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Office of the White House Press Secretary

THE WHITE HOUSE
MEETING OF THE PRESIDENT
WITH
NON-WASHINGTON EDITORS AND BROADCASTERS

The Cabinet Room

(2:04 P.M. EST)

THE PRESIDENT: Let me say, first of all, that I am grateful that you would come to the White House for a meeting with some of my own advisors and also to give me a chance to spend a few minutes with you discussing some of the issues that are important to me and to you and to our country.

One of the overwhelming concerns that all of us share is to control the extremely high inflation rate. We are doing this through a multitude of actions with which you are all familiar -- some requiring Congressional concurrence, some that I have initiated on my own, and some requiring cooperation from labor and business.

This morning, for instance, I met with the leaders of the chemical industry -- a basic industry for our nation and one within which both prices and profits have been high in recent months. I asked this industry to join with us in a voluntary program to restrain their price increases during the next few months to increase the effect of this voluntary restraint which is so urgently needed.

Earlier, I met with representatives of the chains of stores who sell food and the owners and managers of the chains of stores which sell drugs. We have 27 chains, for instance, having more than 5,000 stores who have volunteered to freeze their prices ranging anywhere from 30 days to a few months.

We had a favorable response this morning from the chemical industry and this is the kind of additional impact that we believe will result in a substantial lowering of the inflation rate in just a few months.

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We have got some beneficial trends that are taking place now, which we believe will bring good results. Obviously, there are many other things which concern me as President. I have been involved with a test of our nation in Iran and Afghanistan and dealing with the Mideast peace negotiations and, of course, with the energy question and others on the domestic scene.

It might be good now for us to take what time we have available to answer your questions on specific issues. I will try to keep my answers brief and concise and clear. Yes?

Q Mr. President, yesterday newspapers were upset because the CIA Director, Admiral Turner, admitted that in some extreme cases, he would use newspapermen as agents. He said he has to approve each case -- it must come before him and he must approve it. And the New York Times, Dave Rosenfeld, and Gene Patterson of the Ft. Lauderdale paper, and John McMullen of the Miami Herald were very upset about this and said it casts danger upon their foreign correspondents because they will be thought of as agents.

THE PRESIDENT: I think Admiral Turner also said that he is not using any news --

Q He said he had approved three, but before they had used it, the circumstances had changed and they didn't need them.

THE PRESIDENT: We have a question, obviously, on how to announce publicly what we will and will not do, and there is a similar question with people like clergymen or school teachers and others. In a rapidly changing international situation where, on occasion, our nation's own security or existence might be threatened, we do not want to publicly foreclose the option of taking certain action that might be necessary. But I think Admiral Turner expressed the policy accurately. We are not now using any newspeople. This would be done under only extreme circumstances and the personal approval of either Admiral Turner or myself would be required.

Q Mr. President, there is a great deal of concern, I think, in the country over our defense posture -- with many conflicting reports. How would you characterize our relative strength with the Soviet Union's in strategic and conventional strength?

THE PRESIDENT: I would say superior. But we have a very serious concern about the buildup rate of the Soviet military capability over the last 15 years. They have been increasing their expenditures for military capability at an average annual compounded rate of 3 or 4, sometimes 5 percent; whereas, up until 1977, our own nation's expenditure for defense in real terms had been going

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downward. We now have a commitment, not only in our own country but among our allies, to increase our expenditure for defense in real terms above and beyond the inflation rate.

It is very difficult to compare our country with the Soviet Union on the number of troops, the number of tanks, the number of planes and so forth because it is such a complicated interrelationship. I will give you a couple of examples.

One is that when you compare the total number of troops marshalled now for defense in the Western alliance -- that is, in NATO -- and compare them with the total number of troops marshalled by the Soviet Union -- we compare very favorably. I think we have a few more troops.

If you only compare American troops with Soviet troops, the Soviets would have more than we. In addition, I would say at least a fourth of the Soviet troops and military equipment -- weapons -- would have to be marshalled along the Chinese border and not devoted to the western border of the Soviet Union looking toward Europe. This is an important consideration that clouds the issue.

