

RELEASE IN PART B5,B3 CIA PERS/ORG,B6
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**From:** Sullivan, Jacob J <SullivanJJ@state.gov>  
**Sent:** Friday, September 30, 2011 5:46 PM  
**To:** H  
**Subject:** FW: POTUS on Pakistan

FYI

**From:** Lucas, Laura D  
**Sent:** Friday, September 30, 2011 5:25 PM  
**To:** Nuland, Victoria J; Toner, Mark C  
**Cc:** Fulton, Heide Bronke  
**Subject:** POTUS on Pakistan

[REDACTED] I wanted to be sure you saw it. POTUS remarks on Pakistan from a radio interview he did today.

B5

Q Mr. President, how many hostile acts must Pakistan commit before we end all funding? And do you accept Admiral Mullen's assessment that the al Haqqani network acts as a veritable arm of the ISI?

THE PRESIDENT: There is no doubt that you have extremists in Pakistan in the border region that are crossing the border into Afghanistan and attacking our guys. And we have pushed Pakistan very hard on this.

Now, keep in mind that Pakistan has also provided us outstanding cooperation in going after al Qaeda. But they still have in their territory people who are carrying out actions, particularly in Afghanistan, that are endangering our troops. So we've been very firm with them about needing to go after safe havens inside of Pakistan, but we've tried to also preserve the intelligence cooperation that we've obtained that's allowed us to go after al Qaeda in a very effective way.

There's no doubt that the relationship is not where it needs to be. And we are going to keep on pressing them to recognize that it is in their interest, not just ours, to make sure that extremists are not operating within their borders.

Q Did Admiral Mullen get it right about al-Haqqani?

THE PRESIDENT: Well, I think Mike's testimony expressed frustration over the fact that safe havens exist, including the Haqqani network's safe haven inside of Pakistan. I think that the intelligence is not as clear as we might like in terms of what exactly that relationship is. But my attitude is, whether there is active engagement with Haqqani on the part of the Pakistanis, or rather just passively allowing them to operate with impunity in some of these border regions, they've got to take care of this problem.

This email is UNCLASSIFIED.

B6  
B3 CIA PERS/ORG

**From:** Hayden, Caitlin [mailto: [redacted]]  
**Sent:** Friday, September 30, 2011 5:14 PM  
**To:** Lucas, Laura D; Islamabad, Press; [redacted];  
[redacted]; #AFPAK; Kabul Press  
**Subject:** FW: Interview of the President by Michael Smerconish via Telephone

[redacted]

B5

**From:** Suntum, Peggy (Contractor)  
**Sent:** Friday, September 30, 2011 5:09 PM  
**Subject:** Interview of the President by Michael Smerconish via Telephone

THE WHITE HOUSE  
Office of the Press Secretary

Internal Transcript

September 30, 2011

INTERVIEW OF THE PRESIDENT  
BY MICHAEL SMERCONISH

Via Telephone

1:42 P.M. EDT

Q Mr. President, welcome back the Michael Smerconish program.

THE PRESIDENT: Michael, it's great to talk to you again.

Q Thank you, sir. I'm hoping I'll be able to quickly run through about a dozen questions for you.

THE PRESIDENT: I will try to keep my answers short and sweet.

Q Well, that was my nice way of saying it. Did you like that? (Laughter.)

THE PRESIDENT: It wasn't that subtle, man. I'm going to try to keep pace.

Q Mr. President, five times in the past I asked you about the hunt for bin Laden, including whether you were prepared to take action in

Pakistan. I want to begin by thanking you for doing exactly that which you promised on this program.

THE PRESIDENT: Well, Michael, you remember, even before I was President, during the campaign, I said that if we got a bead on that guy, we were going to go after him wherever he was. And that caused some controversy at the time.

Q I remember.

THE PRESIDENT: But as you well know, justice demanded it. The safety of the American people demanded it. And when I was up at the ceremony for the 10th anniversary of 9/11, seeing all those families and them knowing that justice was done, I think it was a great testament to the wonderful work by our intelligence teams, and, of course, our Navy SEALs, who carried out an incredible operation.

Q I have a lingering question, I hope you won't mind.

THE PRESIDENT: Go ahead.

Q There you sat the night before, at the White House Correspondence dinner. Seth Meyers tells a joke about bin Laden -- you laughed. And now we know, in retrospect, you sat there already having given the order. As you smiled, what was running through your mind?

THE PRESIDENT: Well, I will tell you that that whole night, what was running through my mind is the safety of those folks who were going out there. Because this was an incredibly dangerous mission. All kinds of things could have gone wrong. As everybody I think knows subsequently, the helicopter had some problems as it was landing in the compound. And so throughout the month leading up to this event, as we were looking at how this operation would unfold, the incredible discipline and precision with which these guys operated, we also knew that it carried a great deal of risk. And my main concern was just making sure that we got our guys back safe.

Q Now comes the news that we've taken out Anwar al-Awlaki. Did you give that order?

