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News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, JULY 9, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Victim States 'Have Right' to Fight Back -- President Reagan singled out Iran, Libya, North Korea, Cuba and Nicaragua for persistent terrorist attempts to "expel America from the world."

(Washington Times, Washington Post, New York Times, AP, Reuter)

Cambodian Rebels Express Optimistic Outlook to Shultz -- Representatives from the non-communist Cambodian resistance showed a "strikingly positive outlook" in a meeting with Secretary Shultz, one American official said.

(Washington Times, Washington Post, AP)

NATIONAL NEWS

Reagan Backs Modest Increase in Stockpile -- President Reagan approved a scaled back inventory of metals and other non-fuel materials needed to sustain the United States in a prolonged military conflict, the White House announced.

(UPI, Washington Post)

Reagan Talks with Conferees on Budget Deadlock -- Larry Speakes said President Reagan has invited congressional budget conferees to meetings today and Wednesday in an effort to forge a budget compromise but will resist any move to increase taxes.

(UPI, AP, Washington Times)

NETWORK NEWS (Monday Evening)

TERRORISM -- Before the ABA, President Reagan stepped up his tough talk against terrorism and suggested that some sort of action to back it up might not be far behind.
(All Nets Lead)

SOUTHEAST ASIA -- State Department sources say it is likely the U.S. will accept a Vietnamese offer of high-level talks on the issue of MIAs.

ON TERRORISM:

"The American people are not -- I repeat, not -- going to tolerate intimidation, terror and outright acts of war against this nation and its people. And we're especially not going to tolerate these attacks from outlaw states run by the strangest collection of misfits, looney tunes and squalid criminals since the advent of the Third Reich."

(President Reagan, addressing the American Bar Association convention, Washington, D.C., 7/8)

INTERNATIONAL NEWS

PRESIDENT ASSAILS 'TERRORIST' NATIONS

President Reagan accused Iran, Libya, North Korea, Cuba and Nicaragua of forming an international terrorist network that he compared to "Murder Inc." and vowed that the United States would act "unilaterally, if necessary, to ensure that terrorists have no sanctuary anywhere."

(Lou Cannon, Washington Post, A1)

Reagan Declares U.S. Right to Act Against 'Terrorist States'

(Reagan) told the American Bar Association the confederation trained and directly or indirectly controlled "most of the terrorists who are kidnapping and murdering American citizens and attacking American installations."

(Jim Adams, Reuter)

The audience of several thousand delegates to the convention of the American Bar Association applauded and laughed at his description of the leaders of the "outlaw states." They also gave the President a standing ovation when he said Americans will always defend their country.

(Terence Hunt, AP)

Terrorism Is War, Reagan Declares

"These terrorist states are now engaged in acts of war against the government and people of the United States. And under international law, any state which is the victim of acts of war has the right to defend itself," Reagan said.

(David Sellers, Washington Times, A1)

President Accuses 5 'Outlaw States' of World Terror

But Mr. Reagan pointedly omitted Syria from his list of nations abetting terrorism.

White House officials termed Mr. Reagan's omission of Syria a gesture of gratitude to President Assad, who played a pivotal role in the release last week of 39 American hostages in Lebanon.

(Bernard Weinraub, New York Times, A1)

REAGAN OMITTS SYRIA AS SPONSOR OF INTERNATIONAL TERRORISM

President Reagan conspicuously omitted Syria, whose President Assad helped the United States secure the release of U.S. hostages in Lebanon, when he branded five other countries as supporters of international terrorism.

State Department spokesman Edward Djerejian, when asked why Reagan had failed to mention Syria, said the President's remarks were "not all-inclusive" but rather "examples" of countries that have recently been very active in state-sponsored terrorism.

(Ted Agres, Washington Times, A10)

'OTHER SEVEN' AMERICANS GO UNMENTIONED BY REAGAN

President Reagan promised a week ago not to forget the seven kidnapped Americans still held in Lebanon.

But in his tough-talking, anti-terrorism speech Monday, he cited a dozen terrorist incidents without ever mentioning the victims sometimes referred to by relatives as "the forgotten seven."

And his spokesman shifted abruptly from talking about efforts to win freedom for the other seven to declining to talk about them at all.

(News analysis by Michael Putzel, AP)

U.S. DEFENDS PLAN TO BOYCOTT AIRPORT

The Reagan Administration, defending itself against criticism of its attempt to organize an international boycott of Beirut airport, said that it was only trying to find "an effective way" to deal with the security problem there and not seeking to harm Lebanon or its airline.

(David Ottaway, Washington Post, A1)

U.S. Still Hopeful on Beirut Sanctions

"Beirut airport is not a problem just for the United States. It is a problem for the rest of the world," State Department spokesman Edward Djerejian said.