Another one is that the Soviets have probably spent \$100 billion on an air defense system for their continental territory. This is an expenditure which we have not made because we do not think it is necessary. And we also think that the Soviets' massive expenditure for this purpose has not been well-advised, looking at the situation from their point of view because we still believe that our up-coming cruise missiles, our present bomber capability, could penetrate this air defense system with relative impunity.

There is another series of questions. We have probably four or five times the economic capability among ourselves and our allies compared to the Soviet Union and its allies. We have almost unbelievably easy access collectively to the oceans, whereas the Soviets have a very narrow access to the oceans in most respects.

So, I would say that, in balance, on military capability, economic capability, political influence -- we are superior to the Soviet Union in every respect. But we have been extremely concerned, to summarize, because the Soviets are building up their military capability so rapidly, that we have been in danger of their overtaking us and acquiring, from their perception, from our allies' perception, from my own and from the world -- a superiority, which we are determined to prevent.

Q Mr. President, Ed Tobias, WTOP Radio in Washington. Given the situation as it stands today and the reaction of our allies to your request for sanctions against Iran, how likely is it that we will have to take some sort of military action in the Persian

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Gulf area?

THE PRESIDENT: Well here again, we have been extremely patient. We have tried to use the services of our own direct negotiations via public statements, intermediaries such as some of the European communities and their embassies, the United Nations and some private citizens to negotiate with the Iranians to secure the release of the hostages.

On a number of occasions, we have had the absolute, firm commitment from top Iranian officials that the hostages would be transferred from the control of the terrorists to the government and then released. These promises have not been honored -- either because they were not made in good faith or because of timidity or incapability on the part of the officials to deliver what they promised.

We obviously have reserved for ourselves the right to use any means permitted under international law, and since we are a seriously aggrieved party with our own nationals being held and our own embassy grounds being taken, this would not foreclose the option of using military force if I decide it is necessary.

Q How likely is that?

THE PRESIDENT: I would rather not comment any further.

Q Mr. President?

THE PRESIDENT: Yes?

Q A few months ago, when the embargo was put on, farmers across the country seemed in strong support of that and, as grain prices have dropped off, we have lessened support. How effective has the grain embargo been to date, because they are concerned that some of that grain may be still getting there from the Third World countries?

THE PRESIDENT: It has been effective. We don't know what the Soviets' production will be this year from their winter grain crop and their present highly delayed plantings, but we think it has been very effective.

The amount of grain that I did prevent being shipped amounted to about 11 million tons. We estimate that about 6 million of those tons*have been substituted by the Soviet Union through additional purchases, sometimes at a very highly escalated price. This means that about 11 million tons of grain which the Soviets had counted upon acquiring from us will not be going to the Soviet Union.

*That is, of the 17 million tons that would have been shipped to the Soviets from the U.S., but were blocked by the President's order.

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We have done everything we possibly could, as you know, to maintain the stability of the farm markets -- the grain markets -- since the first part of January when we imposed the restraint on sales to the Soviet Union. We can't guarantee that markets will be frozen indefinitely, no matter what the vicissitudes of the international production and demands might be. Lately the markets have strengthened to some degree.

We have replaced, through increased sales efforts, a great amount of the grain that would have gone to the Soviet Union. For instance, the first two months of this year, after the imposition of the restraint, we had a 36 percent increase in total grain shipments from our nation above and beyond what we shipped the first two months in 1979. And we estimate that we have had more than 10 million tons of additional grain sold which we had not counted upon being sold prior to the imposition of the partial embargo on shipments to the Soviet Union.

I would say, therefore, that we have perpetrated against the Soviet Union a substantial reduction in the amount of grain that they are able to acquire and we have minimized, as best we could, adverse effects on the American grain market, and we have increased and will have another banner, record-breaking year in 1980 on total grain exports.

Q How long will you keep the embargo on?

