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THE WHITE HOUSE
Office of the Press Secretary
(Santa Barbara, California)

PRESS BRIEFING
BY
MARLIN FITZWATER

November 20, 1984

Vista Mar Monte Room
Santa Barbara Sheraton
Santa Barbara, California

10:09 A.M. PST

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MR. FITZWATER: The President today is announcing his intention to designate Kathleen Wilson Lawrence to be a member of the Board of Directors of the Rural Telephone Bank.

In the ranch report: The weather at Rancho del Cielo is sunny and warm. The President and Mrs. Reagan had breakfast together shortly after 7:30 a.m. and right now are getting ready for their horseback ride. After the ride, the President will attend to ranch chores.

We have an invitation for the White House Press Corps. Mr. Richard V. West, Director of the Santa Barbara Museum of Art invites the White House Press Corps to a reception honoring Ambassador Daniel Terra, who is the U.S. Ambassador-at-Large for Cultural Affairs. The reception is this evening at 5:30 p.m. It will include a preview of the Galley of the Louvre, which is an art exhibit on loan from the Terra Museum of American Art. Those wishing to attend should contact Virginia Cochran at 963-4364. I assume we'll post this back in the back.

Q Is there going to be liquor? (Laughter.)

MR. FITZWATER: Pardon?

Q Yes, the important question.

MR. FITZWATER: Let me just continue with one item. Real GNP is now estimated to have increased at 1.9 percent rate in the third quarter, compared to the preliminary estimate of 2.7 percent. This follows first- and second-quarter growth of 10.1 percent and 7.2 percent respectively. We have been anticipating a couple of slow-growth transition quarters as we move from high growth to a more sustainable pace.

Q -- anticipating a couple of what?

MR. FITZWATER: A couple of slow-growth transition quarters as we move from high growth to a more sustainable pace.

This has been exasperated by the American and Canadian auto strikes. Most forecasters are predicting a return to moderate growth next year.

The GNP implicit price deflator, which measures inflation, increased at 3.7 percent rate, compared to the 3.6 percent estimated earlier. This follows the recent consumer price index estimate for the year of 4.2 percent.

Q What --

MR. FITZWATER: 4.2 percent for the CPI, so far this year -- and a producer price rise of only 1.6 percent. Inflation clearly remains under control.

I'll take questions.

Q Did Jeane Kirkpatrick resign?

MR. FITZWATER: No.

Q Question?

MR. FITZWATER: She asked if Jeane Kirkpatrick resigned.
I said, no.

Q Is she going to?

Q Hasn't she announced her intention --

MR. FITZWATER: I have no idea.

Q -- to leave?

MR. FITZWATER: I don't know. There apparently is a story this morning somewhat along those lines; but, as far as I know, she has not discussed anything with the President. He has greatest confidence in her and values her services very much and certainly would like to see her stay on, as he has indicated for all members of the Cabinet.

Q Marlin, do you have anything on The Wall Street Journal story about the Russians saying they're ready for Shultz-Gromyko talks and that they sent a note to the administration Saturday saying that?

MR. FITZWATER: I don't have anything on the specifics.

Q -- accurate?

MR. FITZWATER: I can't say. We won't comment on diplomatic exchanges. No meeting has been scheduled. The President's views were made known on the -- at his June 14 press conference. And beyond that, I just -- I can't comment on any diplomatic exchanges.

Q Has the administration dropped its demand -- any pre-conditions for a summit meeting, even the ones that they had held to about it has to be well prepared and have a tangible prospect -- or a prospect of tangible results?

MR. FITZWATER: Well, I think on June 14, the President said that he would be interested in a summit without pre-conditions. He talked at that time of the Soviets wanting such a summit to be well prepared. And that's essentially the same words used by Chernenko last week.

Q So there has been no change in the administration's position on -- if not pre-conditions, it's feelings about what's needed to have a summit?

MR. FITZWATER: I don't think so.

Q At this point, does the administration feel a summit, along the lines that -- it's been mentioned, one without pre-conditions, one with an agenda, however, would be helpful in moving along the arms control process?

MR. FITZWATER: I think -- again, I would refer you back to the June 14 press conference. Those are the President's last words. He clearly stated his interest in a summit and his interest in the arms control process.

Q Marlin, The Wall Street Journal story was about a Shultz-Gromyko meeting, not a summit.

MR. FITZWATER: Yes.

Q And -- you're not going to say anymore about that possibility?

