

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Press Secretary, Office of the:
Press Releases and Briefings: Records, 1981-1989

SERIES: II: PRESS BRIEFINGS

Folder Title: 11/13/1984 (#1220)

Box: 31

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

Last Updated: 09/30/2024

THE WHITE HOUSE
Office of the Press Secretary

PRESS BRIEFING
BY
LARRY SPEAKES

November 13, 1984
The Briefing Room

12:34 P.M. EST

INDEX

<u>SUBJECT</u>	<u>PAGE</u>
ANNOUNCEMENTS	
President's schedule.....	1
Presidential personnel.....	1
DOMESTIC	
Bishops letter.....	3-4
Taxes/budget.....	12-20
FOREIGN	
Visit of Grand Duke of Luxembourg.....	1-2
Nicaragua.....	4-12
Iraq.....	12

#1220-11/13

1:22 P.M. EST

THE WHITE HOUSE
Office of the Press Secretary

PRESS BRIEFING
BY
LARRY SPEAKES

November 13, 1984

The Briefing Room

12:34 P.M. EST

MR. SPEAKES: The President today is announcing the appointment of Julius Belso to be a member of the Federal Council on Aging; and Ophelia De Vore Mitchell, Lillian Nall and G. Robert Truex to be members of the Advisory Committee on the Arts; and Joseph Epstein, Helen Frankenthaler, Margaret Hillis, E. Ray Kingston, Talbot Leland MacCarthy and Carlos Moseley to be members of the National Council on the Arts.

The President has invited Dr. Jaime Lusinchi, President of the Republic of Venezuela, to make a state visit to the United States. President Lusinchi has accepted the invitation and will meet with the President at the White House on December 4th, 1984.

This afternoon, the President is meeting with the Cabinet at 2:00 p.m., the first full Cabinet meeting since the reelection. There will be a full photo op of that meeting at 2:00 p.m.

The President in that meeting will give marching orders to the Cabinet on how he wants his goals and policy objectives outlined for the second term. In addition, he will receive from Cabinet officers the current status of the FY '84 budget, the current status of personnel reductions in the White House --

Q You mean the '85 -- the current year budget or --

MR. SPEAKES: '85. Current year budget, the '85 budget.

I will come back shortly after 3:00 p.m. and give you a readout on that meeting. Frankly, I do not expect it to be --

Q Helpful. (Laughter.)

MR. SPEAKES: I will tell you what happens; but I don't expect you to say, "Stop the presses."

At 7:15 p.m. tonight, the President has a State Dinner for the Grand Duke and Duchess of Luxembourg in the State Dining Room. The First Lady's Press Office is handling the coverage.

I've got a number of items here for use; and I will tell you what I have and then go through them one by one. A statement on the President's meeting with the Archduke, a brief response to the Bishops' letter, a statement on the current situation in Nicaragua, a statement on the story concerning U.S. diplomatic relations with Iraq, and, finally, the admonition on how we'll have to deal with budget leaks from now until budget time.

Luxembourg: Grand Duke Jean met with the President today. It was the first state visit from Luxembourg in over 20 years. This was of enormous significance to the Grand Duke, coming one day after the 20th anniversary of the Grand Duke's ascension --

Q The Grand what?

MR. SPEAKES: -- to the throne.

Q Does he?

Luxembourg has pursued a pro-U.S., pro-NATO foreign policy. And the President expressed to the Grand Duke his appreciation for Luxembourg's support in this effort.

Luxembourg is an active member of the Atlantic Alliance. It plays a pivotal role in our common security policies, particularly for logistics, reenforcement and communciations.

Luxembourgers, and the Grand Duke in particular, have a strong attachment to this country. The Grand Duke reiterated his family's great appreciation for our wartime assistance, beginning with the evacuation of the Royal Family in 1940. As you know, the Grand Duke lived in Washington during World War II.

The Grand Duke and the President had met previously at Normandy in June, and this was of special significance to the Grand Duke, who was then a Lieutenant in the Irish Guards and participated in the Normandy invasion.

The Grand Duke recalled his experiences with the American Army that liberated Luxembourg 40 years ago. And he noted that he is especially pleased to be able to spend time this week with the U.S. Army's Fourth Infantry Division at Ft. Carson, California -- or Colorado, and this is the unit that he accompanied on the liberation of Luxembourg.

The President, on his part, reviewed our efforts to reestablish a productive dialogue with the Soviets on all issues, and in arms control, in particular.

The President provided the Grand Duke an idea of where we hope to go in the second Reagan term. And, in addition, the Grand Duke indicated that the strong vote of confidence the President received from the American electorate will enable this administration to deal with the Soviets from a position of great confidence.

The Grand Duke noted that Luxembourg will assume the Presidency of the European Community in the latter half of 1985. And he noted that he would want to work -- want his government to work closely with the U.S. in managing the U.S. economic community relations.

President Reagan reviewed the latest developments in Central America, and of particular interest to the Grand Duke was the positive turn toward democracy in El Salvador under President Duarte.

Ty Cobb of the NSC staff is here with us. And Ty will be available after the briefing to give you, on background, any additional information --

Q -- just Nicaragua?

MR. SPEAKES: -- you may need. In the context of Central America, yes.

