

“Face the Nation” Domestic Questions, [5/30/80]

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THE WHITE HOUSE

WASHINGTON

May 30, 1980

MEMO FOR: RAY JENKINS
FROM: DAVID RUBENSTEIN DR
SUBJECT: Face the Nation Interview

I have prepared the attached domestic questions for the Face the Nation show.

OMB has approved the budget answers; CEA has approved the economic answers; and Jack has approved the refugee answers.

Charlie Schultze has asked me to attach his memo to the President on how to handle certain economic questions. The memo is at the front of the economic section of this binder.

Finally, attached in the front are some late-arriving Q&A's from NSC.

FACE THE NATION
DOMESTIC QUESTIONS

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POLITICAL

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RELEASE OF DELEGATES

Q: Would you consider releasing your delegates if Senator Kennedy committed to do so also? Why not?

A: I think it would be a serious mistake if I were to release my delegates:

- o They were elected after an arduous, six-month long campaign in which millions of Americans voted in favor of them. By releasing delegates, I would in effect be disenfranchising the millions of voters who came to the polls in order to have their voices reflected in the Convention.
- o The process of electing delegates in primaries and caucuses in every State in the Union is the result of Democratic Party reforms that have been in the making for a decade. They were designed to encourage greater participation in the process and to open up the process. If delegates were released, the reforms would be lost, with the process becoming closed rather than open. A few power brokers could then have more of a say than the millions who voted. That is not progress, and it is not fair to the voters or those who have worked so hard for Party Reform.
- o I recognize the political attractiveness of calling for a release of delegates. Someone who is behind will naturally try to get ahead in ways that may obscure or ignore the clear will of the voters. But the Party and the public should not be lulled into reversing the reforms of the 1970's and to setting precedents for brokered conventions.

KENNEDY WITHDRAWAL

Q: Do you believe that Senator Kennedy should withdraw if you win all or most of the major primaries on June 3?

A: If I were to do that well on June 3, I think there could be no doubt in anyone's mind about who the Party's nominee will be. I will have a substantial lead in delegates over Senator Kennedy, and there would be no prospect at all of his being nominated.

Whether, in light of those circumstances, Senator Kennedy would want to withdraw is a matter for him to decide. I know that he has always been a strong supporter of the Democratic Party, and is concerned about the unity of the Party. But I can not predict what he will do, nor will I urge him to take a particular action before the Convention.

JOHN ANDERSON DEBATE

Q: Why are you refusing to debate John Anderson?

A: First, I am a strong believer in the strength and virtues of the two-party system. That system has enabled our country to enjoy unrivaled stability and freedom. I do not want to take steps which would help break down our basic two-party system. By helping an independent or third party candidate, with increased visibility, I would only be sowing the seeds for the ultimate breakdown of our two party system. The lesson of other nations where there are three or four parties makes clear that we do not want to proceed down this road.

Second, recent Presidential debates, such as 1960 and 1976, have not included third party or independent candidates. There is no tradition for doing this, in part because of the reason I have just mentioned. In 1976, for instance, Gene McCarthy was not included.

Third, I do not think it would be fair to the numerous other third-party and Independent candidates to include one over all the rest; there are now 31 candidates for President registered with the FEC. One candidate is already on the ballot in the general election in over 20 States, and he would have as legitimate a claim to be in the debate as John Anderson.

Fourth, and this is very important, I do not think I should be debating two Republican candidates, one who got the Republican nomination and one who did not. To include John Anderson would only legitimize the practice of having defeated Presidential candidates run as independents after their Party rejects them. And I do not think we want to encourage that practice. The primaries and caucuses are designed to eliminate candidates without requisite support in their parties. If every candidate who did not win the nomination of his Party ran as an independent, we could have a general election of a dozen candidates.

And, of course, there can be no doubt that John Anderson is an additional Republican candidate. He is running as Republican-Independent; he has been a Republican Member of Congress for 20 years and part of its leadership; and he has a voting record that reflects typical Republican positions -- opposition to minimum wage increases; Humphrey-Hawkins; labor law reform; Medicare; common situs picketing; Social Security cost-of-living increases; and the Consumer Protection Agency.

In a Presidential debate, I will already have one Republican opponent who has that type of philosophy. I do not think I should have to debate two.

(This last approach, calling Anderson a Republican, is one which the Moe-Wexler group on Anderson strongly recommends; their feeling is the other arguments are not catching hold. Jody concurred in this suggestion today. You might check further with him.)

Q: Will you refuse to debate John Anderson if the League of Women Voters determine that he should be part of your debate with Governor Reagan?

A: My reasons for not wanting to debate John Anderson is not dependent on a determination by the League of Women Voters. I would very much like the League to sponsor again the Presidential debates as it did in 1976. The League did an excellent and professional job then, and I am sure it would continue to do so this year.

But if the League should, for some reason that is not apparent, decide to include an Independent candidate, I will seek to have a debate with Governor Reagan in a different forum.

REAGAN-ECONOMY

Q: What do you see as the major differences between your views on the economy and those of Governor Reagan?

A: It is hard to be specific about our differences, because most of Governor Reagan's statements on economic policy are rather vague generalities. But there are some clear differences:

- o Governor Reagan has talked about reducing Federal spending, but has never been specific about what programs he would cut. I have actually done so. Federal spending, outside of defense, grew at an incredible 6.7 percent a year faster than inflation in the Nixon and Ford years; in my four years, non-defense spending will rise less than inflation. This change has not been easy. We had to touch some programs that are important to many Americans -- and to me. But while Governor Reagan talks about reducing Federal spending as if it was painless, I have been making responsible reductions in expenditures.
- o Governor Reagan supports an across-the-board 30 percent tax cut. The consequences of such a policy, however attractive it sounds, would be disastrous. The claim that such a tax cut would work miracles is nonsense.

It would lead to large budget deficits and sharp increases in the rate of inflation. By contrast, I have said many times that I will propose targeted tax cuts designed to stimulate investment and reduce inflation when there is room in the budget for tax reduction. If the Congress follows my budget recommendations this year, there will be room for responsible tax cuts next year. But it would be irresponsible to reduce taxes until it is clear that they can be undertaken without giving rise to renewed inflationary pressures.

