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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

January 3, 1983

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS *JGR*

SUBJECT: Upcoming Presidential Press Conference

Of the matters I have been working on, three are possible sources of questions at the upcoming Presidential news conference: the Orphan Drug Act (only if vetoed by the President), the propriety of payments to Legal Services Corporation Board appointees, and the Gorsuch executive privilege case. I have attached suggested Q & A's on those topics.

Attachments

ORPHAN DRUG ACT
(assuming veto)

- Q. Why did you veto the Orphan Drug Act, a bill to provide life-saving drugs for Americans suffering from rare diseases?
- A. My action in not approving that bill was based entirely on unrelated "riders" which had been attached to the orphan drug act provisions. In particular, there was a rider which required the government to compile -- within one year -- tables stating the causal relationship between radiation and cancer -- if there is any -- as a single percentage. Such a hurried and simplistic approach was certain to result in seriously misleading figures. I fully support efforts to encourage development of drugs for our citizens afflicted by rare diseases, and look forward to working with Congress on a bill that would do just that. The bill that was presented to me simply had too many special interest provisions completely unrelated to orphan drugs.

PAYMENTS TO LEGAL SERVICES BOARD APPOINTEES

- Q. There is growing congressional and public criticism of the consultant fees paid over the past year to your recess appointees to the Legal Services Corporation Board. Some have even suggested that any payments were illegal, because of the manner in which the individuals were appointed. Do you have any response to these criticisms?
- A. As soon as the criticism on the fees arose, I asked OMB to examine the propriety of the payments to these individuals. It would be premature for me to comment on this topic before seeing the results of that inquiry.

GORSUCH CASE

- Q. Is there any chance you will be willing to compromise on the claim of executive privilege asserted by EPA Administrator Gorsuch?
- A. I have to be careful in commenting on that matter, because it is now before the courts. After the House issued its contempt citation, we asked the courts to decide the issue, and we will abide by their resolution. As you know, it is our position that the documents in question should be protected from disclosure, because making them public would jeopardize our efforts to enforce the law -- the solemn Constitutional responsibility of the Executive. As far as compromise goes, we have made available to Congress the vast bulk of the documents it sought -- withholding only a minute portion. And we pursued possibilities of compromise at every turn. Now we look forward to a judicial resolution of the issue, and, as I have said, we will abide by that resolution.
- Q. Why has Anne Gorsuch retained an outside law firm to advise her on this matter?
- A. Administrator Gorsuch is represented by the Department of Justice. It is my understanding that the firm to which you refer is providing consulting services on a wide range of issues. Such arrangements are not at all unusual.
- Q. The House has filed a motion to dismiss the complaint filed by the Justice Department in the Gorsuch case, arguing that the court has no jurisdiction, and that the Executive Branch cannot bring a lawsuit against the House of Representatives. What will happen if the court agrees with the House?
- A. As you know, when an impasse developed on this question, we asked the courts to decide the issue. We would not have done so if we doubted the jurisdiction of the courts or the appropriateness of our action. We hope the courts will decide the question, and we certainly will abide by their determination. Beyond that, I do not think it appropriate to comment on what we will or will not do in response to hypothetical contingencies.

FFFielding: 2/11/83

Q. Last year the Supreme Court struck down the bankruptcy courts as unconstitutional, and Congress has not yet provided a constitutional substitute. What is the Administration's current position on this problem, which is causing chaos in the bankruptcy courts and financial community?

A. The Administration has been working closely with the Congress and representatives of the judicial branch in an effort to establish a constitutionally sound bankruptcy system. We support the proposal of the Judicial Conference to have bankruptcy administrators in each judicial district to supervise bankruptcy filings and a sufficient number of bankruptcy judges -- with the constitutional status the Supreme Court has said they must have -- to handle necessary legal matters. I hope Congress will act on this proposal promptly.

Q. Many of the Supreme Court Justices have been complaining that they are overworked, and the Chief Justice recently called for the creation of a court between the Supreme Court and the courts of appeals to help ease the Supreme Court's burden. Does the Administration favor this proposal?

A. Obviously, when the Chief Justice speaks on matters involving the judiciary, we listen very carefully. We are well aware of the increasing burden on the Supreme Court, caused by the unfortunate tendency these days of dragging everything into court. We are supporting efforts to ease this burden, including a proposal to give the Justices greater control over their own caseload by abolishing mandatory appeals. We will certainly give the Chief Justice's most recent proposal the careful consideration it warrants.

THE WHITE HOUSE
Office of the Press Secretary

NEWS CONFERENCE
BY THE PRESIDENT

February 16, 1983

The East Room

8:01 P.M. EST

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

February 16, 1983

NEWS CONFERENCE
BY
THE PRESIDENT

The East Room

8:01 P.M. EST

THE PRESIDENT: I have a short statement to make before we get to your questions. I assume that you do have some questions. I would especially like to speak to our citizens who have been hurt by unemployment. One of the most discouraging things about the recent recession was its duration. The figures show that industrial production leveled out in '79, has generally declined since then. But there was encouraging news as you all know today. Industrial production was up nine-tenths of one percent in January with autos and steel up sharply. And this upturn has been supported by other favorable economic signals in recent weeks including today's report that January housing starts are up 36 percent over the previous month to the highest monthly level since 1979.

As a result of the economic program we already have in place, the recovery is beginning to flex its muscles. But far too many Americans are still unemployed. The question still before us is how to ease the burden on the jobless without threatening the long-term recovery. And with this balance in mind, I recently instructed the Office of Management and Budget to see what we could do to increase employment by providing more relief in the short term. But I told them not to bring me just another quick fix.

Since then, we've been working toward a bipartisan compromise on jobs and humanitarian aid. And I hope that in the next several days, we can reach an agreement with the Congress so that a bill can be on my desk in March.

The bipartisan compromise has three basic elements. First, it would provide four billion dollars in accelerated expenditures for needed federal construction and repair projects. These projects directly and indirectly could provide as many as 470,000 jobs. Second, we would provide \$2.9 billion to fund a supplementary employment insurance -- or unemployment insurance, I should say, the programs through the end of the year. And, third, we're seeking \$300 million in additional humanitarian relief for those who are in serious distress.

Contrary to previous plans, this one is consistent with our basic long-term recovery program and my own personal principles. It funds no make-work jobs. Instead we're speeding up projects that are already planned and needed. This approach also will have minimum net impact on the budget deficit over the next three years since it accelerates money that we were already going to pay out, spending somewhat more now but less later. And the humanitarian relief is a one-time finding -- or funding, not the creation of some new continuing program.

In the weeks ahead, I will also send to the Congress my proposals for reducing long-term structural unemployment.

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These will include tax incentives for businesses that hire the unemployed, incentives for summer youth employment and funds to retrain displaced workers. I hope the Congress will swiftly enact this second package as well and together I believe we can get more Americans back to work over both the short term and the long.

And now -- Jim.