Q -- invasion plan?

Q What about the economic situation -- Luxembourg?

MR. SPEAKES: The current economic situation in Luxembourg. Ty, you want to address that?

MR. COBB: Luxembourg's doing better than most of the European countries. The recovery's going fairly well there. They were among the first to restructure their industry in a more modern sense, beginning with the steel industry. And they have a lot of services that are providing an impetus to the economy. And it's emerged as the third leading financial center in the world, so it's doing better than its European neighbors.

MR. SPEAKES: Bishops' letter: The draft pastoral letter on economic justice released by U.S. Roman Catholic Bishops last week is still scheduled to receive further discussion within the church, prior to a final debate at next year's annual meeting of the Bishops.

We do not intend to involve the government in the Church's consideration of this issue. Nor would it be appropriate to take a position on the specific draft proposal still being debated within the Church.

However, we do share the Bishops' concern for the poor in this country. Important gains have been made in the past four years to reduce inflation, generate economic growth and drop the rate of unemployment. More than 6 million people have gotten jobs in the last 22 months. And the unemployment rate has dropped from over 10 percent to 7.3 percent. We are working to drive that number even lower.

The President has said, and I can reiterate today, this administration will not be satisfied until every American who wants a job has one. That is our goal and we will not turn aside from it.

In the many other areas mentioned in the letter, including free trade, help for developing nations, housing and job training, we have generally supported these same goals. Without commenting on specifics, once again, we note the letter is subject to considerable discussion during the coming year, and we will review that process with interest.

Q What did he think of Novak's letter, the Laymen's Commission?

MR. SPEAKES: I don't know about that, Lester.

Q Well, that was the one that was issued by Simon and Novak and several other --

MR. SPEAKES: Yes.

Q He isn't aware of that?

MR. SPEAKES: I don't know anything about it. I don't have anything on that.

Q Does the President consider the Bishops' draft proposal critical of his administration?

MR. SPEAKES: I don't think it would serve the purpose of dialogue within the Church or between the administration and the Church to address that.

Q Why?

Q Does the President think that --

Q Why? He addresses other questions --

MR. SPEAKES: Pardon?

Q -- involving Church -- abortion and so forth.

MR. SPEAKES: Well --

Q He addressed the nuclear freeze problem.

MR. SPEAKES: And so did I address this draft proposal today. And we will address it further, once it becomes final within a year or so. But your point is would I answer a loaded question from you about do we consider it critical. No, I will not answer that question --

Q No, I'm asking why you're so --

MR. SPEAKES: -- because it would not serve the purpose the Church intends, nor the administration intends.

Q Okay. First, you say it wouldn't serve a purpose; then you proceed to give a very defensive analysis of it.

Q Does the President consider the Bishops' issuance of a letter proper? Does he think this is the proper role for the hierarchy of any church, not just the Catholic Church?

MR. SPEAKES: I don't think the President would take issue with the role of the Church in making a statement. The Catholic Church has been a leader through the centuries, and particularly through current period in aid to the poor, aid to the -- internationally, worldwide, not just in this country. And they've certainly taken a lead in private assistance to poor and to others.

Q So this really fits, then, what the President said in Dallas about government needs -- I've forgotten the operative word -- the advice of religion or the -- he suggested in that little talk to the prayer breakfast --

MR. SPEAKES: Certainly, the Church has a role to play in today's society and President accepts that role and welcomes it.

Steve.

Q As I recall -- maybe I'm wrong -- in the preparation of the letter on nuclear -- on the nuclear situation, there was some participation, there were some letters written by Secretary Weinberger and I believe --

Q Judge Clark.

Q -- John Lehman, communications back and forth in which the administration conveyed its views and -- in what was viewed as a legitimate attempt to participate in --

MR. SPEAKES: Yes. I don't know whether there's --

Q Is there anything like that planned this time?

MR. SPEAKES: I don't know of any, but -- do you have any feel for that? Neither of us know whether there is any contact between the appropriate people within the administration in that. I don't know the answer to that, Steve.

Nicaragua?

Q I just wanted to ask one little question. Did the President himself receive a draft of this --

MR. SPEAKES: No. I don't think we have a copy of it within the administration.

Q The White House --

MR. SPEAKES: I don't believe so. All we're dealing with is news accounts.

We might check further, and maybe we can let you know at 3:15 p.m. as to whether there's been any dialogue on that, and whether there has been -- whether we've received anything. I don't know who would get that within the White House, to tell you the truth.

Nicaragua? You're going to find there's not much new to what I'm going to say, which we've been saying over a period of time. But talk of the invasion by the Nicaraguan Sandinista government is nonsense. There is no invasion planned, none contemplated.

As far as the arms shipments into Nicaragua, we cannot conclusively state the exact nature of any of the arms shipments that have gone to Nicaragua. We do have evidence that recent shipments from the Soviet Union and other Eastern Bloc countries have included more advanced weapons systems than the Sandinistas previously had.

We do not have evidence that advanced combat fighter aircraft are presently in Nicaragua. Nevertheless, we're concerned about the continuing flow of weapons into Nicaragua which began in the fall of 1979 and which is contributing to the already overwhelming military imbalance in the region.

