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THE WHITE HOUSE  
Office of the Press Secretary

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PRESS BRIEFING  
BY  
LARRY SPEAKES

November 26, 1984

The Briefing Room

12:47 P.M. EST

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#1234-11/26

1:11 P.M. EST

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PRESS BRIEFING  
BY  
LARRY SPEAKES

November 26, 1984

The Briefing Room

12:47 p.m. EST

MR. SPEAKES: The President's schedule for the remainder of the day is --

Q -- sleep?

MR. SPEAKES: -- a 2:00 p.m. meeting with the tax -- with the core group that's working on the budget and tax. I'll come back to that in a second.

And at 4:30 p.m. a presentation of diplomatic credentials from the Republic of Singapore, Nicaragua, Burma, Norway, Algeria, Ecuador -- in the Oval Office.

I've got information here on the tax budget meetings for the remainder of the week, and a brief statement -- a reaction -- to the International Court of Justice decision on Nicaragua, and a brief statement on the prime interest rate.

First of all, the tax meetings now have been worked out in some detail. At 2:00 p.m. this afternoon the President will meet with what's called the core budget group that I announced the names of this morning.

Q That was the 10 o'clock meeting.

MR. SPEAKES: No, at 2:00 o'clock this afternoon.

Q Well, you said this morning that the core budget group would meet at 10:00 --

Q -- without him --

Q -- without him. And that at 2:00 p.m. he'd meet with Regan's tax people.

MR. FITZWATER: Same group.

Q Same?

Q Same people, Sam.

Q All right.

MR. SPEAKES: At 2:00 p.m. this afternoon the President will hear the results of the tax study presented by -- prepared by Secretary Regan and Treasury Department officials. It will include a number of recommendations, a number of options, and some recommended options.

On Tuesday, at 10:00 a.m., the full Cabinet will meet -- this is a change from this morning -- in order to hear Secretary Regan discuss his tax proposals.

And tomorrow afternoon at 2:00 p.m. Secretary Regan will

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brief at the Treasury Department, a public briefing on the tax plan that he is presenting to the President. So what you have is the President receiving a private presentation this afternoon from his budget working group, and a Cabinet presentation tomorrow, followed by Regan's briefing.

On Wednesday --

Q For the press? I mean, for everybody?

MR. SPEAKES: Yes, for the press, yes.

On Wednesday morning, and this is tentative at the moment, the budget core group -- same group -- will meet with the President on the subject of the budget. They will present him a number of options that are being worked out today and tomorrow. And, in the afternoon, the Cabinet will meet to hear the budget presentation by Director Stockman.

And on Thursday, the Congressional leadership -- I believe it's just GOP -- will meet at the White House to hear an overview of the tax and probably the budget proposals, too.

So, you've got private sessions with the President, followed by full Cabinet sessions, and then the Congressional leadership.

Q Same day as for Congressional leadership?

MR. SPEAKES: Yes.

The status of the budget for the moment is that the OMB Director's remarks, once he gets guidance from the President later this week, will go out to the department and agency heads, and that gives them their marching orders as far as budget ceilings, programmatic cuts, and then the appeals process follows after that.

Q You're saying the budget ceilings have not been chosen yet?

MR. SPEAKES: I think some general working guidelines have, but the specifics have not.

International Court of Justice: We're disappointed with the court's decision. We believe that we presented to the court conclusive arguments demonstrating that Nicaragua had deliberately failed to accept the court's compulsory jurisdiction and thus was seeking to sue when it could not be sued.

Q What?

Q Could we have that last sentence again?

Q Could you read that sentence --

MR. SPEAKES: Yes. We believe that we presented to the court conclusive arguments demonstrating that Nicaragua had deliberately failed to accept the court's compulsory jurisdiction and is thus seeking to sue when it could not be sued. In other words, Nicaragua is not accepting the court's jurisdiction, but then they wanted to sue under the court's -- through the court.

Nicaragua -- continuing with the statement -- Nicaragua made no attempt even to rebut many of our arguments on jurisdiction. We continue to believe that the court is not the proper forum --

Q The court is not what?

MR. SPEAKES: -- that the court is not the proper forum. We would note that all four of the Central American governments other

than Nicaragua have advised the court that, like the United States, they believe adjudication will be harmful to the Contadora negotiations, and will accordingly hinder, rather than help, achieve peace in Central America.

Since we have just received the opinion, we can make no specific comments beyond what I have said, however we continue to emphasize the need for a peaceful, comprehensive, negotiated resolution of the complex Central American problems. And we will remain in regular consultation with all Central American states on that broad agenda.

Q But isn't it pretty clear after this statement -- we are not going to accept the court's decision?