MR. FITZWATER: I can't. There's just nothing I can add it, except that nothing has been scheduled at this time.

Q Marlin, isn't there a January meeting that is sort of on tap in a different forum -- some kind of an arms control meeting in January that both might go to?

MR. FITZWATER: I don't know. I just don't know, Deborah.

Q Well, I'd like --

MR. FITZWATER: Yes, Maureen.

Q -- to change the subject. This new GNP figure, does that change the basis of your budget assumptions in any way?

MR. FITZWATER: I think from a practical standpoint, it probably doesn't have a tremendous impact in the sense that, if we're trying to reduce the deficit as much as we can and find as many cuts as we can, that, of course, remains the same.

In terms of the actual deficit figures, undoubtedly, it would change it somewhat because of the lower growth rate.

Q So, does that mean that as of today the deficit figures in the out years are revised upwards?

MR. FITZWATER: Oh, I don't know what the numbers could be. I wouldn't say there'd be any revisions of any significance. But the numbers would be somewhat different because you got a lower growth, you have lower revenues.

Q But --

MR. FITZWATER: But I have no idea how much.

Q But you said in your statement that moderating growth -- oh, you -- the forecasters are predicting a return to moderate growth next year. Does that mean your 4 percent --

MR. FITZWATER: We're sticking with the 4 percent growth forecast for next year. There are several signs that indicate these are transition quarters. In addition to the ones I mentioned, we have seen a drop in the interest rates. The prime has gone down a percent or so. Short-term interest rates have dropped steadily over the last nine to ten weeks. I think T bills are down to now 8.6 percent. And we haven't really felt the impact from that drop in interest rates yet.

In addition, consumer confidence remains high. We're going into the Christmas season, which promises some value, in terms of retail sales. So, I think most private forecasters -- and we would agree -- expect a return to more moderate growth in -- next year.

Q Marlin, the private forecasters have predicted lower than your 4 percent. You say there are no plans to change the 4 percent, even though the consensus is below 4 percent?

MR. FITZWATER: Well, these figures are just out today. But as far as I know, there are no plans to change that.

Yes, Frank.

Q Does this latest reading -- does the President feel this latest reading strengthens his argument to Congress to cut deeper and deeper?

MR. FITZWATER: Oh, I don't think it changes the political equation very much. Basically, we're facing the same situation we faced yesterday. It's a difficult process. We're hoping Congress will work with us. We think they want to reduce the deficit as much as we do. But I don't think this GNP figure will change that equation very much.

Joe.

Q Marlin, has the Mexican government requested any sort of assistance in connection with this natural gas explosion, and are you planning to offer any?

MR. FITZWATER: They have not requested any assistance as of yet. We have offered assistance, and our Ambassador in Mexico can provide assistance in terms of medical supplies and blankets and things of that nature if they are requested.

Q Ed Meese is coming up to the ranch today, is that correct?

MR. FITZWATER: That's right. He is here today.

Q Will he be bringing with him information of the budget problems that are going on in Washington?

MR. FITZWATER: No. You said going to the ranch -- I'm not sure that's right. But he's here in Santa Barbara.

Q Will he be discussing with the President the internal struggle that's been going on over there.

MR. FITZWATER: We don't anticipate that, no.

Candy?

Q Marlin, is there some sort of mechanism through which the cabinet -- the various Cabinet secretaries and top level people are informing you of their future --

MR. FITZWATER: Yes, they call me before they -- every morning when they get up.

Q Who called you today?

MR. FITZWATER: They said they wouldn't make a move without -- I'm sorry, go ahead, Kim.

Q Are you assuming that they -- is this administration assuming that these people are staying on unless otherwise told, or are they -- for instance, did Weinberger call you and say, yes, I'm -- you know, I'll sign up for next year. How is this working?

MR. FITZWATER: Well, first of all, we're assuming that everyone is staying in the sense that the President has told the Cabinet that he thinks they've done a good job and he wants to keep a winning team together and they're all welcome to stay.

In the case of his foreign policy team, it is -- it's also the case that the President has talked privately with Secretary Shultz and National Security Director McFarlane, Secretary Weinberger and Director Casey and has assured all of them that he wants them to stay on the next four years.

Q And not Kirkpatrick?

MR. FITZWATER: I don't think they've had a chance to talk, although again, I emphasize the President is extraordinarily pleased with her work, values her service very much, and definitely would like her to stay.

Q Are there plans to talk?

Q -- would like to leave.

