going to happen because people come together and apply moral force to a situation. That's what garners international support. That's what garners internal support. That's how you bring about lasting change.

Patricia Zengerle [Reuters].

Iran/Situation in the Middle East

Q. Thank you, Mr. President. Getting back to the unrest in the Middle East and North Africa, what concerns do you have about instability, especially in Saudi Arabia, as the demonstrations spread? Do you see—foresee any effects on oil prices? And talking about Iran, can you comment about the unrest there more? What is your message to the Iranian people, in light of there was some criticism that your administration didn't speak out strongly enough after their last—the demonstrations in Iran after their elections? Excuse me.

The President. That's okay. Well, first of all, on Iran, we were clear then, and we are clear now, that what has been true in Egypt should be true in Iran, which is that people should be able to express their opinions and their grievances and seek a more responsive government. What's been different is the Iranian Government's response, which is to shoot people and beat people and arrest people.

And my hope and expectation is, is that we're going to continue to see the people of Iran have the courage to be able to express their yearning for greater freedoms and a more representative government, understanding that America cannot ultimately dictate what happens inside of Iran any more than it could inside of Egypt. Ultimately, these are sovereign countries that are going to have to make their own decisions. What we can do is lend moral support to those who are seeking a better life for themselves.

Obviously, we're concerned about stability throughout the region. Each country is different. The message that we've sent even before the demonstrations in Egypt has been, to friend and foe alike, that the world is changing; that you have a young, vibrant generation within the Middle East that is looking for greater opportunity; and that if you are governing these countries, you've got to get out ahead of change. You can't be behind the curve.

And so I think that the thing that will actually achieve stability in that region is if young people, if ordinary folks end up feeling that there are pathways for them to feed their fami-

lies, get a decent job, get an education, aspire to a better life. And the more steps these governments are taking to provide these avenues for mobility and opportunity, the more stable these countries are.

You can't maintain power through coercion. At some level, in any society, there has to be consent. And that's particularly true in this new era where people can communicate not just through some centralized government or a state-run TV, but they can get on a smart phone or a Twitter account and mobilize hundreds of thousands of people.

My belief is that, as a consequence of what's happening in Tunisia and Egypt, governments in that region are starting to understand this. And my hope is, is that they can operate in a way that is responsive to this hunger for change, but always do so in a way that doesn't lead to violence.

Chip Reid [CBS News].

2012 Federal Budget/National Debt

Q. Thank you, Mr. President. Actually, I'm going to have to get my glasses out to read these—

The President. That's a bad sign there, Chip. [Laughter]

Q. A little fine print, a little fine print in the budget, Mr. President. You said that this budget is not going to add to the credit card as of about the middle of the decade. And as Robert Gibbs might say, I'm not a budget expert, and I'm not an economist, but if you could just explain to me how you can say that when, if you look on one page, page 171, which I'm sure you've read—[laughter]—it is the central page in this—the deficits go from 1.1 trillion down to 768 billion, and they go down again all the way to 607 billion in 2015, and then they start to creep up again, and by 2021, it's at 774 billion. And the total over those 10 years, the total debt is 7.2 trillion on top of the 14 trillion we already have. How can you say that we're living within our means?

The President. Well, here's—let me be clear on what I'm saying, because I'm not suggesting that we don't have to do more. We still have all this accumulated debt as a consequence of the

recession and as a consequence of a series of decisions that were made over the last decade. We've piled up. We've racked up a whole bunch of debt, and there is a lot of interest on that debt.

So in the same way that if you've got a credit card and you've got a big balance, you may not be adding to principal, you've still got all that interest that you've got to pay. Well, we've got a big problem in terms of accumulated interest that we're paying, and that's why we're going to have to whittle down further the debt on—that's already been accumulated. So that's problem number one.

And problem number two we already talked about, which is rising health care costs and programs like Medicaid and Medicare are going to—once you get past this decade, going to start zooming up again as a consequence of the population getting older and health care costs going up more rapidly than incomes and wages and revenues are going up.

So you've got those two big problems. What we've done is to try to take this in stages. What we say in our budget is, let's get control of our discretionary budget to make sure that whatever it is that we're spending on an annual basis, we're also taking in a similar amount. All right, that's step number one.

