

Obama's Interview Aboard Air Force One

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Transcript

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[President Obama](#) spoke in a 35-minute interview aboard [Air Force One](#) on Friday afternoon as he traveled from Columbus, Ohio to Andrews [Air Force](#) Base. This is an edited transcript, as recorded by The New York Times.

Q. You said it's going to take a long time to get out of this economic crisis. Can you assure the American people that the economy will be growing by the summer, the fall or the end of the year?

A. I don't think that anybody has that kind of crystal ball. We are going through a wrenching process of de-leveraging in the financial sectors – not just here in the United States, but all around the world – that have profound consequences for Main Street. What started off as problems with the banks, led to a contraction of lending, which led in turn to both declining demand on the part of consumers, but also declining demand on the part of business. So it is going to take some time to work itself through.

Our job is to do a couple of key things. Number one, to put in place key investments that will cushion the blow. Our recovery plan had provisions for unemployment insurance, for food stamps, what we just saw today, grants and assistance to states so layoffs aren't compounded. The second thing we've got to do is we're going to have to strengthen the financial system. We've taken some significant steps already to do that – just for example this week, opening up a trillion-dollar credit line. But there's going to be more work to be done there because there are some banks that are still limping along and we've got to strengthen their capital bases and get them lending again.

We've got to be able to distinguish in the marketplace between those banks that have real problems and those banks that are actually on pretty solid footing. We've still got the auto situation that we're going to have to address. And finally, we've got to make the investments for long-term economic growth around energy, education and health care. I'm not trying to [filibuster](#), it was a big question.

Our belief and expectation is that we will get all the pillars in place for recovery this year. Those are the things we have control over and we have confidence that working with Congress we can get the pillars of recovery in place. How long it will take before recovery actually translates into stronger job markets and so forth is going to depend on a whole range of factors, including our ability to get other countries to coordinate and take similar actions because part of what you're seeing now is weaknesses in Europe that are actually greater than some of the weaknesses here, bouncing back and having an impact on our markets.

Q. Can you envision allowing a major institution to fail? Can you say with certainty that you won't need to ask Congress for any more money beyond the \$250 billion placeholder in your budget.

A. I am absolutely committed to making sure that our financial system is stable. And so I think people can be assured that we'll do whatever is required to keep that from happening. For example, that would mean preventing institutions that could cause systemic risks to the system being just left on their own. We're going to make sure that the financial system is stabilized and in terms of the resources that are involved. We think the \$250 billion placeholder is a pretty good estimate. We have no reason to revise that estimate that's in the budget. One of the benefits I think of this budget was we tried to surface as honestly and as forthrightly as possible, all the costs of this crisis, all the costs of the war in Iraq and Afghanistan, all the potential costs of things like fixing the AMT, which historically have been left off the budget. Something that I don't think people recognize is that had we used the same gimmicks that had been used previously, we could have driven down our budget projections over the next 10 years, down to point where debt was only 1.3 or 1.5 percent of G.D.P. We could have made ourselves look really good, but I felt very strongly that part of what got us in trouble in the first place, both in the private sector and the public sector, was a failure to do honest accounting about what risks are out there, about what costs are out there and factoring those in, and that's something that we've tried to change.

Q. Have you figured out how you would draw the lines against endless rescues?

A. Part of the function of the stress test that is being conducted by [Treasury](#) right now is to make a determination using some worst-case scenario – what that would mean for a bank's balance sheet. And I think that what you should see emerging there is an awful lot of banks that are in decent shape considering the circumstances. They've been managed well. They didn't take undue risks. Obviously, they're being hit like every business is being hit by the recession, but they can recover, and if they do need help, it's going to be short-term help. There may be a handful of institutions that have more serious problems. And what we want to do is to cauterize the wound.

Q. And they'll have to fail, the ones that had more serious problems?

[A.](#) No, no, no, no. But what we'll have to do is, we'll probably have to take more significant action to deal with those institutions. But the point is that our commitment is to make sure that any actions we take to maintain stability in the system, begin to loosen up credit and lending once again so that businesses and consumers can borrow. And if they can, then you're going to start seeing businesses invest once again and you're going to see people hired once again, but it's going to take some time.

Q. The first six weeks have given people a glimpse of your spending priorities. Are you a socialist as some people have suggested?

A. You know, let's take a look at the budget – the answer would be no.

Q. Is there anything wrong with saying yes?

A. Let's just take a look at what we've done. We've essentially said that, number one, we're going to reduce non-defense discretionary spending to the lowest levels in decades. So that part of the budget that doesn't include entitlements and doesn't include defense – that we have

the most control over – we’re actually setting on a downward trajectory in terms of percentage of G.D.P. So we’re making more tough choices in terms of eliminating programs and cutting back on spending than any administration has done in a very long time. We’re making some very tough choices.

