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THE WHITE HOUSE
Office of the Press Secretary

PRESS BRIEFING
BY
LARRY SPEAKES

July 8, 1985

The Briefing Room

9:15 A.M. EDT

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July 8, 1935

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MR. SPEAKES: Beginning with Ed, and we have a biographical sketch -- Ed Djerejian. There is no "D", for those of you who will be pronouncing it on radio and television. It begins with a "J" -- Djerejian.

Ed is joining us as our Assistant Deputy Press Secretary for Foreign Affairs, and he will be replacing Bob Sims. We are extremely fortunate to get Ed, who has been Deputy Spokesman at the State Department. He has extensive foreign policy experience -- Foreign Service Officer experience -- in the Middle East and in the Soviet Union. He was the Deputy Chief of Mission in Oman, and he has had time in Morocco and in Lebanon, so he brings us an expertise in the Middle East and he was a Political Officer in the Embassy in Moscow, so U.S.-Soviet relations -- those two areas are strong points in Ed, and they are certainly topics that come up here quite often. And it should provide us with a field of expertise that will be helpful to me and to you.

So with that we welcome Ed aboard and put him to work.

Q Are you going to have a paper on him?

MR. SPEAKES: Yes, Flo is preparing it.

Sims, as you know, is leaving for another government position. The paperwork still is in progress really on both positions, although the change has taken place.

Q Sims is going to the Pentagon, right?

MR. SPEAKES: That's right.

The President is going over to Constitution Hall to speak to the American Bar Association Convention. He leaves here at 10:20 a.m. He speaks at 10:35 a.m., and he is back at 11:00 a.m.

We will be having lunch with the President today. The Vice President will be reporting to all of us on his trip to Europe during that lunch, which will be something a bit different from what we normally do in that meeting at noon.

We will brief at 1:30 p.m. today, and the afternoon -- the President has staff meetings in the afternoon.

The President has a couple of meetings on the budget that will launch an effort on our part to bring to the attention of the Conference our interest in resolution of the budget matter.

Tomorrow, Tuesday, at 9:30 a.m., he meets with GOP leadership, and the main subject will be the budget and the Budget Conference.

At 11:00 a.m. he will bring all the conferees down -- Wednesday at 11:00 a.m. he will bring all the conferees down in order to talk to them about his concern that we move quickly.

MORE

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We look at the legislative calendar and we see that time is creeping up on us as far as approval of a budget. The budget -- there will be just a couple more weeks after this week, and he is into a month-long recess -- they are into a month-long congressional recess, which then would put us over into September, which means that we would be pretty close to going to the Appropriations Bill route, which is not a satisfactory route for us or for Congress or for the country.

So we will be making our views known in strong terms, that we want action from the Budget Conference.

Q Is the President willing to make any compromises to break the logjam?

MR. SPEAKES: We have continued to work with the Conference -- the conferees -- in order to bring about some resolution of the matter. We have had discussions of the various aspects of it, but they have not come together -- grips on the major issues -- COLAs and defense spending.

Andrea.

Q Has he moved at all in what you said previously about the Tip trial balloon?

MR. SPEAKES: We were willing to talk with Tip

on that subject -- or with the conferees on that subject -- but they pulled it back. They couldn't get satisfaction on the House side, or satisfactory resolution or a way to move on it.

Q But if that became a basis for a future compromise, raising it from 50 percent to 85 percent --

MR. SPEAKES: We'd be willing to talk to them about it, yes.

Q What about the Lawton Chiles \$59 billion in tax proposal, if -- assuming that -- that spending cuts are somehow applied to the fact that it can't be used --

MR. SPEAKES: Yes. The Lawton Chiles thing does not strike us as the proper solution. We just won't accept taxes. We've got to find a different area for compromise, other than raising taxes.

Ann.

Q Larry, the businessmen who were in here last -- I guess it was Wednesday -- asked Reagan to do another television address on the budget issue. Is that under consideration?

MR. SPEAKES: No plan to, no.

Frank.

Q Larry, as you know, about 60 of the House Republicans, including Trent Lott, the assistant leader, have sent Pete Domenici a letter begging him to give up his fight to increase the -- rather to take care of the COLAs there and not give them the increase in the cost-of-living allowance. Is the President aware of this sort of rebellion among the House --

MR. SPEAKES: Yes, we've -- fully aware of some of the views of our Republicans in the House. But that COLA freeze is a big part of the savings that we get in the Senate version. And we would have to find some replacement for those dollars if we're going to make a compromise.

