

Administration of Barack H. Obama, 2009

Remarks Following a Meeting With Prime Minister Gordon Brown of the United Kingdom and an Exchange With Reporters

March 3, 2009

President Obama. Hello, everybody. Good to see you. Where are the Brits?

Prime Minister Brown. We're over here, sir.

President Obama. They're over there.

Prime Minister Brown. In fact, Barack, they're everywhere. [*Laughter*]

President Obama. Are they? They're spread out?

All right, my understanding is we're going to do four questions, and we'll just alternate. I'll start off with Jennifer Loven of the AP [Associated Press].

Missile Defense Shield/Russia-U.S. Relations

Q. Thank you, sir. I'd like to ask you about the letter that you've written to the Russian President about the anti-missile shield in Eastern Europe. Can you just talk about why sort of a quid pro quo seemed like the smartest approach?

President Obama. You know, I think that the report that was in The New York Times didn't accurately characterize the letter. What we had was a very lengthy letter talking about a whole range of issues from nuclear proliferation to how are we going to deal with a set of common security concerns along the Afghan border and terrorism. And what I said in the letter is the same thing that I've said publicly, which is that the missile defense that we have talked about deploying is directed towards not Russia but Iran. That has always been the concern, that you had potentially a missile from Iran that threatened either the United States or Europe.

And what I said in the letter was that, obviously, to the extent that we are lessening Iran's commitment to nuclear weapons, then that reduces the pressure for or the need for a missile defense system.

In no way does that in any—does that diminish my commitment to making sure that Poland, the Czech Republic, and other NATO members are fully enjoying the partnership of the Alliance and U.S. support with respect to their security.

So the way it got characterized I think was as some sort of quid pro quo. It was simply a statement of fact that I've made previously, which is, is that the missile defense program, to the extent that it is deployed, is designed to deal with not a Russian threat but a Iranian threat.

Q. What kind of response have you received from Russia?

President Obama. Well, we've had a good exchange between ourselves and the Russians. I've said that we need to reset or reboot the relationship there. Russia needs to understand our unflagging commitment to the independence and security of countries like a Poland or a Czech Republic. On the other hand, we have areas of common concern. And I cited two examples: the issue of nuclear nonproliferation and the issue of terrorism. And at this point, I think we probably have some potential common concerns on the world economic front as well.

So my hope is, is that we can have a constructive relationship where, based on common respect and mutual interest, we can move forward.

Prime Minister Brown. Nick.

United Kingdom.-U.S. Relations

Q. Nick Robinson, BBC News. Mr. President, it's often been said that you, unlike many of your predecessors, have not looked toward Europe, let alone Britain. Can you just respond to that comment? And also, the Prime Minister is talking to you about a global New Deal today. Will that actually help hard-pressed American consumers?

And if I may briefly put a question to the Prime Minister.

President Obama. Well, first of all, the special relationship between the United States and Great Britain is one that is not just important to me, it's important to the American people. And it is sustained by a common language, a common culture; our legal system is directly inherited from the English system; our system of government reflects many of these same values. So—and by the way, that's also where my mother's side of my family came from.

So I think this notion that somehow there is any lessening of that special relationship is misguided. Great Britain is one of our closest, strongest allies, and there is a link, a bond there that will not break. And I think that's true not only on the economic front, but also on issues of common security.

And in our conversations here, we talked not only about the need to coordinate around economic policy, but also I expressed to the Prime Minister America's extraordinary gratitude for their support in our efforts in Afghanistan and the young men and women of Great Britain who have made enormous sacrifices there. Although there was a debate, obviously, around the issue of Iraq, nevertheless, whether you were for or against the war here in the United States, the recognition of Great Britain's friendship and standing tall with us during that period is something that will never be forgotten.

And so rest assured that the relationship is not only special and strong, but will only get stronger as time goes on.

Prime Minister Brown. Let me just thank President Obama for his welcome, for his hospitality, for his leadership of his country and the inspiration he's giving the world at this very difficult time.

And I've come here to renew our special relationship for new times. It's a partnership of purpose. It's a partnership of purpose that is born out of shared values. It's a partnership of purpose that is founded on a determination to rise to every challenge. And I think it's a partnership of purpose that is driven forward now by the need for us all to work together in unity to deal with the world economic problems.

And I'm grateful for the conversations I'm having with President Obama about this and about other things. And I'm grateful, too, that Michelle and Sarah will be meeting later this afternoon, and I know they'll have an enjoyable time as well.

President Obama. Absolutely. Okay.

International Financial System/Financial Markets

Q. Prime Minister, your Chancellor has said overnight that it is our collective responsibility, all of us have to have the humility to accept that over the last few years things have got out of alignment. Is that a form of apology from the Government? Are you apologizing for the problems that there have been over the past 10 years in the financial system?

Prime Minister Brown. Well, there's got to be deep regulatory change. We've just been talking, Barack and I, about the need for proper supervision of shadow banking systems, of areas where there was bank practices that were unacceptable, where remuneration policies got out of hand and weren't based on long-term success but on short-term deals. And these are the changes that we've already announced that we are going to make.