THE PRESIDENT: I can't talk about the operational details, Michael. This is something that we had been working with the Yemeni government on for quite some time. There has been significant cooperation at the intelligence levels with a lot of countries in the region. We are very pleased that Mr. Awlaki is no longer going to be in a position to directly threaten the United States homeland, as well as our allies around the world.

This is the guy who was at the forefront of ordering the Christmas Day bomber to carry out his plans. They had put bombs in cartridges, printer cartridges that were set to go off in U.S. cargo planes. And had

it not been for outstanding intelligence work and cooperation with some of our partners, that could have been a catastrophe.

So this was a guy who was operationally involved in trying to kill Americans. And the fact that he is no longer around to initiate the kind of propaganda that also was recruiting people all around the world to that murderous cause I think is something that's very good for American security.

Q Mr. President, how many hostile acts must Pakistan commit before we end all funding? And do you accept Admiral Mullen's assessment that the al Haqqani network acts as a veritable arm of the ISI?

THE PRESIDENT: There is no doubt that you have extremists in Pakistan in the border region that are crossing the border into Afghanistan and attacking our guys. And we have pushed Pakistan very hard on this.

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Q Did Admiral Mullen get it right about al-Haqqani?

THE PRESIDENT: Well, I think Mike's testimony expressed frustration over the fact that safe havens exist, including the Haqqani network's safe haven inside of Pakistan. I think that the intelligence is not as clear as we might like in terms of what exactly that relationship is. But my attitude is, whether there is active engagement with Haqqani on the part of the Pakistanis, or rather just passively allowing them to operate with impunity in some of these border regions, they've got to take care of this problem.

Q Mr. President, let's talk about the debt. Do you think that any plan to address the budget deficit should include only tax increases, only spending cuts, or as I suspect you will say, a combination of both? And if it is the latter, in what proportion?

THE PRESIDENT: Well, you heard during the debt ceiling debate me out there repeatedly saying we need a balanced approach. I've already signed into law a trillion dollars worth of spending cuts on programs that we either don't need -- some of which are actually very valuable programs, but nevertheless all of us have to make some sacrifices.

I've put forward a plan that has an additional half a trillion dollars in spending cuts and makes some very difficult choices around things like agricultural subsidies and how folks in the civil service are financing their retirements. But when you do all those cuts, you're still not going to be closing the entire deficit.

And if we want to fully stabilize our debt and our deficits, then you also have got to combine it with some revenue. And what I've said is something that the vast majority not just of Democrats, but actually a sizable number of Republicans agree with as well, which is, is that there's got to be a revenue component. There are wealthy Americans who I think are patriots and are willing to do their part, as long as they are knowing that their money is going to closing the deficit or for programs that are going to help make us more competitive.

And if we make modest adjustments -- closing loopholes, making sure that the wealthy are paying their fair share, making sure that a guy like Warren Buffett is paying the same tax rate as his secretary -- then we can actually stabilize our debt and deficits for at least a decade, if not more.

And that's the plan that I've put forward. I'm hoping that Congress will act on it.

Q My wife and mother are both realtors. And my wife, in particular, every night at dinner talks about the soft market. Here's what she reports, Mr. President. She says that an increasing number of deals are short sales, where people are upside down on their mortgages. She finds that the banks are ill-prepared to do these deals and wonders what can you do to spur the housing market as well as bring relief to people whose homes are worth less than their mortgages?

THE PRESIDENT: Well, one of the things we're trying to do is to work with the banks to accelerate a short sale process. And for your listeners who aren't in real estate, a short sale is an option that prevents foreclosure, but it means that the bank is actually going to do better, net, than if they actually foreclosed on the mortgage.

So our attitude has been this is a smart thing to do for families who are trying to sell their homes, rather than have them foreclosed upon and all the consequences of that, let's see if we can move that short sale forward.

Part of the problem that we have these days is that a lot of mortgages are not held by banks. They got sliced and diced, packaged into these mortgage securities, so they've got service companies, and untangling all the legal issues involved there have been difficult.

The big thing that we're talking about doing right now that could have an impact on millions of American homeowners is helping them take advantage of historically low rates. We have not seen as many

refinancings of mortgages as we would have expected, given how low rates are, partly because there are a whole bunch of up-front fees.

Q What you would hear from her is that there's a funk out there, that the product is good, that it's inexpensively priced, comparatively speaking -- the interest rates are at historic lows -- but there's this mental malaise that has set in where people are all looking for a sign before they jump in the water.

THE PRESIDENT: Well, part of it is psychology. But, look, part of it, to be honest, is just you still got this shadow inventory of all these homes that are still on the market. We went on this building binge over the course of a decade. And as a consequence, you just have a whole bunch of homes -- particularly in some states like Nevada and Florida and California, Arizona -- where the supply greatly exceeds demand.

Now, what we're seeing I think is that the housing market is beginning to bottom out. Mortgages -- mortgage interest rates are at a historic low. And if we can just start getting people who are ready to buy, have good credit, ready to go, then going ahead and dipping their toe in the water and making those purchases, then hopefully we can get a virtuous cycle and housing prices can start stabilizing.