As President, I cannot offer the promise of magic solutions to our economic problems. But I can offer the real promise that with patient application of budgetary restraint and carefully targeted tax cuts at the proper time, we can lay the foundation for lower inflation and higher economic growth over the years ahead.

PLATFORM

Q: Are you willing to make concessions on the Platform to avoid a floor fight on the Platform and to help Senator Kennedy out of the race?

A: The Platform Committee will be meeting in Washington during the second week of June. At that time, I will submit to the Platform Committee a statement of my own recommendations about what should be included in the Platform.

Among other things, the statement will recommend that the Platform include a discussion of the progress that has been made over the past four years and the inclusion of proposals to achieve further progress in coming years that are consistent with the great traditions of the Democratic Party and the economic and international realities now facing us.

Further, I will indicate my strong belief that the Platform should be one which can unite the Democratic Party and which can offer a clear challenge to the unworkable and unrealistic proposals of Governor Reagan and the Republican Party.

I am certain that Senator Kennedy, as well as his supporters, share these general goals. I am hopeful that specific language can be developed to enable the Platform Committee, and ultimately the Convention, to agree on a strong Platform.

ECONOMY

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INFLATION

Q: What is your prediction for the level of inflation by the end of this year?

A: Inflation is dropping and I expect it to continue to drop. It is, of course, hard to be precise about these predictions. However, I expect that the rate of increase of the consumer price index will fall to below double-digit rates well before the year is out. Indeed, we have already seen some progress in this direction in the April statistics.

RECESSION

Q: Your advisers have recently referred to a recession steeper than expected. Do you still believe the recession will be mild and short?

A: The economic decline in the last several months has indeed been steep. However, it does not follow that we are in for a very long or unusually severe recession, like that experienced in 1974-5. Corrective forces are already at work to moderate recession and bring on recovery. Inflation is slowing and interest rates are coming down at an unprecedented speed. We should look to these factors, and not to "quick fix" spending programs to bring about a lasting recovery.

UNEMPLOYMENT

Q: How high do you expect unemployment to go?

A: My Administration will not issue a new official forecast until next month. In March, we forecast an unemployment rate of 7-1/4 percent during the last quarter of 1980 and some increase above that in early 1981. On the basis of statistics for the past few months, I would guess, based on the assessments of my economic advisors, that unemployment will go somewhat above that point. But unemployment will not be rising anywhere near the levels reached in the last recession. Of course, I am concerned about any increase. And we do have a number of government programs, which to some extent, alleviate the distress of unemployment, such as trade adjustment assistance. And we are committed to maintain our summer jobs program at one million slots, to initiate a \$2 billion expansion of our youth employment program, to seek a healthy level of CETA jobs, and to continue working with the private sector to encourage it to hire the unemployed. Perhaps most importantly, though, rapidly falling interest rates and lower inflation are already operating to moderate recession and bring on recovery. The results will not show up at once and we may have some difficult months ahead. But I think there are fundamental forces at work to bring on a strong recovery.

GASOLINE CONSERVATION FEE

Q: Do you believe you can ultimately prevail in the judicial and Congressional fights over the gasoline conservation fee? Might you consider postponing it until after the election, when it can be considered in a less political atmosphere?

A: I am convinced that ultimately, I will prevail in the effort to have a 10¢ per gallon gasoline conservation fee. In the courts, I believe it will be found that I was acting under appropriate legal authority in imposing a fee and tilting its impact entirely on gasoline. In the Congress, I believe we will develop, through education about the domestic and international importance of the fee, sufficient support to sustain the fee's imposition.

The fee is too urgent to our energy security -- it will save 100,000 barrels of imported oil in this year alone -- to postpone. There is never a good time to take politically unpopular steps. There is always an excuse for delay. We cannot afford further delay if we are to begin to free ourselves from over-dependence on foreign oil.

STIMULUS PACKAGE

Q: Do you have any plans to consider a stimulus package or tax cuts to help us get out of the recession and reduce unemployment? How much deeper must the recession get or how much higher must unemployment go before you would consider such a package?

A: I am not considering a fiscal stimulus package. Inflation remains our number one problem, and fiscal restraint remains the appropriate policy at this time. Although the increase in unemployment during April was greater than expected, the shape of a recession cannot be predicted on the basis of one month's data. There is no critical rate of unemployment which would automatically make a change in fiscal policy appropriate. Policy depends upon many other factors -- for instance, the positive effects of falling interest rates on housing and auto purchases.

I have stated my intention to reduce taxes at the appropriate time to provide incentives for investment and to offset rising tax burdens. But inflation will not be reduced if we retreat as soon as the battle to contain it becomes uncomfortable. This means that spending restraint is necessary for the foreseeable future. Tax cuts will be possible only after spending restraint has been achieved, and only when they do not raise inflationary pressures.

BUDGET

NEW BUDGET RESOLUTION

Q: On Wednesday you indicated that the conference compromise on the first budget resolution was unacceptable because it provided less in social spending and more in defense spending than your proposals. What do you expect the conferees to come up with, and will you accept anything less than your proposed spending figures.

A: I indicated that the conference report was not acceptable because it was a basic reordering of the budget priorities that I believe are right for the Nation. I am pleased that the House voted overwhelmingly to uphold my position on this matter and to send the resolution back to conference.

It is important that during a period when we face the added burdens of a downturn in the economic cycle, we make adequate resources available to uphold our basic commitment to social justice and equity. We must fund programs designed to keep Americans at work and to meet the needs of education, training and preventing deterioration in our most severely pressed cities and communities.

I hope the members of the conference will now agree on a budget that more closely parallels my own, and strikes the appropriate balance between Defense and domestic needs -- and, of course, that it be a balanced budget.

I will continue to press for all my proposals as the Congress appropriates the funds for FY 1981. There should be no doubt about what I believe are our budget priorities, or about my determination to see that the Congress enacts them.

BALANCED BUDGET

Q: Will the difference over the Congressional Budget make it impossible to get a balanced budget approved by Congress?

A: No. There is no difference between the Congress and me on the importance of balancing the budget. The only issue is how we order our priorities within a balanced budget.

I believe the conferees will shortly return a balanced budget resolution. The dispute over the proposed resolution will not deter the conferees, or the Congress, from proceeding along a path toward a balanced budget.

