

Remarks to the Wall Street Journal CEO Council and a Question-and-Answer Session November 19, 2013

The President. Thank you so much. Everybody, please have a seat. Thank you.

Well, it is wonderful to be here, and I always look forward to an opportunity to speak to some of our top businesses across the country, who are hiring people, investing in America, making the economy run. And many of you I've had a chance to interact with before. As you know, oftentimes, when I do something like this, I want to spend more time answering questions and having a conversation than giving any formal remarks. Let me just provide a little bit of an introduction.

Obviously, over the last couple of months, most of the oxygen in this town has been consumed with two things: one, the Government shutdown and the possibility of default that was ultimately resolved; and the second has been the rollout of the Affordable Care Act and the fact that my website is not working the way it's supposed to. [*Laughter*] And it's entirely legitimate that those have been issues of great concern.

The impact of the shutdown and the threat of default, I think, not only did some significant damage to the economy at a time when we didn't need self-inflicted wounds, but it also spoke to some of the larger problems we've seen here in Washington and the sense of dysfunction and the seeming incapacity of both parties in Congress to work together to advance an agenda that's going to help us grow.

With respect to the Affordable Care Act, I think people are legitimately concerned because we have a major problem with health care in this country: 41 million people without health insurance, a lot of people underinsured. And once again, how we fix a health care system that's been broken for too many people for too long, I think, ends up speaking to how much confidence we have in Government and whether we still have the capacity, collectively, to bring about changes that are going to be good for our economy, good for our businesses, good for the American people.

I do want to say, though, that beyond the headlines, we have made real progress in the economy, and sometimes, that hasn't gotten enough attention. Some of the tough decisions that we made early on have paid off, decisions that helped us not only recover from a crisis, but begin to lay a stronger foundation for future growth.

We refocused on manufacturing exports, and today, our businesses sell more goods and services made in America than ever before around the world. After a decade of shedding jobs, our manufacturing sector has now added about half a million new jobs, and it's led by an American auto industry that has come roaring back after decades of decline.

We decided to reverse our dependence on foreign oil, and today, we generate more renewable energy than ever before and more natural gas than anybody in the world. And for the first time in nearly 20 years, America now produces more of our own oil than we buy from other countries.

When I took office, we invested a fraction of what other countries did in wireless infrastructure, and today, it's up nearly 50 percent, helping companies unleash jobs, innovation, and a booming app economy that's created more than 500,000 jobs. When I took office, only 5 percent of the world's smartphones ran on American operating systems. Today, more than 80 percent do.

And it's not just in the high-tech economy that we're seeing progress. For example, American farmers are on pace to have one of their best years in decades, and they have consistently been able to export more, make more profits, and help restore rural economies than when we came into office.

And yes, we decided to take on a broken health care system. And even though the rollout of the new health care marketplace has been rough, to say the least, about half a million Americans are now poised to gain health care coverage beginning January 1. That's after

only a month of sign-up. We also have seen health care costs growing at the slowest rate in 50 years. Employer-based health costs are growing at about one-third of the rate of a decade ago, and that has an impact on your bottom line.

And after years of trillion-dollar deficits, we reined in spending, wound down two wars, and began to change a Tax Code that I believed was too skewed towards the wealthiest among us at the expense of the middle class. And since office—since I took office, we have now cut our deficits by more than half.

Add it all up, and businesses like yours have created 7.8 million new jobs over the past 44 months. We've gone farther and recovered faster than most other advanced nations. And so in a lot of ways, America is poised for a breakout. We are in a good position to compete around the world in the 21st century.

Now, the question is, are we going to realize that potential? And that means that we've still got some more work to do. Our stock markets and corporate profits are soaring, but we've got to make sure that this remains a country where everyone who works hard can get ahead. And that means we've still got to address long-term unemployment. We still have to address stagnant wages and stagnant incomes.