(Matthew Quinn, UPI)

U.S., Rebuffed by Allies, Softens Language on Beirut Air Boycott

The Reagan Administration, in an effort to head off a possible Arab boycott of American airliners and ships, said that its plan to isolate Beirut airport was not meant to punish Lebanon.

The United States went out of its way to say that the move was not aimed at Lebanon or at its national carrier, but was intended to insure greater security at Beirut airport.

(Bernard Gwertzman, New York Times, A1)

SYRIA URGED TO CLEAN UP REBEL AIRPORT

The Reagan Administration is sending strong signals to Syria that the United States will not halt its worldwide efforts to isolate Beirut International Airport until the security problem there is brought under control.

Syria is considered by Washington to be the only power able to enforce something approaching normalcy at the chaotic Lebanese airport, which has become a haven for hijackers attacking planes of many nations.

(News analysis by Jeremiah O'Leary, Washington Times, A1)

GEMAYEL CALLS MEETING TO COMBAT BEIRUT AIRPORT BOYCOTT

BEIRUT -- President Gemayel called a top-level meeting on how to combat U.S. moves to close Beirut airport and Lebanese Moslem leaders met in Syria as factional fighting claimed at least eight lives.

Lebanon's official national news agency said Gemayel would preside at a high-level meeting of airport and security officials to discuss "ways to confront the American measures against Beirut airport." (UPI)

BAR ASSOCIATION DROPS 3 PROPOSALS URGING U.S. FOREIGN POLICY MOVES

Three resolutions pending before the American Bar Association's House of Delegates concerning American foreign policy have been removed from the agenda.

The deleted motions urged the government to reduce restrictions on visas for foreign citizens and on travel abroad by United States citizens, to express support for the International Court of Justice, and to begin negotiations with the Soviet Union aimed at a treaty to prohibit first use of nuclear weapons. (New York Times, A11)

TWA TRYING DIPLOMACY TO REGAIN HIJACKED JET

TWA officials said that they are working through diplomatic and other channels to reclaim the jetliner seized by hijackers June 14 en route from Athens to Rome. The plane has been sitting at the Beirut airport since June 16.

"We want it back and we intend to get it back," TWA spokesman Jerry Cosley said. (Douglas Feaver, Washington Post, A11)

RESISTANCE CHIEFS DESCRIBE NEW CAMBODIA STRATEGY

BANGKOK -- Leaders of the non-communist Cambodian resistance movement told Secretary Shultz that large numbers of their troops have moved back into Cambodia from Thailand as part of a new strategy of hit-and-run attacks against the Vietnamese occupation of that country.

The commanders were described by aides to Shultz as "relatively upbeat" about their military operations and prospects. (Don Oberdorfer, Washington Post, A10)

Tens of thousands of Cambodian refugees greeted Secretary Shultz when he helicoptered to the Thai-Cambodian border to show support for Thailand and its non-communist allies.

Chanting "USA -- No. 1," and "We want to go home," virtually all of the 53,285 refugees living at Site 7 on the border turned out for his arrival. (Peter Eng, AP)

Cambodian Rebels Express Optimistic Outlook to Shultz

The beleaguered coalition government of Democratic Kampuchea (Cambodia) still needs arms but was "generally upbeat" about its military situation, (a) source added. The senior State Department official, who briefed reporters on condition he not be named, declined comment on published reports that the CIA has been covertly funding the resistance for three years. (Stephanie Voss, Washington Times, A7)

Reagan Affirms Support for Thailand

Thai and American officials said the President Reagan, in a letter delivered by Secretary Shultz, had affirmed United States support for Thailand in the face of what is viewed as a threat posed by Vietnam's occupation of Cambodia.

The officials said that Shultz, who arrived from Hong Kong for a two-day stay, had given the letter to PM Tinsulanonda of Thailand. (Shirley Christian, New York Times, A3)

SOVIET MAY EASE 'STAR WARS' STAND

Soviet negotiators in Geneva have indicated for the first time that they would be willing to accept an arms treaty allowing research on strategic defense, high-ranking Reagan Administration officials said.

The Administration officials said members of the Soviet team informally approached American negotiators two weeks ago to say that Moscow was no longer seeking to ban all research, but wanted to draw a line between laboratory and scientific research, which would be allowed, and development and testing, which would be banned.

(Leslie Gelb, New York Times, A1)

Soviets May Ease 'Star Wars' Stand, New York Times Reports

A knowledgeable Soviet official told Reuters the Soviet negotiators "have sent mixed signals" on whether they would accept research but not development and testing. (Reuter)

Paper: Soviets May Ease Opposition to 'Star Wars' Proposal

Administration officials told the Times that if Moscow follows the informal discussion with a formal proposal, as they usually have, it would pressure Reagan to ease his stand and thus could set the talks in motion. (AP)

'STAR WARS' CRITICIZED IN VATICAN; POPE AVOIDS FIRM STAND ON STUDY

ROME -- A Vatican study group has produced a report critical of President Reagan's strategic defense initiative. But the Vatican says the report is still under study, and Pope John Paul II has so far sought to avoid taking a firm public stand on the space weapons question.