MR. SPEAKES: We cannot say until we have an opportunity to fully review it. I think there is, Sam, and I don't know the court that well, is another opportunity to -- for us to rebut. We have not made that decision.

Q You mean the court decision today was not final? It was a tentative decision, or a first draft decision?

MR. SPEAKES: I understand that we would have an opportunity to argue the case on the merits. There's still another forum for us to argue. I don't --

Q Well, this was just a ruling on whether they have jurisdiction, so --

MR. SPEAKES: Yes, and we could comment on the merits of the case.

Q Yes, but I'm not talking about the case Nicaragua has brought, or attempted to bring. I'm talking about the court's finding that it had jurisdiction.

MR. SPEAKES: Jurisdiction as to whether we would accept? I just don't want to go beyond that, Sam. You've pretty well --

Q Well, we initially said we would not accept. And this statement says, "We continue to believe ..." and it sets out all the things we said initially as to why we didn't accept.

MR. SPEAKES: The court has made its decision, and of course then our next step would be as to whether to just go in and argue on the merits.

Q Wasn't this -- the issue was the mining of the harbor; and we did pull out our mines, didn't we?

MR. SPEAKES: That's a loaded question, to coin a phrase. The President has addressed that in a couple of instances in which it was indicated that the mines were placed there by others and the United States did not place the mines there.

Q Well -- so is that our case? That we had nothing to do with it?

MR. SPEAKES: No, that's not the case. We -- I don't believe we have made an argument in this court. We have not made --

Q But, we would not go in and argue on the merits unless we had decided to accept the court's finding that it does, in fact, have jurisdiction, would we?

MR. SPEAKES: I would presume that would be true, not knowing the full legal -- whether you could go in with a disclaimer, Sam, I --

Q I mean, could you go in and argue the merits by saying, we don't -- unless we win -- we don't accept the jurisdiction?

MR. SPEAKES: Not being licensed to practice in the international court, I'm not very helpful on that.

Q Can we get some guidance on what --

Q You're not ruling out the possibility that you will argue it on --

MR. SPEAKES: We have not made a decision. I don't answer "not rule out" questions, we just haven't made a decision.

Q Do you think we can get any guidance on that, or is it likely that you --

MR. SPEAKES: The State Department, chances are, will know more than --

MR. SIMS: Davis Robinson, the counsel for the State Department, is the expert, and I suggest you consult his office.

Q Can you give us any help on this afternoon's presentation of credentials? Is that likely to be the usual proforma?

MR. SPEAKES: Yes.

Q Or is there likely to be any dialogue between --

MR. SPEAKES: I don't anticipate any. There almost never is.

Q What is the President's position? Can you restate the President's position on why he will not accept the Nicaraguan suggestion of a meeting?

MR. SPEAKES: You mean -- with Ortega?

Q Yes.

MR. SPEAKES: That we do not, at present, see a basis for a meeting of this type since Ortega has not changed his policies or his approach to government in Nicaragua; namely, free elections, the right for trade unions, newspapers, church, opposition to form and exercise their rights freely and fully, and, of course, of fair amount in importance is continuing the rapid buildup and the export of revolution to other countries. And we will continue, at the lower level, as we have, in discussions with Nicaragua.

Yes?

Q In terms of human rights, what is the United States doing about Chile and South Africa, since it has a deep concern for Sakharov and --

MR. SPEAKES: Yes -- I can go to that -- are we through with the World Court.

Do you want to go to prime interests and then back to Chile?

Q Will you put the statement out on the World Court?

MR. SPEAKES: No. Just make notes.

On prime rate, we were of course pleased this morning by the drop in the prime lending rate by at least two major banks -- so

far, the Citibank of New York, and First National of Chicago. They have reduced their rate to 11.5 percent, which represents the fifth drop in the prime since September's rate of 13 percent.

As the President predicted last spring, we expected the prime to -- (Laughter) -- to begin dropping by fall, and the first frost has just arrived, and --

Q By the end of summer -- it wasn't fall.

MR. SPEAKES: I might add, that further drops appear possible now that the Federal Reserve Bank has lowered its discount rate from 9 to 8.5 percent. Although the economy has slowed in the third quarter, we expect the drop in interest rates to restore a moderate growth rate in future quarters. We're projecting 4 percent growth next year, and today's drop in the prime indicates that we're on a promising course.

Q Larry, do you share the analysis of some economists and others that the Fed is doing this to prevent the economy from sliding further? That this is a stimulative move?

MR. SPEAKES: I really wouldn't want to pass judgment on the Fed's motives, and as I say --

Q -- promising course -- what? Today's drop does what?

MR. SPEAKES: Indicates we are on a promising course? Chile?

Q Pinochet.

