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Last Updated: 09/30/2024

THE WHITE HOUSE
Office of the Press Secretary

PRESS BRIEFING
BY
LARRY SPEAKES

November 13, 1984

The Briefing Room

3:21 P.M. EST

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3:40 P.M. EST

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MR. SPEAKES: The Cabinet meeting began at 2:08 p.m. and it lasted exactly an hour. The President began the meeting by -- and these are all quotes from the President -- saying, "Let's get down to business."

Q Should we go with it?

MR. SPEAKES: He said he was deeply grateful for the assistance in the campaign of the Cabinet members that were able to be helpful. Then he said, "We said we would make a new beginning. This is really a new beginning."

Q Is that a quote?

MR. SPEAKES: Yes. Everything's a quote. "We did some things --

Q Hold it, Larry.

Q This is really -- what did --

MR. SPEAKES: "This is really a new beginning.

Q What?

MR. SPEAKES: If you want it, I'll give it to you. If you don't --

Q We want to understand it. I mean, was he talking about the meeting today?

MR. SPEAKES: He's talking about the second term. He said, "We accomplished some things. We've changed the course, but there's much more to be done." He said, "In the election, the people --

Q Just a minute.

Q Hold it, Larry.

Q But there is much more to be done?

MR. SPEAKES: Yes. He said, "In the election, the people said they want more of what we accomplished in the first term."

Q And we're going to give it to them.

MR. SPEAKES: He said, "Our main purpose was to reduce the rate of increase in government, and we're going to keep on down that line."

Q Could you repeat --

Q Our main --

MR. SPEAKES: "Main purpose was to reduce the rate of

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increase in government, and we're going to keep on down that line. We will pursue our steady course on the international scene."

Q Can you just wait. Larry --

Q This is important. (Laughter.)

Q After that line, what would we do?

MR. SPEAKES: Which one? "Pursue our steady course on the international scene." He concluded the meeting by saying --

Q "You ain't seen nothin' yet."

MR. SPEAKES: -- "Things have to change. That's what we came here for. I know there's a tendency to go along with the tide. We came here to dam the river. Let's start throwing in the rocks."

Q "We came here to dam the river."?

MR. SPEAKES: Yes.

Q Would you read that last line?

Q Repeat that quote --

MR. SPEAKES: "We came here to dam the river. Let's start throwing in the rocks."

Q Did anybody know what he was talking about?
(Laughter.)

Q He's got rock in his --

Q Who threw the first stone?

Q Did he say, "You ain't seen nothin' yet."?

MR. SPEAKES: The bulk of the meeting was -- consisted of a review of the management process that OMB has started with the departments and agencies that you have heard discussed here. It included reports by Ed Meese and by Joe Wright. It included a report by Ed Meese regarding reduction of federal personnel, and finally, it included a review of the 1984 budget by David Stockman.

Q '84 budget?

MR. SPEAKES: The budget that -- the fiscal '84 budget. The budget that ended in October of '84.

Q Did it include what he said yesterday in the meeting about the slowdown in the growth of the economy, more appropriations from Congress than expected? Did he give the budget deficit figure?

MR. SPEAKES: He discussed some of the -- it was mainly the performance of the budget in 1984 and where we stand on figures in '84.

Q Any talk at all about the future deficit problems?

MR. SPEAKES: Not specifically. There are a number of built-in increases, Stockman said, in the budget -- some by law, others by the variances in various programs such as unemployment, such as the weather impact on farm assistance, that causes the budget to ebb and flow. Some of that flow we will get in 1985 that we're going to have to contend with. But as far as specific figures, I'm just not going to give those.

Q Like what? What's going to happen in '85?

Q Did Stockman get into specific figures?

Q What will rise in '85?

MR. SPEAKES: In '85, for example, farm price supports could go up because of the good weather and the crop just harvested. Example of one of many.

Q Did they talk about budget cuts at all, even in general ways?

MR. SPEAKES: The President did in general ways.

Q What did he say?

MR. SPEAKES: He said we're going to dam the river. He wasn't talking about cuts -- budget cuts, he was talking about rate of reduction, reduce the rate of growth.

Q I interpreted that quote to talk about --

Q Did he say what some of the rocks would be?

MR. SPEAKES: No. He did not go into specifics on it.

Q I thought he was talking about the rate of reduction -- federal government, not just in the budget but --

MR. SPEAKES: The entire process. The number of people you employ, the number of programs and services that you're involved in.

Q Did he give any more specific an outline for what he wants to do in the fiscal '85 budget?

MR. SPEAKES: No.

Q Did the words "Social Security" pass his lips?

MR. SPEAKES: No.

Q Medicare?

Q Was there no discussion of the reports that the deficit will be rising instead of falling, as he had said frequently in the campaign?

MR. SPEAKES: There was an overall discussion of the situation we will -- you will face in '85 because, as I said, an example, the farm program. The cap comes off Medicare. A number of things of that type.