BUDGET RESOLUTION - DEFENSE SPENDING

Q: Why did you oppose the Budget Resolution on grounds of excessive defense spending, when your own reestimates of defense spending will soon be at the level contained in the Conference Report?

A: What I object to in the Budget Resolution is not the defense outlay figure for 1981, but the total amount of "budget authority". That is a far more important measure of the size of the Defense budget than outlays because it determines how much can be spent both now and in future years. The Congress increased that amount by nearly \$7 billion over my budget. My five-year defense program calls for an increase of over 4% each year in real terms. My last three defense budgets have been the highest in history. That is ~~more~~ ~~than~~ adequate for our national security -- and it is a long-range Defense program that can be sustained.

BUDGET RESOLUTION - LIBERALS

Q: Was your opposition to the Budget Resolution linked in any way to your efforts to attract liberal voters back to you?

A: No. My opposition was due to the simple fact that the conferees had altered my budget priorities in ways too serious to accept or ignore -- an increase in defense budget authority of \$77 billion and a decrease in domestic spending of nearly \$5 billion. I simply could not accept changes of that magnitude and still meet my responsibilities to help provide the American people with a budget that properly meets their needs.

If I had been interested in simply scoring political points, I would not have undertaken this fight. For by doing so I risked the political damage of engaging in a fight with Congressional leaders of my own Party, of having my defense record distorted, and of having my commitment to a balanced budget questioned. Any momentary political favor that might have been won with some groups could not compensate for the political fall-out involved in the budget fight.

BUDGET - DEFENSE

Q: How can you justify opposing the Congress' higher defense spending, particularly in light of the many international crises facing us?

A: My own record of providing for the national defense is clear. And it is a record of achievement, not just of promises.

I have now sent four defense budgets to the Congress since I took office.

These budgets, and my 5-year plan for defense through 1985, represent a steady, growing and sustainable strengthening of our Nation's defense. While the rhetoric of some people casts my defense program as insufficient, others see our growing defense budgets as more than enough -- claiming too large of share of our resources.

I believe that this kind of debate is healthy and will always be with us. I also believe that as you form your own judgment about the 1981 defense budget, two facts should be most important:

First, the three defense budgets I have already proposed and Congress enacted have been the largest, in absolute terms, in history. And in terms of real growth, the largest in many years.

Second, my 1981 budget, which adds \$20 billion over last year, represents major growth in every aspect of our military power.

Q: The Joint Chiefs of Staff have now said publicly that they believe your defense budget is inadequate. Doesn't that make it hard for you to continue opposing the Congress' higher defense figures?

A: The Joint Chiefs were of course expressing their personal opinions as they are required to by law. Because of their broad experience, I respect their military opinions. However, their responsibility is to try to plan for every possible threat and contingency. Military budget planning has traditionally reflected so-called "requirements" costing tens of billions of dollars more than our Nation has ever actually spent for defense.

My record is clear. My three defense budgets have been higher than any in recent history.

As President, I have to provide for our Nation's security, and all the other needs of our people and our society. In this context, I believe my 1981 defense budget, with its \$20 billion increase over the last year, is the right amount. The Joint Chiefs, whose charter is of course far more narrow, would obviously prefer more.

BUDGET RESOLUTION - PRESIDENTIAL INVOLVEMENT

Q: Do you think it is appropriate for the President to become involved in the Congressional budget process, a process which is essentially a congressional procedure, requiring no Presidential approval?

A: It is not at all unusual for a President to be closely involved in the Congressional budget process. After all, the process begins when the President sends his proposed budget to the Congress every January. The Congress, of course, makes the changes it feels are appropriate. As the conferees did this week in developing the compromise 1981 Budget Resolution, some of those changes can be so severe that they distort and undermine our Nation's priorities. When this happens, it is my responsibility as President to call attention to it and let the Congress know that I cannot support the changes. While a Budget Resolution does not require my signature, the programs themselves must then be authorized and funded -- and those bills do have to be signed by me. Therefore, it is misleading to say that this is just a Congressional procedure.

In addition, there are some special circumstances in this case. Three months ago we began an intensive, in fact an unprecedented consultation process with the Congress to agree on how to cut substantial amounts of spending from the 1981 budget. That process lasted for many days, and resulted in a joint proposal that the leadership made to me on March 13, in which they agreed not only to the concept of a balanced budget, but also to the relative amounts for Defense and domestic spending.

So, our relationship on this budget has been one of close cooperation. When the Congress then varies from that understanding, as they did this week, I feel it is my responsibility to express my displeasure with the changes and urge the Congress to return to our earlier proposals.

BALANCED BUDGET

Q: Will you concede now that it is not possible to balance the FY 1981 budget because the recession will be deeper than expected?

A: It clearly will be more difficult to balance the 1981 budget if the economic downturn persists beyond our forecast. But we cannot predict the length, depth or shape of a recession from one or two months' data.

What is now important, however, is for the Congress to enact the \$15 billion in spending cuts I proposed when I revised my 1981 budget last March. We must demonstrate that the government is serious in its commitment to restraining spending. I intend to use all of my powers -- vetoing bills, if necessary -- to hold unnecessary spending down.

DOMESTIC

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MIAMI RIOT/RIOTING IN CITIES

Q: Are you concerned about a further outbreak in Miami? What efforts are you undertaking to keep our cities cool this summer and to prevent further rioting and looting of the type that occurred in Miami?

A: I am very concerned about what happened in Miami. I deplore violence on any basis and it cannot be tolerated. But that is true whether it be violence by rioters or in response to civil disturbance. Also, we must all understand and deplore the conditions that cause people to resort to such actions. In this case, the people of Liberty City area of Miami clearly feel that the justice system has not treated them fairly or equally. For that reason, I have asked the Attorney General and the Justice Department to review the situation directly, and that is now being done.

In addition, continued conditions of poverty and unemployment in the black communities of Miami have led to a great sense of frustration. Last week I sent a federal inter-agency team to Miami to assess how the federal government-with state, local and private sector resources- can help rebuild that community. The team's report will be on my desk soon and I will take action promptly.

