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THE WHITE HOUSE
Office of the Press Secretary

PRESS BRIEFING
BY
LARRY SPEAKES

February 22, 1985
The Briefing Room

12:13 P.M. EST

INDEX

SUBJECT

PAGE

ANNOUNCEMENTS

President's Schedule.....1
 Poster Child Kristen Ellis/Abigail Van Buren
Mrs. Reagan/Governor's Spouses.....1
EPA Superfund.....1

DOMESTIC

Secretary Block/Farm Bill.....1-2
Treasury Tax Plan.....5-9,11-13
Science Advisor Keyworth.....12

FOREIGN

Nicaraguan Government.....2-5
South African Government.....3-4
Soviet Military Spending.....10
Mexican Border/Ambassador Gavin.....10-11
Trade Issues/Auto Quotas.....12-13

12:40 P.M. EST

#1338-02/22

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LARRY SPEAKES

February 22, 1985

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12:13 P.M. EST

MR. SPEAKES: The President this afternoon at 2:00 p.m. is seeing the Poster Child, Kristen Ellis.

Q 2:00 p.m. or 2:30 p.m.?

MR. SPEAKES: It's between 2:00 p.m. and 2:30 p.m. We'll get you out in the Rose Garden in time. He's seeing a number of people in the 2:00 p.m. to 2:30 p.m. block for brief meetings and these will be among them. Abigail Van Buren will be there. We've put out a notice to the press with some attachments. It includes the original "Dear Abby" column and the President's follow-up letter, plus some background provided by the March of Dimes.

Mrs. Reagan's press office has a notice that Mrs. Reagan will be hosting a luncheon for the Governors' spouses who are attending the National Governors Association. This will take place Monday. And she will speak and pianist, Byran Janis, will entertain. Expanded pool coverage at 1:00 p.m. I see everything on here except the location. You can find it.

Later this afternoon, we'll have a letter or a message to Congress and some additional information on the President's proposal for Super Fund reauthorization. This will include copies of the legislation, section-by-section analysis and a transmittal letter.

At 2:00 p.m., EPA Administrator Lee Thomas will have a news conference to discuss the details of the proposal. So, that goes today.

Q Where's that?

Q At his place?

Q Where?

MR. SPEAKES: At his place, yes.

Q Whew.

Q Whew. (Laughter.)

MR. SPEAKES: Can't handle the Super Fund?

Q Your place or mine?

Q Thank goodness.

Q At your place.

MR. SPEAKES: We're still maintaining contact with the Majority Leader in the Senate on the Meese nomination/farm bill discussion. There's nothing changed. Secretary Block is off and running in implementing the President's proposal, plus the other agreements that we made last night and the Democrats didn't agree to.

MORE

#1338-02/22

Q Didn't Block send a new letter? And didn't the Democrats decide to accept that this morning?

MR. SPEAKES: Same letter. I don't know that they've decided to accept it. The last I heard they were still talking. Maybe they did.

No difference in the letter. We had dealt with them on a letter yesterday. It might have been revised. Maybe that's what you're talking about.

David.

Q Nicaragua?

Q Sir, on the matter of Nicaragua, can you be specific? Under what provision of the OAS Charter are you advocating to help the Contras to change the government of Nicaragua? I want a specific --

MR. SPEAKES: We would direct you to the State Department Legal Office on that. They can be helpful. They're better international lawyers than I am.

Q So you are not prepared to say on what basis the United States is conducting foreign policy?

MR. SPEAKES: I'm not.

Q I have -- I'm afraid -- a legal question about Nicaragua, too. But the UN Charter says that measures taken by members in the exercise of this right of self defense that you have cited shall be immediately reported to the Security Council. Has this notification been made at any time in the past, or do you intend to make --

MR. SPEAKES: I don't know, David. All these legal questions, I'm just going to draw a blank on because I do not know the details of that.

Other than that, it's a nice day.

Q -- the same provision apply to the OAS. Any action taken in those governments should be immediately reported to the Council. My question is is the United States planning to present the case to the OAS?