Q Is there being some thought to finding a replacement for those dollars?

MR. SPEAKES: One alternative was the Tip proposal. We're willing to talk about that. But so far the Democrats in the House don't have their act together on that proposal, even though their leader -- Speaker proposed it.

Q Is it correct that the President has given up until the fall his push for tax reform?

MR. SPEAKES: No. I'm really disappointed in that story.

Q I read it in The Washington Post and Times Herald.

MR. SPEAKES: You knew it was wrong when you read it, didn't you?

Q No, on the contrary.

MR. SPEAKES: Somebody led David astray on that thing, and I had to wake him up on the morning of the Fourth of July to find out what the problem was.

We haven't changed. I told Lou in the briefing that morning -- or a couple of days before that -- that we were not going to travel over the country in July and August while all these witnesses were testifying and that we would move in September, as

we'd originally planned. The President quoted in Chicago Heights on June 28th -- you were focusing on other subjects there and missed this -- "When Congress gets back to town after summer vacation, I'll be heading out into the country. I'm going to campaign all across the nation throughout the fall for tax fairness. We're going to take it to the people, and we're going to win one for America."

Q We noted that.

Q We heard that quote and that's why everyone started thinking he'd changed his plans. Because before the hostage crisis -- let me take you back into early June -- the talk was all that in July you would also be on the road at least, say, once a week pushing tax reform.

MR. SPEAKES: Who's talking that? No, no, no, no.

Q I can't reveal my sources, but that was the talk.

MR. SPEAKES: No, I mean, I can show you the original

proposal by the Scheduling Office of a number of events that we would go to. We never decided to go to anything beyond June. We have only one trip scheduled this month, and it's not totally on tax reform. So that story was just bad, and it leads to --

Q Well, for instance, today, will the President talk about tax reform?

MR. SPEAKES: No. I don't believe it's in his speech, is it? No. I think it's a joke about it.

Did the Times pick that up, Bernie? You all didn't use it, did you?

Q I think it's beginning to be a joke everywhere.

MR. SPEAKES: The Wall Street Journal used it this morning, Bob, and then I don't know whether anybody talked to -- Blustein wrote it, and I don't know whether anybody talked -- we couldn't talk Lesley out of doing it. She was bound and determined to do it.

Q On the tax --

MR. SPEAKES: That tax spinoff of the Hoffman story, but when you get one bad story, it spins off. Everybody feels obligated to do it, right or wrong.

Q Well, is the President or his advisors of the view that the collapse of the budget has complicated the tax issue, because it was always the sense that the budget had to be dealt with first, and if the budget collapses, then there will be pressure for a revenue bill. Does that mean that the tax bill is further compromised --

MR. SPEAKES: We wouldn't -- we would not connect any proposed revenue legislation which we would vigorously oppose to any piece -- any tax reform legislation. They're birds of a different feather.

Q Isn't the reality -- but isn't the reality that the collapse of the budget talks -- the budget conference -- has led a lot of people to believe that tax reform is dead, because the budget won't be out of the way?

MR. SPEAKES: No, I don't think so. I mean, a lot of people may be saying that, but I don't think -- it's not right, no.

Q What's the President's outlook for breaking this deadlock?

MR. SPEAKES: Hopeful.

Q I mean, does he have any full-court press until vacation?

MR. SPEAKES: Well, those guys up there have the ball. They have the ball in their court up there, and they've got the ones that have to take the action. You know, there's just so much we can force upon them. They've got to figure out what they want to do, and I think it's in their own interest that they act and act promptly on a budget.

Ann?

Q Where the Lawton-Chiles proposal has these unspecified tax increases --

MR. SPEAKES: Yes?

Q Some of the Chamber of Commerce and business people suggested that if those tax increases were earmarked as a minimum tax on which corporations and individuals who don't pay that the White House may accept it. Do you disagree with that?

MR. SPEAKES: I just don't see us accepting any taxes, and particularly not any of that \$60 billion, is what he's talking about. I just don't see it, Ann, really.

Q How are you going to reduce the deficit, then?