Step number two is going to make—is going to be how do we make sure that we're taking on these long-term drivers and how do we start whittling down the debt. And that's going to require entitlement reform, and it's going to require tax reform.

And in order to accomplish those two things, we're going to have to have a spirit of cooperation between Democrats and Republicans. And I think that's possible. I think that's what the American people are looking for. But what I think is important to do is not discount the tough choices that are required just to stabilize the situation. It doesn't solve it, but it stabilizes it. And if we can get that done, that starts introducing this concept of us being able to, in a serious way, cooperate to meet this fiscal challenge. And that will lay the predicate for us being able to solve some of these big problems

over the course of the next couple of years as well.

So again, I just want to repeat: The first step in this budget is to make sure that we're stabilizing the current situation. The second step is going to be to make sure that we're taking on some of these long-term drivers. But we've got to get control of the short-term deficit as well, and people are going to be looking for a signal for that, and the choices that we have made are some pretty tough choices, which is why I think you have been seeing some grumblings not just from the other party, but also from my own party about some of the decisions that we've made.

Chuck Todd [NBC News].

National Commission on Fiscal Responsibility and Reform/2012 Federal Budget

Q. Thank you, Mr. President. Everything you have talked about—tax reform, the entitlement reform, two parties coming together—just happened in December in your fiscal commission. You had a majority consensus to do all this. It's now been shelved. It seems that you have not taken—I guess my question is what was the point of the fiscal commission? If you have this moment where you had Tom Coburn, your conservative friend in the United States Senate, sign on to this deal; Judd Gregg was also on this thing; you had Dick Durbin, your good friend from Illinois, Democrat—everything you just described in the answer to Chip and the answer to Ben just happened. Why not grab it?

The President. The notion that it has been shelved, I think, is incorrect. It still provides a framework for a conversation.

Part of the challenge here is that this town, let's face it, you guys are pretty impatient. If something doesn't happen today, then the assumption is it's just not going to happen, right? I've had this conversation for that last 2 years about every single issue that we worked on, whether it was health care or "don't ask, don't tell," on Egypt, right? We've had this monumental change over the last 3 weeks, well, why did it take 3 weeks? [Laughter] So I think that

there's a tendency for us to assume that if it didn't happen today, it's not going to happen.

Well, the fiscal commission put out a framework. I agree with much of the framework; I disagree with some of the framework. It is true that it got 11 votes, and that was a positive sign. What's also true is, for example, is, is that the chairman of the House Republican budgeteers didn't sign on. He's got a little bit of juice when it comes to trying to get an eventual budget done. So he's got concerns. So I'm going to have to have a conversation with him, what would he like to see happen.

I'm going to have to have a conversation with those Democrats who didn't vote for it. There are some issues in there that, as a matter of principle, I don't agree with, where I think they didn't go far enough, or they went too far. So this is going to be a process in which each side, both in—in both Chambers of Congress, go back and forth and start trying to whittle their differences down until we arrive at something that has an actual chance of passage.

And that's my goal. I mean, my goal here is to actually solve the problem. It's not to get a good headline on the first day. My goal is, is that a year from now or 2 years from now, people look back and say, you know what, we actually started making progress on this issue.

Budget Debate

Q. What do you say, though, that it looks like, "No, you first," "No, you first," and nobody wants to have—everybody says, everything is on the table—

The President. But there will—

Q. —but then nobody wants to talk about the table.

The President. Chuck, there was this—this was the same criticism people had right after the midterm election. If you had polled the press room and the conventional wisdom in Washington after the midterm, the assumption was, there's no way we were going to end up getting a tax deal that got the majority of both Democrats and Republicans. It was impossible, right? And we got it done.

So this is not a matter of you go first or I go first. This is a matter of everybody having a se-

rious conversation about where we want to go, and then ultimately getting in that boat at the same time so it doesn't tip over. And I think that can happen.

Julianna Goldman [Bloomberg News]. There you are.

Tax Reform/Deficit/2012 Federal Budget

Q. Thank you, Mr. President. Your budget relies on revenue from tax increases to multinational corporations that ship jobs overseas and on increases on oil and gas industry. You've been calling on this for years. And if you couldn't get it through a Democratic Congress, why do you think you'll be able to get it through now? And also, doesn't it blunt your push for deficit-neutral corporate tax reform?