Q Mr. President, in the controversy over the Environmental Protection Agency, there have been suggestions of protection of private interests, of mismanagement, of manipulation, all of this creating the impression of an agency in cahoots with business.

What's the proper relationship between the EPA, business and the rest of the nation? Is the agency living up to your standards and do you have complete confidence in its director?

THE PRESIDENT: I certainly do and I think that the splendid record that has been accomplished by EPA in these last two years is being overlooked in the flurry of accusations that have been made now.

First of all, as we know, about a month before I arrived here, the Superfund was created. That was was a billion six-hundred million dollars of government money to help in the locating and cleaning up of chemical dumps or waste dumps that were -- have taken place over the years. And so this particular fund is to provide money if there is no one else that can be held responsible for some of these dumps, for the government to fund clearing them up. But the law also provides for EPA to bring suit, to make out-of-court settlements to try and get those responsible, where they can be located, to fund or help fund in these clean-ups.

So far, they have named 418 such dumps in the country, there must be thousands, but they've named those as high priority because of the risk associated with them.

Now, there have been 23 settlements so far that I know of. There's been one conviction, criminal conviction, and I have to tell you that I believe that the relationship is what it should be, working together with the concerns that are involved to try and get these cleaned up and, where there is responsibility, to get the private sector paying for it. So far, they've used up about \$220 million of the Superfund; but they've also gotten about -- somewhere in the neighborhood of another \$150 million from private concerns in these clean-ups.

Now, let me point out one thing because this ties in to the whole matter of

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whether the executive privilege that was invoked over something less than a hundred documents has played some part in what's going on now.

We made available to the Congress some 800,000 documents, and less than 100 were held out as actually being involved in cases and litigation -- cases involved clean-up and the -- and private concerns. And traditionally this is -- makes them eligible for executive privilege, because it would be disastrous to law enforcement, to our own efforts, and to the clean-up of these places if some of the information in these investigative reports was made public.

However, we offered to the Congressional committees that they could come and go over these reports themselves to make sure that they were what we said they were, and they refused. But now with this thing that has come up suggesting that there might be wrongdoing, we will never invoke executive privilege to cover up wrongdoing. And so I have ordered complete investigation by the Justice Department into every charge that is made. I hope we're not getting back to a place where accusation is once again going to be taken as proof of guilt.

And we have been negotiating -- because the judge that ruled the other day on the executive privilege idea -- he really ruled that we and Congress had not done enough to seek a compromise and to get together. So all afternoon we've been up on the Hill working with the Congress to work out some compromise whereby we can meet this problem, because I can no longer insist on executive privilege if there's a suspicion in the minds of the people that maybe it is being used to cover some wrongdoing. And that we will never stand for.

Q So as far as the suggestions, though, of mismanagement of the Superfund and manipulation, you seem to be saying you don't buy that.

THE PRESIDENT: This is what I've told the Department of Justice to look into on all of these. I have been confident of the management by Ann Gorsuch at the Department, and we are talking about getting someone to be of help and to counsel with regard to the Congressional relationships in the future so that she can devote her time to managing the agency.

Helen.

Q Mr. President, Congressman Foley praised you today for changing your mind on the emergency jobs bill

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and he said that means now that you finally recognize the harsh realities of the session. My question to you, sir, is, how soon do you think you'll get a compromise, and are you willing to go for an extra billion or so, or less, I should say, for, to meet Democratic concerns in terms of summer jobs, nutrition for women and children, and energy assistance?

THE PRESIDENT: Helen, we -- I didn't have to change my mind. I've been well aware of the harsh realities. In fact, I lived through them in a period of my life. Not too many of you in this room were aware of it at that time.

What we have done, very simply, is, as we've said, in our budget submitted for '84 and then looking toward '85, were a number of requests that we put in funding for repair, for maintenance, for construction of various agencies and departments. And what we were working on ourselves was accelerating these and simply moving them up into '83, in which I would have to ask for a supplemental appropriation to do them in '83, but then we wouldn't have to ask for that money in the '84 and '85 budgets. So this is what we are doing for the bulk of this.

There is some new money in our proposal also, and for some of the very things that you just mentioned, and we've been working with the leadership up there. And I think we are -- I can't say that we're agreed right down to every last comma and period, but they have been most receptive to this program, welcomed it, and I am hopeful that we are going to be able to have a bipartisan agreement on such a proposal.

Now, the difference between this and the type of thing that I threatened to veto was, that was about a \$5-1/2 billion program, but which was new funding, \$5-1/2 billion of new funds, and creating what were make-work jobs out in various levels of the public sector.

Q How about the add-ons?

THE PRESIDENT: What?

Q How about the add-ons? Will you go for -- ?

THE PRESIDENT: Well, as I say, wait till you see the second package that we're coming up with, because many of those things are covered. For example, you mentioned nutrition. Well, right now, in our budget, we will be providing for about a 12-percent increase in the people that are eligible for the nutritional programs over what they knew in 1980. Yes, wait a minute. Chris?

Q Mr. President, the Senate Foreign Relations Committee today held off your nomination of Kenneth Adelman as Arms Control Director, and several Senators asked that you withdraw his nomination. Will you?

THE PRESIDENT: No, I believe

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the young man is eminently qualified for this. All of his experience indicates it. He is well educated. He is a very intelligent man -- his experience with Jeane Kirkpatrick up at the United Nations and all. And I don't believe that they, in delaying this, have done anything to help us in our efforts to get an arms reduction agreement.

I look very much forward to having him doing this and I have to disagree with those who -- First of all, arms reduction should not be a political problem on the Hill. It is too serious, and we are too concerned with it. And frankly I feel that since I was the one who took the lead in bringing about the first real arms reduction talks that we have ever been able to hold with the Soviet Union -- and they are engaged in those talks right now -- I believe that I have a right to ask for my choice of who I thought could be of help to me in that.

Q If I may follow up, sir, what do you expect to do in the next week to turn around that majority that is now against Mr. Adelman and if Mr. Adelman cannot win the confidence of the Republican majority in the Senate Foreign Relations Committee how do you expect him to be an effective spokesman for the United States with the Soviet Union and our European allies?

THE PRESIDENT: I think that what I will do -- you don't give away trade secrets or anything but I will try to be as persuasive as I can and make them see the light. If that falls short, maybe I will try to make them feel the heat.

Q Further on arms control, sir, since November of '81 your administration has stuck to the so-called "zero option" in the INF phase and that tack so far has just led to deadlock. There has been a good deal of debate inside the administration about offering a different position, one that might lead to more bargaining. You have apparently chosen not to do that. Can you tell us why?

THE PRESIDENT: No, Larry, the situation is just exactly what George Bush was telling our friends in Europe that it was. Calling attention to back to when I first, before the Press Club, introduced this proposal for zero option, that I said we would negotiate in good faith any legitimate proposal that might be offered. Well, we still say the same thing. So far no legitimate counterproposal has been offered that would warrant negotiation or study. But we do believe that the zero option is the moral high ground in this situation -- that the opportunity in that area to get rid of an entire class of weapons and release both the Soviet Union, the Eastern Bloc, and Western Europe from the threat that is hanging over them

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warrants doing our best to get that solution.