We will continue to monitor the situation carefully. Any indication that the Sandinistas were adding advanced combat aircraft to their military arsenal would be a serious development which we would view with utmost concern.

As far as exercises in the region, the Pentagon has details on a series of small-scale exercises that were announced in June that are taking place in Central America.

SENIOR ADMINISTRATION OFFICIAL: Now, if I might go ON BACKGROUND for a moment to further amplify why we're concerned -- attribute this to an administration official.

In the last six weeks to two months, the buildup which began in 1979 has reached an unprecedented rate. This influx from Cuba, the Soviet Bloc and the Soviet Union comes in the face of restraint on the part of the other Central American nations and the United States.

We have taken this period to concentrate our own efforts in the diplomatic arena in an effort to try to bring some solution and satisfactory conclusion to the Contadora process. We're now in, I think, the third draft of a treaty that we would hope would begin to take shape in the next several weeks, that -- be something that we and the other countries in the region could live with.

What we see in this buildup, and what we are -- what the source of our concern is that this bears some similarities to the Soviet behavior in the weeks and months preceding the 1962 Cuban incident in which the Soviet Union built up a considerable amount of armaments in Cuba and then used that to create a leverage to have a permanent presence in that country, which we are living with today.

We see that there is a possibility on the part of the Nicaraguan Sandinista regime to try to have this massive buildup

that would then force its neighboring countries to agree to terms in the Contadora process that would be less than satisfactory to the United States and less than satisfactory to the countries in the region and would result in a continuing imbalance and a continuing presence of intimidation in Nicaragua that could have serious consequences in the years ahead.

Q Will you clear up this public confusion over whether there is a decision to apply greater pressure on Nicaragua because of the arms buildup? Shultz seems to say that he knows of no such plan, but Weinberger and sources that may not be identified say that they do know of such a plan.

SENIOR ADMINISTRATION OFFICIAL: I don't know of any specific plan to intimidate the Nicaraguans through these military exercises. For instance, they were long planned. They're small-scale. They're of short duration. As far as the reports of sonic booms and --

Q -- quarantine.

SENIOR ADMINISTRATION OFFICIAL: Well, let me cover the sonic boom -- without getting into the specifics of how we're doing it which a lot of people have already talked about. Yes, we're going to observe the situation down there. We're going to watch it closely. And when we say watch it closely, that's one means we're going to use -- is our various means of surveillance.

But as -- point that those aircraft which other people have said are there -- our flyovers -- are unarmed aircraft.

Now, quarantine? We're not going to rule out any contingency there. But I don't know of any active planning underway or any due date for a quarantine or if this happens, that happens. But we would certainly be prepared to do what's necessary. But, once again, we're not going to rule out anything. But I don't know of anything on the schedule to do like --

Q You say -- no due date, but you seem to be suggesting yes to the idea of a quarantine has been discussed.

SENIOR ADMINISTRATION OFFICIAL: Sam, I would judge for the last 25 years that there have been quarantine contingencies for many --

Q Nicaragua?

SENIOR ADMINISTRATION OFFICIAL: -- for many parts of the world. And we're always prepared to do what's necessary, but that's not to say that we're going to do it, nor is it under active consideration. I don't know if it is.

Q Sir, you seem to be suggesting that some of the other Central American nations would be intimidated by a buildup of the military forces in Nicaragua. I don't quite understand one part of that. How would they be able to intimidate neighboring countries with the U.S. presence in the area and the Rio Pact --

SENIOR ADMINISTRATION OFFICIAL: Well, the --

Q Excuse me, are you still on background on all of this?

SENIOR ADMINISTRATION OFFICIAL: Yes, I'd like to stay on background.

The Contadora -- Does that let you out -- (laughter) -- or you can take --

Q No, but I rather object to it. This is a --

Q Yes, why can't you go back on -- I mean on the record?

SENIOR ADMINISTRATION OFFICIAL: Well, I'd rather stay this way. And if you want to --

Q I'd like to make a request that as much as possible you put on the record.

SENIOR ADMINISTRATION OFFICIAL: The question back here was: How would they be intimidated if they had this massive buildup that continued? Well, our objective in the Contadora process -- and I think you missed my point -- our objective in the Contadora process to arrive at a treaty that would allow all of us to pull out. But where would that leave the Nicaraguans? With a substantial advantage over their neighbors where they could roar across the border if they took a notion.

This war-scare business -- you look back in history, and it's sort of a favorite tactic of dictatorships in order to say, "Hey, somebody's fixing to jump on us." Everybody'll get whipped up here and get out in the streets and dig your trenches.

Q You don't think they have a right to be afraid?

SENIOR ADMINISTRATION OFFICIAL: No more right than their neighbors to the north or the south.

Q -- arming the rebellion -- what is it?

SENIOR ADMINISTRATION OFFICIAL: We have not, as you know, we have not provided any funding for the Contras over -- what -- six months or so.

Q That's because Congress stopped you, not because you didn't want to.

SENIOR ADMINISTRATION OFFICIAL: Well, we're not doing it.

Q Well, I think -- because you act like this --

SENIOR ADMINISTRATION OFFICIAL: It is not being done.

Q -- era of passivity on our part is something we decided. The President didn't decide that.