And frankly, we've got to stop governing by crisis here in this town. Because if it weren't for Washington's dysfunction, I think all of us agree we'd be a lot further along. The shut-down and the threat of default harmed our jobs market; they cost our economy about \$5 billion. And economists predict it will slow our GDP growth this quarter. And it didn't need to happen. It was self-inflicted. We should not be injuring ourselves every few months. We should be investing in ourselves. And in a sensible world, that starts with a budget that cuts what we don't need, closes wasteful loopholes, and helps us afford to invest in the things that we know will help businesses like yours and the economy as a whole: education, infrastructure, basic research and development.

We would have a grand bargain for middle class jobs that combines tax reform with a financing mechanism that lets us create jobs, re-

building infrastructure that your businesses depend on, but we haven't gotten as much take-up from the other side as we'd like to see so far. We have the opportunity for bipartisan authority to negotiate the best trade deals possible so businesses and workers can take advantage of new markets that are opening up around the world. We haven't seen the kind of take-up from the other side that we'd like to see so far.

We've got the opportunity to fix a broken immigration system that strengthens our economy and our national security. The good news here is, the Senate has already passed a bipartisan bill that economists say would grow our economy by \$1.4 trillion and shrink our deficits by nearly a trillion over the next two decades. You wouldn't turn down a deal that good, and Congress shouldn't either. So I'm hoping that Speaker Boehner and the House of Representatives can still work with us to get that done.

And we need to be going all out to prepare our kids and our workers for the demands of a 21st-century economy. I've proposed giving every child an early start at success by making high-quality preschool available to every 4-year-old in America. We know that you get more bang for the buck when it comes to early childhood education than just about anything else, and you've got great examples around the country—oftentimes in red States—that are doing just that. We need to make that same investment.

We're working to bring down the costs of a college degree so more young people can get a higher education. And one thing that I'm very excited about—and this has been a good example of a public-private partnership—is the idea of redesigning our high schools to make sure that more young people get hands-on training and develop the skills that they need, particularly in math, science, and engineering, that businesses are looking for. And in fact, today we're announcing a competitive grant program that will encourage more high schools to partner with colleges and local businesses to better prepare our kids for college or a career. And in December, I'll be bringing together college presidents and other leaders to figure out ways

to help more low-income students attend and to succeed in college.

So just to sum up, my basic message is this: We know what the challenges are. We know what the solutions are. Some of them are tough, but what's holding us back is not a lack of good policy ideas or even what used to be considered good bipartisan policy ideas. We just have to break through the stubborn cycle of crisis politics and start working together. More obstruction, more brinksmanship won't help anybody. It doesn't help folks politically. My understanding is, nobody in this town is doing particularly well at the moment when it comes to the opinions of the American people, but it certainly doesn't help anybody economically.

On many of the issues, I think you and I would agree, and I want you to know that I'm rooting for your success, and I look forward to making sure that we are able in the remaining 3 years that I'm President to work together to not only improve the business climate, but also improve the prospects for Americans all across the country who have been treading water, feel like they're losing ground, are anxious about the future and their children's futures, but I think are still hopeful and still possess that fundamental American optimism. If they see leadership working across the board on their behalf, then I'm confident that we can make enormous progress.

So with that, why don't we get Jerry up here, and I'll start answering his questions. I hope you've had some input. [Laughter] If he starts asking me about what happened to the Kansas City Chiefs, the—[laughter]. I'm not sure I'll have a good answer for that one.

Wall Street Journal Washington Bureau Chief Gerald F. Seib. Well, thank you, Mr. President. Let me start by thanking you officially for joining us today. I think you probably see a lot of familiar faces out there, most friendly, most of them. And I would also note that you're getting here a little late. Congressman Paul Ryan is coming later. He is going to get here a little early. So if you guys overlap a little bit, maybe we can just get some problems solved right here. What do you think?

The President. Let's do it. [Laughter] Let's do it.