The President. Well, I continue to believe I'm right. [Laughter] So we're going to try again. I think what's different is everybody says now that they're really serious about the deficit. Well, if you're really serious about the deficit—not just spending, but you're serious about the deficit overall—then part of what you have to look at is unjustifiable spending through the Tax Code, through tax breaks that do not make us more competitive, do not create jobs here in the United States of America.

And the two examples you cite, I think, most economists would look at and they'd say these aren't contributing to our long-term economic growth. And if they're not, why are we letting some folks pay lower taxes than other folks who are creating jobs here in the United States and are investing? Why are we not investing in the energy sources of the future, just the ones in the past, particularly if the energy sources of the past are highly profitable right now and don't need a tax break?

So I think what may have changed is, if we are going to get serious about deficit reduction and debt reduction, then we've got to look at all the sources of deficit and debt. We can't be just trying to pick and choose and getting a hundred percent of our way.

The same is true, by the way, for Democrats. I mean, there are some provisions in this budget that are hard for me to take. You've got cities around the country and States around

the country that are having a tremendously difficult time trying to balance their own budgets because of fallen revenue. They've got greater demands because folks have lost their jobs; the housing market is still in a tough way in a lot of these places. And yet part of what this budget says is we're going to reduce community development block grants by 10 percent. That's not something I'd like to do. But—and if it had come up a year ago or 2 years ago, I would have said no. Under these new circumstances, I'm saying yes to that. And so my expectation is, is that everybody is going to have to make those same sorts of compromises.

Now, with respect to corporate tax reform, the whole concept of corporate tax reform is to simplify, eliminate loopholes, treat everybody fairly. That is entirely consistent with saying, for example, that we shouldn't provide special treatment to the oil industry when they've been making huge profits and can afford to further invest in their companies without special tax breaks that are different from what somebody else gets.

Q. —but you can't eliminate those—

The President. Well, what is absolutely true is that it's going to be difficult to achieve serious corporate tax reform if the formula is, lower our tax rates and let us keep all our special loopholes. If that's the formula, then we're not going to get it done. I wouldn't sign such a bill, and I don't think the American people would sign such a bill.

If you're a small-businessperson out on Main Street, and you're paying your taxes, and you find out that you've got some big company with billions of dollars and far-flung businesses all across the world, and they're paying a fraction of what you're paying in taxes, you'd be pretty irritated, and rightfully so.

And so the whole idea of corporate reform—corporate tax reform—is, yes, let's lower everybody's rates so American businesses are competitive with businesses all around the world, but in order to pay for it, to make sure that it doesn't add to our deficit, let's also make sure that these special interest loopholes that a lot of lobbyists have been working very hard on

to get into the Tax Code, let's get rid of those as well.

All right. April Ryan [American Urban Radio Networks]. Caught you by surprise, April.

2012 Federal Budget

Q. You did, sir. Thank you. Mr. President, I want to focus in on the least of these. You started your career of service as a community organizer, and now we are hearing from people like—organizations like the CBC is saying rebuilding our economy on the backs of the most vulnerable Americans is something that is simply not acceptable, like the cuts to the community service block grants, Pell grants, heating oil assistance, and freezing salaries of Federal workers. Now, Roderick Harrison, of the Joint Center for Political and Economic Studies, says it's not good to make these types of cuts at a time of recession, instead of doing it at a time of recovery.

And also I need to ask you, have you been placing calls for your friend Rahm Emanuel, for his mayoral campaign in Chicago? Thank you.

The President. I'll take the last question first. I don't have to make calls for Rahm Emanuel. He seems to be doing just fine on his own. And he's been very busy shoveling snow out there. [Laughter] I've been very impressed with that. I never saw him shoveling around here. [Laughter]

Let me use Pell grants as an example of how we're approaching these difficult budget choices in a way that is sustainable but preserves our core commitment to expanding opportunity. When I came into office, I said I wanted to once again have America have the highest graduation rates, college graduation rates, of any country in the world, that we had been slipping. And so I significantly increased the Pell grant program by tens of billions of dollars. And so millions of young people are going to have opportunities through the Pell grant program that they didn't before, and the size of the Pell grant itself went up.