As to other cities, I hope we will not see riots around the country. I understand the common frustrations of high unemployment- particularly minority youth. That is why I did not cut the summer youth program (1 million jobs) and continue to press for my new youth initiatives

in Congress. But we must not react to this incident in a way that only will fan the flames and make this a self-fulfilling prophecy.

MOUNT ST. HELENS

Q: Why didn't the government do a better job of warning people about the disruption of Mount St. Helens?

A: In fact, the U.S. Geological Survey did an outstanding job of anticipating an eruption and warning local people -- probably better than has ever been done in the history of volcanic eruptions. Two years ago the Geological Survey published a booklet describing potential hazards from future eruptions of Mount St. Helens, pointing out that it is an especially dangerous volcano. In addition, the Forest Service, which manages much of the land affected by the volcano, had prepared and distributed a detailed contingency plan. As a result of those warnings, and the contingency planning, evacuations did occur, and the public was forewarned and prepared.

Obviously, though, there is no way to prepare adequately for the biggest volcanic explosion we have ever had.

Q: What aid will the Federal government be providing to the Northwest as a result of the damage caused by the Mount St. Helens eruption?

A: As you know, I have already declared the State of Washington and 8 counties in Idaho to be disaster areas. I will make any additional declarations that may be necessary and authorized by law to cope with the damage caused by the Mount St. Helens volcano.

The Federal Emergency Management Administration has sent personnel to the disaster areas and established one-stop centers for the disaster victims. Victims can go to these centers and obtain food, temporary housing, and financial assistance to rebuild their homes, farms and businesses. The financial assistance is made available through the Small Business Administration and the Farmers Home Administration at interest rates that are substantially below current market rates.

We do not yet know the full cost of the physical and economic damage to this region of the country. But we have already begun work on a request that the Congress appropriate funds for these necessary assistance programs. I plan to forward the request to the Congress very shortly.

Finally, as in any disaster of this magnitude, a high degree of cooperation among the various levels of government and the local people is required. It is a time for everyone who can to help, and that is exactly what the people of the Northwest are doing. They are to be commended for the way they have conducted themselves.

CUBAN REFUGEE POLICY

Q: What is US policy on Cuban refugees? Are we welcoming them with open arms, or are we trying to keep them out?

A: In less than two months, over 90,000 Cubans have fled the repression of the Castro regime under chaotic and perilous conditions.

Since the beginning of the crisis, our policy has followed three basic principles: first, to treat the escaping Cubans with decency, fairness and humanity; second, to observe and to enforce the existing US law which prohibits the bringing of undocumented aliens to the US; and third, to work with other countries and international organizations to develop an orderly, safe and legal solution to this difficult human dilemma.

In order to bring safety and order to a process that continues to threaten lives, I offered to provide an airlift and a sealift to bring eligible Cubans to the United States and to other countries after they have been screened in Cuba. We have also taken steps to stop the dangerous and illegal voyages to Cuba and to encourage those boats at Mariel Harbor to return without taking illegal immigrants.

So far, Castro continues to ignore the requests of the international community to negotiate an orderly solution to this problem. Though his newspapers claim a willingness to discuss this issue with us, his government continues to reject offers to resolve the problem.

CUBAN REFUGEE FLOW

Q: The announcement you made on May 14 has apparently failed in halting the "freedom flotilla." What do you plan to do next to stem the flow of Cubans now that Castro has rebuffed your May 14 proposal?

A: Our efforts to stop the flotilla have not failed. Boat traffic from Key West to Cuba has been stopped for more than two weeks. Although boats returning from Mariel to Key West continue to be overloaded, the number of daily arrivals has decreased from the 5-6,000/day we were receiving earlier to half that number. Our best information to date is that 300 - 340 boats remain in Mariel, but it is impossible to tell accurately how many persons might return on these boats to the United States.

So far, approximately 90,000 persons from Cuba have sought asylum here. Of this number, over 42,000 have been temporarily resettled. We will continue to work with the National Voluntary Agencies, the Cuban-American community and others to reunite families and resettle persons who qualify for asylum.

CUBANS AND HAITIANS - LEGAL STATUS

Q: There is apparently some question about the status of arriving Cubans. Some Governors have urged that you treat them as "refugees." Have you made a decision? If you have not, when will you and will the Haitians be treated the same way?

A: All arriving Cubans and Haitians are being treated as asylum-applicants. We have not yet made a decision on their long term status. There is some question whether the newly-enacted refugee law was intended to address a situation in which large numbers of people seeking asylum reached our shores without any previous determination of "refugee" status. We are looking at the options very carefully.

It is important to bear in mind that it is not solely my decision. The new law properly contemplates close consultation with the Congress with respect to the admission of large numbers of persons outside the normal immigration channels. We have begun the consultation process and will press to develop jointly with the Congress a solution which will be humane to the individuals seeking a new life here, fair to the states and cities which have been, or will be, and which does not ignore our more limited capacity, in these difficult economic times, to absorb large numbers of new people.

Regarding Haitians, it is important to understand that the old refugee law gave persons fleeing communist regimes, such as Cuba, a preference over those fleeing non-communist regimes such as Haiti. That is why Haitians and Cubans have historically been treated differently. I proposed to the Congress that it abolish that preference, and Congress did so. The government is now applying the same tests and standards to Haitians and Cubans seeking asylum.

MIAMI - DISASTER

Q: Why have you not declared Miami to be a Federal disaster area under the Federal Disaster Relief Act?

A: The Federal Disaster Relief Act is not intended to deal with civil disturbances and is not designed to deal with the long-term rebuilding efforts that may be required after a civil disturbance. The Act was written to provide federal emergency assistance to "supplement State and local efforts to save lives and protect property, public health and safety or to avert or lessen the threat of a disaster." The Act has never been used to respond to a riot situation.

The recent riot in Miami was met and handled properly by State, City, and County governments. The job now at hand is one of rebuilding the damaged parts of the city and addressing some of the critical long-term economic development, job, and other needs of people in the affected areas.

The Interagency Coordinating Council, which I created to coordinate implementation of our urban policy, is the appropriate -- and most effective -- vehicle to assure that adequate federal assistance is brought to bear expeditiously with the State and local governments and the private sector. The Small Business Administration has already declared that businesses in the affected area are eligible for low interest-rate loans.