Q Are there plans to talk?

MR. FITZWATER: I don't know.

Q Are we blindsighting you with this question about her resignation? I mean, do you know enough to comment on that?

MR. FITZWATER: No. I don't know that she's resigned. I don't have any idea of that. I don't think that's true. I haven't heard that. I read earlier -- a story this morning that said something about she hoped to talk to the President about it later or something, but that's all I've heard.

Q Marlin, she said that she wanted to leave her U.N. position, so you want -- you said the President wants her to stay. Is he prepared to give her another position or what?

MR. FITZWATER: I don't know, Pierre. We'll just have to wait and see what comes out --

Q Yes, well, Pierre's question is a good one. Stay at the U.N. or stay in the administration.

MR. FITZWATER: Well, that's a matter for them to discuss and I wouldn't speculate on it.

Q But you don't know that she's announced she intends to leave at the end of the session. I mean, you're telling us that she has not, as far as you're --

MR. FITZWATER: I don't know of any -- any official discussions with the President. No. All I know is what I read in the paper this morning.

Q What about a new subject.

MR. FITZWATER: Yes.

Q Do you have any comment at all on the reports that the administration is considering cuts in Veterans benefits and farm price supports?

MR. FITZWATER: I would just -- we haven't commented on any of the specifics of these kinds of stories, but on this one I do want to point out that this was a request made back in July by the White House and within the context of a review of all the health policies of the government, and it has nothing to do with the current budget process. And --

Q A request by whom to whom? I'm confused.

MR. FITZWATER: The Office of Policy Development in the White House has been, as part of their routine responsibilities, reviewing health policies throughout the government. And the request for Veterans Administration information that you read about in the paper this morning was made in July as a part of that review process and it is not a part of the existing budget process.

Q But then, what would it be used for?

Q Well, it's certainly related.

Q What would it be used for if it's not part of the budget process?

MR. FITZWATER: It would be used for second term initiatives in terms of any changes in health policies.

Q Well, Marlin, isn't --

Q Wait a minute. Isn't that -- how do -- what do you mean it's not part of the budget -- is this Office of Policy Development the same thing that Meese is overseeing?

MR. FITZWATER: Right.

Q But, you've been telling us it is part of the budget process.

MR. FITZWATER: Well, what I'm trying to do is say that this is part of a general process. It was not -- it was not one designed to come up with money. It's a review of policies and programs and and further, that no decisions have been made of any kind on any of these policies.

Q Then you're not denying that that is a proposal within the budget process, are you?

MR. FITZWATER: It's not a proposal. It was a request for information.

Q But Meese's -- you're saying it's not to come up with money, but none of Meese's -- he's not approaching it from that direction. You've said Stockman's approaching --

MR. FITZWATER: That's right.

Q So, Meese is, in the budget process, looking at programs to eliminate, or to cut, or to -- do we need them.

MR. FITZWATER: Or to improve.

Q Yes. But, or do we need them is they key that you mentioned yesterday. So, he's looking at the V.A. benefits and saying "Do we need them?" Correct?

MR. FITZWATER: Well, that process, while it's a part of the discussions, will undoubtedly go on long beyond the fiscal '86 budget.

Q Marlin, at one of the news conferences -- it's been so long, I forget whether it was in June or July -- the President answered a question on budget by specifically mentioning veterans and farm, didn't he? So, can we take it that this is a Presidential -- something of interest to him?

MR. FITZWATER: We have said that in the past. Right.

Q Then, you have said in the --

MR. FITZWATER: But that's -- I acknowledge that while at the same time saying that that doesn't mean any confirmation of the specifics you read about in these proposals this morning.

Q -- specifically --

MR. FITZWATER: It could be totally different areas. The veterans --

Q Given what the President said at his press conference and this routine review of health --

MR. FITZWATER: Yes.

Q -- policy, can we expect that the President will propose cuts in veterans' benefits and farm supports?

MR. FITZWATER: I couldn't say that.

Q But haven't administration officials -- the

President, Baker, somebody --

MR. FITZWATER: I could not say that.

Q -- haven't they said on the record these are areas that are being looked at in this budget process? I mean, we know that already, don't we?

MR. FITZWATER: Veterans' programs were one of the broad areas identified for review. But beyond that, I can't confirm or comment on any specific items.

Q Marlin, tell us what you meant, though, when you said that it will go on long beyond fiscal '86? Does that mean that -- are you saying it will not become part of the next budget that's being written?