Q You mean, fiscal '85, fiscal '86?

MR. SPEAKES: Fiscal -- calendar '85.

Q Calendar '85.

Q That includes fiscal '86?

Q -- on foreign policy?

MR. SPEAKES: Steady as she goes.

Q That was the only remark? Anyone else speak on foreign policy? No.

MR. SPEAKES: So that's basically it.

Q What about, in terms of personnel, there's been some

talk that he was going to say that he wanted everybody to stay on a winning team. Was there -- did he make any remarks along those --

MR. SPEAKES: He didn't make that remark, but it goes without saying. I think everybody's fully aware that the President wants them all to stay.

Owen?

Q Did he say anything about -- that he still wants to balance the budget, or did he mention it?

MR. SPEAKES: He didn't mention it, but he didn't need to. It's obvious.

Q Did anybody offer their resignation?

MR. SPEAKES: Mike?

Q The pool report said -- mentioned that the President kept winking at --

MR. SPEAKES: Margaret Heckler?

Q No. Jeane Kirkpatrick.

MR. SPEAKES: Oh.

Q Why would he do that?

MR. SPEAKES: It was Plante he was winking at. Plante was behind Jeane Kirkpatrick.

Q Wait a minute. (Laughter.)

Q Ronnie and Bill? I can't believe it. (Laughter.)

Q Did anybody in the Cabinet have anything to say?

MR. SPEAKES: Yes. There was a general roundtable discussion that followed regarding the need to remain on the same course of reducing the rate of growth in government. I think everybody joined in, said that's what we need to do. You know we --

Q We're there any dissenters?

MR. SPEAKES: We have to contend with a Congress that appropriates more than we ask for and then requires that we spend it. And that's one of the things we're faced with.

Q Larry, are you saying there was no talk of absolute cuts in spending, just cuts in rate of increase?

MR. SPEAKES: There weren't any specific, but I'm sure in some cases there will be absolute cuts and others there will be rate of increase cuts.

Q Any discussion of how to deal with Congress?

MR. SPEAKES: No.

Q Was there any discussion about the situation with Congress and the election and what it means in terms of the legislative problems next year?

MR. SPEAKES: No. The President believes the people spoke, sent us here to continue to do what we're doing.

Q Do you have any numbers off the top of your head on how much Congress appropriated in the current budget that was beyond

what you asked?

MR. SPEAKES: No, I don't. Do you?

MR. FITZWATER: I don't have those numbers either.

MR. SPEAKES: We might scrounge it up from OMB. I don't know.

Q Larry, you said at your last briefing that you couldn't comment or couldn't deny the \$190 billion figure. You said you hadn't seen it, but you hadn't seen Stockman's latest figures. Can you still say that?

MR. SPEAKES: No, I've seen it.

Q You've seen it?

Q The budget?

MR. SPEAKES: The latest figures.

Q Can you deny it now?

Q Can you still say the same thing?

MR. SPEAKES: I was trying to give you a little help today and that's about as much help as I can give you.

Leo?

Q Was there any discussion of economic growth projections for next year, either by Regan, Stockman, or any others?

MR. SPEAKES: No.

Steve.

Q Was there anything addressing in a general or a specific way about all the members cooperating with OMB in the next round of budget cuts and --

MR. SPEAKES: In a general way, yes. That was the President's message, that we're going to have to continue on the course, and that does involve each Cabinet reviewing its expenditures and seeing where they can reduce them. Management programs, whatever.

Q And it's well known, for instance, now that Secretary Bell has announced his resignation. He has stated that he has had some disagreements with OMB in the past on levels of spending in his department. It's been reported that that's been the case in other departments. Did he make any specific admonition regarding that, asking people to remember that the main problem is the deficit and that, therefore, we should look for places to be cut when we're putting together our budget submissions?

MR. SPEAKES: I think he did in general, not specific.

Q Did Stockman circulate his latest deficit estimates to the --

MR. SPEAKES: He circulated a paper, yes. I'm not sure whether --

Q Did anyone respond to it such as the President? Did Meese have anything to say? Specifically, did he address what he has said throughout the campaign, that economic growth will shrink the deficits in light of --

MR. SPEAKES: No, he didn't. He didn't discuss that.

Ann and then Ben.

Q Could you -- just to follow up -- can you explain how there appears to be this discrepancy since Stockman's new numbers show the deficits higher than they were before?

MR. SPEAKES: As I indicated, there are a number of programs that, first, have built-in increases and others who have increases that are caused by variances of various causes.

Q All the departments have already submitted the first budget request -- Stockman is reviewing them this week and over the next couple of weeks, it's my understanding.

MR. SPEAKES: Oh, no. The first of November through December -- Go ahead, Marlin. You -- is that this?

MR. FITZWATER: Most of the submissions are in. And OMB is undergoing a director-of-review process.

Q I thought --

Q So, the President's request to start throwing rocks and dam us up -- how does that -- They've already put in a request, haven't they?