SENIOR ADMINISTRATION OFFICIAL: Well, we certainly decided the aggressive diplomatic initiative which has resulted in Ambassador Shlaudeman's spending --

Q Well, you blocked two plans already in the Contadora --

SENIOR ADMINISTRATION OFFICIAL: Wait a minute. You're interrupting -- Ambassador Shlaudeman spending considerable time in the region. Now, you talk about the two plans we blocked. We certainly raised objections to them because they allowed the Nicaraguan government -- why did they accept it so readily? Because it was to their advantage. And we pointed out the flaws in it. And it was because -- that it did contain --

Q Is this still on -- all of this on background, too?

SENIOR ADMINISTRATION OFFICIAL: Yes. It --

Q When you're talking about the Contadora process? Why can't that be on the record? I can understand talking about the --

SENIOR ADMINISTRATION OFFICIAL: If you want to come back and ask the same questions on the record, you may, Steve. I'd rather stay on background and keep the process orderly.

We pointed out the pitfalls. There were considerable pitfalls in those two draft treaties for the future of El Salvador and other democratic countries in the region.

Q Don't you think the U.S. contributed somewhat to the war scare by all the talk about the MiGs and what we were going to do and the air strikes and -- I mean, that all happened --

SENIOR ADMINISTRATION OFFICIAL: Well --

Q -- last week before they talked about the invasion.

SENIOR ADMINISTRATION OFFICIAL: Yes, but when you look back at the MiG stuff, you find that those who were talking didn't know what they were talking about.

Q Well, who was talking on the MiG thing sir? I mean, that's one thing that I've never been able to get clear.

SENIOR ADMINISTRATION OFFICIAL: I -- well, I don't know. You recall election night in Los Angeles what I said to you and to -- specifically on a question to everybody. I said don't jump to conclusions because we didn't know.

Q Would the President share Shultz's -- pardon me.

SENIOR ADMINISTRATION OFFICIAL: What?

Q Would the President share Shultz's view that whoever was doing the talking was performing a criminal act?

SENIOR ADMINISTRATION OFFICIAL: Let me see what -- I don't know. I guess that would remain to be seen. I think Secretary Shultz was certainly incensed by it.

Q Apparently.

SENIOR ADMINISTRATION OFFICIAL: And the leaks -- we're certainly concerned about them. They're unauthorized and we believe they're detrimental to our foreign policy and national --

Q By the way, may I have asked that question on -- Let me go back and ask it on the record.

SENIOR ADMINISTRATION OFFICIAL: All right.

Q On the record, does the President share the --

MR. SPEAKES: Let's go back ON THE RECORD.

Q Oh, if we're on the record, go ahead and do your answer.

MR. SPEAKES: Secretary Shultz and other high administration officials have clearly expressed their concern about these leaks. They're unauthorized and detrimental to our foreign policy and national interest. The Secretary's attitude reflects his serious concern about a matter which adversely affects the effective operation of both the executive and legislative branches of government.

And I could certainly assure you that the President is concerned about any leaks of classified material, and that would include it.

Q Why is there no investigation of these leaks?

Q Yes.

MR. SPEAKES: No one said there was not --

Q Yes, they say the FBI and the Justice Department have said that they were not -- had not been asked by anyone to investigate these leaks.

MR. SPEAKES: It's the policy of the White House not to confirm or deny the existence of an investigation into leaks. I don't know whether there's --

Q Well, the FBI has been asked. I mean --

MR. SPEAKES: -- be the last time.

Q What?

Q Didn't it serve your purpose --

Q Pardon me?

Q -- to have this publicized? (Laughter.)

Q Well, can you still --

Q -- the last time, I think.

Q -- question?

MR. SPEAKES: Pardon?

Q If there's such concern, why has no investigation been asked --

MR. SPEAKES: I don't know the answer to that, Steve, whether has not -- I don't know whether there has or not. You say the FBI and Justice Department say no. Perhaps that's true for the moment. Perhaps it's going to be true from here on out. I don't know whether anybody's talked about it.

Q Is the administration considering a quarantine of Nicaragua?

MR. SPEAKES: We have a number of contingency plans, but I don't know of anything under active consideration about a quarantine.

Q How about the interdiction of ships, Soviet Bloc ships carrying --

MR. SPEAKES: I rule out the quarantine -- active planning on a quarantine. I'm not aware of any. But I think for any future contingencies that we'll just leave them in the area we're not going to talk about contingencies. And I don't mean to infer by that that there's any more to that than there was the other one.

Bob?

Q Larry, you said on background that you'll do whatever is necessary. Why should you care about doing whatever is necessary? (Laughter.) Can you finish that sentence -- say whatever is necessary --

Q Well, that's getting it into the record.

Q -- what?

MR. SPEAKES: What are -- you mean in conjunction with the MiGs or high-performance aircraft or whatever?

Q What exactly did that "whatever is necessary" relate to -- high-performance aircraft -- or these other seemingly more sophisticated weapons --

MR. SPEAKES: I think that refers specifically to the fighter aircraft.

Owen?

Q Are you going to elaborate a little bit on what these weapons are involved in this buildup -- you describe them?