What we also did, partly because we were in a recessionary situation, and so more people were having to go back to school as opposed to

work, what we also did was, for example, say that you can get Pell grants for summer school. Now we're in a budget crunch. The takeup rate on the Pell grant program has skyrocketed. The costs have gone up significantly. If we continue on this pace, sooner or later what's going to happen is, we're just going to have to chop off eligibility. We'll just have to say, that's it, we can't do this anymore, it's too expensive.

So instead what we did was how do we trim, how do we take a scalpel to the Pell grant program, make sure that we keep the increase for each Pell grant, make sure that the young people who are being served by the Pell grant program are still being served, but for example, on the summer school thing, let's eliminate that. That will save us some money, but the core functions of the program are sustained. That's how we're approaching all these cuts.

On the LIHEAP program, the home heating assistance program, we doubled the home heating assistance program when I first came into office, in part because there was a huge energy spike, and so folks—if we had just kept it at the same level, folks would have been in real trouble. Energy prices have now gone down, but the costs of the program have stayed the same. So what we've said is, well, let's go back to a more sustainable level. If it turns out that once again you see a huge energy spike, then we can revisit it. But let's not just assume because it's at a \$5 billion level that each year we're going to sustain it a \$5 billion level regardless of what's happening on the energy front.

Now, that doesn't mean that these aren't still tough cuts, because there are always more people who could use some help across the country than we have resources. And so it's still a tough decision, and I understand people's frustrations with some of these decisions. Having said that, my goal is to make sure that we're looking after the vulnerable; we're looking after the disabled; we're looking after our seniors; we're making sure that our education system is serving our kids so that they can compete in the 21st century; we're investing in the future, and doing that in a way that's sustainable and that we're paying for, as opposed to

having these huge imbalances where there are some things that aren't working that we're paying a lot of money for; there's some things that are underfunded. We're trying to make adjustments so that we've got a sustainable budget that works for us over the long term.

And by the way, there are just some things that just aren't working at all, so we've eliminated a couple hundred programs in this budget. On the education front, we're consolidating from 33 programs to 11 programs. There is waste and inefficiency there that is long overdue, and we identify a number of these programs that just don't work. Let's take that money out of those programs that don't work and put in money—that money in programs that do.

Q. But do you understand when they say, is the President feeling our pain, especially as you were a community organizer?

The President. I—look, I definitely feel folks' pain. Somebody is doing a book about the 10 letters that I get every day, and they came by to talk to me yesterday. And they said, what's the overwhelming impression that you get when you read these 10 letters a day? And what I told them is, I'm so inspired by the strength and resilience of the American people, but sometimes I'm also just frustrated by the number of people out there who are struggling, and you want to help every single one individually. You almost feel like you want to be a caseworker and just start picking up the phone and advocating for each of these people who are working hard, trying to do right by their families; oftentimes, through no fault of their own, they've had a tough time, particularly over these last couple of years.

So yes, it's frustrating. But my job is to make sure that we're focused over the long term: Where is it that we need to go? And the most important thing I can do as President is make sure that we're living within our means, getting a budget that is sustainable, investing in the future, and growing the economy. If I do that, then that's probably the most help I can give to the most number of people.

Jake Tapper [ABC News].

2011 Federal Budget/Detention of U.S. Government Contractor Raymond A. Davis in Pakistan

Q. Thanks, Mr. President. House Republicans, as you know, want to start cutting now, want to start cutting this year's budget. Are you willing to work with them in the next few weeks so as to avoid a Government shutdown? There's been talk of a downpayment on budget cuts that they would like to make for this year's budget.

And also, I was wondering if you could talk a little bit about the attempts to get American diplomat Ray Davis freed from Pakistan. Some have criticized the administration for putting pressure too publicly on what is essentially a weak Government, and I'm wondering if you could walk us through that process. Thanks.

The President. Sure. My goal is to work with the Republicans, both on the continuing resolution—and for those who are watching that don't know Washingtonese, the CR is a continuing resolution, a way to just keep Government going when you don't have an overall budget settled. And we didn't settle our overall budget from last year, so this is carryover business from last year, funding vital Government functions this year.

So I want to work with everybody, Democrats and Republicans, to get that resolved. I think it is important to make sure that we don't try to make a series of symbolic cuts this year that could endanger the recovery. So that's point number one.