Q Sir, if I might follow up -- by swinging to that position, if it is leading nowhere, don't you run the risk of the worst of both worlds -- no agreement with the Soviets and a backing down by the European allies about deployment of the new Cruise missiles and Pershings?

THE PRESIDENT: Well, let me just say, without getting into the strategy of negotiating, I don't believe we have reached that point yet. And I don't think that is a valid threat.

Bob? You.

Q Mr. President, a memo was drafted recently by the Director of the Office of Minority Affairs in the Agriculture Department, Isadora Rodriguez. It was for Secretary Block. And it contained some controversial changes in civil rights regulations. It was rejected by Deputy Assistant Secretary John Franke.

What information, if any, do you have about this?

THE PRESIDENT: Well, I cannot give you an answer right now. I do not know what this is. But I will certainly look into it, because -- are you suggesting that there were some suggestions with regard to employment in the Department?

Q Well, the memo suggests purging some aspects of Title VII of the Civil Rights Act with regard to under-representation. It, also, mentions that women and other groups have not supported you despite their benefitting politically and financially from Agriculture Department events such as Women's Week.

Now, given the perception which you have acknowledged that some people have of you, my other question would be why would such a memo come up through the administration. Why would it bubble up?

THE PRESIDENT: Well, it did not bubble far enough to get to me. (Laughter.) And I can only tell you that I will look into it, and communicate with Jack Block right away.

Ann?

Q Mr. President, Social Security has not gotten that much attention in the last couple of weeks. But there is a mounting campaign against the kind of compromise that you and the Democratic leadership came up with.

What will you do if you cannot get a compromise through -- if those, for instance, representing federal employees do make the argument successfully to Congress that federal employees -- their own retirement system would go bankrupt if you started including federal employees under a Social Security compact? Do you have a plan of what you will do if you have no success with your compromise?

THE PRESIDENT: Ann, first of all, I am confident that we are going to have an acceptable compromise. I think it ill behooves government employees to make an issue as to why -- and incidentally, remember, we are not talking about government employees who presently are covered by that program. We are talking about new employees who will, henceforth, come into government -- that they will be covered by Social Security instead of a government pension plan.

But I think it ill behooves them when this is a compulsory program for all the rest of the people in the country -- that they should somehow be exempt from this program --

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Then where do we start drawing the line? So, I think it was a legitimate part of the compromise to include them and since the program -- the present benefit program for -- or pension plan for government employees, is funded in part by employee contributions but the balance of it and the greatest percentage of it is covered just simply out of general tax funds, general spending. Why, I don't see where they can say that there's any threat to the existing program for existing employees in -- the newcomers then being covered by Social Security.

Lesley?

Q Mr. President, back on your Arms Control Director nomination, Kenneth Adelman. He was quoted today in the Senate Foreign Relations Committee hearing as having said that, "Arms talks are a sham that we just have to play out to keep the American people and European allies happy." With that kind of statement on the record from him, and with the fact that he doesn't have a lot of practical experience in arms control negotiations, are you not handing the Soviet Union a propaganda advantage in that propaganda war in Europe by presenting this man as our lead man on arms control?

THE PRESIDENT: No, I don't believe so and I don't -- I know that he is aware of what it is that we're proposing and what we're trying to do and it isn't -- he knows it isn't a sham, that we are as on the level as anyone can be in trying to promote this. And I think he can be helpful in that. And I think that it would be far more destructive to our allies and their peace of mind to see me repudiated by a Senate committee on someone that I want to help in this after the great success that George Bush has had and George Shultz in Asia.

Q Mr. President, in not voting on him today, as I understand the committee action, rather than vote against your choice, they're asking you not to make them do that but to withdraw him so they won't have to. But if they did have a vote, they would have voted against him. So --

THE PRESIDENT: Either way I would lose then, wouldn't I? And what's the difference whether I surrender or they beat me by one vote?

Q Mr. President, I'd like to ask you about another important appointment you're going to have to make before too long. The term of Paul Volcker, the Federal Reserve Chairman, expires in a few months and what I'm wondering is what are the qualifications that you'll be looking for in a new Fed chairman and would you consider reappointing Mr. Volcker to that job?

THE PRESIDENT: Now, you've asked one that I can't answer because I just don't believe in talking about possible appointments in advance. It will just have to wait until the time comes. I just don't discuss those.

Lou?

Q Mr. President, there's a report tonight that we have sent AWACS to Egypt and that we've sent a carrier nearby and I wanted to ask you, do you fear that there's going to be a Libyan attack on Egypt or could you explain why we've taken these actions that we apparently have taken?

THE PRESIDENT: I don't believe that there's been any naval

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movement of any kind. And we're well aware of Libya's attempts to destabilize its neighbors and other countries there in that part of the world.

But the AWACS, this is not an unusual happening. We have conducted joint exercises and training exercises with the Egyptian Air Force. One last year. We'll do more in the future. And these planes have been there for quite some time in Egypt, the AWACS planes, for this kind of an exercise and that's what they're going to conduct.

Q If I may follow up, sir. You don't see, then, any unusual or particular threat from Libya toward Egypt or its neighbors at this moment beyond the general attitude the Libyans have had?

THE PRESIDENT: As I've said to you, we're well aware of their propensity for doing things like that, so we wouldn't be surprised. But this is an exercise that we've done before, are going to do again and going to do it now. And there, as I say, has been no naval movement at all.

Sam.

Q Sir, I'd like to follow up on Lou's question. We understand that the threat may be from Qaddafi to the Sudan. And my question to you is how serious is the threat to the Sudan? And, if necessary, would you use American forces to stop Qaddafi?

THE PRESIDENT: I don't think there's any occasion for that. It's never been contemplated; but we've known that the Sudan is one of the neighboring states that he has threatened with destabilizing and so forth, just as he has with Chad. And that's all I can say about that.

But, no, we don't have any forces in that area that would be involved.

Q Well, sir, the question arises because, you'll remember very well, in 1981 we shot down two of Qaddafi's aircraft that we said were challenging us in the Gulf of Sidra. I take it if we do have naval forces there, we'd repeat that, if necessary?

THE PRESIDENT: This was an exercise that is held annually by our navy and part of the force was deployed narrowly in the Gulf of Sidra, which he had tried to claim -- international water or was -- not international waters, I'm sorry -- was his waters. This is as if we ran a line from the Texas border over to the tip of Florida and said, "The Gulf of Mexico is American waters. No one else can get in."

But in that instance, it was just very clear cut. They sent out planes and they shot missiles at two of our airplanes that were up there. And two of our airplanes turned around and shot missiles at them. And we were just better shots than they were.

Q Would we do it again if necessary, sir?