MR. SPEAKES: The Sandinistas themselves have talked about the MI-24s that have been received in the region, and that's -- was part of our concern last week and the previous two weeks. I think there've been a number of --

MR. SIMS: -- tanks, artillery, helicopters --

MR. SPEAKES: Yes. Ammunition, things of that type.

Q Yes. If they are claiming that the United States is poised for an invasion here, is it possible that this buildup is meant as the defensive procedure against that? Why are you so sure that it's an offensive strategy to intimidate their neighbors?

MR. SPEAKES: I think the numbers, the amount of materiel that they're receiving and have received and the increase in the flow of materiel over the last --

Q Can you quantify that in any way other than, as you said, a couple references of unprecedented buildup?

MR. SPEAKES: I don't have numbers on it, Owen. I don't. But there has been --

Q There's no doubt in your minds that this is not simply defensive?

MR. SPEAKES: I don't want to get into the defensive-offensive argument, but we do know that they have received -- two things -- one, they received a large influx of shipments over the last couple of months. There's been an increase in that.

Q -- the defensive-offensive question is the critical one --

MR. SPEAKES: And second, without trying to make the judgments on defensive-offensive weapon, it is certainly far in excess of that -- the military capability of their neighbors.

Q Is this all on the record or on background?

MR. SPEAKES: Yes, we went on the record here --

Q He went back on the record.

Q Will you tell me what the harm is in people knowing that this is going on? As a matter of fact, I think it might have played in your favor. The Sandinistas might have decided not to unload the ships, not to put the planes together, and so forth, because of the publicity.

MR. SPEAKES: That could be true, but I -- I don't -- I don't -- give me your point again.

Q My point is, why shouldn't we know what's going on, and especially when the President is threatening certain actions?

MR. SPEAKES: You mean why shouldn't we say if there are MiGs in transit, is that what you're saying? On a ship?

Q I'm saying why couldn't we be aware of what's happening, you know, I mean, against Nicaragua?

MR. SPEAKES: We have, but if somebody's leaking information that is classified that is erroneous -- that it turns out to be erroneous or whatever, I don't quite understand their motive on it.

Q You mean you would tell us once it's resolved as to whether there are MiGs?

MR. SPEAKES: If they unloaded MiGs there, I think you would be aware of it or we would, in all probability --

Q Bang.

MR. SPEAKES: -- saying something about it. But as for anybody to comment on how we learn, or make comments that would divulge the methods that we use to learn -- that could be very harmful.

Steve?

Q Did you mean to suggest and can you amplify what you said a moment ago -- or seem to say -- that one of the reasons why the U.S. thinks that their actions go beyond -- may go beyond defensive posture is because they have no reason to be worried since the aid to the Contras has been cut off for six months? Is that a factor -- did you mean to suggest that was a factor that ought to assure them?

MR. SPEAKES: No, no. You've got two different questions and two different answers confused. I pointed out that we had concentrated for the last several months, with great intensity, on diplomatic efforts through the Contadora process. I also pointed out that we had not been funding the Contras for a period --

Q Did you mean to suggest by pointing that out that, therefore, they did not have as big of a need for military preparedness?

MR. SPEAKES: No, I don't think I said that. I didn't intend to.

Q Larry --

MR. SPEAKES: Lester, are you on the same subject?

Q No, I wanted to go --

MR. SPEAKES: Ben and Pat, and haven't we about worn this one down?

Q Budget, budget.

Q Larry, just so I understand, your reference to the leaks and so forth, unauthorized leaks and in backing up the Secretary's statement, and so forth, would that refer specifically to the information about the MiGs?

MR. SPEAKES: Yes.

Q Larry, you referred to that as a -- made reference to erroneous information. Does the administration know that that was, indeed, erroneous, that there weren't any MiGs on the ship?

MR. SPEAKES: No, we don't. As I said in my statement, we cannot state conclusively what was in the ship. They could be in the hole of the ship and we --

Q -- it may ultimately turn out to be accurate?

MR. SPEAKES: We had reason to believe, a period of time back, that there was a strong possibility that the MiG-21s were being prepared for shipment to Nicaragua. And we kept a close watch on it as best we could. And it turned out that they did not unload any. Now, whether the ship didn't unload, or what, I can't answer that.

Q Larry?

MR. SPEAKES: Owen, and then budget.

Q Do you know whether the information was erroneous in terms of a mistake, that had someone had misinformed, or whether it was a deliberate --

MR. SPEAKES: I don't know the answer to that.

All right, I've got a couple of -- I had Iraq. Do you want to fool with that?

Q Yes, you had Iraq and the budget on your list, right?

MR. SPEAKES: Iraq -- there have been reports from Iraq that the Iraqi Foreign Minister would be in Washington to meet with U.S. officials and would discuss -- leading to the resumption of diplomatic relations. There is, at the moment, no meeting scheduled for the Foreign Minister in Washington, but the Iraqi leaders have stated that they wish to resume diplomatic relations at an appropriate time. They've said this over a period of years, really.

Iraq and other Arab countries broke relations with us in 1967. And our position has been that we would resume relations when they were ready to do so. And the United States would welcome Iraq's implementation of their decision to renew diplomatic relations. I don't have any timetable, nor any -- cannot speculate on specifically

when this might be done.

Q Budget.