Patient Protection and Affordable Care Act/Federal Government Procurement Policies

Mr. Seib. It's your chance. [Laughter] We have talked amongst ourselves or tried to sort of take the sense of the room. So I'm going to try to reflect some of the conversations that have been going on here in the questions I'm going to ask you. You'll not be stunned that I'm going to ask you about health care first.

The President. Right.

Mr. Seib. You indicated there and you've indicated publicly quite clearly that the rollout has been difficult. What do you think you've learned from this experience about the Government's ability to do this sort of thing, about the law itself, or about your own administration?

The President. Well, there are a couple of things. Number one is that this has been a big problem for a very long time, and so it was always going to be challenging not just to pass a law, but also to implement it. There's a reason why, despite a century of talking about it, nobody had been able to successfully try to deal with some of the underlying problems in the health care system.

The good news is that many of the elements of the Affordable Care Act are already in place and are working exactly the way they're supposed to. So making sure that consumers who have employer-based health insurance are getting a better deal and that are protected from some of the fine print that left them in the lurch when they actually got sick, that's in place. Making sure that young people under the age of 26 can stay on their parent's plan, that's helped 3 million children already. That's making a difference. Helping seniors to get better prescription drug prices, that's already helped millions of seniors and billions of dollars in savings. Rebates for people who see insurance companies who are not spending enough on actual care, more on administrative costs or profits, they're getting rebates. They may not know it's the Affordable Care Act that's giving them rebates, but it's happening.

So there were a number of things that were already in place over the last 3 years that got implemented effectively.

The other thing that hasn't been talked about a lot is cost. There was a lot of skepticism when we passed the Affordable Care Act that we were going to be giving a lot of people care, but we weren't doing anything about the underlying costs. And in fact, over the last 3 years, we have seen health care costs grow at the slowest pace in 50 years. And that affects the bottom lines of everybody here.

And there are a lot of smart delivery system reforms that slowly, across the system, are being implemented, and they're making a big difference. And that's saving us money. That's why, by the way, some of the projections that in terms of what the Affordable Care Act would do to deficits have actually proved even better than we had originally expected.

What I have learned, though, with respect to setting up these marketplaces—which are essentially mechanisms where people who are currently in the individual market or don't have health insurance at all can join together, shop, and insurance companies will compete for their business—setting those things up is very challenging just mechanically. The good news is that choice and competition has actually worked and insurers came in with bids that were even lower than people expected, about 16-percent lower than had originally been projected.

The challenge has been just making sure that consumers are actually able to get on a website, see those choices, and shop. And I think that we probably underestimated the complexities of building out a website that needed to work the way it should.

There is a larger problem that I probably—speak personally, but also as the administration—could have identified earlier, and that is, the way the Federal Government does procurement and does IT is just generally not very efficient. In fact, there's probably no bigger gap between the private sector and the public sector than IT.

And we've seen that in, for example, the VA and the Department of Defense trying to deal

with electronic medical records for our servicemen as they move into civilian life. Most of that stuff is still done on paper. We've spent billions of dollars—I'm not saying "we" as in my administration; I mean we've now had about a decade of experimentation—spent billions of dollars, and it's still not working the way it should.

So what we probably needed to do on the front end was to blow up how we procure for IT, especially on a system this complicated. We did not do that successfully. Now, we are getting it fixed, but it would have been better to do it on the front end rather than the back end.

And the last point I'll make is that in terms of expectation setting, there's no doubt that in an environment in which we had to fight tooth and nail to get this passed, it ended up being passed on a partisan basis, not for lack of trying—because I met with an awful lot of Republicans to try to get them to go along—but because there was just ideological resistance to the idea of dealing with the uninsured and people with preexisting conditions. There was a price to that, and it was that what was already going to be hard was operating within a very difficult political environment. And we should have anticipated that that would create a rockier rollout than if Democrats and Republicans were both invested in success.

One of the problems we've had is one side of Capitol Hill is invested in failure, and that makes, I think, the kind of iterative process of fixing glitches as they come up and fine-tuning the law more challenging. But I'm optimistic that we can get it fixed.

