



U.S. Department of Justice  
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AG & DAG  
Starr  
Lezar  
✓ Roberts

As the attached transcript indicates, the President made no reference to the blind trust in his remarks. The reporter who asked the question is Bruce Drake of the New York Daily News.

Tom DeCair

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 24, 1982

QUESTION AND ANSWER SESSION  
WITH THE PRESIDENT  
AND REPORTERS

The Briefing Room

1:12 P.M. EDT

THE PRESIDENT: I just remarked from outside the door you're all well-lighted and we're on the right set.

Next week, I'll be leaving for important summit meetings in Europe with America's allies and trading partners. One major concern we know they'll raise is the high level of interest rates in the United States. We share their concern.

The key to bringing interest rates down and keeping them down is a commitment by this government to get spending under control once and for all. It's most important that I be able to communicate this commitment to our allies. I want to tell them that the United States is not just talking about reducing deficits. We're doing something about them.

Last week, the Senate took an important step in that direction. It passed a budget resolution with deficit reduction measures totaling \$358 billion. As I said over the weekend, the resolution isn't perfect. It won't lead us into the promised land but the next key thing is it will take us further down the road that we began last year.

And now we look to the House of Representatives for courage and leadership as we enter a crucial week of budget deliberations. Many variations will be discussed but the final vote in the House may boil down to two main alternatives -- the Bipartisan Recovery Budget or the Coalition Budget proposed by the liberal Democratic leadership.

There are three key advantages to the Bipartisan Plan. It keeps taxes down and does not break faith with American families by seeking new tax increases that would destroy the recovery. It makes savings on defense while still preserving our security so we can maintain peace through strength. And it contains a real determination to begin holding down spending on the so-called "uncontrollables".

Over the weekend, I made several calls to Congressmen. I'll be making more in the next few days and I'm encouraged by my conversations. I believe the Bipartisan Recovery Budget has a fighting chance to win if responsible members of the House will rally to support it.

Q Mr. President, I'd like to ask a question about some problems that have grown up about two Cabinet members. One, do you -- what is your reaction to the stories about the large tax write-offs that William French Smith has enjoyed? Do you think those stories are embarrassing to the administration? And, secondly, regarding Secretary Donovan, are you concerned that the problems that have grown up between him and the Republican members on the Senate Labor Committee will mean permanent damage to relations to the Hill if he remains in office?

THE PRESIDENT: It's very difficult for me, taking the last one first, to comment on that because it is now in the hands of a special prosecutor as Secretary Donovan himself requested sometime ago. And so there isn't much that I can say in commenting on that. But nothing I've heard has changed my -- reduced my confidence in Secretary Donovan.

With regard to the Attorney General's problems there, I don't think the point's been made by anyone that the so-called

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"tax shelters" are things passed by Congress to encourage investment or speculation in certain undertakings. And a tax shelter is only a shelter if you lose your investment. You actually enter it with the hope or the prospect that you'll earn additional money from that investment in which case you'd earn -- or owe additional tax. So, -- and the fact is that, like so many others that have gone into government service, as I understand it, this was done by someone that the Attorney General trusts to handle whatever investments he might have.

Q Mr. President, now that the British troops are on the ground -- on the ground in the Falklands in numbers by the thousands, what should the British objective be at this point?

THE PRESIDENT: I think the objective -- I can't speak for military strategy or what they might have in mind with that, but I think the objective still is to bring this to a point where it can be resolved peacefully and without any further loss of life. And I'm sure that this is probably what is going to guide their strategy and what they're doing.

Q But won't that affect their military strategy on the ground?

THE PRESIDENT: As I say, I think that this must be involved in whatever strategy is chosen by them and I don't know what that strategy is.

Q How much military support is the United States prepared to give Great Britain if we're called on?

THE PRESIDENT: We're not thinking of military support in the sense of troops or anything involved in the fighting. There are certain agreements that we have. There are no new agreements that have come out of this at all. There are certain bilateral agreements and our relationship in the North Atlantic Alliance that we fulfill regardless of what's going on there. But nothing new has come out of this.

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