

The President's News Conference

January 29, 1981

The President. How do you do? I have a brief opening statement here before I take your questions.

The National Economy

Yesterday Secretary of the Treasury Donald Regan sent to the Congress a request to raise the debt ceiling to \$985 billion. This represents a dramatic jump of \$50 billion over the previous debt ceiling. The administration took this action with great regret, because it's clear that the massive deficits our government runs is one of the root causes of our profound economic problems, and for too many years this process has come too easily for us. We've lived beyond our means and then financed our extravagance on the backs of the American people.

The clear message I received in the election campaign is that we must gain control of this inflationary monster.

Let me briefly review for the American people what we've already done. Within moments of taking the oath of office, I placed a freeze on the hiring of civilian employees in the Federal Government. Two days later I issued an order to cut down on government travel, reduce the number of consultants to the government, stopped the procurement of certain items, and called on my appointees to exercise restraint in their own offices. Yesterday I announced the elimination of remaining Federal controls on U.S. oil production and marketing.

Today I'm announcing two more actions to reduce the size of the Federal Government.

First, I'm taking major steps toward the elimination of the Council on Wage and Price Stability. This Council has been a failure. It has been totally ineffective in controlling inflation, and it's imposed unnecessary burdens on labor and business. Therefore, I am now ending the wage and price program of the Council. I am eliminating the staff that carries out its wage/pricing activities, and I'm asking Congress to rescind its budget, saving the taxpayers some \$1\1/2\ million a year.

My second decision today is a directive ordering key Federal agencies to freeze pending regulations for 60 days. This action gives my administration time to start a new regulatory oversight process and also prevents certain last-minute regulatory decisions of the previous administration, the so-called midnight regulations, from taking effect without proper review and approval.

All of us should remember that the Federal Government is not some mysterious institution comprised of buildings, files, and paper. The people are the government. What we create we ought to be able to control. I do not intend to make wildly skyrocketing deficits and runaway government simple facts of life in this administration. As I've said, our ills have come upon us

over several decades, and they will not go away in days or weeks or months. But I want the American people to know that we have begun.

Now I'll be happy to take your questions. Helen [Helen Thomas, United Press International].

U.S. Relations with Iran

Q. Mr. President, will your policy toward Iran be one of revenge or reconciliation? And will the United States honor the recent commitments to Iran, especially since you approved of most of them during the campaign?

The President. Well, I'm certainly not thinking of revenge, and I don't know whether reconciliation would be possible with the present government, or absence of a government, in Iran.

I think that the United States will honor the obligations. As a matter of fact, the most important of those were already put into effect by the preceding administration in negotiating the release. We are, however, studying, because there were four major agreements and there were nine Executive orders, and we are studying thoroughly what is a pretty complex matter, we've discovered, with regard to whether they are in keeping with international and our own national laws. And so, I won't be able to really answer your questions on specifics until we've completed that study.

Reductions in Federal Spending

Q. Mr. President, the Treasury Secretary said Monday that your budget cuts will be of a much higher magnitude than most people thought they would be. You said they would be across the board. Now that you've had some time to study the budget, can you say where these cuts will be made, what program will feel the cuts the most?

The President. They'll be made every place. Maybe across the board was the wrong decision, although it describes it. What I meant was that no one is exempt from being looked at for areas in which we can make cuts in spending.

And yes, they probably are going to be bigger than anyone has ever attempted, because this administration did not come here to be a caretaker government and just hope we could go along the same way and maybe do it a little better. We think the time has come where there has to be a change of direction of this country, and it's going to begin with reducing government spending.

U.S. Response to Terrorist Acts

Q. Mr. President, in your welcoming address to the freed Americans, you sounded a warning of swift and effective retribution in future terrorist situations. What kind of action are you prepared to take to back up this hard rhetoric?

The President. Well, that's a question that I don't think you can or should answer as to specifics. This is a big and it's a powerful nation. It has a lot of options open to it, and to try and specify now just particularly what you should do I think is one of the things that's been wrong.