Q He's not here --

MR. SPEAKES: The State Department has addressed this several times in the last week, saying generally that we previously indicated our support by the -- of the efforts of Archbishop Fresno, who is the head of the Roman Catholic Church, to bring a consensus and dialogue on the return of democracy to Chile. We continue to support these efforts, and believe that the views expressed in his pastoral letter, which was issued a week ago Sunday, merits serious consideration. We've communicated our views to the government of Chile. With regard to the arrests and detentions that have taken place over the last 10 days, our embassy in Santiago is in close contact with human rights groups in Chile, and with representatives of U.S. human rights organizations who have arrived in Chile in recent days.

We have seen some press reports about restrictions on foreigners. Obviously foreign residents are required to obey the laws of that country irrespective of any kind of oath that may be required. But at this point it is a matter of speculation as to what effect this decree might have.

We've seen some reports also of censorship on the Chilean press. This remains as a matter of speculation and we are unaware of any efforts by the government there to restrict international reporting. The U.S. position on journalistic freedom and free access to information is well known. We oppose efforts to restrict the free flow of information.

Q What kind of -- how is this communication -- has the President written to Pinochet?

MR. SPEAKES: It's taken place on an embassy to embassy -- or, embassy to foreign ministry level in Santiago.

Q And you say we are in touch with human rights

groups, in Santiago?

MR. SPEAKES: Yes.

Q Well, what have we told Pinochet?

MR. SPEAKES: That we would like to see him move toward an orderly return to democracy.

Q Do you have anything on Columbia?

MR. SPEAKES: Columbia?

Q Evacuations because of threats by --

MR. SPEAKES: Oh, that -- no, I do not. Bob, do you have anything on that?

MR. SIMS: Nothing. The State Department may have said something in a briefing, but we have nothing beyond that.

Q Does the President agree with McFarlane that it may take him his entire second term, a full four years, to reach some sort of arms control agreement?

MR. SPEAKES: You omit Mr. McFarlane's remainder of his sentence. You didn't watch Ms. Stahl's show.

Q I was busy and preoccupied at the moment.

MR. SPEAKES: I see. You had a gang on there, didn't you? (Laughter.) No, he pointed out that it is certainly possible that it may take that long, but there is no reason that it should if both parties approach the negotiations in a framework of wanting to achieve something -- that we can do so.

Ben?

Q Larry, on the budget and tax stuff -- there's going to be a briefing tomorrow, is that right?

MR. SPEAKES: Yes.

Q And does that -- but when will the President make his decision on what to do?

MR. SPEAKES: It will be made over the course of the next several weeks, following discussions with his budget working group and with discussions with members of Congress. I don't have a specific deadline.

Q Can I follow up on that --

Q What's being discussed today?

MR. SPEAKES: What's being discussed today? The tax study done by Regan.

Q Is this his first look at it?

Q So the study -- not necessarily the options he's going to choose?

MR. SPEAKES: He will see the options, but he will not choose the options until there are further discussions both here and on the Hill.

Q What's the timetable for that?

MR. SPEAKES: Like I said, there is no -- I do not have a



timetable.

Q When Regan briefs tomorrow it won't be the full -- it won't be a plan agreed to, it will be options?

MR. SPEAKES: That's right. It will be what he has come up with over there which, in some cases, may be recommendations; it may be options with recommended options; or it may be options only.

Q Will that include corporate tax?

MR. SPEAKES: Will that include corporate tax? Until we see the plan, I don't know.

Q Larry, could you give us some sort of a fill this afternoon on how it goes in there, or what the tenor of the discussion is?

Q Some quotes from Reagan?

MR. SPEAKES: I'd be glad to come back, but I don't think I'm going to have much to offer.

Q You didn't have much last time, but you had a little bit on the budget, so --

MR. SPEAKES: Okay, why don't we say -- 3:30 p.m. and then I'll come back and give you what I can. But I'm just not going to go into any detail -- period. Now, you'll get the whole thing tomorrow from Regan.

Q In the late seventies we were arming Iran to protect the Gulf -- partly against Iraqi expansionism. Except for improvement in rhetoric in statements from Iraq, what actions have we seen that might encourage us?

MR. SPEAKES: There has been a public statement by Iraq on the question of international terrorism and particularly state-sponsored terrorism; and we removed them from our list of terrorist -- countries which condoned terrorism two years ago.

Q That's the only thing?

Q Larry, what kind of guidance is Stockman looking for in the budget from the President? What kind of decision does the President have to make?

Q I think the President will approve an overall approach to the budget figures

that gives Stockman the guidance he needs in order to form out the marks to the departments and agencies.

Yes.

Q Well, does that mean the President will decide whether he really wants to go for this \$100 billion target in 1988?

MR. SPEAKES: Not except in your \$100 billion target, but, yes, it will be essentially that he will decide as to what level he wishes to reduce spending, what level he would like to see the deficit come down to, and, thereby, the necessary budget cuts would have to follow.