THE PRESIDENT: I think that anytime that our forces, wherever we have put them, are fired upon, I have said, they've got a right to defend themselves, yes.

Q To another very difficult problem, Mr. President, crime. You are aware, I am sure, that the United States has an utterly disgraceful number of murders. Do you believe that there's any correlation between the wide dissemination of guns in this country and this disgraceful record? And, in short, isn't it time

for a truly effective gun control law?

THE PRESIDENT: We get back to the old argument again -- and I have stated many times -- you cannot find in the states, the various states that have gun control laws that there is any proportionate difference in the crimes committed where there are those very strict laws and where they are far looser in their laws.

I think that the -- what we should be aiming at all over the country is what we did in California. And that is that -- never mind whether you're going to try to take guns away from good people, the criminal is going to find a way to have a gun. What we did was say that anyone convicted of a crime, if he had a gun in his possession at the time the crime was committed, whether he used it or not, add five to 15 years to the prison sentence and make the prison sentence mandatory. No probation could be given. And I think that is more of an answer. The guns aren't making people criminals; criminals are using guns.

Q Well, I've been wanting to ask you this for a long while, and with Mr. Hinckley in the news again this last week, don't you think that things might have been different if Hinckley hadn't had more difficulty in being able to get a gun?

THE PRESIDENT: Sure would have been more comfortable, except that at 2:00 in the afternoon, thereabouts, out there surrounded by many of you, he did what he did in an area that has about the strictest gun control laws that there are in the United States. Now, how effective are gun control laws for someone that wants to commit a crime using a gun when he could choose the place where there's supposed to be least likely to have one.

Candy?

Q Mr. President, in a recent interview you indicated that if the stabilization of Lebanon would require more peacekeeping forces that we ought to be willing to do that. My question is: Is the U.S. proposing or is it backing a plan that would include more peacekeeping forces in Lebanon and would those forces be somewhere other than the Beirut area?

THE PRESIDENT: We have said -- and there had been talk of this with regard to the difficulty in getting the present forces of the PLO, the Syrians and the Israelis out of Lebanon while they establish themselves and their government -- we have said that if in consultation with our allies, the multinational forces, if an increase and redeployment of those forces could aid and speed up this getting of the other forces out of there, I would be willing to go along with that. Of course, we would have to have the equal agreement of our allies in that or maybe other countries could join, too. And I think it would be well worth -- because I think this is too great an opportunity to finally bring peace to the Middle East for us to let this go by. And I would like -- as I say, I think it would be well worth the price to have them there. It doesn't mean that their duty would be very much any different than it is today. It's to be a stabilizing force while Libya* recovers from

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*Lebanon

this long period of warlords with their own armies and so forth, and establishes its sovereignty over its own borders.

Q If I could follow up, you seem to be indicating that you have decided. Have you proposed it? Is it part of the plan that Mr. Habib has taken?

THE PRESIDENT: No, this is just, as I've said, that if this should become a factor, and this could be the key element in resolving this situation, this departure of forces from Lebanon. Then, yes, I would be willing to go along with this.

Q Mr. President, as you know, there's an election approaching in West Germany, and the latest polls appear to give the opposition a prospect at least of winning those elections in March. My question to you is, what do you think the consequences would be for the western alliance if a new German government took office and declined to deploy the Pershing missiles?

THE PRESIDENT: I think it would be a terrible setback to the cause of peace and disarmament. So far I've had no indication that that would be a possibility. Herr Vogel has been here in this country. He indicated support of what it is that we're proposing in the arms reduction talks and he seemed to indicate his knowledge of how important our continued plan to deploy -- remember, at their request -- those missiles would be in securing this reduction in armaments.

So, we're not going to inject ourselves into anyone else's internal affairs or elections at all. But I believe that the Vice President's trip there found great support all over Europe of what it is we're doing, and in Germany, even, from the fact that there is, they're preparing for an election.

Q Do you think the deployment question will not turn on the West German elections, then?

THE PRESIDENT: No, I don't. I don't really believe that. When I said it would be terrible, I did not mean that to infer as that someone else might win an election. I meant that it would be terrible if any of our allies withdrew from their present position of support for this. This one?

Q Mr. President, a number of conservative leaders here at home have grumbled recently that you are being swayed by aides who don't share your ideology. What is your reaction both to the suggestion that aides are taking you in a direction you don't want to go, and secondly, to the slogan used by at least one of your members of the Cabinet, "Let Reagan Be Reagan"?

THE PRESIDENT: Well, I'll tell you, I read those things too, and I get pretty frustrated. Because maybe I'm going to have to have an exhibition up here in which we get some of those unnamed aides up and see if they can push me off the platform. I'm not being pushed around. I'm being given what I have asked for, which is every option, every shade of thinking on issues, and then I make the decisions. And there is one pushing me, and I'm beginning to think that those aides are akin to that mysterious "they" who always is saying something. "They say," and I have never met "they" as yet. Yes?

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Q Mr. President, back to the missiles in Europe, the message that Vice President Bush seemed to bring back and that we heard from him on television last week was that they do support your zero option proposal but since it has gotten nowhere that they would like -- very much like the consideration of a so-called "interim move" toward less progress. Coming out of your spokesmen in the last two or three days seems to be a very hard line against that. I want to know if you think that is making it politically more difficult for the NATO leaders to negotiate?

THE PRESIDENT: No, what he came back with was support expressed for our zero option and what he also did -- there is no question about, they wanted to know whether we are going to be willing to talk other issues -- and he pointed out to them my original statement, and that has been our position. If somebody wants to present another offer, we will negotiate in good faith with this.

Q If I may follow up. Since your zero option, Mr. Andropov made a counterproposal which has been rejected here. Doesn't that leave a lot of NATO leaders feeling like the ball should be in your court if there is going to be some sort of --

THE PRESIDENT: No, I said a reasonable proposal. One hundred and sixty two missiles with three warheads on each one -- we are up to the neighborhood of 500 missiles -- and yet we would still be zero. We would not have any deterrent force on our side. That does not sound to me like a reasonable proposal. Now I think the ball is still in their court.

MS. THOMAS: Thank you.

THE PRESIDENT: I should have been watching you.

Q Mr. President, I have been given a reprieve?

THE PRESIDENT: You owe her one.

Q Indeed, I do.

It is pretty clear, based on what people on the Hill in both parties are saying -- that there is not much sentiment for your idea of contingency taxes to kick in if the deficit is still going to be high several years down the road. So what is your alternate solution and are there any circumstances under which you would drop the indexing?

THE PRESIDENT: No, and I would have to explain why. At the rate that we are reducing inflation now, indexing as a tax measure is not going to be very important to anyone whether they have it or not with regard to the amount of money that they are going to be able to keep because inflation is, as I say -- and that we hope that by that time -- it is not scheduled to go into effect for awhile yet. But it would -- that we will even be in a better situation. But what I want indexing for is, let's not kid ourselves, government has found inflation a very hand method for getting additional revenues without having to face the public and demand a tax increase. It is a tax. Government gets a profit from inflation. And I would like to see the indexing put in place to permanently take away from government the incentive to create inflation in order to get more money. If they think they have to have more money then they should be able to stand up and tell the American people that they are going to ask for a tax increase.