What I'm going to be looking for is some common sense that the recovery is still fragile; we passed this tax cut package precisely to make sure that people had more money in their pockets, that their paychecks were larger, were provided these tax credits and incentives for businesses. But if the steps that we take then prompt thousands of layoffs in State or local government, or core vital functions of Government aren't performed properly, well, that could also have a dampening impact on our recovery as well.

So my measure is going to be are we doing things in a sensible way, meeting core functions,

not endangering our recovery. In some cases, like defense, for example—Secretary Gates has already testified—if we’re operating—even operating under the current continuing resolution is putting significant strains on our ability to make sure our troops have what they need to perform their missions in Afghanistan. Further slashes would impair our ability to meet our mission.

And so we’ve got to be careful. Again, let’s use a scalpel, let’s not use a machete. And if we do that, there should be no reason at all for a Government shutdown. And I think people should be careful about being too loose in terms of talking about a Government shutdown, because this has—this is not an abstraction. People don’t get their Social Security checks. They don’t get their veterans payments. Basic functions shut down. And it—that also would have a adverse effect on our economic recovery. It would be destabilizing at a time when I think everybody is hopeful that we can start growing this economy quicker.

So I’m looking forward to having a conversation. But the key here is for people to be practical and not to score political points. That’s true for all of us. And I think if we take that approach we can navigate the situation short term and then deal with the problem long term.

With respect to Mr. Davis, our diplomat in Pakistan, we’ve got a very simple principle here that every country in the world that is party to the Vienna Convention on Diplomatic Relations is—has upheld in the past and should uphold in the future, and that is, if our diplomats are in another country, then they are not subject to that country’s local prosecution.

We respect it with respect to diplomats who are here. We expect Pakistan, that’s a signatory and recognized Mr. Davis as a diplomat, to abide by the same convention.

And the reason this is an important principle is, if it starts being fair game on our Ambassadors around the world, including in dangerous places, where we may have differences with those governments, and our Ambassadors or our various Embassy personnel are having to deliver tough messages to countries where we

disagree with them on X, Y, Z, and they start being vulnerable to prosecution locally, that’s untenable. It means they can’t do their job. And that’s why we respect these conventions, and every country should as well.

So we’re going to be continuing to work with the Pakistani Government to get this person released. And obviously, part of—for those who aren’t familiar with the background on this, a couple of Pakistanis were killed in a incident between Mr. Davis within—in Pakistan. So obviously, we’re concerned about the loss of life. We’re not callous about that. But there’s a broader principle at stake that I think we have to uphold.

Q. How serious have your threats been to the Pakistani Government, if they don’t hand him over?

The President. Well, I’m not going to discuss the specific exchanges that we’ve had. But we’ve been very firm about this being an important priority. Okay?

Ed Henry [CNN].

Situation in the Middle East

Q. Thank you, Mr. President. I want to go back to Egypt because there was some perception around the world that maybe you were too cautious during that crisis and were kind of a step behind the protesters. I know that, as you said, there was dramatic change in 3 weeks, and some of us wanted it to go even faster than that. But having said that, I realize it’s a complicated situation. It was evolving rapidly. But now as these protests grow throughout the Mideast and North Africa—you said before your message to the governments involved was make sure you’re not violent with peaceful protesters. But what’s your message to the protesters? Do you want them to taste freedom? Or do you want them to taste freedom only if it will also bring stability to our interests in the region?

The President. Well, first of all, without revisiting all the events over the last 3 weeks, I think history will end up recording that at every juncture in the situation in Egypt, that we were on the right side of history. What we didn’t do was pretend that we could dictate the

outcome in Egypt, because we can't. So we were very mindful that it was important for this to remain an Egyptian event; that the United States did not become the issue; but that we sent out a very clear message that we believed in an orderly transition, a meaningful transition, and a transition that needed to happen not later, but sooner. And we were consistent on that message throughout.

Particularly if you look at my statements, I started talking about reform 2 weeks or 2½ weeks before Mr. Mubarak ultimately stepped down. And at each juncture I think we calibrated it just about right. And I would suggest that part of the test is that what we ended up seeing was a peaceful transition, relatively little violence, and relatively little, if any, anti-American sentiment or anti-Israel sentiment or anti-Western sentiment. And I think that testifies to the fact that in a complicated situation, we got it about right.