MR. FITZWATER: Well, without commenting on this specifically because I really don't know the outcome of any of these specifics, the process of reviewing policies and programs that's being conducted by Mr. Meese and the Office of Policy Development is one that will continue into the next year. And there are any number of options that they are looking at that won't be dealt with in the budget but which you may see as administration initiatives come spring or summer or later on.

Q But you're not ruling out the possibility that there would be veterans benefit cuts in the '86 budget as presented next -- in January?

MR. FITZWATER: Well, we're just starting this process. There are -- no decisions have been made. We haven't even given the first options to the President, so I can't rule out anything in or out.

Q Well, has this got anything to do with the fact that many millions of World War II veterans are approaching the age of 65 this year when they wouldn't any longer have to depend on the VA but would shift over into Social Security? Is that what the request for information had to do with?

MR. FITZWATER: Jerry, I just don't know. I just don't have that specific a knowledge.

Q Marlin, what's the difference between a policy initiative and a budget process?

MR. FITZWATER: Well, there might be a lot of different ways we'd like to restructure programs to make them more efficient and more effective, whatever, that wouldn't have much budget impact.

Q In other words if there was a plan to revise the veterans' health system, there would be spending neutral? It wouldn't have to be in the budget, but it might be a piece of legislation?

MR. FITZWATER: I don't know. I have no idea. All I know is no decisions have been made in any veterans' programs.

Q Marlin, the thing will continue next year even though Meese won't be at the White House? I mean, it's going to continue after he goes to Justice, is that the idea?

MR. FITZWATER: Certainly. We have an Office of Policy Development, and that their job.

Q Marlin --

MR. FITZWATER: Yes.

Q -- who is here now and who has left? And among the administration officials that are here in Santa Barbara, are they

meeting privately themselves and going over any kind of budget figures?

MR. FITZWATER: No. There are no meetings here in Santa Barbara.

Q You ain't got a story -- (Laughter.)

Q And who's here?

Q Call your office --

MR. FITZWATER: Ed Meese and Craig Fuller and me.

Q What about McFarlane? Is he still here?

MR. FITZWATER: I'm sorry. And Bud. He's here through Thursday, I believe it is.

Q Marlin, if you all haven't already done it, you want to tell us why Reagan ended that Justice Department probe for foreign policy reasons without saying anything about it?

MR. FITZWATER: I really can't go beyond that. You all know the facts of the case. It was a foreign policy decision relating to our relationships to the British government, and the President simply ruled it was in our national interest to do that. But I can't be more specific than that.

Q You mean it will never be explained?

Q -- empire.

MR. FITZWATER: Probably not. (Laughter.)

Q Never say never, Marlin.

Q Just want to leave that big question mark in the history books.

Q Marlin, you said the President wants these Cabinet members -- Cap and McFarlane -- all to stay. Has he expressed a similar desire to have their subordinates, like Richard Perle and Richard Burt, stay as well?

MR. FITZWATER: I don't think we -- the President has dealt with the subordinates -- as Larry Speakes said last week -- that that's a primary matter for the Cabinet officers to consider.

Q So, Reagan hasn't expressed any interest in having the two Richards stick around? (Laughter.)

MR. FITZWATER: I think he's -- (laughter) -- he's expressed confidence in the Cabinet members and in the whole team.

Q Are you taking Larry Speakes' place?

MR. FITZWATER: And I assume that includes everybody.

Pardon?

Q Are you taking Larry Speakes' place?

MR. FITZWATER: No. Larry, you heard that, didn't you? (Laughter.)

Q So, you're more or less saying he does want both Perle and Burt to stay?

MR. FITZWATER: I have no information on those two gentlemen of any kind. (Laughter.)

Q What about --

Q Any kind?

Q -- Speakes? You got any information on Speakes?
(Laughter.)

MR. FITZWATER: He's a wonderful person to work for --
(laughter) -- I've never known such a gracious --

Q And for the consumption of the folks back home, huh?
(Laughter.) No smiling, Marlin.

Q -- I wanted to make sure I understood what you were trying to say on this veterans story. Having first -- by making the point that this was information requested back in July -- I mean, you seem to be trying to deflect speculation on this as a means of budget savings in the fiscal '86 budget -- and, second, by suggesting that they're looking at the forms of structural things, you seem to be ignoring that the story said -- that you were asked about this morning -- that the VA was asked to determine how much money the government would save with limited free care to veterans with service-connected ailments. I mean, are you trying to imply here that on all counts that this is not a big area for budget savings in the fiscal '86 budget? I mean, that seems to be --

MR. FITZWATER: Well --

Q -- why you've raised these other points.