At my direction, a federal assessment team of the relevant agencies spent most of this week in Miami meeting with community leaders, representatives of the private sector, and state and local elected leaders to begin formulating a proper state/local/federal response to the situation. The team is working closely with my staff and will report its recommendations to me within the next two weeks.

REGISTRATION

Q: It has been more than 4 months since you announced your proposal for draft registration as a response to the Soviet invasion of Afghanistan. In light of the time that has already passed and the fact that necessary legislation is still stuck in the Congress, do you still favor going ahead with registration?

A: Yes, very much. It is important to understand that while the decision to return to peacetime registration was made, in part, as a response to the Soviet invasion of Afghanistan, it was also designed to correct a serious deficiency in our ability to mobilize in the event that this becomes necessary. I hope that we will not have to do that. However, it is foolish not to be prepared.

The Congress is aware of the seriousness of the problem. The House has approved the necessary funding. The Senate will be voting next week. I am hopeful that we will soon have funding authorized and that we can begin registration this summer.

Utility Oil Backout

Q: Are you going to continue to press for passage of the utility oil backout (coal conversion) in view of the fact that it appears to be bogged down in Congress?

A: Simply stated, my proposal for requiring certain utilities to convert to coal or other alternative means of energy, and thus reduce our dependence on imported oil, is an absolute essential for our energy security. There is no other legislation which can so rapidly help to reduce our dependence on a significant amount of foreign oil. If enacted my proposed oil backout legislation would result in a savings of more than 1 million barrels of oil per day.

Finally, I recognize that there are legitimate concerns about the environmental effects of converting so many oil-burning facilities to coal. I share concern about ensuring a clean environment, but I am convinced that we can develop ways to alleviate any possible environmental problems from conversion.

SPRO

Q: Has there been a change in your policy of filling the strategic petroleum reserve?

A: No. There has been no change in my policy for filling the Strategic Petroleum Reserve. I continue to believe that the strategic petroleum reserve is an important part of the nation's energy policy. It is important for us to have a supply of petroleum available in the event that there is a serious interruption in supply. My proposed budget provides funds to purchase petroleum for the reserve. We are currently determining in light of discussions with our European allies and OPEC, an appropriate timing and mechanism for accomplishing our objective of continuing to fill the strategic petroleum reserve.

Love Canal

Q: What action are you taking to prevent future occurrences such as the one at Love Canal?

A: I have directed the federal government to take all appropriate and legal actions that are available to address the unfortunate occurrences at Love Canal.

The federal government will be providing funding on a cost sharing basis with the State of New York for the temporary housing of over 700 families who are most directly affected by the tragedy at Love Canal. We cannot and will not purchase homes of the victims. We have never done so before in any type of emergency or disaster and we will not do it now. The State of New York did choose to buy victims' homes two years ago and certainly has the option to do it again.

In a broader sense, the Love Canal tragedy highlights the concern that I have about the potential national problem of hazardous waste dump sites. Last year, I proposed a comprehensive \$1.6 billion program to the Congress to address the problems associated with hazardous waste spills and dump sites. The Congress is presently considering that legislation. I urge them to support and pass this necessary legislation. This is one of the most important public health issues of this decade and my Administration is committed to finding ways to address this national issue.

DEFENSE BUDGET

Q: The Joint Chiefs of Staff testified last week that there should be a big increase in the defense budget. How can you argue against the Congressional effort to increase your defense budget in the face of such expert military advice?

A: There has never been a year, either in this Administration, or in any other in which the Chiefs have not recommended more money for defense. In fact, there rarely is any agency in the government that does not seek more money. But as the Chairman of the Joint Chiefs noted in his testimony, they are looking at the problem from a strictly military point of view and I have to look at it from a broader international and domestic perspective.

I should note that while the Chiefs would like more, they do support my budget. They are not arguing that the nation cannot be defended within the limits of my budget. If they felt that way, they would resign. To the contrary, the current Chiefs -- because they are particularly able and articulate -- have won a higher percent of their proposed increases than did any of their recent predecessors.

It is important to put this issue into historical context. Between 1968 and 1976 -- during the Republican years in power -- defense spending was cut drastically, by thirty percent. In each of my years in office, defense spending has been increased. For the first time since World War II, we have increased defense spending in three straight years in peace time. The defense

budget is already fifteen percent higher than it was when I took office and under my Five Year Defense Program it will be thirty percent higher by the end of my second term.

This is the right and efficient way to maintain our military power over the long haul. The wrong way is to embark on another round of excessive increases, followed in reaction by excessive decreases. We do not need wasteful splurges. We need steady and significant increases that can be sustained economically and that will win the enduring support of the American people.

May 30, 1980

MID EAST PEACE PROCESS

Q: Now that May 26 has passed, does this mean that the Camp David process is on "hold" until after our elections? Do you support a European "initiative?" What impact will the changes in the Israeli Cabinet have on the prospects for peace? Does the Hussein visit mean you are trying to get him in Camp David?

A: It is important to understand what we have been trying to do. The Camp David Accords are the first effort in thirty years of trying to make peace that have a genuine chance to work. They have already produced a treaty between Israel and Egypt -- a truly historic development, which is becoming more real and transforming attitudes on a daily basis. Now we are trying to do something else that hasn't had a realistic chance before: to solve the Palestinian problem in all its aspects, while fully protecting Israel's security. This takes time. It means changes in attitudes built up over decades. It means solving some of the most difficult issues that exist in the whole Middle East. But the talks have come a long way in one year, and are now at the point of grappling seriously with the core issues -- like land and water, the powers of the Self-Governing Authority, and the role of East Jerusalem Arabs in voting. These are tough issues; but no tougher than ones we solved at Camp David and in negotiating the Egyptian-Israeli peace treaty. The talks can and must succeed.

-- Right now, we are working with the Egyptians and Israelis on getting the talks restarted. It is our hope that this will happen soon. We will pursue the talks with the Egyptians and Israelis -- as full partner -- as expeditiously as possible. The important thing is to get a good agreement that will be acceptable to all, including the Palestinians living in the West Bank and Gaza. The date when that is concluded is less important. I don't consider the election period to be a factor in our efforts to work with the Egyptians and Israelis. The stakes are too important for all sides for there to be unnecessary delay.