Patient Protection and Affordable Care Act/Healthcare.gov Website

Mr. Seib. Well, that's the question I was going to ask next. Is it possible you've lost enough time here and enough potential customers in the exchanges that you're not going to reach the critical mass of signups that you need to make the marketplace work? Is that a danger that you have to worry about right now?

The President. Well, it's something that we have to pay attention to. But keep in mind that this model of marketplaces was based on what

was done in Massachusetts, and the experience in Massachusetts was that in the first month, a hundred and fifty-three or sixty-three people signed up out of an ultimate 36,000. I mean, it was less than 1 percent signed up in that first month, partly because buying insurance is a complicated process for a lot of people. When they have more choices, it means that they're going to take more time.

There's no doubt that we've lost some time, but the website is getting better each week. By the end of this month, it will be functioning for the majority of people who are using it. They'll be able to shop, see what their choices are. The prices are good. The prices are not changing for—during the open enrollment period that goes out until March. And so I think that we're going to have time to catch up.

What's also been expressed as a concern is the mix of people that sign up. So we might end up having millions of people sign up; they're happy with their new coverage, but we've got more people who are older, more likely to get sick than younger and healthier.

Mr. Seib. Right.

The President. We've got to monitor that carefully. We always anticipated, though, that younger folks would be the last folks in, just because—it's been a while since you and I were young—but as I recall, you don't think that you're going to get sick at that time.

So look, I am confident that the model that we've built, which works off of the existing private insurance system, is one that will succeed. We are going to have to, A, fix the website so everybody feels confident about that. We're going to have to obviously remarket and re-brand, and that will be challenging in this political environment.

But keep in mind, in the first month, we also had 12 million people visit the site.

Mr. Seib. Yes.

The President. The demand is there. There are 41 million people who have health—who don't have health insurance. The folks in the individual market, many of them are going to get a much better deal in the marketplaces. And so we've just got to keep on improving the customer experience and make sure that we're

fending off efforts not to fix the problem, because if somebody wants to help us fix it, I'm all game, but fending off efforts to completely undermine it.

Federal Budget/Deficit and National Debt

Mr. Seib. Let me turn to the economy, the broader economy, probably the predominant concern of people in this room. We seem to be stuck in an economic growth pattern of okay, but not great growth. Your friend Larry Summers was here earlier today and said essentially the problem—or one of the problems—is that the system can't do two things at once. It can't cut deficits and spur growth. It needs to do one or the other. Right now it needs to spur growth, should not worry so much about deficits. Do you agree? And if you do agree, how do you make that happen?

The President. Actually, Larry and I, and most of my economic team—in fact, all of my economic team—have consistently maintained that there is a way to reconcile the concerns about debt and deficits with the concerns about growth.

What we know is, is that our fiscal problems are not short-term deficits. Our discretionary budget, that portion of the Federal budget that isn't defense or Social Security or Medicare or Medicaid—the entitlement programs—is at its smallest level in my lifetime, probably since Dwight Eisenhower. We are not lavishly spending on a whole bunch of social programs out there. And in many ways, a lot of these programs have become more efficient and pretty effective.

Defense, we spent a lot from 2001 to 2011, but generally, we are stabilizing. And the Pentagon, working with me, have come up with plans that allow us to meet our security needs while still bringing down some of the costs of defense, particularly after having ended the war in Iraq and on the brink of ending the war in Afghanistan.

So when we talk about our deficit and debt problems, it is almost entirely health care costs. You eliminate the delta, the difference between what we spend on health care and what every other country—advanced industrialized

nation—spends on health care, and that’s our long-term debt. And if we’re able to bend the cost curve, we help solve the problem.

Now, one way to do that is just to make health care cheaper overall. That’s, I think, the best way to do it, and that’s what we’ve been doing through some of the measures in the Affordable Care Act. There are some other provisions that we could take that would maintain our commitment to seniors, Medicare, Social Security, the disabled, and Medicaid, while still reducing very modestly the costs of those programs.