What we have done is in a couple of critical areas that we have put off action for a very long time, decided that now is the time to ask. One is on health care. As you heard in the health care summit yesterday, there is uniform belief that the status quo is broken and if we don’t do anything, we will be in a much worse place, both fiscally as well as in terms of what’s happening to families and businesses than if we did something.

The second area is on energy, which we’ve been talking about for decades. Now, in each of those cases, what we’ve said is, on our watch, we’re going to solve problems that have weakened this economy for a generation. And it’s going to be hard and it’s going to require some costs. But if you look on the revenue side what we’re proposing, what we’re looking at is essentially to go back to the tax rates that existed during the 1990s when, as I recall, rich people were doing very well. In fact everybody was doing very well. We have proposed a cap and trade system, which could create some additional costs, but the vast majority of that we want to give back in the form of tax breaks to the 95 percent of working families.

So if you look at our budget, what you have is a very disciplined, fiscally responsible budget, along with an effort to deal with some very serious problems that have been put off for a very long time. And that I think is exactly what I proposed during the campaign. We are following through on every commitment that we’ve made, and that’s what I think is ultimately going to get our economy back on track.

Q. So to people who suggested that you are more liberal than you suggested on the campaign, you say, what?

A. I think it would be hard to argue, Jeff. We have delivered on every promise that we’ve made so far. We said that we would end the war in Iraq and we’ve put forward a responsible plan.

Q. In terms of spending.

A. Oh, in terms of spending. Well, if you look at spending, what we said during the campaign was, is that we were going to raise taxes on the top five percent. That’s what our budget does. We said that we’d give a tax cut to 95 percent of working Americans. That’s exactly what we have done. That’s the right thing to do. It provides relief to families that basically saw no growth in wages and incomes over the last decade. It asks for a little bit more for people like myself who benefited greatly over the last decade and took a disproportionate share of a growing economy. I actually don’t think that anybody who examines our budget can come away with the conclusion that somehow this is a – that this is in any way different than what we proposed during the campaign. But more to the point, it is what’s needed in order to put this economy on a more stable footing. One of the problems that we’ve had is that we have put off big problems again and again and again and again. And as I’ve said in my speech to the joint session of Congress, at some point there is a day of reckoning. Well, that day of reckoning has come.

What I’m refusing to do and what I’ve instructed my staff that we will not do is to try to kick the can down the road, to try to paper over problems, try to use gimmicks on budgets, try to

pretend that health care is not an issue, to continue with a situation where we are exporting – importing – more and more oil from the middle east, continuing with a situation in which average working families are seeing their wages flat line. At some point, we've got to take on these problems.

Q. Is there one word name for your philosophy? If you're not a socialist, are you a liberal? Are you progressive? One word?

A. No, I'm not going to engage in that.

Q. Mr. President, we need to turn it to foreign policy. I know we have a review going on right now about Afghanistan policy, but right now can you tell us, are we winning in Afghanistan?

A. No. I think that we are – we are doing an extraordinary job, or let me say it this way: Our troops are doing an extraordinary job in a very difficult situation. But you've seen conditions deteriorate over the last couple of years. The [Taliban](#) is bolder than it was. I think the – in the southern regions of the country, you're seeing them attack in ways that we have not seen previously. The national government still has not gained the confidence of the Afghan people. And so it's going to be critical for us to not only, get through these national elections to stabilize the security situation, but we've got to recast our policy so that our military, diplomatic and development goals are all aligned to ensure that al Qaeda and extremists that would do us harm don't have the kinds of safe havens that allow them to operate.

At the heart of a new Afghanistan policy is going to be a smarter Pakistan policy. As long as you've got safe havens in these border regions that the Pakistani government can't control or reach, in effective ways, we're going to continue to see vulnerability on the afghan side of the border. And so it's very important for us to reach out to the Pakistani government, and work with them more effectively.

Q. Do you see a time when you might be willing to reach out to more moderate elements of the Taliban, to try to peel them away, towards reconciliation?

A. I don't want to pre-judge the review that's currently taking place. If you talk to General Petraeus, I think he would argue that part of the success in Iraq involved reaching out to people that we would consider to be Islamic fundamentalists, but who were willing to work with us because they had been completely alienated by the tactics of [Al Qaeda in Iraq](#).

There may be some comparable opportunities in Afghanistan and the Pakistani region. But the situation in Afghanistan is, if anything, more complex. You have a less governed region, a history of fierce independence among tribes. Those tribes are multiple and sometimes operate at cross purposes, so figuring all that out is going to be a much more of a challenge.

Q. In a post-9/11 world, when it comes to employing American power in that world, including at home and abroad, and the balance between securities and civil liberties, what do you think now that you've been in office, that President Bush, if anything, got right, in figuring out that balance?