-- I understand the European concern to see the peace process move forward. We, too, are concerned to see the talks succeed, and have put in enormous amounts of time and effort to that end. But while the talks are proceeding, we don't think there is value in deflecting attention from the best hope for peace there has been in 30 years. In particular, we subscribe -- with all the countries involved in the immediate area -- to UN Resolution 242 as the basis for peacemaking. That basis for peace must be preserved.

-- Success in the talks can have a wider impact. For the Palestinians, creation of a Self-Governing Authority will mean withdrawal of the Israeli military government and the civilian administration. It will mean withdrawal of some of the Israeli forces, and the redeployment of the rest in specified security locations. It will mean strong Palestinian

police forces, and control by Palestinians over major aspects of running their own lives. This will be a real achievement. For the Israelis, success must mean preserving their security -- we are absolutely committed to that security, and it will not be jeopardized. At the same time, Israel will broaden its capacity to move towards peace with all its neighbors. Also, in the region as a whole, completing the Camp David process will be a great help. The Egypt-Israel treaty created a new center of stability in a complex and unstable region. Completing the autonomy talks -- and setting up a Self-Governing Authority -- will extend that center of stability, and thus help throughout the region.

-- Prime Minister Begin and President Sadat are both committed to the Camp David Accords, and to completing the autonomy talks. I don't believe that changes in either government, which have been and are taking place, will affect the basic commitment of these two leaders. And of course, those changes are strictly internal matters.

-- I invited King Hussein to visit here because he and his country have been friends of the United States for a long time. We have much to talk about concerning the whole region. And of course we will talk about the prospects for making peace. But we understand and respect the King's attitudes towards Camp David, as such.

May 30, 1980

IRAN

Q: You now seem to be adopting a low-profile approach to the Iranian crisis. Why have you apparently changed your strategy? Do you have any indication that this kind of approach will work any better than it did in February and March?

A: There has been no change in our determination to free the hostages and terminate this outrageous situation at the earliest possible moment. The way we pursue that objective, however, may take different forms according to the circumstances existing at the time. Several things have happened in the past month which have to be taken into account in our overall strategy.

-- First, there was the rescue mission. Although it did not accomplish its objective, it did demonstrate in dramatic and convincing fashion that the U.S. is deadly serious about ending the crisis and getting the hostages out of captivity. I believe that point has registered in Iran and elsewhere.

-- Second, America's allies in Europe and Japan have imposed economic sanctions on Iran. Although these sanctions were not as far-reaching in each case as we would have liked, this action by our allies in the absence of a UN resolution is a very significant demonstration to the authorities in Iran that they are becoming increasingly isolated in the world community. These sanctions, added to the severe sanctions which we have adopted, will have an increasing impact on Iran over time.

-- Third, the International Court of Justice has handed down a historic decision recognizing the gross violation of international law which Iran is committing by continuing to

hold the hostages. The fifteen judges, including the Soviet judge, were unanimous in their order to Iran to release immediately all of the hostages and in prohibiting any trial involving the hostages. That decision, which has the moral force of the entire international community behind it, should now go to the Security Council, which has enforcement powers under the United Nations Charter.

-- Finally, it is noteworthy that the recent meeting of the Islamic Conference Foreign Ministers called on Iran to end the crisis, and a number of other independent diplomatic initiatives are underway.

The effect of these various developments is to make it clear to the Iranian authorities and the Iranian people as their new Parliament convenes that they will have to pay an ever increasing price for their illegal policies. At some point, responsible Iranians must recognize that the political benefits which one faction or another may derive from the hostage situation cannot justify the damage which it is causing to their country and to the basic religious values which they proclaimed to be part of the revolution. I cannot say when that moment may come, only that we will continue to use every opportunity available to us to bring that moment closer.

May 30, 1980

IRAN

Q: A member of the new Iranian Majlis has said that they would not take up the hostage issue until late July. Is that acceptable to you?

A: There are many voices speaking in Iran today. Some of the most hawkish members of the new Majlis have said the hostages should be released immediately. I think we would be well advised not to overreact to any one statement.

May 30, 1980

IRAN-HOSTAGES' CONDITION

Q: What are the condition, safety and whereabouts of the hostages?

A: -- We have received virtually no reliable information on the condition or location of the hostages in the last month. At least four hostages have been able to write letters dated this month to their families. They do not complain of their conditions but, as usual, their expressions have to be guarded.

-- Some of the hostages probably have been moved from Tehran. This only underscores more sharply the responsibility of the Iranian authorities for their safety and well-being.

-- If the Iranian authorities observed minimum humane standards, they would assure that the hostages be permitted to communicate with their families on a regular basis, receive required medical care, as well as allow visits by the Red Cross.

May 30, 1980

ATLANTIC ALLIANCE

Q: Isn't the Atlantic Alliance in deep trouble?

A: No. Let me try to put our relations with the Allies over the past several months in perspective. First, we should recognize that one of the strengths of the West is that it is made up of democracies. It is a pluralistic group, not the Warsaw Pact. That is in my opinion a strength and not a weakness.

Thus, when the Iranian and then the Afghan crisis confronted us, it was not surprising that there was no immediate lock-step response on the part of the Allies. Especially with respect to Afghanistan, a period of analysis on all our parts was necessary before we could make a considered judgment on the implications of the Soviet invasion and occupation.

Once we had made that collective analysis -- and I want to stress there is no important difference between us and the Allies on the strategic implications of Afghanistan -- we moved expeditiously to begin to respond to the challenge. It is a long-term challenge and our response will be long-term.

Unfortunately, many people on both sides of the Atlantic have fastened on occasional and often ephemeral moments of transatlantic disagreement and have ignored the great degree of cooperation that has occurred during these months. Let me give you some examples.

My Administration launched a long-term defense program in NATO 18 months before the Soviet invasion. It also led an Alliance-wide effort in NATO to commit our governments to the three-percent real increase in defense spending. Last September many of the countries of NATO were having difficulty meeting that commitment. Today, the Germans are meeting it, the Italians are meeting it, the British are meeting it, the Canadians are meeting it, the Dutch are quite close to meeting it.

We are working hard in NATO to ensure that the U.S. will have more flexibility and capability for moving military forces into Southwest Asia, and the Europeans have been quite responsive on measures to pick up the slack in Europe.

