

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

November 28, 1984

INTERVIEW OF THE PRESIDENT
BY THE WASHINGTON TIMES

November 27, 1984

The Oval Office

4:33 P.M. EST

Q Well, Mr. President, we know you're busy so perhaps if we could just go ahead with a few questions.

THE PRESIDENT: All right.

Q It's been suggested you have only six to eighteen months to accomplish your agenda before your post-election honeymoon with the Congress ends. What is your strategy to capitalize on your victory with an even more recalcitrant Congress, particularly after the 1986 Congressional elections? Doesn't this threaten the completion of the Reagan revolution?

THE PRESIDENT: Well, I've never thought that the completion of what we've been trying to accomplish is going to be easy, particularly as long as there is in the House a definite majority of the other side. On the other hand, we have accomplished, I think, a great deal. We'd be much further ahead if we'd gotten all that we'd ask for from the very beginning. But we're going to keep right on with those things and see what we can do.

First of all, I think we have to -- we have to go after some budget reforms. You realize there hasn't been a budget since I've been here, and I guess even before I got here. The budgeting process is just a kind of a chaotic thing, and finally you get a package of appropriation bills. Until we can have a budgeting process where you start and set a figure as to what overall can be spent, and then within that, negotiate out as to which program gets how much and arrive at a consensus on that, we're going to be in trouble.

We need to do that. We need the balanced budget amendment. We need the line-item veto. If we're to do those things, we need economic growth, and for that, we've got to have the tax simplification program that we've been studying and working on. We've got to have such things as enterprise zones. Everything that will help stimulate the growth of the economy, because that is the sure way back to sensible running of the government.

And we've got the -- it goes without saying -- the defense and the security assistance measures, and so forth. That we have to have. That's the top priority of government in the sense that that's the main constitutional requirement, is the security of the people.

And then there are social things that I think we want, having to do with abortion, school prayer, tuition tax credits. Things of that kind. And what we're going to do is try to work with the leadership of the Congress. And I'm not sure that it is even more hostile or inimical.

If it is, and if it simply

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tries to throw roadblocks, then, yes, we take our case to the people.

Q Mr. President, the deficit has been described as a debt that the people, the American people, owe themselves. As such, does the deficit really matter, or has the slowdown in the economy forced you to reconsider whether growth can substantially reduce the deficit?

THE PRESIDENT: Well, of course, we had this example this year in which some \$20 billion came out of the deficit as it had been projected by ourselves for this present year, and that was almost entirely due to the economic growth. But when you say the deficit, and does it really matter, well, for 50 years that's what the Democrats have been telling us, that it didn't, that we owed it to ourselves.

I think to look at just the deficit ignores the real problem. The deficit is a result. What you have to get at is the problem, and that is government is spending too much and it's spending too big a share of the private sector. The -- that's why my opposition to those who think that the only answer to deficit spending is higher taxes. Well, we've done that in the past and all it did was take the burden off the backs of those who wanted to spend more, so they could just go ahead and spend more.

If you look at about the five years before we came here, taxes just about doubled. And the deficit came to over something like \$318 billion. I've -- in fact, just a little while ago I was citing some figures. If you go back to '65, and in the years following '65 was when the Great Society got underway, '65 to '80, in those 15 years, the budget, the overall spending, increased about four-and-a-half times. The deficit increased 38 times.

So I think the -- we go back to what the classical economists used to say at the turn of the century when we had, as they put it, business cycles and hard times. It was usually when government spending crept up to above -- they never told you what the percentage was, but above a certain percentage of the gross national product, took that much more money out of the private sector. That's when you had hard times.

Well, I think that's what we've been seeing.

Q Mr. President, how far are you prepared to go to support the Treasury's modified flat-tax plan and are you fully committed to pushing a comprehensive tax reform through Congress in this year, and if you want a balanced budget, why don't you submit one? (Laughter.)