People have gone to bed in some of these countries that have done these things to us in the past confident that they can go to sleep, wake up in the morning, and the United States wouldn't have taken any action. What I meant by that phrase was that anyone who does these things, violates our rights in the future, is not going to be able to go to bed with that confidence.

Walt [Walter Rodgers, Associated Press Radio].

Strategic Arms Limitation

Q. Mr. President, you campaigned rather vociferously against the SALT II treaty, saying it was slightly toward the Soviet Union. Yet I noticed your Secretary of State, Mr. Haig, now seems to suggest that for the time being, at least, the United States will abide by the limits of the SALT II treaty and he hopes the Soviet Union will, too. How long do you intend that the United States should abide by the terms of a SALT agreement which you consider inequitable, and what do you consider its greatest inequities to be?

The President. Well, the SALT treaty, first of all, I think, permits a continued buildup on both sides of strategic nuclear weapons but, in the main thing, authorizes an immediate increase in large numbers of Soviet warheads. There is no verification as to the number of warheads on the missile, no method for us to do this.

I don't think that a treaty -- SALT means strategic arms limitation -- that actually permits a buildup, on both sides, of strategic nuclear weapons can properly be called that. And I have said that when we can -- and I am willing for our people to go in to negotiate or, let me say, discussions leading to negotiations -- that we should start negotiating on the basis of trying to effect an actual reduction in the numbers of nuclear weapons. That would then be real strategic arms limitation.

And I happen to believe, also, that you can't sit down at a table and just negotiate that unless you take into account, in consideration at that table all the other things that are going on. In other words, I believe in linkage.

Sam [Sam Donaldson, ABC News].

Goals of the Soviet Union

Q. Mr. President, what do you see as the long-range intentions of the Soviet Union? Do you think, for instance, the Kremlin is bent on world domination that might lead to a continuation of the cold war, or do you think that under other circumstances detente is possible?

The President. Well, so far detente's been a one-way street that the Soviet Union has used to pursue its own aims. I don't have to think of an answer as to what I think their intentions are;

they have repeated it. I know of no leader of the Soviet Union since the revolution, and including the present leadership, that has not more than once repeated in the various Communist congresses they hold their determination that their goal must be the promotion of world revolution and a one-world Socialist or Communist state, whichever word you want to use.

Now, as long as they do that and as long as they, at the same time, have openly and publicly declared that the only morality they recognize is what will further their cause, meaning they reserve unto themselves the right to commit any crime, to lie, to cheat, in order to attain that, and that is moral, not immoral, and we operate on a different set of standards, I think when you do business with them, even at a detente, you keep that in mind.→

American Businesses and Iran

Q. Mr. President, what's your opinion of American companies that now want to resume business with Iran?

The President. My opinion of American companies that want to resume business with Iran? I hope they're going to do it by long distance. [Laughter] We wouldn't want to go back to having just a different cast of characters, but the same show going on. [Laughter]

I can understand that, particularly in the field of energy, their wanting to do that, but we are urging the people to think long and hard before they travel to Iran, because we don't think their safety can be guaranteed there.

American Prisoners in Vietnam

Q. Mr. President, three Americans are still incarcerated in Vietnam. Can you tell us the status of their cases and whether the administration is doing anything to get them back?

The President. I have told our people about those three. They knew about them, of course, but I've told them that, yes, we continue and we want to get them back, also.

Now, I know I've been staying down front here too much. I've got to prove I can look at the back rows there. You, sir.

Affirmative Action Programs

Q. Okay. Mr. President, some administrative officials have promised adherence to the civil rights laws which are on the books, but there has been considerable discussion about dismantling the affirmative action aspect that gives those laws, to some people, greater meaning. And I'm wondering, Mr. President, that if there will be a retreat in the Federal Government on the government's advocacy of affirmative action programs generally and in Federal hiring of blacks and Hispanics specifically?

The President. No, there will be no retreat. This administration is going to be dedicated to equality. I think we've made great progress in the civil rights field. I think there are some things,

however, that may not be as useful as they once were or that may even be distorted in the practice, such as some affirmative action programs becoming quota systems. And I'm old enough to remember when quotas existed in the United States for the purpose of discrimination, and I don't want to see that happen again.