THE PRESIDENT: As long as the Soviet troops are in Afghanistan.

Q Mr. President, what effect do you expect the sanctions that you are imposing against Iran to have?

THE PRESIDENT: It is hard to quantify the impact. The Iranian economy is in very bad shape. The shipment of oil from their country is at a very low level. In the last few months, it has averaged less than 1½ million barrels of oil per day, and in the last week or two, it has been much lower than that.

Their military capability has been attenuated severely. Not only have we stopped the shipment of military equipment and spare parts to the Iranians, but also many of our European allies have joined in this embargo of similar equipment.

It is hard to predict that unilateral sanctions on the part of the United States would be adequate to force them to release the hostages. I think our experience so far has indicated to the contrary. We still have additional capabilities of imposing punitive action or coercive action against Iran short of exercising our military options. We are considering what we will do next. If we can induce

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our European allies -- the Japanese and others -- to join with us in the imposition of sanctions and in the imposition of diplomatic restraints, then of course, it will greatly magnify the impact of all those sanctions collectively.

Q Mr. President, on the housing problem, you say that you would not like to see further problems with the housing industry. I come from Dover, Delaware, and they are most concerned about the bill by Representative Al Ullman which recently passed in the House which would eliminate the tax exempt status for the low interest home mortgage bond program. Senator Joe Biden of Delaware, among others, is trying to see that that bill is defeated in the U.S. Senate. I am wondering if you have a position on it, and if it does pass the Senate, would you veto it in line with your promise to try and make sure the housing industry does not suffer further with the high interest rates?

THE PRESIDENT: If the bill passes, I would not veto it. Let me say that we are very concerned about the housing industry. We have taken a lot of action since I have been in office to enhance the strength of the housing industry and with some substantial degree of success. In spite of very high comparative interest rates and inflation rates during the last couple of years, the rate for home building has been sustained at a level of almost 2 million homes per year. It is low at this time.

With the money market certificates, we have helped to minimize the adverse impact on the home building industry compared to what it would have been in previous years. It is important on a long-term basis that we lower the inflation rate and lower the interest rates and not do something of a transitory nature that might not have any permanent beneficial effect.

As we impose credit restrictions, for instance, we specifically excluded home buyers from those credit restraints, and as you put a limit on how much money is borrowed by others in this country for a given amount of money available to be loaned, it means that the home buyers, and therefore the home builders and sellers, are given special and favorable consideration. That has been done by us -- not only in the houses themselves, but also in major items that go into a home -- durable goods, like refrigerators, stoves and the furnishings for a home.

In addition to that, when we get the federal government out of the borrowing business, which we intend to do in fiscal year 1981 beginning in October, you remove a heavy competitor for those long-term loans from a limited supply of money available and that, again, will open up to the home building industry an easier access to credit.

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The last point is that we have been especially interested in keeping government-assisted home building levels very high. I think all of you recognize how very difficult the task has been to balance the 1981 budget. We have had severe reductions in some programs. In spite of that, we will have a 25 percent increase in 1981 compared to this year in federally-assisted housing, and we will sustain that at a 300,000 home level.

So, we are moving as strongly as we can to minimize the adverse effects on the home building industry under presently very difficult circumstance, but the overriding beneficial effect will be to get inflation under control, I hope, this summer, at a much lower level than it is now and with the commensurate lower rates.

Q Mr. President, have you any intention of helping the Afghans in some way fight the Soviet troops there?

THE PRESIDENT: That is a difficult thing for us to do or to discuss. The Soviets, I am sure, have been extremely surprised at the tenacity and the courage of the Afghan freedom fighters. There has been an extraordinary circumstance there in that there have been heavy defections from the Afghan armed forces by those who favor liberty and freedom more than accepting the subjugation of the Soviet invaders.

As they have defected from the Afghan forces, they have taken with them large quantities of weapons and ammunition. This has been a very effective source of supply of weapons for the Afghan people.