MR. SPEAKES: Budget. You've been waiting for that, right?

On the budget, Steve has a story and David has a story this morning about budget numbers. And I do not question their sources nor their accuracy, but I'm not going to comment on specifics on budgets -- budget source stories.

You all know that we will, from now until about the first of February, have a series of stories that first will begin with the economic assumptions and the deficit figures, and so forth, and then we'll go down to the programmatic cuts as the departments and agencies work on them. And, really, no budget is going to be a budget until the President approves it. That will not take place until early January, I would guess. And until he does, I just don't think it would serve any purpose to do that.

Q When you say you're not going to question the accuracy of their sources, would that -- are you saying in a back-handed way that their stories are accurate or are you just not commenting?

MR. SPEAKES: My assumption -- and I have not seen that budget figure. I will -- I did not sit in on yesterday's budget meetings, but I -- nor this morning's. But I pick and choose the subject matter out of them -- but I will be sitting in on one this afternoon.

I have not seen that \$190 billion figure anywhere, but I'm not privileged to the paper that flowed yesterday here.

Q So you don't know?

MR. SPEAKES: I don't know. But I would assume two good reporters probably came up with accurate stories. The point I would like to make is that that \$190 billion figure assumes that we're not going to do anything as far as gaining any additional budget reduction. And we fully intend to and think we have every reason to expect success in reducing expenditures that would reduce the deficit.

Q The President was specific on at least three occasions that I can find, in the last two weeks of the campaign and then the news conference the day after, in saying that no individual would have his taxes increased through a tax reform plan. Is that -- what did he mean by that?

MR. SPEAKES: I think the President meant that individual income tax rates will not be increased. That is --

Q You see, that's not what he said. It's like the submarine missiles being recalled, or something.

MR. SPEAKES: I thought that's what he said in almost every case.

Q Well, he never said tax rates.

Q Never said rates.

Q He said taxes.

Q Taxes.

Q He said any individual that's honestly paying his fair share of taxes will not have --

MR. SPEAKES: I think from time to time he did submit the word "rates." In my opinion, the word "rates" should be in there.

Q Because as Lugar -- you don't challenge what Lugar said over the weekend that if he said that, he misspoke, because, clearly, he had not thought it through.

MR. SPEAKES: I know how the President feels, and when the President said "over my dead body", meant it, hoping nobody would take him literally about his longevity. But as far as raising taxes, he's going to have his heels dug in and he is not going -- you're going to have to do a lot of talking to him to get him to raise anybody's taxes. And if he's got any inkling that anybody's taxes are going to be raised --

Q Well, there you've used the word "anybody's" again.

MR. SPEAKES: -- he's going to be tough.

Q But you know that -- take the two plans that are up on the Hill at the moment --

MR. SPEAKES: Yes.

Q --each one of them would have some --

MR. SPEAKES: Raises somebody here and there, yes.

Q -- percentage of the population's taxes increased because of the elimination of deductions and change of exemptions. Isn't the President aware of that?

MR. SPEAKES: I think he's talking -- he has always had in mind the individual tax rates. In other words, the percentage they take out of your paycheck and keep is not, in his opinion, not going to be increased.

Q Do you think it would be useful for him if he then said what he meant from now on?

MR. SPEAKES: I think in many cases, he did. Some places he skipped -- he did not use the word "rates."

Q Larry, you're -- I don't think --

Q But he always meant it?

Q I think he made the point, himself, that he was not talking about rates, he was talking about individual's tax bills. He made that point when he talked about it. Now, are you saying he was mistaken or that he --

MR. SPEAKES: I'm saying that in -- I don't recall the specifics about individual tax bills. I don't -- was that in a speech or --

Q Well, he said that

he wouldn't let the tax reform be used as a guise for raising people's taxes. And he fell back on the rates thing in some cases. But in other cases, he was very clear that he was talking about individuals' taxes.

MR. SPEAKES: I know that he has pledged in writing, and, specifically, no increase in tax rates.

Now, as far as increase in taxes through deductions, elimination of deductions, I don't know that he's ever gotten into that much detail on it. But let me point out once again that I know the President is adamant, that I know that he is -- he is absolutely determined not to raise taxes. Now, that is a broad statement that will take a lot of fine tuning when you get down to say what happens if this -- if you eliminate this deduction or that. But he is not in the mood to let anybody's taxes be raised. I can't convey to you how strong he feels about it. But I know it's powerful.

Q Yes, but aren't you getting into some semantic haggling here?

MR. SPEAKES: Yes, you are.

Q Because if tax rates stay the same, but the amount of individual tax for some taxpayers goes up by virtue of the fact that they have lost deductions, they will be paying more taxes.

MR. SPEAKES: I agree that --

Q -- to say that he is absolutely determined not to raise taxes begs the question.

MR. SPEAKES: I think if you went to him and said, "This is going to cause a number of Americans taxes to be more," he'd say, "Wait a minute, you've got to do a lot more convincing than that because -- "

Q Larry --

MR. SPEAKES: -- take care of all the --

Q Quite apart from whether his heels are dug in at some point later, can you assure us that he will not propose -- initiate a tax increase?