Decontrol of Natural Gas Prices

Q. Mr. President, when and how will you seek the decontrol of natural gas prices?

The President. Well, we haven't dealt with that problem yet. We thought oil would do for a starter. But I can't really answer your question. That will be a matter for discussion in future Cabinet meetings.

Lou [Lou Cannon, Washington Post].

Soviet Grain Embargo

Q. Mr. President, during the campaign you repeatedly talked about the unfairness of the grain embargo, as you saw it. Do you have second thoughts now, or will you lift the grain embargo?

The President. Well, with the grain embargo, my quarrel with it from the first was that I thought it was asking only one group of Americans to participate, the farmers.

You only have two choices with an embargo: You either lift it, or you broaden it. And we have not made a decision except that, at the request of Secretary of Agriculture John Block, I have taken the matter of the embargo out of, you might say, the discussions of the National Security Council, and it, next week, is on the agenda for a full Cabinet meeting as to what our course will be. So, I can't answer what we do about it until next week.

As I say, it was asking one group of Americans to bear the burden and, I have always thought, was more of a kind of gesture than it was something real.

Yes, ma'am.

Atlanta Murders

Q. Mr. President, what will you do to honor the request from Atlanta officials for you and the Federal Government to intercede in the Atlanta case of 17 missing black children?

The President. Just a few minutes before I came in here, that message was handed to me that the Atlanta mayor wanted to talk, and we are going to get someone in touch with him immediately. Now, you recognize, of course, that possibly civil rights would be the only basis upon which we could have any jurisdiction down there in this. For FBI, for example, on any other thing, there's been no evidence of crossing State lines or anything. And yet we want to be helpful, because that is a most tragic case, and so we will be meeting on that very shortly. (FOOTNOTE)

(FOOTNOTE) On January 30, Deputy Attorney General Charles B. Renfrew and Counselor to the Attorney General Kenneth Starr met with Mayor Maynard Jackson in Atlanta, Ga., to discuss the Federal role in helping to solve the case.

U.S. Policy Toward the Caribbean

Q. Mr. President, when the Jamaican Prime Minister was here yesterday, Mr. Seaga, he suggested publicly that now might be a good time for you, as the new President, to have a foreign policy initiative for Latin America and for the Caribbean. Do you intend to follow that suggestion, and if so, how would your policies differ from those of former President Carter?

The President. Well, I think we've seen a great reverse in the Caribbean situation, and it came about through Prime Minister Seaga's election. It was the turnover or turn-around of a nation that had gone, certainly, in the direction of the Communist movement; it was a protege of Castro. And his election was greeted by me with great enthusiasm, because it represented the people by their vote, having experienced that kind of government, turned another direction.

And I think this opens the door for us to have a policy in the Mediterranean [Caribbean] of bringing them back in -- those countries that might have started in that direction -- or keeping them in the Western World, in the free world. And so, we are looking forward to cooperation with Prime Minister Seaga.

Registration for the Draft

Q. Mr. President, I think you meant ``Caribbean" in that last answer rather than ``Mediterranean."

The President. What'd I say?

Q. ``Mediterranean."

The President. Oh. I meant ``Caribbean." I'm sorry.

Q. What do you intend to do, Mr. President, about the draft registration law that was passed during President Carter's administration? And in view of your opposition to it in the campaign, how is that consistent with your avowed intention to strengthen our national defenses?

The President. Well, to answer the last part first, I just didn't feel that the advance registration, on all the evidence we could get, would materially speed up the process if an emergency required the draft. It did create a bureaucracy. It caused, certainly, some unrest and dissatisfaction. And we were told that it would only be a matter of several days if we had to call up in a draft, that we could do that several days earlier with the registration than we would be able if there was no registration at all.

This is one that's something to be looked at further down. I've only been here 9 days, and most of these 9 days have been spent in Cabinet meetings on the economy, getting ready to send our

package up to the Hill. And so, I just have to tell you that we will be dealing with that, meet with that, and make a decision on what to do with it down the road someplace.