MR. SPEAKES: How are we going to reduce the deficit?

Q Yes.

MR. SPEAKES: Adopt a budget that's along the Senate's lines, and they're close to it.

Q -- adopted the Senate budget, given the new projections you expect this month, you're not going to reduce the deficit significantly at all.

MR. SPEAKES: Well, I think you will over time, and that's exactly what we're trying to do.

Q Are you still figuring on growing our way out of the deficit?

MR. SPEAKES: Well that's going to be part of it, but part of it's going to be the business of cutting spending, so there's a substantial amount of spending cut in there, if you'd just get down and do it. The Senate, over three years saves \$295.2 billion.

In the first year it will take \$56 billion out of it.

Q Are the reports accurate that Beryl Sprinkel is about to bring out revised -- revising downward the growth projections?

MR. SPEAKES: No, not so.

Q Well, you have to issue mid-year forecast.

MR. SPEAKES: We will issue them.

MR. BRASHEAR: Not until August.

Q Your forecast is going to be at 4 percent.

MR. SPEAKES: It hasn't been determined yet. They haven't decided.

Q Have you got a response to Rosemary Oakar Democratic response to the President's Saturday --

MR. SPEAKES: A response to a response? I guess not.

Q -- in which she says, I think accurately, that the middle class, like me, is going to take the biggest hit from the tax reform bill?

MR. SPEAKES: Not so. The facts are there.

Bernie?

Q Does the hang up on the budget in any way delay or cause problems for tax reform?

MR. SPEAKES: It shouldn't, no. They're moving on two separate tracks. The hearings are going on in Ways and Means. There is a timetable that can put it on the President's desk by the close of the Congressional session, and that's what he wants.

Q Does the President plan any retaliation for the hijacking of the TWA plane?

MR. SPEAKES: That's an interesting question. We're just not -- it's not the time or place to discuss those type things.

Q As each day goes by, there are more and more people deciding that he doesn't. Is that a fair assessment?

MR. SPEAKES: Have to wait and see.

Bob?

Q Larry, a few minutes ago, did you indicate that the administration was willing to talk to Tip or the Democrats about some type of tax increase proposal?

MR. SPEAKES: No. It was an interesting proposal about Social Security that Tip proposed about, oh, seven or eight days ago and we said it's interesting, let's take a look at it. Before we could take a look at it, the Democrats caucused and couldn't agree as to whether to present that to the conference or as a unified position.

Q -- his proposal on Social Security?

MR. SPEAKES: It depends on how you want to characterize it. If you want to play that game, play it.

Dave.

Q Larry, following up on Ann Devroy's question about the increase in business taxes, as I understand it, some businesses would experience an increase in the tax bite if your tax reform package went through. What you're saying is that you won't accept any piecemeal attempt to do that; unless you can get those tax increases in a package, you're against it?

MR. SPEAKES: No, no. We don't see tax increases as being -- any major tax increase proposal as being a part of the budget -- tax reform.

Q What do you mean by "major"? Are you qualifying --

MR. SPEAKES: Pardon?

Q Are you saying --

MR. SPEAKES: There's some ups and downs and changes in it that it all comes out revenue-neutral in the end. There are some shifts as -- that's already in the package.

Q You lose money. By your own admission, you lose money, and your critics say you lose more than you admit you lose. So what do you mean by revenue-neutral?

MR. SPEAKES: Sam, how many times -- Do you want to give him the figures?

MR. BRASHEAR: The projections are the \$58 billion less revenues, but that compares to \$4.7 trillion -- trillion -- in revenues, which is an infinitesimal amount.

Q What was my statement? My statement was you lose money. Right or wrong?

MR. BRASHEAR: But it is statistically --

MR. SPEAKES: Basically, it's statistically revenue-neutral. Less than --

Q First of all, you lose money. Now your argument is it doesn't amount to anything.

Q Well, the Joint Taxation Committee report comes out --

MR. SPEAKES: Less than one percent, Sam, over five years.

Q -- 1.5 percent variance. I know you give yourself that much. But critics at CBO think you lose more than that.

MR. SPEAKES: Well, we don't think so. So -- and as you know, our accounts -- does not raise growth projections at all -- So, we're getting a little ragged here.

Frank?