In addition to that, even some who still stay within the Afghan armed forces are supplying part of their ammunition to the freedom fighters themselves. I don't think there are any American weapons at all in Afghanistan. I think there have been a few grenades, I understand, found in Afghanistan, but those were derived from previous sales made to Iran in years gone by.

So, my own judgment is that it is proper for us to both conduct and to discuss aid that we are giving to the refugees. And there are now probably 650,000 refugees in Pakistan, out of Afghanistan, and maybe more than 100,000 more in Iran and other countries -- maybe a total of 800,000 or more. We can give aid to them and support, but I think the Afghan freedom fighters are doing very well on their own in getting weapons away from their own previous armed forces and also perhaps from the Soviet invaders.

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Q Mr. President, Alan Grigsby from the Register-Star in Hudson, New York. If the United States takes legal action against the citizens who intend to go to the Soviet Union to participate in the Olympics, what difference is there between our country and the totalitarian countries, such as the Soviet Union, which orders a boycott by its citizens in other countries?

THE PRESIDENT: Well, in the first place, our country is not invading an adjacent, freedom-loving, deeply religious country to punish them with death and executions and destruction and deprivation of their independence. That is one difference.

As you probably know, I have the authority under existing law to prevent trade and commerce with other nations when we consider our own country's security to be at stake. And any action that I might take to restrict Americans from participating as competitors in the Olympics would be completely within the law as it presently exists. I don't anticipate having to ask the Congress for additional legislation to permit this restraint.

Under the principles of the Olympics, under their bylaws and constitution, athletes do not go to the Olympics and participate in competition except as part of a national team. It has never been part of the Olympics for an individual athlete who may be a superb competitor to go to the Olympics on his or her own and say, "I want to represent myself and participate in the Olympics."

My authority is limited to prohibition -- if I choose to exercise it -- of Americans participating or representing our country. I have made my position clear. The Congress, with an almost unanimous decision by the House and also the Senate, has expressed its position on this issue.

So, you have the administrative and the legislative branches expressing accurately what the American people feel. In addition, I think all the public opinion polls have shown -- and this is a secondary matter, but it is significant -- that the American people, in addition to the President and the Congress -- the American people, by more than a 2 to 1 majority, do not favor an American team going to Moscow and, in effect, giving an approval of Soviet aggression and domination through aggression of Afghanistan.

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Q Mr. President, my name is Tom Koenninger of the Columbian in Vancouver, Washington.

THE PRESIDENT: Yes.

Q This is a picture of Mt. St. Helens erupting. It represents one potential new source of energy. (Laughter.)

THE PRESIDENT: We can use all we can get.

Q I'd be glad to donate this to you. Are there other forms of energy which the administration is researching right now which we have not yet heard about?

THE PRESIDENT: I can't say that there are any that you have not heard about because I think the full gamut of possibilities for energy have been adequately considered. But we obviously have a major effort on energy sources that have not been fully publicized. One that I had to consider just this morning was the level of funding for fusion research, which can give us a clean, hopefully safe, inexhaustible supply of energy in the future if it is successful.

We are doing a lot of research, as you know, at different places around our nation, at Princeton, at M.I.T., and I think one of the California -- I think Cal Tech, I believe.

Q University of California? Cal Tech.?

THE PRESIDENT: Cal Tech. We are considering also at the Hanford Works Site in Washington additional efforts for fusion power. That's just one of the ones that we are considering.

Obviously the easiest and best source of energy is to save and to eliminate waste. We are making good progress in that respect; more efficient automobiles, more efficient trains. One that the Japanese are working on is a train system with suspension based on a magnetic field so there's practically no friction and you can get the same amount of passenger or ton miles for about 15 to 20 percent of the energy expenditure.

Solar energy is still the best and the longest term inexhaustible supply, both for growing crops directly from the sun, and, of course, in an indirect way, hydro power and the power of the tides and the ocean--which all come from the sun. I think the different possibilities have been at least revealed to the public, but with changing circumstances different elements would be more highly publicized as they become more and more feasible, both scientifically and economically.

Q Thank you.