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THE PRESIDENT: I haven't been able to get the budget I wanted -- (laughter) -- as low as I wanted it without going that far.

I don't think there's anyone that would suggest that at this point you could suddenly come back and say, "Here, we're -- " not without hurting an awful lot of people. What I think you have to do is look down the road and say, "Let's aim at a target here that we're going to get this budget on a declining pattern." And then maybe you can't exactly foretell the day -- which it would happen, but if you can get the spending level, the share of private level coming -- or even if it isn't coming down, if your budget continues to increase to meet needs and whatever inflation there is, but if it increases at a lower rate than it has been and if the growth of the economy you can bring up, those two lines are going to meet some day and when they meet, you've balanced the budget. And as this one goes on past, you begin to get the surplus that you should use to reduce the national debt. And this is what we're trying to do.

Q Excuse me, but the earlier part was how far are you prepared to go to support --

THE PRESIDENT: Oh, that one, yes. Well, you've kind of got me. There on my desk is the printed version of the whole study of the Treasury Department. And I -- no decisions have been made. We've just had a briefing of the Cabinet on it. Everyone is now studying it. I think it has come with the recognition that there are some options in there, that it is not a hard and fast plan. And so I want to study this. And then, when you say about Congress, we've got two tax proposals in Congress, and one from the Democratic side, one from the Republican side, not too far apart, as I don't think this one is too far apart.

Well, I think that it shows that the climate is there that if we get going and we want to take this up with the Democratic leadership -- we also want to make it available to the public, to all the various groups out there, so that they understand what it is we're trying to do. And I think that with all of that pot there of three, you might say, proposals, I think we can come up with a plan that calls for simplification and lower tax rates in the areas that will make it more fair than the tax system is, certainly simplified.

And I know that there are some very interesting proposals the Treasury Department has come up with to do that with regard to easing the burden at the bottom, lowering the rates for everybody and simplification, making it far more simple. One thing, the -- going down to three tax brackets instead of 14 is a pretty good step.

Q Mr. President, even after the election there's still some muttering about the GOP gender gap. Now looks like there isn't a senior foreign policy post in the White House for a woman who dazzled them in Dallas, Jeane Kirkpatrick. How can you let her leave the Cabinet and what will you offer her to induce her to stick around?

THE PRESIDENT: (Laughter.) She and I are scheduled for a talk this week. We've talked off and on, and I've known about her feelings now about the UN job. But I don't know when she talks whether she is determined that she wants to return to her previous profession in the academic world or

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whether she is still interested in government. And, believe me, I want to find something for her in government if I can because I count on her a great deal and I value her abilities and her great intelligence too much to just sit there and let her go if there's a way to keep her. So I'm going to try to keep her. She's turned us around at the UN, our position in the United Nations, and she did it.

Q But there isn't any way that she can stay -- function in the White House, is there?

THE PRESIDENT: I don't see anything there that would be worthy of her. But I -- so I'm going to -- but it depends, first of all, on what are her desires. What is it -- how strongly does she feel about whether she wants to leave entirely.

Q But you would like her to stay on up at the UN?

THE PRESIDENT: What's that?

Q You would like her to stay on up at the UN?

THE PRESIDENT: Well, except that I can't ask her to do that. That assignment has a way of kind of burning people out and I think she's --

Q So does yours. (Laughter.)

THE PRESIDENT: I think she's had about all of that that -- (laughter) -- that she wants.

Q Are you above a little arm-twisting to keep her?

THE PRESIDENT: I did that to keep her there as long as she has. (Laughter.) But I have to -- no, I -- it's difficult for me, when someone really has served and done the job and you know that they've kind of had it, it's very difficult for me to try to persuade them to do it.

Q Mr. President, why, after an overwhelming electoral victory, has arms control become such a high priority for you, and that there's now a rush to the negotiating table? Isn't the "evil empire" evil any longer, or aren't you still concerned about the Soviet disdain for treaty obligations?