MR. FITZWATER: We have an extensive process that entails the markup by OMB, passed back to the departments, continuing discussions with the departments during the markup sessions. So, there are plenty of opportunities left for making changes and changing priorities and so forth.

Q When's that process end?

MR. FITZWATER: Well, it goes through the first of December and sometimes later than that. Recall that the Defense Department is always on a separate track and a slower track. Normally, we'll finish up most of the budget early January and the Defense Department sometime after that.

Q Speaking of the Defense Department, did military spending come up at all today?

MR. SPEAKES: It was discussed, yes.

Q And was there some indication from certain -- either Stockman or others that the \$333 billion figure was too high and to come down?

MR. SPEAKES: No, there were no discussions of specific figures.

Q Did Weinberger make a statement?

Q Well, was there a discussion in general --

MR. SPEAKES: Weinberger spoke.

Q -- that the military budget might have to be trimmed somewhat in terms of --

MR. SPEAKES: Well, as always, there are opposing views. The President's view is that we will continue at a rate of growth within Defense that will keep us on the course to rebuilding the defenses and an effort to have the Soviet Union understand that we are intent on this course and that we're consistent on this course and that, thereby, we would hope that they would realize it would be in their interests as well as ours to have some discussions --

Q Did he put a number on that, Larry? Did he say what percentage in real growth terms he would be willing --

MR. SPEAKES: There were some numbers discussed, but none that I want to be specific on.

Q Well, if -- along those lines, a senior administration official out in Santa Barbara last week was saying because of the buildup that he might be able to accept a reduced increase in defense spending of 5 percent over the next few years. Is that a generally held position within the administration or was that fellow only speaking for himself?

MR. SPEAKES: I think all of the talk of -- in trying to figure where we're going to come out in the end -- is about 2 months premature. And I think we're just --

Q Well, Larry --

MR. SPEAKES: -- going to have to wait, as we always do. These things change and they're subject to extensive debate within the administration --

Q On that point, though, doesn't your own latest budget plan show defense spending would only increase by about 4.5, 5 percent a year, starting in '87? I mean, isn't that the track you already have according to the --

MR. SPEAKES: I'm not sure. When you throw percentages around, there are a number of ways to figure them. And I honestly don't know how to compare it. Sometimes we're comparing apples and oranges. I don't know what the numbers are.

Leo?

Q Larry, did the President bring up the Grace Commission report?

MR. SPEAKES: It was mentioned. The President didn't bring it up specifically. It was mentioned in the course of management techniques.

Q Did the President -- whoever else mentioned it -- now that that's the way he still wants to go?

MR. SPEAKES: That what?

Q Did the President indicate in any way that that's still one of his main options?

MR. SPEAKES: He didn't voice it, but it goes without saying.

Tom?

Q You mentioned something about a report on reducing federal personnel. What's that about?

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MR. SPEAKES: It was a goal of the administration to reduce the number of non-defense federal employees by 75,000. We did so by just over 78,000. That's what it's about. And we will continue to try to reduce numbers. I don't know whether there's a specific numbers goal for the new term or not.

Owen?

Q Did specific taxes come up?

MR. SPEAKES: Yes, the taxes came up, and the President underscored his position as I outlined it this morning.

Q Can you give us a quote?

MR. SPEAKES: I don't have a specific quote, but the President did say that he would -- did not want to see new taxes, a new -- any increase in the tax rate on individuals, as I outlined this morning. He was very firm on that.

Q Larry, if he's opposed to any new taxes, does that rule out the VAT in any form?

MR. SPEAKES: I would judge that is true, but this is all pending how the Treasury study comes out. I wouldn't think so.

Q Larry, do you have a base for the reduction of 75,000 personnel?

MR. SPEAKES: I don't know what the numbers were. We could run them down. Do you know what the --

MR. FITZWATER: We could get them for you.

MR. SPEAKES: -- was announced about six months ago.

Q Larry, generally, is there any way you can summarize further the Meese-Wright presentation on management review?

MR. SPEAKES: I bet Joe would give you something as long as your arm if you called him. It was things like --

Q Did he stay awake?

MR. SPEAKES: -- we have dropped DOD spending -- let's see. There was savings in DOD. The -- reduced travel cost by \$500 million; instituted a cash credit management system with 416 projects underway; IRS is fully automated; we have a productivity study going, underway. Two-thirds of the people in the government handle paper. There's no way to compare costs from department to department. Overhead. That kind of stuff.

Q Larry, in giving what you earlier called his marching orders, did the President say that he would insist that the fiscal '86 budget show a declining deficit?

MR. SPEAKES: He didn't use that, but that's his desire, yes.

Q But did he say it?

MR. SPEAKES: He didn't say it, but I don't think you can read anything to omissions in there because the President is so -- on the record so many times to his Cabinet and they understand where he's coming from and where he's going.

THE PRESS: Thank you.

END

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