So we've learned from what has happened over these last 10 years. Things have happened in every part of the world that we're having to learn about, as well, and you've got an international financial system that we've now got to show can be brought to work in the public interest.

So every country is learning and every country is taking action. And what we are talking about today is how by us taking action, Britain and America, we can help other countries that join us in making for a more stable and effective financial system.

Financial Markets/International Financial System

Caren [Caren Bohan, Reuters].

Q. Thank you, Mr. President. The stock market has fallen to lows since—it's not seen since 1997 this week, and an undercurrent of these declines is the fear that your plans to fix the banking sector might not work. And I'm wondering if you could talk about your plans and whether you think you can give reassurances that they will, in fact, work.

And, Prime Minister Brown, I wanted your view on whether you think your two countries have a handle on the banking sector problems that are affecting both your countries.

President Obama. Well, let me say this: I'm absolutely confident that they will work. And I'm absolutely confident that credit is going to be flowing again, that businesses are going to start seeing opportunities for investment, they're going to start hiring again, people are going to be put back to work.

What I'm looking at is not the day-to-day gyrations of the stock market, but the long-term ability for the United States and the entire world economy to regain its footing. And, you know, the stock market is sort of like a tracking poll in politics. It bobs up and down day to day, and if you spend all your time worrying about that, then you're probably going to get the long-term strategy wrong.

Now, having said that, the banking system has been dealt a heavy blow. It has to do with many of the things that Prime Minister Brown alluded to: lax regulation; massive over-leverage; huge systemic risks taken by unregulated institutions, as well as regulated institutions. And so there are a lot of losses that are working their way through the system. And it's not surprising that the market is hurting as a consequence. In fact, I think what we're seeing is that as people absorb the depths of the problem that existed in the banking system, as well as the international ramifications of it, that there's going to be a natural reaction.

On the other hand, what you're now seeing is profit and earning ratios are starting to get to the point where buying stocks is a potentially good deal if you've got a long-term perspective on it. I think that consumer confidence—as they see the American Recovery and Reinvestment Act taking root, businesses are starting to see opportunities for investment and potential hiring; we are going to start creating jobs again.

One of the things that Prime Minister Brown and I talked about is how can we coordinate so that all the G-20 countries, all the major countries around the world, in a coordinated

fashion, are stimulating their economies; how can we make sure that there are a common set of principles, in terms of how we're approaching banking, so that problems that exist in emerging markets like Hungary or the Ukraine don't have these enormous ripple effects that wash back onto our shores, and we're providing them with some help in a coordinated international fashion as well.

All those steps, I think, are going to slowly build confidence. But it's not going to happen overnight. And my main message to the American people is to just recognize that we dug a very deep hole for ourselves; there were a lot of bad decisions that were made; we are cleaning up that mess. It's going to be sort of full of fits and starts in terms of getting the mess cleaned up, but it's going to get cleaned up. And we are going to recover, and we are going to emerge more prosperous, more unified, and I think more protected from systemic risk, having learned these lessons, than we were before.

Prime Minister Brown. I think President Obama is absolutely right. And I think the history books will record that what he has done in his first, well, nearly 50 days of office has been momentous in setting the means by which we can see the economic recovery happening.

We've had a global banking failure, and it's happened in every part of the world. It's almost like a power cut that went right across the financial system. And we have got to rebuild that financial system. We've got to isolate the bad assets. We've got to underwrite the financial system so that loans can start again to businesses and then families. And we've got to get enough lending into the economy so that people—enough credit so that people are able to go about their normal business again.

And that's why we're looking ahead to the G-20 in London in April, because a bad bank anywhere can affect good banks everywhere. So we've got to root out the problems that exist in other parts of the world as well, set principles with the banking system for the future, and make sure that the banks subscribe to lending agreements where they actually increase the lending that is available to citizens in every country.

President Obama. Yes. One last one.

Prime Minister Brown. Tom.

President's Relationship With Prime Minister Brown/International Financial System

Q. Tom Bradby from ITV News. Prime Minister, Mr. President, should all governments at this point acknowledge mistakes of policy and regulation in the past? Would that be helpful or unhelpful, in general? And can I just ask you, an awful lot of ink is used describing the individual relationships between Prime Ministers and Presidents. Could I just ask you to describe how at this point you find working with each other?

President Obama. Well, I will say that this is my third meeting with Prime Minister Brown, and I'd like to think that our relationship is terrific. And I'm sure he won't dispute me, in front of me anyway. [Laughter] No, look, I think that the Prime Minister has taken the helm of the British economy at a very difficult time. As he noted, I've just come in recently. But I think that there are a set of shared values and shared assumptions between us: that we believe in the free market; we believe in a government that is not overbearing and allows entrepreneurs and businesses to thrive. But we also share a common belief that there have to be sufficient regulatory structures in place so that the market doesn't spin out of control.