Last December NATO agreed in an historical decision to modernize theater nuclear forces.

Our Allies cooperated with us in substantially reducing the flow of wheat to the Soviet Union this year and we are making progress in reducing the flow of high technology to the USSR.

Most governments in Europe have tried to persuade their athletes not to go to Moscow. The problem is with national Olympic committees and athletes, not with the governments.

The Europeans have imposed economic sanctions against Iran and are actively pursuing diplomatic efforts to achieve the release of our hostages.

I cite all these examples to indicate that, headlines to the contrary, there has been a great deal of transatlantic cooperation

since these two crises began. Of course, it has not been easy, but as I said at the outset this is an inevitable consequence of participating in a democratic alliance. Give and take is the essence of such a grouping. I welcome it. More cooperation is still needed. I am confident it will be forthcoming.

May 29, 1980

CUBAN REFUGEES

Q: What is US policy on Cuban refugees? Are we welcoming them with open arms, or are we trying to keep them out?

A: In less than two months, over 80,000 have fled the repression of the Castro regime under chaotic and perilous conditions. Many have died on the high seas, and the responsibility for those deaths and the threat of further loss of life rests on the shoulders of Fidel Castro, who has refused to cooperate with us or with other countries in establishing a legal and orderly procedure for dealing with this exodus.

-- Since the beginning of the crisis, our policy has followed three basic principles: first, to treat the escaping Cubans with decency, fairness and humanity; second, to observe and to enforce the existing US law which prohibits the bringing of undocumented aliens to the US; and third, to work with other countries and international organizations to develop an orderly and legal solution to this painful human dilemma.

-- In order to bring an end to Cuba's inhuman actions and to bring safety and order to a process that continues to threaten lives, we offered to provide an airlift and a sealift to bring Cubans to the United States and to other countries after they have been screened in Cuba. We have also taken steps to stop the dangerous and illegal voyages to Cuba and to encourage those boats at Mariel Harbor to return without taking illegal immigrants.

-- Castro continues to ignore the requests of the international community to negotiate an orderly solution to this problem. Though his newspapers claim a willingness to discuss this issue with us, his government continues to reject offers to resolve this problem.

Q: Isn't Castro unloading a lot of criminals and mental defectives on us?

A: No. I have seen those reports and they have been exaggerated into scare stories. The fact is that out of nearly 90,000 refugees who have come, less than one percent have been detained as suspected criminals. We have already been able to help approximately half of the refugees to resettle permanently. What we have found is that the vast number of the refugees are not the outcasts that Castro pretends but are healthy, active individuals coming here to seek freedom.

May 29, 1980

CENTRAL AMERICA AND THE CARIBBEAN

Q: How serious is the political instability in Central America and the Caribbean? What is the US doing to stop Cuba in its efforts to transform the Caribbean into a red sea?

A: Central America and the Caribbean are passing through a period of unusual social and political turbulence, and the US is playing an active and positive role to try to ensure that these nations find a peaceful, moderate and democratic path. Cuba is not the cause of the problems in the area, but Cuban subversive efforts are making peaceful and democratic solutions more difficult to attain. We have devoted our efforts to assist moderate and democratic leaders in the area deal more effectively with their nations' economic and social problems, and at the same time, we are working to counter Cuba's subversion by enhanced military and security exercises and by close consultations with like-minded nations.

-- Since this Administration took office, the US has more than doubled its aid to the Caribbean, and when Congress completes action on the present aid bill, we will have nearly quadrupled our economic aid to Central America. We have done this, despite extraordinary budget restraints, because we recognize that only by investing in the economic future of the area can we give people hope and deprive the Communists of targets of exploitation.

-- Moreover, we have encouraged increasing aid and activities by international institutions and by other countries as a way to multiply our own impact. We have worked with 30 other nations and 15 international institutions to provide

additional economic aid through the Caribbean Group. As a result of these efforts, multilateral assistance has increased fourfold between 1976 and 1980, from \$110 million to more than \$400 million. We have also undertaken regular consultations with regional leaders on political and security matters.

-- We have increased both the numbers and the quality of our personnel in the region. Since 1977, there has been a 16% increase in the number of Foreign Service Officers assigned to the area; a 48% increase in AID staff; a 64% increase in ICA staff; and a 64% increase in Peace Corps staff in the area. The quality of our Ambassadorial appointments has also improved during this Administration.

-- We have increased our security aid to the region and have undertaken more visits by US flag vessels. We have also undertaken more military exercises as a result of the Presidential policy statement of October 1, 1979 that the US would resist firmly Soviet and Cuban aggression in the area.

-- In summary, the US has done more than any previous administration to try to ensure that this turbulent period will lead to democratic and social justice in Central America and the Caribbean. While there have been some setbacks, there have also been many more signs of success, including free elections in St Vincent, Antigua, St Kitts, and Costa Rica. An important land reform has been enacted in El Salvador. Cuba has been racked by a number of serious political and economic setbacks, and there is no better proof of the failure

of the Cuban model than the mass exodus from the island. Americans have a tendency to exaggerate our problems and underestimate our successes, yet there is not one individual in the region, except perhaps Fidel Castro, who would choose to live in Cuba rather than the US or most any other nation in the area.

May 30, 1980

AFGHANISTAN: HELP FOR THE INSURGENTS

Q: Why aren't we helping the Afghan freedom fighters in their struggle against Soviet aggression?

A: The most effective thing that we can do to help the freedom fighters is to bring international pressure on the Soviet Union to withdraw from Afghanistan. This is the goal of our policy and we are seeking cooperation for other concerned countries.

* * *

-- In addition, we are providing a large share of the support for the refugees in Pakistan -- many of whom are the families of the freedom fighters.

-- More direct military assistance would present a much more difficult problem for us and certainly the Afghan freedom fighters have shown considerable skill in getting their own equipment from the Afghan and Soviet armies. There are very different problems of international and American law that impede us from providing direct assistance. In addition, of course, we do not have direct access to Afghanistan. We could reach the freedom fighters only through the territory of other countries who have their own concerns.

-- (If pressed). It is a long-standing policy of this Government that we neither confirm nor deny the existence of covert operations..