A. I think that I would distinguish between some of the steps that were taken immediately after 9/11 and where we were by the time I took office. I think the [C.I.A.](#), for example, and some of the controversial programs that have been a focus of a lot of attention, took steps to correct certain policies and procedures after those first couple of years. I think that Admiral

Hayden and [Mike McConnell](#) at D.N.I. were capable public servants who really had America's security interests in mind when they acted, and I think were mindful of American values and ideals.

Q. Are we closer to that balance right now?

A. I think we've still got work to do in dealing with those initial steps. Guantanamo being Exhibit A. As a consequence of a series of early decisions, we now have people in Guantanamo who have not been tried, have not had an opportunity to answer charges, many of whom are dangerous, some of whom are very difficult to try, will be – some of whom will be difficult to try because of the manner in which evidence was obtained.

So there's a clean-up operation that has to take place, and that's complicated. As I said when I announced my decision to close Guantanamo, for us to have tried to have done that in less than a year would have been completely unrealistic. And even doing it within a year is requiring an enormous amount of attention and focus on the part of our ...

Q. Is it within the realm of possibility that some of these Guantanamo detainees might have actually been released into the United States, the [Uighurs](#), or somebody like that?

A. I don't want to, again, prejudge the reviews. We are being very deliberate, very careful to make sure that we get this right. There are still going to be some balancing – there is still going to be some balancing that has to be done and some competing interests that are going to have to be addressed. But what I'm confident about is moving forward we can create a national security operation and set of procedures that keep us safe and secure and are also true to our traditions. That I'm increasingly confident of.

Q. Leon Panetta has said that we're going to continue renditions, provided we're not sending people to countries that torture. Why continue them at all?

A. Well, I think that you're giving a slightly more definitive response than Director Panetta provided, but what I'll say is this: We are now conducting a review of the rendition policy, there could be situations, and I emphasize – could be – because we haven't made a determination yet, where let's say we have a well-known [Al Qaeda](#) operative, that doesn't surface very often, appears in a third country, with whom we don't have an extradition relationship, or would not be willing to prosecute him, but we think is a very dangerous person. I think we will have to think about how do we deal with that scenario in a way that comports with international law and abides by my very clear edict that we don't torture, and that we ultimately provide anybody that we're detaining an opportunity through [habeas corpus](#). to answer to charges.

How all that sorts itself out is extremely complicated because it's not just domestic law it's also international law, our relationship with various other entities. And so, again, it will take this year to be able to get all of these procedures in place and on the right footing.

Q: Turning to other matters, when it comes to race relations, do you agree that we're a [nation of cowards](#)?

A: I think it's fair to say that if I had been advising my attorney general, we would have used different language. I think the point that he was making is that we're oftentimes uncomfortable with talking about race until there's some sort of racial flare-up or conflict, and

that we could probably be more constructive in facing up to the painful legacy of slavery and Jim Crow and discrimination.

But what I would add to that is the fact that we've made enormous progress and we shouldn't lose sight of that. And I'm not somebody who believes that constantly talking about race somehow solves racial tensions. I think what solves racial tensions is fixing the economy, putting people to work, making sure that people have health care, ensuring that every kid is learning out here. I think if we do that, then we'll probably have more fruitful conversations.

Q: Speaking of the economy, what advice would you give ordinary Americans who are struggling through these times? You've asked people for their patience. What should people do now?

A: Well, obviously, you've got 300 million Americans so I don't think you can generalize across the board. I think that people would feel confident that every time we've had an economic challenge like the one that we're having – although this is one of the bigger ones – that we've gotten through it, that the pillars of recovery will be in place this year.

Q: What should the unemployed in particular ...

A: Well, hold on a second. There are still groceries to be bought and kids to send to school and cars in need of repair and young families that need to find homes. And so what I would say to people is, obviously, be prudent. I think that ordinary families should have learned from the last few years and recent history that if something sounds too good to be true – whether it's stock market returns or appreciating housing prices – that sometimes they are too good to be true, and that what we should be looking for is steady growth, steady accumulations of savings, steady and prudent investing. And that I think is what you're going to see emerging after we've gotten through the worst of this crisis.

What I don't think people should do is suddenly stuff money in their mattresses and pull back completely from spending. I don't think that people should be fearful about our future. I don't think that people should suddenly mistrust all of our financial institutions because the overwhelming majority of them actually have managed things reasonably well. But I think that coming out of this crisis what you're going to see is, you know, a return to the fundamentals – hard work, investing for reasonable returns over time, saving steadily for your kids' college education and for your retirement. All of us, thinking about our purchases and making sure that we're taking care of the necessities before we go after the luxuries. And I think that's true not only for individual families but I think that's going to be true for government as well. And if we take those steps, if we return to the fundamentals, if we go back to that ad that used to run, where they say, you know, 'we earn money the old fashioned way' -- or what is it?