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THE PRESIDENT: Maybe one more question, at the end.

Q George Winters with a Wichita television station. Russ Meyers, the chairman of the board of the Cessna Corporation, during the past month has laid off about 3,500 to 5,000 workers. During one of the lay-offs he said, "These lay-offs are directly a result of your economic policies." He blasts you quite heavily. Do you accept that blame?

THE PRESIDENT: Well, yes, I accept the blame for everything that goes on in this country. (Laughter.) I would like to get the credit for the greatness of our nation as well. It is hard for a president to try to say that he's not culpable or to blame when something goes wrong in our nation, but obviously the economic forces that sweep the world are the fault of no particular person.

I don't think it's constructive in a time of economic challenge or difficulty or crisis to try to throw rocks at one another and to find some scapegoat on whom to blame this extremely complicated circumstance. Inflation is the biggest culprit. We've had good success in bringing down the Federal deficit. We've made as much progress as any other nation on earth in trying to reduce imports of foreign oil, which is a heavy contributing factor, and so forth.

We have worked very closely with industry in trying to control the inflation rate and to deal with the economic circumstances.

We still have a very strong economy, by the way. There are some particular elements of the economy that cause me concern. The automobile construction industry is one. Three years ago I sat around this table with the executives, top executives, of all the American automobile manufacturing companies, trying to urge them in the strongest possible terms to build a smaller, more efficient, automobile with a cleaner exhaust. They told me that it was impossible either to build or to sell that kind of automobile because the American public would not accept it, and when we told them that foreign manufacturers were likely to take over the market they took very strong issue against it.

Now the American manufacturers can sell every single efficient automobile they can manufacture, and the transition from the large gas guzzlers over to the smaller cars is taking place. That's the kind of thing that I'm sure concerns the automobile industry.

Another very important example now is the steel industry. I'm extremely concerned about the steel industry. I was three years ago when I first came into this office. We consulted with steel. We had a very low production rate then, I think about 78 percent. Now

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it's up to 88 percent. We are using 88 percent of the total capacity of the steel plants in this country at this point. We had a very high level of imports from foreign countries. We have now reduced the level of imports of steel from foreign countries by 2 million tons per year, which is a substantial improvement. The profit margin in 1979 for the entire steel industry compared to 1977 for the steel industry has been multiplied 60 times over, which means that the steel industry has much more to plow back into improved plants.

We were concerned about dumping and we strengthened the anti-dumping laws. As a matter of fact, the lawsuits that have now been filed by U.S. Steel on anti-dumping can be expedited by the very law that was passed by the Congress and signed by me in 1979. And we will use, for instance, a trigger price mechanism which we put forward at the urging of the steel industry, whenever we consider it to be feasible, either when the anti-dumping suits are resolved successfully or when it's withdrawn. The trigger price mechanism stands there as an opportunity for us to use when and if we see it's desirable.

So in the steel industry, in energy, in the control of inflation, in the small airplane construction business, we are doing the best we can to control the economic forces that sweep this country and indeed sweep the entire world. But the thing we ought not to forget is that we are all in it together, and it doesn't help to try to find some particular group, the Government or business or labor or the consuming public or OPEC or our trade partners in Japan or Europe on whom to focus the blame. The best thing to do is to search for a way to utilize the tremendous, unequalled natural and human resources of this country and continue to build for the future.

Our future is bright, not because I'm president, but because of the innate character of the American people, the free enterprise system that we have, the individuality which we prize, the innovation, the research, the development, of our university system and our scientific capabilities, and the natural resources that we have and supplies, access to transportation, good climate, rich land, mineral deposits. We have all the advantages. So this temporary problem that the world shares on economics, primarily derived from a rapid increase in energy, is something that we can accommodate and handle and manage and ultimately may even -- from which we can derive benefits, much better than any other nation on earth.

So I don't look to the future with anything except anticipation. I believe if we work together and don't try to further fragment our country we'll be successful. I am completely confident about that. Thank you very much everybody.

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(2:40 P.M. EST)