Gary [Gary Schuster, Detroit News].

Tax Reductions

Q. Mr. President, speaking of your economic package, can you give us your thoughts on an effective date for the tax cuts that you plan to recommend in your economic recovery plan, and specifying whether you prefer one effective date for business and another for personal cuts or whether you'd like to combine them?

The President. I'd like to see it all go forward all at once. As to date, I know there's been talk about whether it should be retroactive back or whether it should be as of that minute. That, to me, isn't as important as getting for individuals the principle of a 10-percent cut for each of 3 years in place and the business taxes, also, so that we can all look forward with some confidence of stability in the program. And we're going to strive for that. And I can't really answer you about what the date will be until we submit the package.

U.S. Relations with Iran

Q. Mr. President, I know you said earlier that you were not thinking of revenge toward Iran. But does that preclude any punishment whatsoever for what they've done?

The President. Well, again, I have to ask your forbearance and wait until we've finished our study of this whole situation as to what we're going to do. I don't think any of us have a friendly feeling toward the people that have done what they have done. But I think it's too complex for me to answer until we've had time to really study this.

Q. Mr. President, just one followup. Would you go so far as to encourage American businesses to resume commercial trade with Iran?

The President. At this point, no.

Departments of Energy and Education

Q. Mr. President, do you intend to follow through with your campaign pledges to abolish the Departments of Energy and Education?

The President. I have not retreated from that at all. Yes. The process, however, that I have asked for is for both Secretary Bell of Education and Secretary Jim Edwards of Energy to reorganize, to produce the most effective streamlining of their Departments that they can -- in Education, to look at the appropriate role of the Federal Government in education, if there is one, and to report back. And then we will decide, making our recommendations. Much the same thing holds true with the Department of Energy. The reason for this being that while they were new Cabinet-level agencies, they incorporated government functions and programs that had been going on in them,

and they came under that umbrella. And we have to find out which of those functions that have been a Federal Government function continue and where they would best fit.

But, yes, I'm determined, and I believe that it was wrong to have created the two agencies to begin with.

Dairy Price Supports

Q. Mr. President, during the campaign your chief farm spokesman put you on record as favoring, for the time being, continuation of the dairy price support level where it had been. Within the last couple of days, your budget director and your Secretary of Agriculture have indicated that the dairy program is too expensive and should be cut back. Could you reconcile those differences of approach for us?

The President. Well, I could only tell you that this, again, is something to wait for the next Cabinet meeting. All of these things are worked out between the appropriate Cabinet members and our Director of OMB, and then they come to the Cabinet for full discussion so that others who have an interest in this can have their input. And so, I can't answer you, because that has not yet come to the Cabinet.

Stability in Persian Gulf Region

Q. Mr. President, Iran and the Soviet Union share a long border in a region vital to the future stability of the world. Given the anti-U.S. sentiment there, how do you best think the United States can ensure the stability of the region, the Persian Gulf region?

The President. Of the -- you said Iran, the border between Iran and the Soviet Union.

Well, I think one of the first things that has to happen for stability, has got to be, in Iran itself, to establish a government that can speak as a government for Iran. And part of our problem in all these long 444 days has been the inability of anyone seemingly to speak for that nation, to have a government. Now, I think that any country would want to help another if they really showed an intent to have a government that would abide by international law and do what they could to help them in that regard. But until such a thing appears apparent there, I don't know that there's anything we can do.

U.S. Relations with Iran

Q. Mr. President, if it's your intention to signal the world that this country will respond with swift retribution in cases of international terrorism in the future, why is it your policy not to retaliate against Iran?

The President. Well, what good would just revenge do, and what form would that take? I don't think revenge is worthy of us. On the other hand, I don't think we act as if this never happened. And I'd rather wait until, as I say, we complete this study.

Who said -- I know I've been on this side too long, but someone said, ``Por favor." [Laughter]

Hispanics in Reagan Administration

Q. Mr. President, still I am impressed when I listened the other day, ``Viva la roja, la blanca, y azul."

Mr. President, it is true that when Hispanics are given the opportunity to serve this country, they serve the country with diligence and dispatch. In view of this undisputed fact, when are you going to appoint Hispanic Americans to serve in your administration in policymaking positions?