Q Well, sir, if you cannot drop indexing how do you propose to correct the deficit if you don't get the contingency tax?

THE PRESIDENT: Well, how do they propose to -- how do they propose that, if indexing is not going to take much revenue away from government, with inflation down as low as it is, what are they counting on?

The contingency plan had one feature of it that appealed to me. And that is that it could only be -- it has to be passed first. And then, it sits there as a contingency. It could only be implemented if the Congress has agreed to the cuts in spending and the changes that we have asked for. If they have not done that, then we cannot.

But now, Helen will not give in on any more. I have got to go --

THE PRESS: Thank you.

END

8:36 P.M. EST

THE WHITE HOUSE

WASHINGTON

October 17, 1983

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS *JGR*

SUBJECT: Draft Briefing Materials for Possible
Press Conference Regarding Martin Luther
King and Airline Deregulation

Richard Darman has asked that comments on the above-referenced materials be sent directly to Mike Baroody by 2:00 p.m. today. The King holiday materials explain the President's shift as based on a view of the holiday as commemorating not just one man but the entire nation's struggle, and explains our opposition to opening the King tapes on privacy grounds. The airline materials basically present the view that in any competitive environment there will be winners and losers. I think the President should be given more guidance on responding to a specific question on use of Chapter XI to void labor contracts. I frankly do not know what the answer is - presumably we should avoid comment on specific cases - but the present materials give no guidance at all.

Attachment

THE WHITE HOUSE

WASHINGTON

October 17, 1983

MEMORANDUM FOR MICHAEL E. BAROODY
DEPUTY ASSISTANT TO THE PRESIDENT
DIRECTOR, OFFICE OF PUBLIC AFFAIRS

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Draft Briefing Materials for Possible
Press Conference Regarding Martin Luther
King and Airline Deregulation

Counsel's Office has reviewed the King holiday and airline deregulation materials for the possible press conference. We have no objection to the materials, but think more guidance may be advisable with respect to a question on the use of Chapter XI proceedings to void existing labor contracts. The materials at present contain no proposed answer, even though such a question could well be presented. While you will want to seek guidance from the appropriate departments on an answer, we recommend that the President simply recognize that concerns have been raised but decline comment on the ground that the question is being presented in the context of particular legal disputes (e.g., challenges to the Continental plan).

cc: Richard G. Darman

FFF:JGR:aea 10/17/83

bcc: FFFielding
JGRoberts
Subj
Chron

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING☐ H - INTERNAL☐ I - INCOMINGDate Correspondence
Received (YY/MM/DD) 1 1Name of Correspondent: Richard G. DARMAN☐ MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: Draft Briefing Materials for Possible
Press Conference
re: Martin Luther King
- Airline Deregulation

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CW HOLL</u>	ORIGINATOR	<u>831017</u>			<u>1 1</u>
	Referral Note:				
<u>CWAT18</u>	<u>B</u>	<u>831017</u>		<u>S</u>	<u>831017</u>
	Referral Note:				<u>2:50 pm</u>
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				

ACTION CODES:

A - Appropriate Action
 C - Comment/Recommendation
 D - Draft Response
 F - Furnish Fact Sheet
 to be used as Enclosure

I - Info Copy Only/No Action Necessary
 R - Direct Reply w/Copy
 S - For Signature
 X - Interim Reply

DISPOSITION CODES:

A - Answered
 B - Non-Special Referral
 C - Completed
 S - Suspended

FOR OUTGOING CORRESPONDENCE:

Type of Response = Initials of Signer
 Code = "A"
 Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, OEOB).
 Always return completed correspondence record to Central Files.
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

WHITE HOUSE STAFFING MEMORANDUMDATE: 10/17/83 ACTION/CONCURRENCE/COMMENT DUE BY: 2:00 TODAYSUBJECT: DRAFT BRIEFING MATERIALS FOR POSSIBLE PRESS CONFERENCE

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	HERRINGTON	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input type="checkbox"/>	HICKEY	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	McMANUS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VERSTANDIG	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WHITTLESEY	<input type="checkbox"/>	<input type="checkbox"/>
GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide any edits directly to Mike Baroody by 2:00 p.m. today, with an information copy to my office.

Thank you.

RESPONSE:

OCT 17 1983
12 N

Richard G. Darman
Assistant to the President
Ext. 2702

M

MARTIN LUTHER KING HOLIDAY

Why did RR switch to supporting this?

- o National holiday would commemorate not just one man but would be celebration of entire nation's struggle to assure equal rights for all.
- o Would be a day of great symbolism for Black Americans and serve as reminder to all Americans what this country stands for.

What about Helms effort to get access to FBI tapes on King?

- o Much of that information was obtained in ways that wouldn't stand up to today's standards under privacy act.
- o That's why it was sealed (for 50 years) in the first place and why we opposed breaking the seal at this time.

12

AIRLINES' PROBLEMS -- DEREGULATION TO BLAME?

- o It's true some major carriers have had serious problems since deregulation in 1978. Braniff did and now Eastern and Continental.
- o But other majors had difficulties, even before dereg.
- o At the same time, many new lines have started up, and seem to be doing very well under new, more competitive conditions that dereg has created.
- o Also, while Eastern and Continental were in trouble, other major carriers (like United and American) were coming out of recession showing profits.
- o Industry-wide, the recession had big impact. In 1981, losses were heavy, at \$1.8 billion. That's down this year to an estimated \$100 million -- and those lines which are competing successfully expect to show profits totalling \$800 million.

Background

- o Eastern has worked out agreement with employees that will keep her planes in the air. Borman, Eastern's President, had held out Chapter 11 bankruptcy proceedings as an option if agreement couldn't be worked out.
- o Instead, Eastern was able to agree on labor contracts.
- o Chapter 11 was the controversial tactic used by Continental chief Frank Lorenzo. Less than 3 days after he declared bankruptcy, he started the planes flying again with non-union crews.
- o Lorenzo claims wage costs were major financial problem but his tactic, obviously, raises questions from labor about use of Chapter 11 as union-busting device.

Key point: Always winners and losers in a free market. In the first 6 months of this year, 15,000 businesses failed. But, 35,000 new ones were started in the same 6 months.

THE WHITE HOUSE

WASHINGTON

October 17, 1983

MEMORANDUM FOR MICHAEL BAROODY
DEPUTY ASSISTANT TO THE PRESIDENT
AND DIRECTOR OF PUBLIC AFFAIRS

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Draft Briefing Materials for
Possible Press Conference

I have reviewed the talking points for the tentative press conference and submit the following:

The Economy

No legal or other objections to the material provided on this subject.