MR. SPEAKES: I would still have the State Department answer that.

Q That's no legal question. It's a political question.

MR. SPEAKES: Yes.

Q If the United States government is planning to present its case to the OAS.

MR. SPEAKES: I do not know the answer to that.

Ben.

Q Larry, do you have any better explanation now than you did this morning on the apparent discrepancy between the Boland Amendment and the President's suggestion that he wanted to remove the Sandinista government unless it changed its present form?

MR. SPEAKES: Ben, you keep misquoting the President. I'm sorry.

Q Well, did not the President say that it should be -- the Sandinista government should be removed unless it changed?

MR. SPEAKES: If you really wish, I'll give you an autographed copy of last night's transcript.

Q Well, I don't want to -- what I want to know is don't you agree that there's an apparent discrepancy between the President's words and the Boland Amendment?

MR. SPEAKES: No.

Q -- do not?

MR. SPEAKES: Give him a transcript. It's not autographed.

Q (Laughter.) The words are all right.

MR. SPEAKES: I appreciate you all coming.

Yes, ma'am?

Q Larry, why does the President persist so much on Nicaragua when we've got a government in South Africa that you could say the majority don't accept and we've got a government in Chile that the United States has been concerned about, any number of other countries? Why does he always single out that particular one as the --

MR. SPEAKES: We've singled out South Africa before, Chile.

Q But not in the sense of trying to overthrow the government.

MR. SPEAKES: -- you're once again leap-frogging with the President's words.

Q Or removing the government, changing the regime, whatever.

MR. SPEAKES: Quote the President accurately. You're talking apples and oranges.

Q Larry -- (laughter) -- happen to have a transcript here -- the President was asked is it his goal to remove the Sandinista government. He says, "Well, remove in the sense of its present structure."

MR. SPEAKES: Ben, while you're reading, just read the entire Donaldson question and the entire Plante question and maybe you'll feel better about it. Go ahead. Answer.

Q Well --

MR. SPEAKES: Go ahead. Read the whole thing.

Q No, I'm not going to -- I don't want to do that --

MR. SPEAKES: No, it's all right. Everybody'll wait.

Q But --

MR. SPEAKES: No, go ahead. Please.

Q No, I don't want to -- I'm not going to do that.

MR. SPEAKES: Be my guest.

Q I don't want to do that, Larry. I want to -- you just -- there's --

MR. SPEAKES: No, you want to pick up little bits and pieces of what the President said and try to draw foolish conclusions from it. And you're wrong. And if you don't read the thing in its entirety and think a little bit, you can't get it, Ben. I'm sorry.

Q -- I'm trying to think. I'm also trying to get you to respond to the discrepancy between what the Boland Amendment said and what the President himself said last night?

MR. SPEAKES: Have at it.

Q Well, I would like you to respond. I'm the one who's asking the questions, not you.

Q Ooooouuuhh.

MR. SPEAKES: -- turnabout's fair play.

Q Well, it's not my job to answer questions. It's my job to ask them. And I'm just trying to get you to answer them --

MR. SPEAKES: It's your job to quote the President fully.

Q I do.

MR. SPEAKES: Well, I want both those paragraphs in your story then. (Laughter.)

Q -- remember the Speakes' Rule.

Q -- you laughing at? You think it's funny?

MR. SPEAKES: -- don't tell you how to do it?

Q Right, right. We don't tell you how to stage; you don't tell us how to write.

MR. SPEAKES: You've got it.

Q Well, I --

Q I'm not going to read it, Larry.

MR. SPEAKES: Okay, Ben. Too bad.

Ira?

Q Why is it apples and oranges to compare Nicaragua with Chile and South Africa and the Philippines and other governments that are not democratic?

MR. SPEAKES: We're working with them in different ways, Ira.

Q Does the President think the government of South Africa should be respected?

MR. SPEAKES: No.

Q Well, what's the -- usually, when the phrase is used, "apples and oranges," is when there is a comparison that cannot be made. Nicaragua -- the key element seems to be democratic values. What are the oranges in South Africa?