My message, I think, to demonstrators going forward is, your aspirations for greater opportunity, for the ability to speak your mind, for a free press, those are absolutely aspirations we support.

As was true in Egypt, ultimately, what happens in each of these countries will be determined by the citizens of those countries. And even as we uphold these universal values, we do want to make sure that transitions do not degenerate into chaos and violence. That's not just good for us, that's good for those countries. The history of successful transitions to democracy have generally been ones in which peaceful protests led to dialogue, led to discussion, led to reform, and ultimately led to democracy.

And that's true in countries like Eastern Europe. That was also true in countries like Indonesia, a majority Muslim country that went through some of these similar transitions, but didn't end up doing it in such a chaotic fashion that it ended up dividing the societies fundamentally.

Middle East Peace Process

Q. But has it improved the chances of something like Mideast peace, or has it made it more complicated in your mind?

The President. I think it offers an opportunity as well as a challenge. I think the opportunity is that when you have the kinds of people who were in Tahrir Square, feeling that they have hope and they have opportunity, then they're less likely to channel all their frustrations into anti-Israeli sentiment or anti-Western sentiment, because they see the prospect of building their own country. That's a positive.

The challenge is that democracy is messy, right? And so they're—and if you're trying to negotiate with a democracy, you don't just have one person to negotiate with, you have to negotiate with a wider range of views.

But I like the odds of actually getting a better outcome in the former circumstance than in the latter.

All right. Mike Emanuel [FOX News].

2012 Federal Budget/Job Growth

Q. Thank you, Mr. President. The number-one concern for many Americans right now is jobs. Taking a look at your budget, there are tax hikes proposed for energy, for higher income people, and also for replenishing the State unemployment funds. Do you worry about the impact on jobs, sir?

The President. Well, actually, if you look at that budget, there's a whole bunch of stuff in there for job creation. I think some folks noted, for example, our infrastructure proposals, which would create millions of jobs around the country; our investments in research and development and clean energy have the potential for creating job growth in industries of the future.

My belief that the high-end tax cuts for—or the Bush tax cuts for the high end of the population—folks like me—my belief is, is that that doesn't in any way impede job growth. And most economists agree.

We had this debate in December. Now, we compromised in order to achieve an overall package that reduced taxes for all Americans, and so I believe—I continue to believe that was a smart compromise. But when it comes to over the long term, maintaining tax breaks for millionaires and billionaires, when that will mean additional deficits of a trillion dollars, if

you're serious about deficit reduction, you don't do that.

And as I said, I think most economists—even ones that tend to lean to the right or are more conservative—would agree that that's not the best way for us to approach deficit reduction and debt reduction.

So I do think it's important, as we think about corporate tax reform, as we think about individual tax reform, to try to keep taxes as simple as possible and as low as possible. But we also have to acknowledge that, in the same way that families have to pay for what they buy, well, Government has to pay for what it buys. And if we believe that it's important for us to have a strong military, that doesn't come for free. We've got to pay for it. If we think that we have to take care of our veterans when they come home—and not just salute on Memorial Day, but we actually have to work with folks who have posttraumatic stress disorder or traumatic brain injury—well, that requires services that are very labor intensive and expensive.

If we think it's important that our senior citizens continue to enjoy health care in their golden years, that costs money. If we think that after a flood, we help out our neighbors and our fellow citizens so that they can recover, we've got to pay for it.

So the circumstance that's changed—earlier Julianna asked why I think I might get a deal. I think some of the questions here generally have centered about what's going to be different this time. My hope is that what's different this time is, is we have an adult conversation where everybody says, here's what's important and here's how we're going to pay for it.

Now, there are going to be some significant disagreements about what people think is important. And then that's how democracy should work. And at the margins, I think that I'll end up having to compromise on some things. Hopefully, others will have that same spirit.

Budget Debate

Q. As part of that adult conversation, sir, what if they say deeper spending cuts before you consider tax hikes?

The President. Well, I think it just depends on what exactly you're talking about. And I think that there should be a full, open debate with the American people: Are we willing to cut millions of young people off when it comes to student loans that help kids and families on their college education? Are we only serious about education in the abstract, but when it's the concrete, we're not willing to put the money into it? If we're cutting infant formula to poor kids, is that who we are as a people?