THE PRESIDENT: I have been as critical as anyone of previous agreements in many instances where I thought somebody just made an agreement to have an agreement. I have all the quotes of Brezhnev and others with regard to detente and what they thought of it. I don't know whether you're aware that Mr. Brezhnev said that detente was serving their purpose and that by 1985, they would be able to get whatever they wanted by other means.

So I have no illusions about them. But I do believe that the Soviets can be dealt with if you deal with them on the basis of what is practically -- practical for them and that you can point out is to their advantage as well as ours to do certain things.

Now, I think it's -- I think they have seen that if it's to be an arms race, if we are determined that we're not going to let them maintain or enlarge their superiority in weapons -- and they know our industrial power and might -- and they see that we're determined to not let them maintain or continue that lead,

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then, rather than an arms race, I think there's an advantage to them in saying, well, maybe we'd better find a different way. And, believe me, I would not hold still for a deal that simply makes a deal. Evil empire, the things of that kind, I thought -- I wasn't just sounding off. I figured it was time to get their attention, to let them know that I was viewing them realistically.

And I think it's worked. They -- you know, everyone says about the horrible relations between the two of us, but they haven't gained an inch of territory in these four years and in the four years before there was Afghanistan and there was Ethiopia and South Yemen, and there they were, advancing down through Africa. So I don't think the relations have been all that bad.

Q Why do you think they've dropped the preconditions to the arms talks at this time?

THE PRESIDENT: Dropped the -- ?

Q Dropped the preconditions to the arms talks.

THE PRESIDENT: Well, I just -- I think that -- I think they were kind of stalling until the election, also, and then decided, well, now, they know who's going to be around for a while longer. They've made a proposal and we've said fine.

Q Mr. President, Congress has prohibited support for the Contra forces fighting against the government of Nicaragua. How can you live with this restriction and doesn't it send a message to the world that it might be risky to be a friend of the United States, as it was when President Carter was here?

THE PRESIDENT: Well, this is -- this is one of the things where I think the Congress, up until now, has been shortsighted and, in fact, irresponsible with regard to that situation down there. And we are hopeful that -- we know that there was a kind of a consensus of feeling just recently among them, when they believed, as we all did, that possibly that ship was bearing high-performance planes, MiGs, to Nicaragua. We don't know for sure that it wasn't. We can't prove that it was, we can't prove that it wasn't, because of some maneuverings that went on.

But there are six more Russian ships, as nearly as we can count, that are on their way to Nicaragua now with more arms. I think that maybe, if they remember that feeling that they had with regard to the possibility of high-performance planes, that they will see that there is value in our carrying on.

What we have are revolutionaries that only a short time ago they and the Sandinistas were all on the same side, fighting the same revolution. And fighting it ostensibly, and by their own claim, for democratic processes. Now they got in and, a la Cuba under Castro, the one faction took over, has created a totalitarian Marxist state, and the others are still in the revolution, still trying for the democratic principles that they'd fought for in the beginning.

And I think that the -- and the very fact that the Sandinista element is continuing to support revolutionaries who are trying to overthrow a duly elected government, this is of itself of great interest to us.

Q Sir, have you drawn a line that says if there are high-performance aircraft introduced into this theater, that there will be a reaction from us that --

THE PRESIDENT: Well, we have let them and we have let the Soviet Union know that this is something we cannot sit back and just take, if they do that, because that is so obviously, then, a threat to the area. That's not -- well, their whole military today isn't defensive. Their whole military is greater than all the

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combined countries of Central America put together, and it's so obviously offensive in nature that we can't ignore that.

And that would be just the crowning thing to have those high-performance planes representing a threat to the area and to the hemisphere. We've made it plain that we're not going to sit by quietly and accept that.

Q Do you think, sir, that the MiG crate episode and the six ships that are believed on their way now is any way an attempt by the Soviet Union to test your resolve on this issue?

THE PRESIDENT: I don't know whether it is or not. I know they --

Q Sort of like the missile -- Kennedy's Cuban crisis?