MR. SPEAKES: Who said -- which one was an apple and which one was an orange?

Q Pick one. Guess for the -- one of the --

MR. SPEAKES: No, we work with them in different ways to achieve the goals of full democracy and full participation by all citizens in their respective countries and within their respective governments. That's the way we do it.

Q Can you explain -- because I am genuinely confused -- are you saying that the President didn't say last night he wants to remove the present structure of the Sandinista government?

MR. SPEAKES: I think the President indicated in two very full answers his view on it.

Q -- but you -- (Laughter.)

MR. SPEAKES: He wrote it down. (Laughter.) He wrote it down.

Q Well, I said you were going to say something. I didn't realize you weren't. (Laughter.)

MR. SPEAKES: I know. I fooled you, didn't I? (Laughter.) Eastland once --

Q I should have known.

MR. SPEAKES: Eastland once had an answer: "Whatever that means, if anything, remains to be seen." (Laughter.) So, write that one down. I've always used that.

Q That would have been a stand-up clause.

MR. SPEAKES: I don't mind staying here, but I'm just not going to expand on the President's remarks. He hit it right on the mark. He was magnificent.

Q Well, would you please find out whether he is going to the OAS and to the UN to report this business on self-defense? That is a legitimate question and should come from here -- the answer.

MR. SPEAKES: No, we'll let it come from the State Department.

David?

Q -- Taxes?

Q If you don't know --

MR. SPEAKES: Taxes.

Q The President, again, last night, if you study his words, seemed to be saying that he is not willing to consider a corporate tax increase except for those deductions that he mentioned as part of tax simplification. I mean, are we to assume, then, that he is really still reluctant to shift in -- tax burdens from individuals to corporations?

MR. SPEAKES: I don't think he wants to state a position until he has a full of study of the Treasury proposal. I think what he was trying to point out -- the 46

to, what is it, 33 percent reduction?

Q But that's marginal rate. But the effective rates will go the other direction by his own plan.

MR. SPEAKES: He wants those who are not paying to pay. Those who are paying to have theirs reduced. And I think that's the way --

Q Okay. My question to you is -- he articulated that last night. Are we to assume, then, that that is the principle by which this thing will unfold? That that is the guideline that he sets? That corporations that are now paying will pay less, and those that are not paying will pay -- will pay.

MR. SPEAKES: Pay more, and hopefully, come out at an average of, whatever it is, 33 or --

Q -- the arithmetic of the Treasury proposal -- which he has not suggested that can't be done -- that you're basically going to have a 25 percent corporate tax increase next year, going up to 36 percent in 1990, to keep it revenue neutral, to offset those -- and I just wondered whether --

MR. SPEAKES: That is his -- as he put it in The Wall Street Journal, as the question came to him from The Wall Street Journal, was, "What is your general view?" That is his general view, pending a very detailed look at from Treasury plus the studies of how it would be, affect various corporations. That's -- you know, I'd characterize it as his gut reaction on it.

Q -- you wouldn't disagree that, with the observation that he has set down a pretty basic principle for this thing?

MR. SPEAKES: Could be, but once he has the full benefit of the studies and the effects of what the proposal will do and all the other parts of it, he could --

Q Could it be to a corporate tax --

MR. SPEAKES: Yes, I think so.

Q Has the timetable changed for sending the proposals up?

MR. SPEAKES: Really never has been firmly set.

Q Well, has it changed for --

MR. SPEAKES: Baker testified on it yesterday. And I think what we'll do is the next couple of weeks we'll probably begin reviewing it here, meanwhile working with the Congress on it. We don't know whether we will be sending a bill or a message or just allow the committees to work their will on it and see what emerges from committee. That's really where we are still conferring legislatively.

Q Packwood said about that the other day that if the President doesn't send up a specific bill and lobby very hard for it -- obviously, wants to lobby very hard for this thing -- it ain't gonna pass, that you need a specific bill from the White House --

MR. SPEAKES: Could, though, Mike, if --

Q -- of the administration. I don't know whether, you know --

MR. SPEAKES: Yes.