Interior Secretary

1. The reference to Secretary Watt's resignation, to be more accurate, should read: "His resignation was accepted with regret."
2. The reference to Secretary Watt's apology should emphasize his apology to the members of the commission, not to the President. I recommend you either reverse the reference to both or, preferably, drop the reference to the President.
3. I recommend you insert the word "delicate" between the words "sought" and "balance" in regard to the point about "preservation and development." I would submit that any balance is delicate, and use of the word helps to emphasize the difficult nature of the task.
4. Concerning the proposed comments regarding Judge Clark, I recommend that the first bullet read:

° He's a proven manager.

page 2

Martin Luther King Holiday

With regard to the Helms effort:

1. "We are advised" that much of the information was obtained
2. That's why it was sealed (for 50 years) in the first place and why the Department of Justice has taken a position opposing breaking of the seal

RR's Overall Record in First 1000 Days

I have no legal or other objections to the material provided.

Airlines' Problems -- Deregulation to Blame?

We have no objection to this material, but think more guidance may be advisable with respect to a question on the use of Chapter XI proceedings to void existing labor contracts. The materials at present contain no proposed answer, even though such a question could well be presented. While you will want to seek guidance from the appropriate departments on an answer, I recommend that the President simply recognize that concerns have been raised, but decline comment on the ground that the question is being presented in the context of particular legal disputes (e.g., challenges to the Continental plan; the use of the term "tactic" prejudices the issue).

Campaign '84

I recommend the inclusion of the attached paragraph (Tab A) on the equal time rule in this section. Additionally, we will submit further recommendations for questions and answers on the legal issues regarding "Campaign '84" and other legal issues that may arise in a press conference to you as soon as possible.

Miscellaneous Issues

Immigration bill

From a legal standpoint, we have no objection to the proposed response.

Network Syndication

As I am recused from this issue, Dick Hauser will be submitting a memorandum to you on this subject.

cc: Richard G. Darman

FFF:dgh 10/17/83

cc: FFFielding, SMCooksey, HLGarrett, JGRoberts, DEWilson, Subject, Chron

Addition to Campaign '84 Section

Effect of Equal Time Rule on RR Decision and Future Radio Talks

- ° In our opinion, the equal time rule does not apply to broadcast appearances of the President, including his radio talks, at this time. The equal time rule will not apply until a formal announcement is made.
- ° The FCC has said that it does not consider a "legal" candidate under Federal election laws to be a "legally qualified candidate" under the equal time rules.
- ° We are not delaying a "formal announcement" of candidacy because of the equal time rule. Since the FCC only requires equal time to be afforded to primary candidates of the same party who are "legally qualified" under its regulations (not the FEC regulations), and we are unaware of any candidates for the 1984 Republican Presidential nomination who would be able to demand equal time in response to broadcasts by the President, it is not a real factor in the decisions regarding a "formal announcement" of candidacy.

THE WHITE HOUSE

WASHINGTON

October 17, 1983

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS

SUBJECT: Ethnic Press Lunch and Press Conference

Linus Koejelis, who handles the ethnic eastern European community for Public Liaison, has advised me that the President could be confronted with a question on the Justice Department Office of Special Investigations at tomorrow's scheduled luncheon for the ethnic media. Many Americans of Baltic (Lithuanian, Latvian, Estonian or Ukrainian) descent are outraged that OSI - the office that prosecutes alleged Nazi war criminals, usually seeking to revoke their citizenship and deport them - cooperates with Soviet legal authorities and the KGB to obtain evidence against individuals who fled eastern Europe to America as the Red Army retook eastern Europe. OSI does, as a matter of fact, cooperate closely with the Soviets, and the Soviets are of course anxious to produce evidence that individuals who left Latvia, Lithuania, Estonia, or the Ukraine for America are nothing but Nazi war criminals. The Baltic American community argues - quite persuasively, in my view - that defendants in OSI cases risk being railroaded on the basis of Soviet evidence of dubious validity, with no opportunity to gather exculpatory evidence from the same sources. (The KGB is not subject to the FOIA; nor are Soviet prosecutors subject to due process constraints.) These arguments are beginning to find a receptive audience in the courts (see attached clippings).

My draft question and answer for the President avoids any substantive comment, and notes an awareness that most eastern European-Americans are not Nazi sympathizers (a point the ethnic community takes great pains to make).

Attachment

Soviet tape fails to oust immigrant

Newark, N.J. (AP) — A federal judge threw out a citizenship-revocation case yesterday against a man who allegedly killed 2,000 Jews in World War II, saying the U.S. government failed to guarantee that evidence supplied by the Soviet Union was reliable.

U.S. District Judge Dickinson Debevoise said the government did not show that videotaped statements against Lithuanian immigrant Juozas Kungys, collected by a "totalitarian" state, could meet the standards of American justice.

The government sought to have Mr. Kungys's citizenship revoked. He was accused of helping Nazis kill 2,000 Jews during World War II.

Other immigrants accused of collaborating with the Nazis have lost their cases on the basis of videotaped testimony, obtained with the assistance of Soviet authorities, from witnesses living in Eastern Europe.

The judge noted that the Soviets have attempted to strengthen their image with residents of the Baltic states by discrediting people who have left those states. He cited testimony from a Soviet KGB defector who described "propaganda" designed to discredit emigres "by characterizing them as war criminals or collaborators during the German occupation."

Judge Debevoise heard testimony

from April to June in the non-jury civil trial.

The government charged in a five-count complaint in July, 1981, that Mr. Kungys, 67, of Clifton, N.J., had illegally obtained U.S. citizenship by concealing his role in the killings in Lithuania in the summer of 1941.

The Justice Department's Office of Special Investigations said he was the leader of partisans who helped the Nazis herd naked men, women and children into mass graves in the central Lithuanian village of Kedainiai, where they were shot.

The complaint said Mr. Kungys entered the United States April 28, 1948, on a visa issued in Germany, where he had fled ahead of retreating German forces in 1944. Mr. Kungys received his U.S. citizenship February 9, 1954, and was a dental technician in Clifton until he retired.

His lawyers maintained he was not in Kedainiai at the time of the killing but rather was a member of the Lithuanian underground resisting the Nazis.

The bulk of the government's case consisted of testimony videotaped in Lithuania by people who said they had witnessed the killings.

Juozas Kriunas, 66, a resident of Lithuania, testified on one tape that the man identified as Mr. Kungys gave the orders and personally supervised the mass killings, which lasted more than 12 hours.

Mr. Kriunas, a retired sewer worker who authorities said served a prison sentence for his part in the killings, could not pick out Mr. Kungys's photograph, however. He said too much time had elapsed for him to do so.

Donald Williamson, the lawyer for Mr. Kungys and his wife, Sophia, a dentist, said, "He's happy and she's crying."

Alleged Nazi wins court test

By DAVID HARDY
and RICHARD SISK

A federal judge in Newark yesterday refused to revoke the citizenship of an alleged Nazi war criminal, on grounds that testimony against him may have been coerced or fabricated by the Soviets.