MR. SPEAKES: Ted, what do you mean by a tax increase? I don't want to wander into generalities and end up in specifics, or you to take what I --

Q An increase in revenues due to either increasing the rates or removing deductions.

MR. SPEAKES: The President is firm on no tax increases, no individual tax rate increases.

Now, whether you get -- when you get into the semantics that Bill is talking about -- I know how the President feels. I cannot -- I do not know how this is going to come out. He's going to have to have a lot of convincing to allow anybody to pay a nickel more in taxes.

Q Larry --

MR. SPEAKES: David.

Q -- as you know, the last three years of his first term, the major deficit reduction was accomplished in a series of compromises in which he got spending cuts, Democrats got tax increases. And that's how it went every time, they held hands and they went together -- Are you basically saying that he is at least, at this point, of no mind to repeat that pattern?

MR. SPEAKES: David, I know he feels strongly about somebody's tax bill going up. And he feels that is the cornerstone of his economic recovery package and his approach to economics, his approach to recovery.

Q But he felt that before the -- gas tax and so on. And he bent it to get something, you know. He got spending cuts as a part of the package. And that's what I'm asking is whether or not he thinks the bipartisan package idea is dead.

MR. SPEAKES: No, he does not think the bipartisan package idea is dead. And we know that we're going to have to approach the Congress on a realistic basis.

Q Does he see tax reform as being revenue neutral? Or does he see it as a way to actually increase revenue, if only by the underground economy? And, therefore, does he see the tax reform as a way to lower the deficit?

MR. SPEAKES: He sees it as revenue neutral.

Q Is that an absolute commitment that his tax simplification program won't produce anymore tax revenue than is being produced now?

MR. SPEAKES: Ann, I can't answer that because we haven't seen it. He is --

Q Well, if it's revenue neutral, the answer is yes.

MR. SPEAKES: Yes, his approach -- his idea of it, yes, is revenue neutral. But I don't want you coming back in here the first of January and saying, "You committed," because I haven't seen the plan. But I do -- What I'm speaking of is the President's mind at the moment on taxes and --

Q Larry, I didn't ask you if Regan's proposal was going to be --

Q -- Congress --

Q On a realistic basis, we have to --

Q I asked you if the President's --

Q We know we're going to have to deal with Congress, on a realistic basis.

Q -- commitment is -- He could change or reject a Regan proposal that wasn't.

MR. SPEAKES: That's true. In his mind at the moment that this plan is to be revenue neutral.

Q Even -- Is revenue neutral consistent with base broadening? In other words --

Q Getting all that underground economy --

Q -- all those people who are going to be paying taxes, doesn't he want to at least get new revenues coming in?

MR. SPEAKES: I think, as Chris points out, the underground economy, the uncollected taxes are certainly a legitimate source of revenue.

Q . Larry, Larry --

Q On that, Larry, could I --

Q -- in his mind at this moment is a lot different

from -- Larry, isn't in his mind at this moment a lot different than "over my dead body"?

MR. SPEAKES: No.

Q No.

MR. SPEAKES: Ted, we're falling off the edge of the cliff here into the business of trying to fine tune something that hasn't happened. And I'm not going to do it, so you're going to find me --

Q Can I just --

MR. SPEAKES: I've got about four hands up in the back.

Q Could I --

Q Larry, if it's revenue neutral, that would mean -- and your base broadening -- that would mean cuts in individual rates, I presume, to --

MR. SPEAKES: I just don't know that much detail on it.

Q Larry --

MR. SPEAKES: Bob.

Q Oh. Larry, it's -- you said he's going to take a lot more convincing, a lot more talking to. I think that -- just what Ted's asking, I think a lot of it's --

Q High finance -- persuasion.

Q -- is that we never had any sense that this was a matter that he could even be talked to about, that, in fact, there was no way -- not that tax rates were going to go up -- but that any individual's taxes are going to go up. That seemed to be the gist of what the President was saying --

MR. SPEAKES: My associate and colleague here can -- has heard from the President during his briefing of you in Santa Barbara, and the President, I can tell you, is strong willed about this.

Now, you see, what happens is you get on down the line and say, "Well, wasn't this -- " You're trying to make me say something emphatic here; and when you get down the line, then you're going to want to say, "Well, you did away with this deduction, which raised the -- "

Q That's right.

Q We'll turn on you and we'll turn on him, too.

MR. SPEAKES: -- yes -- the \$32,000 income tax by two percent, and you said you weren't going to do that." I'm telling you the state of his mind. And I'm telling you as emphatically as I can.

As to whether people are going to make runs at him through the budget process, I don't know. But I'm telling you once again that the man is strong willed on this.

Q Could I ask one question --

MR. SPEAKES: Let's get Lester out of the way because he's --

Q -- I mean, is it in the budget?

MR. SPEAKES: -- already wet his pants twice.

Q In the President's frequently expressed declaration

of war on waste in government, is he determined to press for action and resolution of what the Department of Education's Inspector General's Office determined was insufficiently counting the use of hundreds of thousands of dollars in federal funding by Jesse Jackson's PUSH Excel? Or will this just be written off as affirmative action, even as Jesse has just resigned from PUSH Excel? And I have one follow-up --

MR. SPEAKES: I thought he was going to stay in the PUSH.

Q I beg pardon?