THE PRESIDENT: Yes. Yes, I know they do things like that and -- so we're keeping watch on what's there. We're not going to raise Cain over a purely domestic type cargo, or anything of that kind, but we are in contact with the Soviet Union.

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Q Do you know if weapons, or MiGs specifically, are on any of those six ships you mentioned?

THE PRESIDENT: No. We do know that in several of the ports where those ships have touched down there have been evidence of those aircraft and crates that could contain them. And we want to know that after the ships leave those aircraft are still there.

Q Was one of those places Libya, Mr. President?

THE PRESIDENT: I would be guessing now because my memory doesn't tell me. Of all the reports we've had, I don't know whether -- I couldn't tell you specifically.

Q -- that Black Sea port, though --

THE PRESIDENT: Yes. I would think Libya would be a probability.

Q Speaking of Libya, Mr. President, your administration has taken a strong rhetorical line against state terrorism. What are you going to do about Colonel Mu'ammr Qaddafi of Libya, the world's most prominent practitioner of terrorism?

THE PRESIDENT: Well, again, it's one of those things that you can know and he can talk, but you can't really -- you couldn't go into court and prove that actually they were the -- they were responsible for it, any more than you could have a couple of other governments that we feel are apparently supporting terrorist movements.

So what we do is try -- intelligence is the most important thing with regard to terrorism. Can you, in some way, find or get access to information that would let you know where and when operations are planned? Can you get information that really ties a terrorist group to a certain force or a certain government? Among these -- the things that we're trying to do is if -- and we're having some reasonable success with getting together with the other nations to do what we did some years ago with regard to hijackings, so that we all pool our information, we all inform each other of everything that we know. And we take action to -- so that there are no safe harbors for terrorists, that they can't cross a border and find that they won't be troubled --

Q Excuse me, sir. I would have thought there was overwhelming evidence that Qaddafi was involved in terrorism everywhere from Northern Ireland to Mindanao.

THE PRESIDENT: Well, yes, except when the bomb goes off, can you establish --

Q That particular bomb.

THE PRESIDENT: Yes, sometimes you get those phone calls of somebody claiming credit. But when you get two or three different outfits claiming the credit -- (laughter) -- you say, "Well, which ones are just bragging?"

Q Um-hum.

THE PRESIDENT: The other thing is when it comes to if you can't intercept -- punish to retaliate, there, again, you've got to be able to get some evidence as to where are the bases from whence come these terrorists that you could strike at. And, at the same time, you have to recognize that you don't want to just carelessly go out and maybe kill innocent people. Then you're as bad as the terrorists.

Q Well, if the terrorists are in a village living

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amongst people who are innocent, are they then safe from retaliation?

THE PRESIDENT: Well, it's -- you know, what -- that's a decision that I think you have to make on each particular case. I do know of one instance in which we thought we had pretty good evidence of the locale. But, again, to attempt to pick out the guilty would have been impossible. You would have wiped out a lot of innocent people who had nothing to do with it.

Q Well, if you ever get a clear-cut case, where you know exactly where the terrorists came from and that -- there is no question of their responsibility, what then is the nature of the retaliation?

THE PRESIDENT: I think there what George Shultz said in his speech that caused a little hoopla for a time, what he was saying to our people was that you must recognize that in this whole thing, if you're going to try to defend against terrorism, there are going to come some times when military action will be called for. And you need the public understanding of that and their awareness so that they will know it is necessary if you're to conquer this problem.

Q Mr. President, why is Assistant Secretary of State Chester Crocker negotiating with all sides in the Angola crisis to get the Cubans out and reach a settlement, except for Jonas Savimbi, who's one of the strongest anti-communist leaders in the region there?

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And will you recognize Marxist Angola if the Cuban troops leave?