I think, on the international front, we have a shared world view that it is important for us to be true to our values and ideals of rule of law, of a belief in human rights, a belief in our

democratic practices, but that we also have to be respectful around the world and to listen and not simply dictate; that in this new world that we live in, that the way to get things done is to build partnerships and alliances, as opposed to acting unilaterally.

So I think both on the economy and both—and on foreign policy, we've got a shared world view that allows us to work together very effectively. And he also has a wonderful family, as I do. [*Laughter*] So we can always talk about our spectacular wives and our wonderful children.

With respect to the first part of your question, look, I think there is no doubt that, setting aside who's to blame, that in the past there have been some mistakes and lessons learned in terms of how we deal with the financial sector. Globalization can be an enormous force for good. And one of the things that we've talked about repeatedly is that countries in this crisis cannot start turning inward and try to erect protectionist barriers. We should encourage trade. The fact that we have a global capital system allows money to flow to areas that previously couldn't get capital. That allows them to develop and to grow. That can grow the economy worldwide, increase trade, and that potentially benefits everybody.

But what is also true is, is that when you've got trillions of dollars that can now move at the speed of light, when you've got a whole series of unregulated pools of dollars outside of the banking system, but we still have a 1930s regulatory system in place in most countries designed from the last great crisis, that we've got to update our institutions, our regulatory frameworks, so that the power of globalization is channeled for the benefit of ordinary men and women, so that they have jobs, they can purchase a home, they can send their children to college, and prosper and thrive, and that the benefits of globalization aren't just for a small handful of people who are not accountable.

And that's the kind of transformation that we're obviously trying to bring about here in the United States, and I suspect that that's a view that Gordon shares.

Prime Minister Brown. Yes, Tom, I've enjoyed every conversation that we've had, both on the telephone and when we've met. I don't think I could ever compete with you at basketball—perhaps tennis.

President Obama. Tennis, I hear you got a game.

Prime Minister Brown. Yes, we could maybe have a——

President Obama. We haven't tried it yet.

Prime Minister Brown. I don't know if you—I think you'd be better. But there we are.

As far as the common interests that we're pursuing, look, there is the possibility in the next few months of a global New Deal that will involve all the countries of the world in sorting out and cleaning up the banking system. And there is the possibility of all the different countries of the world coming together to agree the expansion in the economy that is necessary to both restore confidence and to give people jobs and growth and prosperity for the future.

And there is the possibility of the international institutions for the first time being reformed in such a way that they can do the job that people want them to do and deal with some of the problems that exist in the poorest countries of the world. And there's a chance also that the recovery that we're talking about can be a green recovery, a low-carbon recovery, where each country in different parts of the world can work on this together.

So the opportunities are there. I've said to the President that almost every leader I meet wants the best possible relationship and the most—highest degree of cooperation for the future.

And so the challenges are momentous and global. The response of leaders around the world is to want to work together. And I believe that we can make a contribution not just to each of our own economies, but make a contribution to the world economy, helping each economy if we can actually work together. And that's why our talk about the G-20 is very important. We hope to make progress on April the 2nd.

And as far as regulation, I want the regulatory system to be reformed to meet the needs of our times. When we made changes in 1997, we made changes for the times of 1997. The financial markets have moved global since then, and we need a global means of bringing people together so there's proper supervision of the system. You don't want shadow banking systems. You don't want regulatory tax havens. So we've got to act as a world together to deal with that. And that's one of the things we'll be talking about in April in London.

Terror Attack in Pakistan/Global Terrorism/Afghanistan

Q. Can you just talk about the Pakistan terror attack today on the cricket team? You, in particular, Mr. President, have made it clear that you've got to see Afghanistan and Pakistan together. How do you think that the world community can support Pakistan?

President Obama. Well, the details are still coming in, and so I don't want to be too specific.

Q. [*Inaudible*]

President Obama. Well, obviously, we're deeply concerned. But let me just make a general statement: Both Great Britain and the United States share a deep interest in ensuring that neither Afghanistan nor Pakistan are safe havens for terrorist activity.

And we have coordinated effectively in the past. But the truth is, is that the situation in Afghanistan has deteriorated. The safe havens for Al Qaida remain in the frontier regions of Pakistan. And we are conducting currently a comprehensive review of our policies with respect to Afghanistan, with respect to Pakistan, our coordination with our NATO allies and other members of the international security forces that are there. I will be making a series of announcements prior to the NATO summit that immediately follows the G-20 summit, in terms of the direction that the United States would like to go.

What I'm confident in is that our strongest partner in that effort once again will be the United Kingdom and the Prime Minister sitting next to me.

Okay, thank you, guys.

NOTE: The President spoke at 11:58 a.m in the Oval Office at the White House. In his remarks, he referred to Sarah Brown, wife, and John and Fraser, sons, of Prime Minister Brown. Reporters referred to President Dmitry A. Medvedev of Russia; and Chancellor of the Exchequer Alistair M. Darling of the United Kingdom.

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