If we do those things, that solves our real fiscal problem, and we could take some of that money, a very modest portion on the front end, and invest in infrastructure that puts people back to work, improve our research and development.

So the idea would be to do some things in the short term that focus on growth, do some things in the long term that deal with the long-term debt. That’s what my budget reflects. That’s what a multiple series of negotiations with John Boehner talked about, the so-called grand bargain. We couldn’t quite get there in the end, mainly because Republicans had a great deal of difficulty with the idea of putting in more revenue to balance out some of the changes that were made on entitlements.

Tax Reform

Mr. Seib. I would guess a lot of people in this room would say another way to make some of those things happen would be to fix the corporate Tax Code that everybody agrees is a mess. You’ve got some companies that pay way too much compared to their international competitors; some companies don’t pay at all. It’s not a good system, it’s not an efficient system, everybody agrees, but it doesn’t ever seem to change. Can you make it change? And can you do something about repatriation of U.S. assets overseas?

The President. Well, here is the good news, is that both my administration and Republicans have talked about corporate tax reform. And Paul Ryan, who is going to be coming after me, said he’s interested in corporate tax reform.

And we’ve reached out to him, and we’ve said let’s get to work. We put forward a very specific set of proposals that would lower the corporate tax rate, broaden the base, close some loopholes. And in terms of international companies and competitiveness, what we’ve said is, rather than a whole bunch of tangled laws that incentivize folks to keep money overseas, let’s have a modest, but clear global minimum tax, get rid of some of the huge fluctuations that people experience. It will save companies money, make them more competitive, and in terms of transitioning to that system, actually allow some people to bring back money and, in a one-time way, help us finance infrastructure and some other projects that need to get done.

I don’t expect Republicans to adopt exactly the proposal that we’ve put forward. But there’s not that much separation between what Democrats are talking about—I know Chairman Max Baucus put out something today, the chairman of the Finance Committee—what Dave Camp over in the House has talked about. This should be bridgeable.

The one thing I would caution is—and I’ve said this to the Business Roundtable and other corporate leaders who I’ve talked to—people like the idea of corporate tax reform in theory. In practice, if you want to make the corporate tax reform deficit neutral, then you actually have to close some loopholes. And people like the idea of a simpler tax system until it’s their particular loophole that’s about to get closed.

And what we can’t afford to do is to keep all the loopholes that are currently in place and lower the corporate tax rate. We would then blow another hole in the deficit that would have to be filled. And what I’m not willing to do is to have higher rates on the middle class in order to pay for that.

Immigration Reform

Mr. Seib. Some of the CEOs here had a working group earlier today, the mission of which was to address the question of how do you stay competitive. Interestingly, at least to me, their first priority—first priority—was this: immigration reform. “The U.S. needs immigration reform to retain talented workers educat-

ed in the U.S. and attract talent to the U.S. Immigration reform could provide an instant jolt to the U.S. economy which we need.”

I know you agree with that statement, but it’s hard to see that happening right now. You’ve got the Senate off on one track; it’s passed a comprehensive bill the House won’t even agree to take up. Democrats want to do comprehensive reform; Republicans want to do step-by-step reform. It’s a poisonous political atmosphere. Can you make it happen?

The President. I am actually optimistic that we’re going to get this done. I’m a—but I am a congenital optimist. I would have to be. I’m named Barack Obama; I ran for President. [Laughter]

Mr. Seib. And won.

The President. And won twice. [Laughter]

So look, keep in mind, first of all, that what the CEOs here said is absolutely right. This is a boost to our economy. Everywhere I go, I meet with entrepreneurs and CEOs who say, I’ve got these terrific folks, they just graduated from CalTech or MIT or Stanford, they’re ready to do business here, some of them have these amazing new ideas that we think we can commercialize, but they’re being dragged back to their home countries, not because they want to go, but because the immigration system doesn’t work.