Keeping mind, though, the one thing, Michael, that's important -- and I think your wife would agree with this -- is people's expectations of this enormous appreciation in their home values every single year, those days are not going to come back anytime soon. And I think that purchasers have to have a understanding that they've got to look at all the information, make sure that they understand their mortgagees, don't get in over their heads. But obviously homeownership is still going to be a central part of the American Dream, and we want to encourage that.

Q Yesterday, a woman name Susan called the radio program. I thought she asked a tremendous question. She said, would you please ask the President what can we do -- what should we be doing? Should we, the citizenry, be spending? Should we be saving? Should we be planting a garden? Should we be hiring college kids? Give us the marching orders so that we're not entirely reliant on Washington to get us out of this. What's the answer?

THE PRESIDENT: Well, obviously, it depends on circumstances. But if you've got a job right now that's stable and steady, then we want you to just be out there with confidence, knowing that the American economy is still the most dynamic in the world. If you need a new washer-dryer, go out and buy the washer-dryer. If you need a new car, go out and buy that new car. The economy is going to be chugging along. It's not moving as fast as we would like.

If you're unemployed, then we want to make sure that you're being helped. And that's why we put forward this American Jobs Act. Congress can make a difference right now to increase growth by 2 percent and put up to 1.9 million people back to work -- teachers in the classroom,

construction workers rebuilding our roads and bridges, giving tax credits to small businesses for hiring our veterans who are coming back from Iraq and Afghanistan. That will make a big difference. But in the meantime, one of the things that a lot of people can do, particularly if they've just been laid off and their industry may be contracting, this is a great time to get retraining.

And we've put -- we've made college loans more accessible than they've ever been, Pell grants more accessible than they've ever been. Sharpening your skills and retraining for the jobs of the future is something that can make a huge difference.

And if you are a small-businessperson or a large-businessperson, go out there and hire. Take a bet on America. Because the fact of the matter is, is that we've got incredible workers out here; they're more productive than they've ever been. All they're looking for is a chance, and there is a market out there to be had as long as people start getting a little more confidence.

Q You mentioned small business. A small businessman is a sponsor of mine, good guy named Michael Smythe (phonetic). And he said, when we extend the unemployment benefits, he's concerned about the message that it sends long term. In other words, he's wondering why not provide small businesses with tax incentives to expand payrolls? Because he tells me, Mr. President, that when he runs a want ad he's getting the same number of people showing up as when the unemployment rate was only 6 percent. What do you say to him?

THE PRESIDENT: Well, you should tell your buddy that, first of all, part of the jobs act includes a tax break for small businesses who are increasing payroll or, for that matter, increasing wages for their existing payroll. So he'll have a huge incentive to hire additionally.

With respect to unemployment insurance, one of the things that we've said is, look, it's important for the economy as a whole as well as these families who are down on their luck to make sure that they still have some money in their pockets to buy groceries and to be able to keep the lights on. But what we've also said is let's start reforming the system. Let's adopt some good ideas that have been tried in Georgia and North Carolina where rather than just send you an unemployment check, what it does is it says, you know what, we'll take part of this unemployment insurance and we will apply it to the wages to help subsidize your wages if you're working in a temporary job.

And that's a good, smart way to make sure that people are still in the market, getting up, going to work every day -- even if it's not going to be their ultimate employment, it keeps their skills sharp, and it fills out their resume so as they're looking for permanent employment, they're going to be able to have a little more confidence than they would if they were just out of the workplace for a long period of time.

Q I know I'm going to lose you in a minute. Quick question: Are the goal posts being moved on you in 2012? In my native Pennsylvania, there's a move afoot that would change the way in which electoral votes are apportioned. You picked up 21 in '08. You'd only have a net gain of one if this new rule, this new system were to come into effect. I look at that and the requirement of photo IDs in some states, and the reduction of advanced voting, and I wonder what's going on out there on a grand level. What's your level of concern? And I've only got you for about 30 seconds.

THE PRESIDENT: Well, look, with respect to Pennsylvania, the people of Pennsylvania will ultimately decide how they want to allocate their electoral votes. And I'll leave it up to them.

I will say that my big priority is making sure that as many people are participating in our democracy as possible. Some of these moves in some of the other states that we've seen trying to make it tougher to vote, restricting ballot access, making it hard on seniors, making it harder on young people, I think that's a big mistake. And I have made sure that our Justice Department is taking a look at what's being done across the country to ensure that people aren't being denied access to the franchise.

Q The First Lady shopped incognito at Target. Where do you most want to shop undercover?

THE PRESIDENT: I don't even want to shop. All I want to do is take a walk. (Laughter.) But as she reminds me, nothing I do is undercover. She always jokes about my motorcade. She gets embarrassed when she goes out with me because there's an ambulance and a caboose and a dog sled. It trails for about a mile behind me. So I'm glad she can sneak off, though, because one thing she loves to do is go shopping at Target.

Q Mr. President, thank you so much for coming back on the program. You know I always respect the dialogue, and I really appreciate it.

THE PRESIDENT: Michael, always a pleasure talking to you. Thank you so much. Bye-bye.

Q Thank you, sir.

END

2:00 P.M. EDT