May 30, 1980

USSR: GRAIN EMBARGO

Q: Hasn't the grain embargo against the USSR been a failure?

A: No. We have achieved our primary objective which is to make the USSR pay a high price for its aggression in Afghanistan. The suspension of agricultural exports to the USSR demonstrated to the Soviet Union that it could not invade Afghanistan and expect to maintain normal trade and business relations with the U.S.

* * *

-- The suspension announced on January 4 affected 17 MMT of grain (13 MMT of corn and 4MMT of wheat), about 1.3 MMT of soybeans and soybean meal, and some quantities of poultry, meat, and other commodities.

-- These trade restrictions were directed at the important, but vulnerable, Soviet livestock sector. Soviet planners have sought for years to improve domestic supplies of meat, milk, and eggs. Despite their efforts, Soviet meat consumption has leveled off at the 1975 level of 125 pounds per person (compared with 176 pounds in Poland and 244 pounds in the U.S.). The Soviets have yet to meet their 1965 goal of 16 MMT of meat production.

-- The Soviets have been able to obtain only about 6 MMT of the 17 MMT of grain we denied them during the period October 1979 - September 1980, the fourth year of the bilateral grain agreement. The Soviets had planned to import about 36 MMT during the 1979-80 agreement year; they will now import only about 24 MMT. The shortfall in the January-June 1980 period will be approximately 7 MMT.

-- The suspension will have these effects: (1) The Soviets will not be able to meet planned goals to increase livestock inventories and output. On the contrary, feed availability may not be sufficient to maintain current levels of livestock herds. The impact will be especially severe this spring. (2) The Soviets have drawn domestic stocks and thus are vulnerable to a poor harvest. (3) to compensate for lost U.S. grain, the Soviets have paid substantial price premiums to bid away supplies from other importers. The foreign exchange cost to the USSR has been significant.

May 30, 1980

OLYMPIC BOYCOTT A FAILURE?

Q: Is the Olympic boycott a failure?

A: -- On the contrary, the effort was well worth undertaking and constitutes a remarkable success by whatever criteria one uses. There may be an athletic contest in the Soviet Union this summer, but it will not be of Olympic proportions.

-- Almost the entire Far East, and half of the Near East, Latin America and Africa will not be represented at Moscow. That makes about 60 countries in all. The boycott is also supported by more than two dozen other governments.

-- More than 50% of the athletes and 70% of the medalists from outside the Soviet Bloc who won in Montreal will not be in Moscow.

-- There is also no doubt that the boycott has had a profound impact on the Soviet people. Their government has lashed out publicly against us on this issue, distorted the facts and sought to demonstrate that we and not they are mixing sports and politics. But they know they can not hide from the Soviet people the fact that most key Western sports nations are boycotting the games. And try as they may to obscure the reason for our actions, their people and all the world know the reason is the Soviet invasion of Afghanistan.

INDIA: NUCLEAR FUEL SUPPLY

Q. Why have you decided to supply India with nuclear fuel, despite its refusal to cooperate with us on safeguards?

A. "The State Department, at my direction, recommended favorable action by the Nuclear Regulatory Commission on the pending export licenses for India, based on the view that the broader safeguards requirements of the law which became effective in March did not apply to these exports. The NRC has taken a different view of the legal requirements. We are currently reviewing the matter, and I will wish to consult with Congressional leaders before proceeding. The decision will, of course, take into account all of our foreign policy interests."

May 30, 1980

KOREA

Q: Are you concerned about events in Korea?

A: I am deeply concerned about recent developments in Korea. The United States has a fundamental interest in the maintenance of peace and stability in Northeast Asia, and I believe these interests are best served by progress toward constitutional reform and a more broadly based civilian government in the Republic of Korea which has the support of the Korean people.

The Republic of Korea is a country adjusting to the assassination last October of a leader who had ruled strongly, and in many ways wisely, for 18 years. During that period of time, the Republic of Korea achieved notable economic and industrial growth, and now stands as one of the leaders of the newly-industrialized countries. The economic progress achieved by Korea has reached all levels of society. Farmers have shared in the economic benefits, and Korean workers produce a growing array of goods that enjoy a deservedly high reputation. The Korean population is closely knit, by culture and ethnic origin. There are no divisive religious differences in Korea. All of these factors make Korea very different from a country like Iran to which it is sometimes, unfairly, compared.

Nevertheless, there is a desire within Korea for responsive political development, so that the political institutions of that dynamic country can achieve levels already attained in

economic and industrial terms. Any prolonged interruption of that process could have very severe effects on Korea's internal stability and on our fundamental interests in avoiding adventurism and/or aggression against South Korea.

We are continually in touch with the leaders of Korea. We have made clear to them our belief that it is vitally important that the political expectations of Korea's people be met by steady evolution of the political system to match the country's economic and industrial progress. In our view that is the way to genuine security for Korea.

May 30, 1980

KOREA

Question: Why did the U.S. Commander in Korea approve the use of some units under his command to restore civil order in Kwangju?

Answer:

-- General Wickham has no authority over how the national authorities of Korea use their armed forces for tasks unrelated to the defense of Korea against external aggression. As Combined Forces Commander responsible for that defense, however, he must be informed and must concur that the units concerned can be safely spared from their Combined Command tasks. None of the units which the Korean Government withdrew from General Wickham's command was taken from front-line duty, and indeed other units were mobilized to replace those which were in northern reserve areas. About half of the units withdrawn for civil affairs duty have already been returned to operational control of the Combined Command.

MILITARY PAY

Q: Isn't it inconsistent, as Senator Hollings said, to be proposing increases in military benefits (Nunn-Warner) on one day, and then opposing higher defense spending to pay for them?

A: There is no inconsistency.

I have always been committed to the principle that a career in the military should be at least as rewarding a career elsewhere in our society. All through the past year I have held discussions with Harold Brown on ways to increase military compensation. In fact I proposed a number of these improvements in my budget in January. Since these were incorporated in the proposal of Senators Nunn and Warner, I decided to support it.

These pay increases will cost approximately 3/4 billion dollars. Secretary Brown has assured me that we can accommodate these costs within our \$160 billion defense budget. My support for higher military pay can in no way be used as a excuse for the billions of dollars of extra defense spending that some in the Congress are