Q Will he do that this week?

MR. SPEAKES: He will give general guidelines on it. I don't think there will be specific program by program, although there may be some of that.

Q Will he also pick figures for the next fiscal year?

MR. SPEAKES: For?

Q Instead of projecting to '88, will he have some guidelines on the next year?

MR. SPEAKES: Yes, this will be '86, '87, and '88, and really, to some extent, '89.

Q Is there any reconsideration of the 4 percent growth figure given the slowdown over the last quarter?

MR. SPEAKES: I don't think there's any change in it. I'm not privy to whether OMB, Treasury, and CEA have met again in order to make any changes, but as far as I know, there are no second thoughts on the 4 percent.

Q And if not, why not? (Laughter.)

MR. SPEAKES: Bob's waiting.

Q Can you outline the administration's efforts to improve human rights in South Africa?

MR. SPEAKES: The administration is firmly on the record on South Africa. We have stated many times over, I think beginning about three years ago with the President's interview with Dan Rather on the subject of apartheid and human rights, we have made our views known to the South Africans repeatedly. We have been involved in their own -- as a sidelight, their own Namibian peace process. But our views are well-known and firmly stated on that.

We think this is certainly a matter for the South Africans to be allowed to work out, and we would think a rapid approach to some sort of understanding between the various groups, in particularly the majority black population there, that they would work out their differences, and hopefully, return to some sort of government that protects rights on all sides.

Q Well, does --

Q Is the Embassy in touch with human rights organizations in South Africa as it is in --

MR. SPEAKES: I do not know the answer to that question. We'll check and let you know.

Q What is the President's response to his son, Michael?

MR. SPEAKES: We have no comment. It's a private family matter. They would prefer to leave it in that way.

Q Well, does the President hope that his son, Michael, also will stop commenting in public about it?

MR. SPEAKES: I haven't heard him say.

Candy?

Q Is the President going to give federal workers the day before Christmas off?

MR. SPEAKES: The Monday before Christmas off for federal workers? I don't know.

Q Can I follow up on your South African --

Q Is there any significance to the Treasury Department report coming here before December, today?

MR. SPEAKES: No. I don't know, Sarah, whether -- I presume there's none. I think they've just finished with it and prepared to brief the President so they might be factored in the budget process.

Q Is the President --

Q If it's revenue neutral, why does it have to be factored in the budget process?

MR. SPEAKES: Pardon?

Q If it's revenue neutral, why should it be factored into the budget process?

MR. SPEAKES: It's going to be presented to the Hill, and certainly, it will be a part of the budget process, yes.

Q Is the President committed to go ahead to make a proposal to Congress on tax simplification next year? I mean -- or is there a chance he may change his mind?

MR. SPEAKES: I don't think there's much chance he'll change his mind. The word, "committed", I presume he's committed. He's certainly talked about it enough.

Q Larry, all last week, we were talking, and the week before, about how the tax -- this tax simplification is not part of the budget process and it's totally and apart from the budget process because it's revenue neutral.

MR. SPEAKES: I think, to some extent, it will be considered. Perhaps you're right, that it is a separate process, but then again, some of the thinking that goes into that will certainly go into the -- an example, if Regan thinks he can raise some money from the underground economy, certainly that can be factored in the budget process.

Q Larry, has it been decided whether or not budget and tax simplification will be one package to the Hill?

MR. SPEAKES: I don't think it's been decided until we talk to the Hill particularly about the tax simplification. It has not been decided.

Q Can I follow up on South Africa? If I got your last line right, "return to some sort of government which restores rights to both sides", how do you do that without overthrowing the government?

MR. SPEAKES: No, I think that South Africa has made some important strides toward recognizing the majority population there. And these will continue. And I think they have made an honest and forthright effort and hopefully they will continue to do so. The United States certainly encourages them to do so.

Q Don't they deny the blacks citizenships?

MR. SPEAKES: I don't think that's true, no.

Q They deny them full citizenship in --

Q Full citizenship.

Q Yes, they do.

Q What's a stride in that?

MR. SPEAKES: They have made some changes as far as the legislative process, as far as rights are concerned and so forth --

Q But that's -- coloreds and Indians, though, not to blacks.

MR. SPEAKES: Pardon?

Q But those changes have nothing to do with blacks, though. Just coloreds --

MR. SPEAKES: I don't know that.

Q -- coloreds and Indians.

MR. SPEAKES: Yes.

Q Larry, do you expect a significant amount of money to be raised through the underground economy?

MR. SPEAKES: I don't know.

Q -- tax reform plan.

MR. SPEAKES: I'd ask your friends at Treasury.

Q They're not my friends. (Laughter.)

END

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