The President. We are definitely recruiting and definitely trying to do that. I want an administration that will be representative of the country as a whole, and please don't judge us on the fact that we have only picked a hundred. There will be 1,700 positions to fill in the executive branch and the White House senior staff and staff. And the personnel committee in our administration that is talent hunting and looking for these people contains members of the minorities, Hispanics, and even a majority of women, and we want that very much. So, don't judge us now by the tip of the iceberg. Wait till it's all in.

Interest Rates and the Federal Reserve System

Q. Mr. President? Yes, thank you.

Mr. President, Paul Volcker, the Chairman of the Federal Reserve Board, has been implementing policies that are exactly opposite in basic thrust from what you recommend. He has been squeezing the productive sector of the economy in favor of the speculative sector. Now, I mean frankly, Mr. President, there are important sections of the American economy that are about to go under and won't even have an opportunity to benefit from the programs that you're putting forward because of the Federal Reserve policy.

I have a two-part question. First of all, do you think that objective economic conditions justify the interest rate levels that we now have? And I don't mean for your answer to imply criticism of the Fed; it's just an objective question. And the second question is, are you concerned that there might be a sabotage, so to speak, of your policies by programs that the Federal Reserve might be putting forward?

The President. No, I'm not concerned that there would be sabotage. I've met with Mr. Volcker, and not with the intention of trying to dictate, because it is an independent agency, and I respect that.

But I think that we have to face the fact that interest rates are not in themselves a cause of inflation; they're a consequence. And when you have, as we have had, double-digit inflation back to back for 2 solid years now -- the last time that happened was in World War I -- and when you have double-digit inflation there, that way there is no question that interest rates are going to have to go up and follow that inflation rate.

And so, the answer to the interest rates is going to be our program of reducing government spending, tied to the reduction of the tax rates that we've spoken of to bring down inflation, and you'll find that interest rates come down. We do want from the Fed and would ask for a moderate policy of money supply increasing relative to legitimate growth. All of these things have to work together. But I don't think that the Fed just deliberately raises interest rates.

The reason that we've got to tie taxes and we have to tie spending together is we, for all these decades, we've talked and we've talked about solving these problems, and we've acted as if the two were separate. So, one year we fight inflation and then unemployment goes up, and then the next year we fight unemployment and inflation goes up. It's time to keep the two together where they belong, and that's what we're going to do.

Yes, sir.

Reagan Administration Appointees

Q. Mr. President, a number of conservative leaders, among them some of your staunchest and most durable supporters, such as Senator Jesse Helms, are very concerned about some of your appointments.

The basis of the concern is that many people who have been longtime Reaganites and supporters of yours do not seem to be able to get jobs, like Bill Van Cleave, who played a key role on your defense transition team, whereas other individuals who have not supported you throughout the years or your philosophy, like Mr. Terrel Bell, the Secretary of Education, who was for the establishment of the Department which you've said you're going to abolish, when Mr. Frank Carlucci, Deputy Secretary of Defense, who was not a supporter of yours, that they have gotten jobs.

My question is, why are these individuals in your administration? Why isn't Mr. Van Cleave? And how much of a problem do you think this conservative dissatisfaction with your appointments is?

The President. The only problem that I've had that is more difficult than knowing which hand raised to point to here -- and believe me, it bothers me; I go home feeling guilty for all the hands that I couldn't point to. [Laughter] The only problem greater I've had is in the selection of personnel.

Now, in many instances some of the people that have been mentioned, whose names that have been mentioned by others did not want a position in the administration -- helped, worked very hard, and wanted nothing for it. But you also have to recognize there aren't that many positions. After all, look how many votes I had. You can't reward them all.

Ms. Thomas. Thank you, Mr. President.

The President. Thank you. All right. Thank you all very much.

Note: The President's first news conference began at 4 p.m. in Room 450 of the Old Executive Office Building. It was broadcast live on radio and television.