MR. SPEAKES: I thought he was going to stay in the PUSH.

Q Well, no, he isn't. He's going to go -- He's moving. And he's also going in Rainbow.

Now, are you going to press this or just let it --

MR. SPEAKES: I don't know the status. I'd have to check.

Q You'll check.

The other thing is a close ally of Jesse's, The Post reported, the Mayor of the District of Columbia, is taking \$20,000 from 16 D.C. companies so he and an entourage of four can tour Africa and attend a Conference of Black Mayors, instead of this money going to help feed starving blacks in Ethiopia. What's the President's reaction as a concerned resident of the District?

Q Outrage.

MR. SPEAKES: Lester, I have not studied that either.

Ann.

Q One last -- Could I -- one last one?

MR. SPEAKES: -- go ahead.

Q Okay.

MR. SPEAKES: You go ahead.

Q Larry, you seem to be today softening what was an anti-tax rate into a -- anti-tax -- wait, wait, wait, let me finish -- stand. Are you deliberately doing that --

MR. SPEAKES: No.

Q -- or am I missing ---

Q He's just wandering into it.

MR. SPEAKES: You're misinterpreting me. I'm telling you that the President feels strongly about it and that he says, "over my dead body." But when you want to fine tune out into oblivion, I cannot help you with that because I -- I don't know specifically about all of the ramifications that are going to come in in the flat tax or in -- I mean, in the Regan tax proposal. So --

Q Larry --

MR. SPEAKES: I would caution you that I am stating the President's viewpoint. And I'm stating it about as hard-nosed as I can.

Q One last one, Larry --

Q If I could clarify two things the President said last week on the issue. One of them is he said that if there were to

be any loophole closings it would have to be offset by lower tax rates. He said, at his post-election news conference, that his position was firm. He would not deal with the deficit problem through higher taxes.

Those two statements seem to rule out any option for using higher taxes on individuals, or businesses, for that matter, to deal with the deficit problem. Do you still say that the President stands firmly on those positions? Or is he --

MR. SPEAKES: Even more so than he did a week ago.

Q Larry, would you deny, as the President's spokesman, that Senator Helms has been more supportive of the President's foreign policy than Senator Mathias? (Laughter.)

MR. SPEAKES: Lester. We're going to stop --

Q Well, I mean, you wouldn't deny it, would you?

MR. SPEAKES: New four years, those kind of games stop, Lester.

Q You wouldn't deny it, would you?

Q Does the President have a position on that race, by the way?

MR. SPEAKES: Those kind of games are out.

Q Does the President have a position on that race?

MR. SPEAKES: Steve and then Chris and let's quit.

Q I'd like to ask a question about the budget. What plans does the President have, if any, this week to consult Congressional leaders, either Republicans or Democrats?

MR. SPEAKES: I don't know of any specific meetings scheduled with the Congressional leadership. I would anticipate the President meeting with the full Congressional leadership as quickly as possible after the new Republican Senate leadership is decided. But there are no plans now.

I am sure that people who are preparing proposals for him have talked it through with Congress, and the departments and agencies will do so with their respective Committee Chairmen to know what will fly and what won't.

Q Is there any -- we can ask some of this this afternoon; but is there any light you can shed on the extent to which he plans to make final decisions this week before he engages in those consultations?

MR. SPEAKES: I think his final decisions this week, after Thursday's Cabinet meeting, will be more broad guidelines. I don't know whether it'll get into spending totals or not. But I think on Thursday that it will be his final admonition to the Cabinet as they go out to deal specifically with OMB on their individual department and agency budgets.

Q I just want to follow up on one thing Owen said. You're saying then that the tax reform -- the President was against using tax reform to cut the deficit.

MR. SPEAKES: He said it.

Q And so, therefore, the only way you would cut the deficit is either through natural growth, increasing revenues or through spending cuts?

MR. SPEAKES: That's true, isn't it --

Q Increasing revenues.

Q And that's it? That's --

MR. SPEAKES: Through naturally increasing revenues, he said.

Q Yes.

MR. SPEAKES: Okay, Helen.

Q -- bubbles up out of the ground.

Q What time do you think you'll see us again?

MR. SPEAKES: Shortly after 3:00 p.m., whenever the Cabinet quits --

Q Larry --

MR. SPEAKES: Yes.

Q With regard to the question of revenue -- I take it that relates directly to people who are now paying taxes. Whereas, the underground economy, which, in fact, picks up people who are not paying taxes, they might, in fact, get through the Treasury's revenues and that -- obviously, that would not have to be revenue neutral.

MR. SPEAKES: I think there it would not be an increase in taxes. It would be just improved collection.

Q Well, if you're collecting a cab driver's -- on a cab driver's tips, for example, he's not paying on now, for example. That would give you some -- in the same arena, say, as --

MR. SPEAKES: But I don't think we would be getting anything that we're not entitled to.

Q Yes, right. Right. That you're not entitled to --

Q It's important you get everything that is coming to you. (Laughter.)

Q -- in terms of actual --

Q Including Jesse Jackson.

Q -- you might be getting more --

MR. SPEAKES: Might end up with more money. We hope we would.

Q Right --

THE PRESS: Thank you.

END

1:22 P.M. EST

#1220-11/13