Judge Dickinson R. Debevoise acted in the case of Juozas Kungys, 67, a retired dental technician from Clifton, N.J. In 1948, when he entered the U.S., Kungys allegedly concealed his role in the mass murder of more than 2,700 Jews in his native Lithuania.

The government's case against Kungys rested mainly on taped depositions from witnesses to the executions, made in Lithuania with the cooperation of Soviet authorities.

In a 100-page ruling, Debevoise said: "If the government deputizes a totalitarian state to obtain for it evidence to be used in a U.S. court, the government must take whatever steps are necessary to insure that the evidence was not coerced or otherwise tainted by improper pressures."

HE SAID MOSCOW had a strong "state interest" in the Kungys case and also noted that the Soviet legal system "distorts or fabricates evidence in cases such as this."

The interviews of the witnesses were "conducted in a manner which made it impossible to determine if the testimony had been influenced improperly by Soviet authorities," the judge said. "A Soviet employe served as translator, evidencing actual bias in the manner of translation."

The government had charged that in 1941, Kungys aided the occupying Nazi forces in rounding up 2,706 Jews from the ghetto in the Lithuanian town of Kedainiai. The victims were taken to a nearby horse farm, where they were

shot to death and buried in a mass grave, the government charged.

Kungys denied the charges, saying the Soviets sought to frame him because he fled Communist rule.

The government is considering whether to appeal.

THE WHITE HOUSE

WASHINGTON

October 17, 1983

MEMORANDUM FOR KARNA SMALL
DEPUTY ASSISTANT TO THE PRESIDENT
DIRECTOR, MEDIA RELATIONS AND PLANNING

FROM: FRED F. FIELDING *6:15 10/17/83*
COUNSEL TO THE PRESIDENT

SUBJECT: Ethnic Media Luncheon

We have been alerted that the President may be confronted with a question concerning the Justice Department Office of Special Investigations at tomorrow's ethnic media luncheon. A proposed question and answer follows:

Q. The Justice Department Office of Special Investigations cooperates closely with Soviet authorities, including the KGB, to obtain evidence against eastern European immigrants accused of being Nazi war criminals. The Soviets are only too happy to portray those who left Lithuania, Latvia, Estonia, or the Ukraine for America as Nazi sympathizers, so the evidence supplied by the Soviets is of suspect authenticity. Do you approve of our Justice Department cooperating with the KGB to obtain evidence to use against American citizens?

A. There are several OSI cases pending in the courts, considering some of the questions you've raised, so it would not be appropriate for me to comment specifically upon them. I can say, however, that I have no doubt that the vast majority of immigrants who came to this country after World War II from the Baltic states, the Ukraine, and eastern Europe were not Nazi sympathizers - as the Soviets try to portray them - but were simply seeking freedom from Soviet oppression.

FFF:JGR:aea 10/17/83


cc: FFFielding
JGRoberts
Subj
Chron

THE WHITE HOUSE

WASHINGTON

January 7, 1985

MEMORANDUM FOR MICHAEL E. BAROODY
DEPUTY ASSISTANT TO THE PRESIDENT
DIRECTOR, PUBLIC AFFAIRS

FROM: JOHN G. ROBERTS 
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Proposed Press Conference Materials

Counsel's Office has reviewed the proposed press conference materials. The second bullet item concerning the subway vigilante should be changed. It is not yet clear that there will be a trial. Mr. Goetz has been arraigned and the charges against him have been referred to a grand jury. There will be a trial only if the grand jury decides to indict Goetz -- a likely but not inevitable outcome. We recommend changing "There'll be a trial and the issues can be resolved there by a judge and jury" to "The issues can be resolved by the New York criminal justice system."

cc: Richard G. Darman

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING☐ H - INTERNAL☐ I - INCOMINGDate Correspondence
Received (YY/MM/DD) 1 1 7Name of Correspondent: Richard G. Warman☐ MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: Proposed Press Conference Materials

ROUTE TO:

ACTION

DISPOSITION

Office/Agency	Staff Name	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CU Holland</u>		ORIGINATOR	<u>8510107</u>			
		Referral Note:	<u>please reply to Mike Baroddy</u>			
<u>CUAT-18</u>		<u>R</u>	<u>8510107</u>		<u>S</u>	<u>8510107</u>
		Referral Note:				<u>1:30 pm</u>
			<u>1 1</u>			<u>1 1</u>
		Referral Note:				
			<u>1 1</u>			<u>1 1</u>
		Referral Note:				
			<u>1 1</u>			<u>1 1</u>
		Referral Note:				

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet
to be used as Enclosure

- I - Info Copy Only/No Action Necessary
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- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, OEOB).
 Always return completed correspondence record to Central Files.
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/7/85 ACTION/CONCURRENCE/COMMENT DUE BY: 1:30 p.m. TODAY

SUBJECT: PROPOSED PRESS CONFERENCE MATERIALS

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	VERSTANDIG	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WHITTLESEY	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BAROODY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HERRINGTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HICKEY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
McFARLANE	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
McMANUS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward any comments directly to Mike Baroody, with a copy to my office, by 1:30 p.m. TODAY. Thank you.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

1985 JAN -7 AM 11:31

GENERAL POINTS ON NEXT FOUR YEARS

- o Key goals are two:
 - expanded opportunity for all Americans;
 - peace through continued strength and arms reduction negotiations.
- o Time and again over last four years, Americans have proven to the world we are still a nation of problem-solvers -- "can-do" types who want to build the future, not just sit by and wait for it to happen.
- o We've proved naysayers to be wrong. Don't have to accept "era of limits."
- o Will outline more specific agenda in State of the Union, but some items are already well known. To mention a few (in 4 key categories):
 1. to continue economic expansion -- spending restraint and tax simplification;
 2. to extend recovery's benefits, create more jobs -- enact enterprise zones and youth opportunity wage,
 3. to strengthen traditional values -- school prayer, tuition tax credits;
 4. to strengthen peace -- continue strategic modernization while pursuing arms reductions.

Congress

- o Expect to work closely with House and Senate on these and other important objectives -- as have in the past.
- o RR sure that new leadership in the Senate -- majority leader Dole and others -- seriously committed to working with us. Good start made already with early efforts at cooperation on the budget.
- o Want cooperation -- and expect it -- but RR not reluctant to "go over their heads to the people" if that's necessary.
- o And there's always the veto, if it comes to that.

OUTLOOK FOR THE ECONOMY

- o Plenty of reason for confidence growth can and will continue and inflation will stay under control.
- o Recent signs -- like 1.3% increase in leading indicators last month -- shows economy still moving.
- o Four years ago, critics were saying RR's plan for economic recovery couldn't work -- but it did.
- o Look at record:
 - inflation at around 4% or less for 3 years;
 - almost 7 million jobs in 2 years;
 - interest rates down;
 - burden of regulation lessened, costs cut for consumers and business.
- o Have done all this while cutting tax rates at same time.
- o RR was confident at the start we could get the economy moving again.
- o Now just as confident we can get deficit down -- the biggest remaining economic problem we've got.
- o Key point: prime goal of expanded opportunity for all Americans depends on our success at meeting remaining economic goals -- getting spending under control to cut deficit and shore up confidence.