Q Well, what is your view on that? Is that --

MR. SPEAKES: It could if we had emerge a piece of bipartisan compromise legislation that we liked and both the -- the versions liked up there, it would sail through then. So, I don't know. It's still unfolding.

Bob.

Q David's last question that you responded yes to, I couldn't hear David's question. Was it -- I think you said could --

MR. SPEAKES: The question was could he change his mind, wasn't it, David?

Q Yes, could he --

Q Well, could you agree to a corporate tax increase?

MR. SPEAKES: Could, yes. But, as I stated, it's just the state of the play at the moment. That's the gut reaction of the President as far as raising

corporate taxes, but once he takes a look at the full implications of it, he could allow some variation of it as the bill -- as the Treasury proposal suggests.

Ira, and then Steve.

Q So that, basically, his general thematic approach is that he wants those not paying taxes to pay, those paying their fair share to pay less, but, in fact, the way it might work out is those who are paying their fair share will pay more.

MR. SPEAKES: Not if they're -- once again, not a lawyer, not a tax expert -- not an expert in much of anything -- I'm not sure, somebody must be paying 46 percent now that would find that their taxes are capped at 33. So a certain amount of people will find a reduction.

Q New subject.

MR. SPEAKES: More on taxes?

Q Before you go -- yeah. The further implication is that maybe you wouldn't go as low as 33 if that's where it balances out?

MR. SPEAKES: No, no. I -- there's no way to make any judgment about where the President's -- where we will end up as far as what we propose on it just because we haven't considered it here. Those are recommendations as they stand and --

Q If I can progress from David to Bob -- if you're saying that he could go along with a tax increase, then the 33 is not fixed, is that right?

MR. SPEAKES: No. As David points out, some corporations who are paying zero could find themselves paying more, and that would be an increase for them while others would have a reduction.

Q But some paying full could pay less, but the balance is somewhere in between, and that's not certain. And you have said that there could be a tax increase if that's the only way to get the balance, is that right?

MR. SPEAKES: No. I think we're dealing so far in the abstract that --

Q Are you talking about a rate increase or an increase in the effective rate?

MR. SPEAKES: Talking about effective rate.

Q What's the process -- I mean, at what point will he sit down and begin examining those --

MR. SPEAKES: Hasn't been scheduled yet, Chris. I would guess that at some time -- we're going to talk it on the Hill a little more and then at some time, he will sit down and start through the Treasury package.

Q Sometime -- I mean, do you think in March? I mean, do -- can you even say it will be by then?

MR. SPEAKES: Can't say.

Q You expect it to go up, though, before the summer and not in the fall? Before the summer recess?

MR. SPEAKES: It just depends on -- we'd like to get it up as quickly as possible, but I think it's just a time for more talking with the Hill.

Q Do we have any sort of definition of what a fair share of taxes is? I mean, like we all have sort of a general opinion, but most corporations, most individuals pay deductions that are generally considered fair, and then there's others that are considered slightly off color. I mean, what's a good deduction and what's a bad deduction? What constitutes a fair share of taxes?

MR. SPEAKES: I guess anything that's legal would, Bob, but I think we will change some of those deductions that would make everybody bear some part of the burden consistent with --

Q Clearly, the President has something in his mind that is, in a general way, what is fair, what constitutes it.

MR. SPEAKES: No percentage, I don't think.

Q Did I understand you to say that there may not be a tax reform bill out of the White House proposal?

MR. SPEAKES: That's just the same thing that somebody jumped to a conclusion as to what Baker said. We don't know whether we're going to send a full tax bill, whether we're going to send a Presidential message, or whether we're going to let both committees try to come to some agreement up there, and thereby, produce a bill.

Q But it's possible that the only thing the President might do is send a message urging tax reform in the broadest sense and let Congress come up with the legislation itself?

MR. SPEAKES: Working closely with us and using the Treasury proposals as a basis.

Q Also, what about the timetable? The President said last night that he hoped to do tax reform this year. Baker said yesterday he didn't know about the one-year timetable.