The good news is that the Senate bill was a bipartisan bill. And we know what the component parts of this are. We’ve got to have strong border security. We’ve got to have better enforcement of existing laws. We’ve got to make sure that we have a legal immigration system that doesn’t cause people to sit in the queue for 5 years, 10 years, 15 years, in some cases, 20 years. We should want to immediately say to young people who we’ve helped to educate in this country: You want to stay? We want you here.

And we do have to deal with about 11 million folks who are in this country, most of them just seeking opportunity; they did break the law by coming here or overstaying their visa, and they’ve got to earn their way out of the shadows—pay a fine, learn English, get to the back of the line, pay their backtaxes—but giv-

ing them a mechanism whereby they can get right by our society. And that’s reflected in the Senate bill.

Now, I actually think that there are a number of House Republicans—including Paul Ryan, I think, if you ask him about it—who agree with that. They’re suspicious of comprehensive bills, but you know what? If they want to chop that thing up into five pieces, as long as all five pieces get done, I don’t care what it looks like, as long as it’s actually delivering on those core values that we talk about.

Immigration Reform/Bipartisanship

Mr. Seib. But Democrats have been pretty suspicious that all five pieces would get done.

The President. And that’s the problem. I mean, the key is, what we don’t want to do is simply carve out one piece of it—let’s say agricultural jobs, which are important, but is easier, frankly, or the high-skilled jobs that many in your audience here would immediately want to do—but leave behind some of the tougher stuff that still needs to get done. We’re not going to have a situation in which 11 million people are still living in the shadows and potentially getting deported on an ongoing basis.

So we’re going to have to do it all. In my conversations with the Republicans, I actually think the divide is not that wide. So what we just have to do is find a pathway where Republicans in the House, in particular, feel comfortable enough about process that they can go ahead and meet us.

This, by the way, Jerry, I think is a good example of something that’s been striking me about our politics for a while. When you go to other countries, the political divisions are so much more stark and wider. Here in America, the difference between Democrats and Republicans, I—we’re fighting inside the 40-yard line, maybe in—

Mr. Seib. You’ve fooled most people on that in the last few months, I’d say, but—[laughter].

The President. No, no, but—well, no, no. I would distinguish between the rhetoric and the tactics versus the ideological differences. I mean, in most countries you’ve got—people call me a Socialist sometimes, but no, you’ve

got to meet real Socialists. [Laughter] You'll have a sense of what a Socialist is. [Laughter]

I'm talking about lowering the corporate tax rate. My health care reform is based on the private marketplace. The stock market is looking pretty good last time I checked. And it is true that I'm concerned about growing inequality in our system, but nobody questions the efficacy of market economies in terms of producing wealth and innovation and keeping us competitive.

On the flip side, most Republicans, even the Tea Party—one of my favorite signs during the campaign was folks hoisting a sign, "Government, keep your hands off my Medicare." [Laughter] Think about that. [Laughter] I mean, the—ideologically, they did not like the idea of the Federal Government, and yet they felt very protective about the basic social safety net that had been structured.

So my simple point is this: If we can get beyond the tactical advantages that parties perceive in painting folks as extreme and trying to keep an eye always on the next election and, for a while at least, just focus on governing, then there is probably 70-percent overlap on a whole range of issues. A lot of Republicans want to get infrastructure done, just like I do. A lot of them believe in basic research, just like I do. A lot of them want to reform entitlements to make sure that they're affordable for the next generation; so do I. A lot of them say they want to reform our tax system; so do I.

There are going to be differences on the details, and those details matter, and I'll fight very hard for them. But we shouldn't think that somehow the reason we've got these problems is because our policy differences are so great.

Federal Government Shutdown/Public Debt Limit/U.S. Competitiveness

Mr. Seib. Well, the details are obviously important enough to shut down the Government just a couple of weeks ago. And everybody knows we're headed back toward showdowns again: January, budget; February, debt ceiling.

The President. Right.