A: 'We make money the old fashioned way, we earn it.' If we go back to that philosophy and we finally tackle some problems we've been putting off, like health care, like energy, like education, then I think we're going to come out of this stronger.

Q: Sir, we're landing here, but what are you reading these days? What kind of newspapers do you read, do you read the clips, do you read actual papers, do you watch television?

A: Other than The New York Times?

Q: Other than The New York Times. Do you read Web sites? What Web sites do you look at?

A: I read most of the big national papers.

Q: Do you read them in clips or do you read them in the paper?

A: No, I read the paper. I like the feel of a newspaper. I read most of the weekly newsmagazines. I may not read them from cover to cover but I'll thumb through them. You know, I spend most of my time these days reading a lot of briefings.

Q: And television? Do you watch? Web sites?

A: I don't watch much television, I confess.

Q: And Web sites?

Q: No blogs?

A: I rarely read blogs.

Q: No reality shows with your girls?

A: No. They watch them, but I don't join them. I watch basketball. That's what I watch.

Q: Have you gotten a new appreciation at all, or maybe a little sympathy for what your predecessors went through in terms of a president can't control all the events?

A: Oh, absolutely. Look, I actually appreciated that before I took office. I always felt that a president is accountable for making the best decisions, but that there are going to be a lot of unexpected twists and turns along the way. And as I said recently, this is still a human enterprise and these are big, tough, complicated problems. Somebody noted to me that by the time something reaches my desk, that means it's really hard. Because if it were easy, somebody else would have made the decision and somebody else would have solved it. So typically, if something's in my folder, it means that you've got some very big, difficult, sticky, contradictory issues to be wrestled with.

Q: Has anybody said to you, No, sir, you can't do that? Has there been a moment in these last six weeks where you tried to do something and somebody said, Sorry, sir, it doesn't work that way?

A: Well, I mean, I think what we were talking about earlier in terms of Guantanamo. People didn't have to tell me, No you can't do that. It was simply, Well, sir, here are the challenges that we face in terms of making a decision about that. In the entire banking sector – we spend every day, myself, [Rahm Emanuel](#), [Tim Geithner](#), [Larry Summers](#), [Christina Romer](#), every single day, we will spend at least an hour of my time just talking through how we are approaching the financial markets.

And part of the reason we don't spend a lot of time looking at blogs is because if you haven't looked at it very carefully then you may be under the impression that somehow there's a clean answer one way or another – well, you just [nationalize](#) all the banks, or you just leave them

alone and they'll be fine, or this or that or the other. The truth is this is a very complex set of problems and bad decisions can result in huge taxpayer expenditures and poor results.

And so what I expect from my team is to constantly be guided by evidence, facts, talking through all the best arguments, drawing from all the best perspectives, and then talking the best course of action possible given the fact that there are some big uncertainties and that sometimes what people may want may actually be contradictory. So, for example, lately, people have been concerned – understandably – about the decline in the market. Well, the reason the market's declining is because the economy's declining and it's generating a lot of bad news, not surprisingly. And so what I'm focused on is fixing the underlying economy. That's ultimately what's going to fix the markets, but in the interim you've got some folks who would love to see us artificially prop up the market by just putting in more taxpayer money which in the short term could make bank balance sheets look better, you know, make creditors and bondholders and shareholders of these financial institutions feel better and you could get a little blip. But we'd be in the exact same spot as we were six, eight, 10 months from now. So what I've got to do is make sure that we're focused on the underlying economy and if we do that right, if we do that well, and I'm confident that we will, then after some very tough times, and after a lot of hardship on the part of some of the people that I hear from every day who've lost their jobs or don't have health insurance or what have you, that we're going to get this economy moving again. And I think over the long term we're going to be much better off.

Q. Are you sleeping sir or is it hard to sleep?

A. Ohhhhh, I always sleep because when I'm not sleeping I'm working.

Q. You never feel burdened by it, though? You've come into – there are so many problems that the country faces. Do you feel the weight of that now as president?

A. As I said feel as if I've got a great team and we are making the best decisions under the circumstances. Do I wish that I had the luxury of maybe dealing with one monumental problem at a time during the course of the year? Of course and in fact, you know, you've been hearing sort of our opposition lately saying, 'Well, he's trying to do this and that and the other, and he shouldn't – 'Look, I wish I had the luxury of just dealing with a modest recession or just dealing with health care or just dealing with energy or just dealing with Iraq or just dealing with Afghanistan. I don't have that luxury and I don't think the American people do either. We've got to use this moment to solve some big problems once and for all so that the next generation is not saddled with even worse problems than we have right now. All right? Thanks.