MR. SPEAKES: No, he was talking about the -- did not know whether the Congress would produce in a year. We're going to get it up this year and want it passed this year.

Bob?

Q When Don Regan -- the night of the State of the Union, he thought -- at that time he said there possibly would be precise legislation -- but he also indicated, I believe, that the White House would make it clear where it stood on a variety of hanging issues. Now, Johanna just asked if it would just be a general sort of urging. Is that -- and you seemed to say, yes. But I -- did you mean --

MR. SPEAKES: I think on the basic issues, yes. We'll have to say go or no go. Yes, I'm sure we'll have to do that.

Q And what's your time frame now? Has that changed? I mean, March, April?

MR. SPEAKES: No. It's gone from no time frame to no time frame.

Q There used to be.

MR. SPEAKES: Whatever it was. I don't know what --

Q He said, by March.

Q He said originally, late February or early March.

MR. SPEAKES: Yes. Who said that?

Q Regan.

Q Regan.

MR. SPEAKES: I think that's a goal, but it depends.

Q Has it slid very much or has it slid at all?

MR. SPEAKES: Let me go to the back a little bit, David.

Ira, and then -- oh, Steve way back there. Let's go to Steve.

Q All right. Different subject quickly. The CIA and the Defense Department seem to differ on whether the Russians are spending more money or not. What's the White House view? Does it side with one or the other?

MR. SPEAKES: The CIA and Defense Department have been conferring this morning and will issue a -- (laughter) -- statement which will come from the CIA this afternoon. There's always been disagreement on how to measure the exact rate of growth in the defense sector of the Soviet economy. One thing there is no disagreement on is that the Soviets out-spend the U.S. on weapons by a substantial amount, despite the fact that their GNP is roughly half that of the U.S.

We're always aware that --

Q Is that in absolute dollars that they out-spend us?

Q Or percent of GNP?

Q Or percent of GNP?

MR. SPEAKES: Percent, is it? Where is Sims? Absolute dollars? I don't know. I'd have to get a little better.

But the bottom line is not what is spent, it's what is produced. The fact that Soviets continue to be engaged in unprecedented production of weapons in every military category.

Q Well, some people on Capitol Hill seem to be taking the CIA report as an indication that the Soviets are slowing down their rate of increase significantly. Does the White House go along with that?

MR. SPEAKES: I think we'll have to look at both sets of figures, Steve, to come down on either side.

So, George?

Q On another subject, last night, as he was leaving, the President indicated that he thought the Mexican government was cooperating with us. Given the fact that Ambassador Gavin doesn't seem to think they're cooperating fully and the DEA people are unhappy with the cooperation, what's the President basis for saying they're cooperating?

MR. SPEAKES: They are cooperating. How do you measure cooperation? I think the surest measure of cooperation would be to certain -- to be certain that we had apprehended those that were responsible for the kidnapping of our agent there, and at the same time, the safe return of the agent.

We are working closely with the Mexican government to ascertain the whereabouts of Agent Camarena and to apprehend his captors. We have had a great deal of communication between both governments at the highest levels. I think that we both recognize it is in our interest, as well as the Mexican government's interest to

apprehend and bring to justice those who abducted our narcotics agent.

Q Well, since the extra inspections at the border were ordered to show unhappiness with the Mexican government, if the President thinks they're cooperating now, will those be ordered --

MR. SPEAKES: The border measures were an effort not to harass anybody, but to obtain information which might lead to the recovery of the agent or to apprehending his abductors. We certainly regret that it caused inconvenience, but we feel that we were compelled to take any measures that might contribute to reaching our objectives.

We are reviewing the effectiveness of the border measures. And we know that the Mexican government has expressed official concern to us. And we're examining the measures in that light also.

Q Are they off today? I mean, you're talking about them in the past tense.

MR. SPEAKES: No. I say, we are examining them. I don't know what the exact status is at the moment.

Q Are we satisfied with the cooperation or not then? Because Gavin had said they were not.