MR. FITZWATER: Yes. No, I mean -- money and the cost of programs is always a factor in this kind of review. But I think what I'm trying to cast is to give this a sort of academic aura at this point, if you will -- (laughter) -- that it is a part of the whole government-wide review process; but it's not something that any decisions have been made about preliminarily or otherwise, that we've asked for information and we've received it; but we haven't made any judgments about these programs.

Q Yes, but this is what is being considered.

MR. FITZWATER: Well, I don't know everything that's on the table. I mean, in the sense that everything's being considered.

Q Well, come on. This is a document, and it's been out. It's being considered. This is part of -- you say it's not a proposal. What is it?

MR. FITZWATER: It's a part of our review of all the government policies, with an eye toward second-term changes.

Q Yes, Barry.

Q Marlin, the Heritage Foundation report that had that Social Security thing the other day, in their introduction it claims that two-thirds of their 1980 proposals were adopted by the administration. Does the administration concur with that?

MR. FITZWATER: I have no idea. I don't know how they calculated it or what their claims -- I have no way of knowing.

Yes, Sissy.

Q Marlin, back to the Shultz-Weinberger-McFarlane-Casey, did President Reagan call each of those people individually and say, "After the election, I want you to stay on"?

MR. FITZWATER: He talked to each of them individually; but I don't know the process of who called whom?

Q -- they called him and said, "Can I stay?"
(Laughter.)

MR. FITZWATER: I don't know. You know, these are all people he meets with continually and has discussions of all kinds with. (Laughter.)

Q Well, does that mean that he cares less whether -- Pierce stays?

MR. FITZWATER: He wants all members of his Cabinet to stay.

Q Why hasn't he told them that?

MR. FITZWATER: Pardon?

Q Why hasn't he told them that?

MR. FITZWATER: He has, most of them. (Laughter.)

Q Except the ones he doesn't want.

Q Which ones hasn't he told?

MR. FITZWATER: I don't know.

Q But, I mean, Speakes said, after --

MR. FITZWATER: I think that probably every one of them has been told that in some fashion, yes.

Q You think everyone of them --

MR. FITZWATER: I'm sure -- let me put it -- I'm sure.

Q You're sure.

MR. FITZWATER: Yes.

Q Because Speakes said after the election that Reagan at the Cabinet meeting, or at one of those meetings, would tell them altogether that they were welcome to stay. Well, he never did it.

MR. FITZWATER: Oh, they've been told in any number of ways. There's no question. No question.

Q Back on the economy and your reaction --

MR. FITZWATER: Yes.

Q -- to GNP numbers for just a second here. You talked about GNP and you talked about inflation. But there are some other things that you didn't mention: The consumer spending down, housing starts down, corporate profits down. Is there concern that the slowdown is steeper than you had predicted and -- had forecast, rather?

MR. FITZWATER: No, I think the concern is that the slowdown is pretty much as we expected.

Q Why is that concern --

MR. FITZWATER: The expectations are not relevant. The issue is it's a slowdown. We think it'll turn around. When you have a slowdown in gross national product, it's reflected in all those other indicators that you mentioned. So, that doesn't add anything to the equation.

Q Do you side with any of the economists who believe that there's a recession lurking out there?

MR. FITZWATER: No, I don't. I side with the economists who think that we'll be seeing moderate growth next year.

Q Hey, Marlin, do you have anything to say about the Fed?

MR. FITZWATER: No. Isn't it time to go here? I --
(laughter.)

Q You want to blame Defense for the slowdown, Marlin?

MR. FITZWATER: No.

Q Come on, Marlin.

MR. FITZWATER: No.

THE PRESS: Thank you.

MR. FITZWATER: Thank you.

Q Marlin, what about the First Lady?

Q Yes, Marlin, this is --

MR. FITZWATER: What'd you want to know?

Q -- doctor --

MR. FITZWATER: She did not see a doctor.

Q After the second opinion that she got, she did not go back to a doctor after that?

MR. FITZWATER: Well, I'm sorry. I don't know. The question I thought was did she see a doctor in Los Angeles, and the answer was no.

Q Okay. And I assume that by -- your use of the word "they," she is also going horseback riding today.

MR. FITZWATER: That's correct.

THE PRESS: Thank you.

END

10:35 A.M. PST