THE PRESIDENT: What Secretary Crocker has been doing is actually having to do with Namibia. Namibia and its independence. And there is the 435 Resolution of the United Nations about Namibia's right to become a country. Well, right now, it's South Africa territory.

Now, South Africa is willing for Namibia to become independent, but not while on the northern border of Namibia sits Angola with the Cubans and the possibility remains of Namibia becoming another satellite of the communist bloc. So what he's back and forth negotiating is that -- for to create Namibia, for Angola to agree to remove the Cuban troops, and South Africa has agreed that they will move out and they will be helpful in making this a state -- and he's made quite a bit of progress.

For the first time, Angola has made a declaration that they are prepared to bring about the withdrawal. It's a negotiating matter. They want to phase it and they have some conditions on doing this. And so he has come back just recently, but he'll be going back again. But that's where it stands and at least that's the first time in all the years that this has been going on that Angola has said, yes, they will remove Cuban troops.

Q If the negotiations are successful, would you then recognize Angola, the government of Angola, if the Cuban troops leave?

THE PRESIDENT: I think that that would be a part of the whole negotiated -- of the negotiations that are going on.

Q Doesn't that risk throwing someone like Jonas Savimbi to the wolves, in effect, though?

THE PRESIDENT: Well, this is another problem, and I can't talk about that. No one wants to do that. But certainly that has to figure in the whole negotiations. No, we're not going to -- we're not going to turn on him. But, somehow, there has to be a negotiation that involves that situation domestically in Angola.

Q Mr. President, the Syrians seem now to have become the serious focus in the Middle East, and with your September 1982 peace plan at least grievously wounded, if not dying, do you think it can be revived or, if not, do you have another initiative that you're going to pursue there?

THE PRESIDENT: Well, no. I think that was the proper course to take and I think that it is a little closer than it's been for some time. The very fact now that King Hussein has recognized Egypt, which kind of strengthens Egypt's position as being accepted back in the Arab community even though it has the peace treaty with Israel; the recognition the other day or the restoring of relations with Iraq is a step forward.

I think that there has been some trust buildup by the moderate Arab states in the United States as an intermediary and trying to bring about -- see, we're not trying to negotiate the peace. They have to negotiate the peace. Syria is -- and still is the stumbling block. But even so, now there is the negotiation going on with regard to the removal of Israel's troops from Lebanon.

So I think that some things are coming together now which, if anything, including the fact that the PLO held its meeting in Amman instead of Damascus -- I think these things are all leading toward the possibility again of getting the Arab states to agree to negotiate.

You see, they've been sitting there with the position that they refuse to recognize Israel's right to exist as a nation.

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Well, you can't negotiate with someone until that's removed.

Well, Egypt did it. And now I think the attitude of Hussein shows that -- Jordan can't be alone in doing that, but I think that what they're saying is that if the others can come together on this and enter into negotiations -- The PLO, we now see them taking on the radical faction in their own midst that was pro-Syrian.

And we're going to do everything we can to hopefully encourage this.

Q A final question, Mr. President. As -- and I want to thank you for being so generous with your time to us. As most Presidents go into their second term, and not many of them do nowadays, it seems --

THE PRESIDENT: Somebody shut off there.

Q That's all right. That's for -- Many of them start thinking about their place in history. What would you like to see be your legacy to this country from eight years of Reagan Presidency?

THE PRESIDENT: Peace and freedom, and the government back in the hands of the people.

Q What will you settle for? (Laughter.)

THE PRESIDENT: What?

Q What will you settle for? (Laughter.)

THE PRESIDENT: I'll only settle for that. I'm going to keep on trying. That's -- why else would I be doing this? You know, I figure my future is -- (laughter) --in these next four years. That's one advantage of being my age.

Q Well, thank you very much, Mr. President, for your kindness today. We're gratified that, apparently, The Washington Times is amongst your morning reading. Is that true?

THE PRESIDENT: Yes. Oh, yes.

Q My ambition is to get to be your age. (Laughter.)

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5:02 P.M. EST