Mr. Seib. Jack Lew was here earlier, your Treasury Secretary, and said he thought maybe

the system crossed a threshold in October and has realized it doesn't want to go back and do that again. Are you confident it's not going to go back and do that again? And by the way, the OECD, the Organisation of Economic Co-operation and Development, suggested today that the U.S. just get rid of the debt ceiling entirely. Would you be in favor of that?

The President. I think that the way our system is set up is like a loaded gun, and once people thought we can get leverage on policy disputes by threatening default, that was an extraordinarily dangerous precedent. And that's a principle that I had to adhere to, not just for me, but for the next President, that you're not going to be able to threaten the entire U.S. or world economy simply because you disagree with me about a health care bill.

I'd like to believe that the Republicans recognize that was not a good strategy, and we're probably better off with a system in which that threat is not there on a perpetual basis. I do not foresee what we saw in October being repeated in January. But the broader point is one that I think all of us have to take to heart. We have to be able to disagree on policy issues without resorting to the kinds of extreme tactics that end up hurting all of us.

And that's been my main disagreement with a lot of my Republican friends. And frankly, the American people agree with that. They don't expect us to march in lockstep. There's a reason why we've got two parties in this country. They do expect that we are constantly thinking about how are we making sure they can find a job that pays well, that their kids can go to college and afford it, that we are growing and competitive, that we are dealing with our fiscal position in a sensible way. And if we keep them in mind consistently, then I think we're going to be successful.

One thing—you've got some international CEOs here, and I think they'll confirm this—when I travel, what's striking to me is, people around the world think we've got a really good hand. You just take the example of energy. They say America is poised to change our geopolitics entirely because of the advances we've made in oil production and natural gas produc-

tion. It means manufacturing here is much more attractive than it used to be. That's a huge competitive advantage.

We've got the most productive workers just about in the world, and we've—our workers have become more and more productive, and a lot of companies look at that and say we wish we had workers who were able to operate the way these folks do.

Our university systems, our research infrastructure—all those things are the envy of the world. And one of the great things about America—sometimes, we get worried that we're losing traction and the sky is falling, and back in the eighties, Japan was about to take over, and then China, and obviously before that, the Soviet Union—and we usually come out okay because we change and we adapt. I just want everybody to remember that we're in a very strong position to compete as long as our political system functions. It doesn't have to be outstanding. This is sort of like Winston Churchill, two cheers for democracy. And it's always going to be messy. But it's got to function better than it has.

Iran

Mr. Seib. I'm in the red zone on the clock here, but let me—I did want to ask a question about international affairs. You've mentioned the world and the U.S. position in it. There's the possibility this week of an agreement with Iran, a preliminary, limited agreement in which they would freeze some of their nuclear activities in return for some relief on sanctions. Your Israeli friends have been arguing, along with some of your friends as well as your foes in Congress, that if you give the Iranian regime any relief on sanctions, the sanctions regime will fall apart, countries that don't want to be there in the first place will head for the exits, it will all come apart, and that's the danger of what you're negotiating right now.

I know you talked to some Senators about this very topic today. Is there going to be a deal? And why can you ease sanctions without having them fall apart?

The President. Well, just by way of background, when I came into office, we had a

trade embargo; the U.S. had done some things unilaterally. We did not have a strong, enforceable international mechanism to really put the squeeze on Iran around its nuclear program, despite the fact that it had violated a range of U.N. and nonproliferation treaty requirements.

So we built, we constructed, with the help of Congress, the strongest sanctions regime ever. And it has put a bite on the Iranian economy. They have seen a 5-percent contraction the last year in their economy. It's projected to be another contraction this year. And in part because the sanctions have been so effective, we were able to get Iran to seriously come to the table and look at, how are they going to give assurances to the international community that they are, in fact, not pursuing a nuclear weapons program?