Q Do you have a --

Q What is your comment on the CIA report of administration funding for covert CIA assistance to Cambodian --

MR. SPEAKES: None.

Q No comment at all?

MR. SPEAKES: Yes?

Q Larry, is there any reaction to the press conference given by guerrillas in El Salvador saying that they are going to keep on attacking military personnel --

MR. SPEAKES: We've been telling folks all along that's what it is. Now they've finally come out in the open and say what they're going to do -- that they are going to continue to try to -- to defeat the rescue steps made by the Duarte government there. And the Duarte government has made some important strides in the area of rebuilding their armed forces, rebuilding democracy and these people are intent on destroying it -- some of them yesterday -- avowed Marxists -- that were intent on destroying the government. So, I think the Duarte government, with our support, will continue to make progress in these areas.

Q Well, if I may follow up, with the guerrillas' statement that U.S. military personnel are legitimate targets as far as they're concerned, what is being done to ensure the safety of U.S. military and civilian personnel --

MR. SPEAKES: We have a number of things taking place down there that are being done. First of all, our military people are certainly aware of the dangers down there and we're working closely with the Duarte government in order to ferret out those who make these type threats and those who are responsible for the death of our Marines there.

Q Is it true, as Newsweek reported, that the President had to be talked out of a strike into Salvador after the death of the Marines.

MR. SPEAKES: I think that would be inaccurate. You know, nobody read that in Lou's story yesterday and when it got in Newsweek, I guess they put out a release. Everybody got stirred up last night on it -- right in Lou's story -- right at the end of the jump -- beginning of the jump.

Q Yes, but he phrased it a little differently. He didn't phrase it the way Newsweek did. Newsweek said the President had to be "talked out of it." I mean, it's the image of the mad bomber --

MR. SPEAKES: That's Newsweek talk.

Q -- wanting to rain down fire and destruction --

MR. SPEAKES: That's Newsweek talk, and Lou, on the other hand, said he's no longer a mad bomber, huh?

Q Lou simply said that there was consideration of it, you see. We all knew there was consideration of it.

MR. SPEAKES: Bernie?

Q I had the same questions.

MR. SPEAKES: Okay.

Andrea -- let's wind down here.

Q What about Newsweek's relation of the Assad-Reagan conversation? Did he say --

MR. SPEAKES: I didn't -- I haven't seen that yet.

Q Did he say something like --

Q -- same thing.

Q -- murder, I mean, was it a very --

MR. SPEAKES: I don't have the President's words on that conversation.

Q How -- would you characterize the conversation --

MR. SPEAKES: No.

Q -- as being tough?

MR. SPEAKES: No. Joanne?

Q Any report on the seven hostages -- the progress?

MR. SPEAKES: No, nothing new on that.

Frank?

Q Are the Syrians still trying to win the release of those seven?

MR. SPEAKES: We're working closely with the government of -- President Assad and we -- hope that he can be helpful.

Let me get Frank.

Q Larry, the reports out of El Salvador concerning the interview with the leaders of the guerrillas mentioned that Congressman George Brown of California was meeting with them. Did his --

MR. SPEAKES: A bunch of folks from California went down there. I never did see who it was.

Q -- Congressman George Brown reportedly -- does this meet with the -- did he get approval from the administration to go down or did he just go on his own or --

MR. SPEAKES: Ed, do you know anything about whether that delegation got any approval?

MR. DJEREJIAN: We have nothing on that.

Q -- that won't do. (Laughter.)

Q That kind of talk --

Q Thank you.

Q Larry, since Brad Reynolds --

Q -- that won't do anymore.

Q Thank you.

Q -- lost his credibility --

MR. SPEAKES: Hey, hey. Get after Sam.

Q Sam, let me get --

Q Thank you.

MR. SPEAKES: There's a briefing going on here.

Q I beg your pardon.

Q No, that's all right -- I'm sorry.

Q Did you hear my question?

MR. SPEAKES: No, I didn't.

Q I said since Brad Reynolds has lost his credibility, does the President have in mind replacing him?

MR. SPEAKES: No -- he's still the Assistant Attorney General for Civil Rights.

Q Does he -- is not -- as far as you know, he doesn't have in mind replacing --

MR. SPEAKES: No.

THE PRESS: Thank you.

END

9:35 A.M. EDT
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