Some current indicators

- o Inflation -- 4.2% over last 12 months.
- o Interest rates -- prime at 10 3/4%. Other rates also down.
- o Jobs -- About 107.6 million Americans working today, more than ever in history.
- o Auto sales -- more U.S. made cars sold in 1984 than any year since oil-shock of 1979.

FISCAL 1986 BUDGET REQUEST

General points:

- o FY86 request being wrapped up this week -- will go to Congress in early February.
- o Will be good plan for getting deficit down next year and to neighborhood of 2% of GNP by 1989.
- o Key objective is spending that reduces deficit to around 4% of GNP for FY86. No retreat from that goal.
- o Being guided by concept of "freeze plus" keeping over-spending at this year's level (which requires cuts in some programs because of unavoidable growth in other areas -- like interest, defense, Social Security).

New House budget chairman Gray says "dead-on-arrival" and Senate Republicans drafting their own budget. What chance does RR's budget have?

- o A good enough chance that RR's prepared to fight for it if necessary.
- o Already working closely with Congress and plan to continue to do that -- so doesn't really think a fight is necessary, certainly not inevitable.
- o Have held series of very constructive meetings with Senate leadership and with House Republicans. Maybe earliest substantive start on budget deliberations between Congress and President ever.
- o As for Senate Republicans budget, they make it clear their proposals will incorporate much of ours. We're starting out on a positive, cooperative basis -- am sure we'll end up that way.

What about Democrats in the House?

- o In 1985, we start with whole country agreed that deficit has to be cut -- campaign of 1984 proved there was consensus on that. Candidates at all levels in both parties campaigned on it.
- o Most Democrats now sitting back, waiting to see what we propose, but RR's hopeful they'll work together with us once budget cards on the table.

- o Most thoughtful Dems realize there's no partisan gain in obstructionism -- people want results, not partisan gamesmanship.

If Congress cuts Social Security COLA, will RR go along?

- o RR said over and over last year, SS cuts no way to reduce deficit.
- o Still committed to that, and has ruled any cuts off limits to own budget planners.
- o Aware that some in House and Senate disagree, but not convinced yet that a majority think so.

Prepared now to say you'd veto budget that cuts SS, or takes more from Defense?

- o RR feels bound by Social Security pledge. (In first debate, RR broke his own rule, said "never.")
- o As for Defense, we'll send Congress a restrained request for what we think is bare minimum -- and we'll work hard to get that spending level passed.

PERSONNEL CHANGES

General points:

- o A few departures were expected, as RR said all along. Personal and financial sacrifices of public service can't go on forever.
- o RR understands the desire for some to return to private life -- Deaver, Clark two good examples, and they'll both be sorely missed.

Conservative concerns

- o No reasonable grounds for such concern.
- o RR has little patience with idea that the strength of his lifelong commitment to goals of shrinking government and strengthening defense and traditional values is dependent on others on staff, in Administration.
- o As for Meese position in WH -- two points:
 - First, Ed's very special role of last four years really can't be filled by another, so won't try to replace him;
 - Second, not losing his advice and counsel. As AG he'll be close by and much involved.

Another "God-fearing westerner" for Interior?

- o Yes -- or someone who thinks like one.
- o No choice made to succeed Bill Clark, but it'll be person who meets same high standards he did.

General point:

- o RR's said often he's proud of team in first term.
- o Sorry to be losing a few who played central roles in what we were able to achieve over last four years but RR confident that strong foundation they helped to build -- and strong staff still here -- will allow us to add to accomplishments over next four years.

FUTURE OF ENERGY, EDUCATION DEPARTMENTS AND CEA

- o Still our policy these Departments not needed to carry out essential functions.
- o Congress hasn't agreed so we haven't been able to eliminate them.
- o Could save money without them -- at no loss to people or the nation -- but convincing Congress of that more than we've been able to do so far.
- o Will certainly try again if it looks like we can get the votes.

Abolish CEA?

- o RR said he was thinking about it.
- o Since established by Congress more than 30 years ago, economics profession has exploded on the public scene.
- o Not hard any more -- as it once was -- for any President to find independent views from economists about wisdom of policy or outlook for the future.
- o Numerous research firms, think tanks, and individuals publishing today.
- o Point is, CEA no longer only source of independent advice and commentary President can rely on -- far from it.

MISCELLANEOUS ISSUES

Abortion clinic bombings

- o RR condemns these bombings and the individuals responsible must be brought to justice.
- o Have told the Attorney General to ensure that all Federal agencies with jurisdiction pursue investigations vigorously.
- o Self-defeating and contradictory for any who view abortion itself as an act of violence, to oppose it with resort to another act of violence.
- o The bombings are reprehensible. RR condemns them and will do all in his power to bring them to an end through appropriate law enforcement efforts.
- o Also, in fairness it's important to note these violent acts have been widely condemned by responsible leaders in right-to-life movement.

Comments on subway vigilante?

- o In the specific case, a man has surrendered to the authorities, saying he did the shootings.
- o There'll be a trial and the issues can be resolved there by a judge and jury, not by RR in this press conference. 2
- o In general, RR thinks all of us in government and law enforcement can take this much publicized case as one more powerful reminder that our progress against crime -- though very positive -- is far from complete.
- o The subway incident shows that despite falling crime rates, too many people still fear the threat of senseless criminal violence.
- o All have to recognize crime as a community problem, for communities to deal with and solve. We in government working to strengthen laws to give police better tools for fighting crime.
- o All of us, in and out of government, can also work to make sure local law enforcement officials enjoy the support they need and deserve.

REMINDER ON MOST IMPORTANT ACCOMPLISHMENTS

Most Important GENERAL Accomplishments:

- o Put talk of malaise and era of limits behind us and in the last four years, we have disproved two major myths about America:
 - that her best days were behind her (you ain't seen nothing yet); and,
 - that government, people were powerless to solve problems and the system just didn't work anymore.
- o They were wrong.
- o RR believes we have restored hope, confidence and optimism -- and made them Americans' birthright again.

Ten SPECIFIC Accomplishments:

1. inflation: from 2 years in double digits to 3 years around 4 percent;
2. taxes: 25 percent rate reduction and indexing;
3. interest rates: prime down almost 10 points, others also down;
4. jobs: almost 7 million in last 23 months;
5. regulation: reforms so far to save consumers and business \$150 billion over 10 years;
6. growth: restored it with low inflation;
7. education: shifted emphasis to how much students learn, not how much government spends; renewed commitment to excellence;
8. crime: rate dropped last 2 years in a row;
9. energy: U.S. far less dependent, and gasoline prices down a dime a gallon since inauguration;
10. social security: saved the system while benefits rose (up \$180 for average retired couple).