I don't know if we'll be able to close a deal this week or next week. We have been very firm with the Iranians even on the interim deal about what we expect. And some of the reporting out there has been somewhat inaccurate, understandably, because the P-5-plus-1, the members of the—permanent members of the Security Council in addition to—and Germany as well—have kept the negotiations fairly tight.

But the essence of the deal would be that they would halt advances on their nuclear program; they would roll back some elements that get them closer to what we call breakout capacity, where they can run for a weapon before the international community has a chance to react; that they would subject themselves to more vigorous inspections even than the ones that are currently there, in some cases, daily inspections.

In return, what we would do would be to open up the spigot a little bit for a very modest amount of relief that is entirely subject to reinstatement if, in fact, they violated any part of this early agreement. And it would purchase a period of time—let's say, 6 months—during which we could see if they could get to the end state of a position where we, the Israelis, the international community could say with confidence, Iran is not pursuing a nuclear weapon.

Now, part of the reason I have confidence that the sanctions don't fall apart is because we're not doing anything around the most powerful sanctions. The oil sanctions, the banking sanctions, the financial services sanctions—those are the ones that have really taken a big chunk out of the Iranian economy. So oil production and oil sales out of Iran have dropped by more than half since these sanctions were put in place. They've got over a hundred billion dollars of oil revenue that is sitting outside of their country. The rial, their currency, has dropped precipitously. And all those sanctions and the architecture for them don't go anywhere.

Essentially, what we do is, we allow them to access a small portion of these assets that are frozen. Keep in mind, though, that because the oil and banking sanctions stay in place, they will actually still be losing money even during this 6-month period relative to the amount of oil sales they had back in 2011.

So what we are suggesting both to the Israelis, to Members of Congress here, to the international community, but also to the Iranians, is, let's look, let's test the proposition that over

the next 6 months we can resolve this in a diplomatic fashion, while maintaining the essential sanctions architecture, and as President of the United States, me maintaining all options to prevent them from getting nuclear weapons. I think that is a test that is worth conducting.

And my hope and expectation is not that we're going to solve all of this just this week in this interim phase, but rather that we're purchasing ourselves some time to see how serious the Iranian regime might be in reentering membership in the world community and taking the yoke of these sanctions off the backs of their economy.

Mr. Seib. Well, Mr. President, with that, let me just thank you again for joining us. I appreciate it very much.

The President. I enjoyed it. Thank you very much.

NOTE: The President spoke at 3:28 p.m. at the Four Seasons Hotel Washington, DC. In his remarks, he referred to Lawrence H. Summers, former Director, National Economic Council.

Remarks on Presenting the Presidential Medal of Freedom November 20, 2013

The President. Good morning! Good morning, everybody! Everybody, please have a seat. Have a seat.

Well, on behalf of Michelle and myself, welcome to the White House. This is one of my favorite events every year, especially special this year, as I look at this extraordinary group of individuals and our opportunity to honor them with our Nation's highest civilian honor: the Presidential Medal of Freedom.

And this year, it's just a little more special because this marks the 50th anniversary of President Kennedy establishing this award. We're honored, by the way, today to have with us one of my favorite people, Ethel Kennedy, and a pretty good basketball player, President Kennedy's grandson Jack.

Now, this medal has been bestowed on more than 500 deserving people. Tonight I'm

looking forward to joining some of these honorees, as well as members of the Kennedy family, as we pay tribute to these 50 years of excellence. And this morning we're honored to add 16 new names to this distinguished list.

Today we salute fierce competitors who became true champions. In the sweltering heat of a Chicago summer, Ernie Banks walked into the Cubs locker room and didn't like what he saw. "Everybody was sitting around, heads down, depressed," he recalled. So Ernie piped up and said: "Boy, what a great day! Let's play two!" [*Laughter*] That's "Mr. Cub," a man who came up through the Negro Leagues, making \$7 a day, and became the first Black player to suit up for the Cubs and one of the greatest hitters of all time. And in the process, Ernie became known as much for his 512 home runs as for his cheer and his optimism and his eter-