I mean, we're going to have to have those debates. Particularly if it turns out that making those cuts doesn't really make a big dent in the long-term debt and deficits, then I think the American people may conclude let's have a more balanced approach. But that's what we're going to be talking about over the next couple months. As I said, I know everybody would like to see it get resolved today. It probably will not be. [*Laughter*] That's a fair prediction.

All right, I'm going to take one last question here. Jackie Calmes [*New York Times*].

2012 Federal Budget/Budget Debate/Economic Stabilization

Q. Thank you, Mr. President. I'd almost given up there.

The President. Oh, don't give up. [*Laughter*]

Q. You've correctly suggested that the media can be impatient about seeing you—seeing both sides come to a deal, but this is your third budget, your third year of your Presidency. You've said many times that you'd rather be a one-party—one-term President if it means you've done the hard things that need to be done. Now, I know you're not going to stand there and invite Republicans to the negotiating table today to start hashing it all out, but why not? And since you're not, though, what more are you doing to build the spirit of cooperation you mentioned earlier needs to happen before there is bipartisanship?

And finally, do you think the markets will wait 2 years?

The President. I should have written all this down, Jackie. [*Laughter*] I'm running out of room here in my brain.

Q. I'm happy to repeat my question.
[Laughter]

The President. Well, let me just speak to this generally. It's true that this is my third budget. The first two budgets were in the midst of the worst recession since the Great Depression, so we had a different set of priorities. And I said it at the time. In each of those budgets, what I said was, the deficit's going up and we are compiling some additional debt, but the reason is because it is so important for us to avoid going into a depression or having a longer recession than is necessary.

Because the most important thing that we had to do in order to limit the amount of increased debt and bigger deficits is to grow the economy some more. So that was our priority. That was our focus.

This third budget reflects a change in focus. The economy is now growing again. People are more hopeful. And we've created more than a million jobs over the last year. Employers are starting to hire again, and businesses are starting to invest again. And in that environment, now that we're out of the depths of the crisis, we have to look at these long-term problems and these medium-term problems in a much more urgent and a much more serious way.

Now, in terms of what I'm doing with the Republicans, I'm having conversations with them and Democratic leadership. I did before this budget was released, and I will do so afterwards. And I probably will not give you a play-by-play of every negotiation that takes place. I expect that all sides will have to do a little bit of posturing on television and speak to their constituencies, and rally the troops and so forth. But ultimately, what we need is a reasonable, responsible, and initially, probably, somewhat quiet and toned-down conversation about, all right, where can we compromise and get something done.

And I'm confident that will be the spirit that congressional leaders take over the coming months, because I don't think anybody wants to see our recovery derailed. And all of us agree that we have to cut spending, and all of us agree that we have to get our deficits under

control and our debt under control. And all of us agree that part of it has to be entitlements.

So there's a framework there. That speaks, by the way, again, to the point I made with you, Chuck, about the Commission. I think the Commission changed the conversation. I think they gave us a basic framework, and within that framework, we're going to have to have some tough conversations, and the devil is going to be in the details.

But look, I was glad to see yesterday Republican leaders say, how come you didn't talk about entitlements? I think that's progress, because what we had been hearing made it sound as if we just slashed deeper on education or other provisions in domestic spending that somehow that alone was going to solve the problem. So I welcomed—I think it was significant progress that there is an interest on all sides on those issues.

In terms of the markets, I think what the markets want to see is progress. The markets understand that we didn't get here overnight and we're not going to get out overnight. What they want to see is that we have the capacity to work together. If we—if they see us chipping away at this problem in a serious way, even if we haven't solved a hundred percent of it all in one fell swoop, then that will provide more confidence that Washington can work.

And more than anything, that's not just what the markets want; that's what the American people want. They just want some confirmation that this place can work. And I think it can.

All right. Thank you, everybody.

NOTE: The President's news conference began at 10:59 a.m. in the South Court Auditorium of the Dwight D. Eisenhower Executive Office Building. In his remarks, the President referred to White House Press Secretary James F. "Jay" Carney; Rep. Paul D. Ryan; former White House Chief of Staff Rahm I. Emanuel; Washington Post reporter Eli Saslow; and former President Mohamed Hosni Mubarak of Egypt. A reporter referred to Roderick J. Harrison, senior fellow, Joint Center for Political and Economic Studies.