MR. SPEAKES: Yes. We would be -- we would like to have more cooperation, and the only tangible evidence of cooperation would be the -- some progress in solving the case and releasing the agent.

Mike?

Q Back to tax reform for a second. Baker, on the Hill yesterday, was quoted by wire services as saying that the President would veto -- might veto the Treasury tax reform proposals.

MR. SPEAKES: No, he didn't say that, Mike. He said he wouldn't sign it as is.

Q He wouldn't sign it as is.

MR. SPEAKES: As is.

Q What are his reservations on that?

MR. SPEAKES: He hasn't studied it so we don't know. Until we have a chance to go over it in detail, we really won't know. But I think Baker thinks there are a lot of provisions that the President will probably want to modify.

Q Larry, why is it taking the President so long to actually get down to reviewing the Treasury proposal?

MR. SPEAKES: It was a period of working out details from -- after hearing from business and industry, from conferring with Congress, Congress conferring is still going on.

There was a period that the President was working every day with the budget and the State of the Union. And I think there's a period of Jim Baker having an opportunity to get into the details of it, get ready to present it to the President.

Ira?

Q Has the President read the remarks of his Science Advisor, Mr. Keyworth? And, if so, does he agree with him, or has he --

MR. SPEAKES: I didn't ask him about it this morning. But there -- about two hours of this meeting up there that took place -- and this represents about 90 seconds of it.

Q Well, so what? I mean, I presume he's quoted correctly, and if those were his views, what difference does it make how long it took him to say it?

MR. SPEAKES: Pardon?

Q What difference does it make how long it took in the interview. I mean --

MR. SPEAKES: It means --

Q -- those are fairly loaded remarks.

MR. SPEAKES: It means you're dancing on the head of a needle, is what it means, Ira.

Q -- that we write 5,000 words on the stuff he says about science and ignore this? I mean, the point is --

MR. SPEAKES: You're really playing into his hands, Ira, I'm sorry -- (laughter.)

Q I don't understand. Do you or anybody in the White House have an opinion on what he said in those 90 seconds?

MR. SPEAKES: No.

Charles?

Q Has the Cabinet Council recommendation on auto quotas gone to the President yet?

MR. SPEAKES: No, it has not.

Q What is holding that up?

MR. SPEAKES: Holding up -- the entire matter will be reviewed by the National Security Council, economic people, Cabinet officers, in the entire light of -- the light of the entire trade relationship, trade and security relationship with the Japanese.

Q Will it then go to the President?

Q How -- what time frame do you have --

MR. SPEAKES: Don't have a time table.

Bob?

Q On the question of monetary restraint, is it correct to draw the implication, from what the President said last night, that in fact he's not embracing, at the moment, the recommendation of the Cabinet Council that he wants to get concessions from the Japanese across a broader range of issues -- trade issues?

MR. SPEAKES: No, I think what he was really saying is that he does not approve or disapprove -- he's not acted on it, because he's not received it. That we will have a continuing trade discussion with the Japanese, and of course our effort has been to expand our trade opportunities at the other end of the street.

Q -- when he says the larger context of U.S.-Japanese trade relations, it seems to me he's withholding any sort of go ahead to the Japanese until they show more cooperation on a variety of other trade issues.

MR. SPEAKES: No, it's not a quid pro quo he's talking about. He was talking about the in-house review that takes place here which will be in the light of the overall Japanese trade relations. As far as -- that is a unilateral discussion that would take place. The bilateral discussions continue on the broad range also, but --

Q But even within the administration, those other issues beyond autos fit into that broader context he spoke about last night.

MR. SPEAKES: Do fit into a broader context, but once again, he is not talking about a quid pro quo.

Q Larry, is the difference between what administration officials said a month ago about the timing of the tax message and what you're saying now, due in any part to the fact that the President has balked at what he has heard?

MR. SPEAKES: No. It's really not. It's just a matter of continuing discussions on the Hill, plus an opportunity to go through it in detail here.

THE PRESS: Thank you.

END

#1338-02/22
12:40 P.M. EST