The report is from the Pontifical Academy of Sciences, which was asked by John Paul to study the question of arms in space. Some elements of the report were disclosed to a Roman Catholic news agency this weekend, to the embarrassment of the Vatican.

(E.J. Dionne, New York Times, A6)

HELMS DELAYS SANCTIONS

Sen. Helms delayed Senate consideration of sanctions to pressure South Africa to end its apartheid policy of racial separation.

Senate Majority Leader Dole called up the bill, but Helms formally objected. Dole then called for a vote to kill the objection, but withdrew it because of an earlier promise that there would be no roll calls yesterday -- the first day back at work following a July 4th holiday break.

(Washington Post, A16)

Heated Senate Debate on Sanctions Bill

Sen. Cranston called on the Senate to end delaying tactics and a threatened filibuster against the bill by Helms.

"There seems to be, at the heart of the American ultra-right wing movement, a undercurrent of racism that rises to the surface every now and then," Cranston said, mentioning no names. (E. Michael Myers, UPI)

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S. African Sanctions Bill Stalled on Senate Floor by Conservatives

Sen. Helms told reporters that "anybody who doesn't understand that the Soviet Union is orchestrating the upheaval in Africa, including South Africa ... doesn't understand what's going on."

(Rita McWilliams, Washington Times, A2)

REAGAN ADMINISTRATION 'DEAD SET' AGAINST SANCTIONS

With anti-apartheid legislation ensnared by a Senate filibuster, a key U.S. official says the Reagan Administration is "dead set" against imposing economic sanctions against white-run South Africa.

Chester Crocker, assistant secretary of state for African affairs, said that economic sanctions would not force the Pretoria government to end its policies of racial segregation.

(Alexander Higgins, AP)

SHULTZ FACES ANOTHER TEST OF DIPLOMACY IN FIGHT
WITH JESSE HELMS OVER STATE DEPARTMENT POSTS

(Sen. Helms) and a band of conservative militiamen have laid seige to 28 State Department nominees for various posts. They threaten to hold the nominations captive by blocking a Senate confirmation vote until the Reagan Administration finds new jobs for six conservatives at the State Department. Sen. Helms claims the six political appointees are being purged by Shultz because of their right-wing ideologies.

(Secretary) Shultz told aides last week that he didn't negotiate with Nabih Berri and that he won't negotiate with Sen. Helms. He rejected Helms's offer to free half of the nominees by permitting a vote in exchange for assurances that jobs would be found for the conservative six.

(Robert Greenberger, Wall Street Journal, A64)

HONDURAS THREATENS TO EXPEL NICARAGUAN AMBASSADOR

TEGUCIGALPA -- Honduras threatened to expel the Nicaraguan ambassador if he did not stop saying Washington was exerting economic pressure on Honduras to allow U.S.-backed rebels to use its territory as a base for attacks against Nicaragua.

(Reuter)

RON TO ANDREI: CONGRATS

President Reagan sent a congratulatory letter to veteran diplomat Andrei Gromyko for being named president of the Soviet Union and expressed hope the two countries could negotiate, the White House said.

(UPI)

EDITOR'S NOTE: "ASEAN Seeks Talks With Hanoi on Cambodia," a story from The Los Angeles Times, appears on page A10 of The Washington Post.

Another story on the ASEAN efforts, "ASEAN wants talks on Cambodia peace," is on page A7 of The Washington Times.

"Vietnam Offer Renews Hope," a story by Jean McNair on the reactions of MIA families to the recent MIA-related announcements from Hanoi, is on page A10 of The Washington Post.

"Excerpts From President Reagan's Address to American Bar Association" appears on page A12 of The New York Times.

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NATIONAL NEWS

REAGAN SEEKS TO REDUCE U.S. STRATEGIC STOCKPILE

President Reagan proposed a major reduction in the nation's stockpile of strategic material for use in wartime, charging that the Carter Administration had vastly overestimated the amount that would be needed and dropping plans to purchase materials worth \$9.7 billion.

Congress is expected to look critically at the proposal, which would trim the stockpile from the \$16.3 billion in materials envisioned by the Carter Administration to \$6.6 billion.

(David Hoffman, Washington Post, A5)

Reagan Backs Modest Increase in Stockpile

Reagan ordered the national defense stockpile, which now contains \$6.6 billion in materials, increased to a modest \$6.7 billion for the 42 most critical materials. Those items include copper, titanium, germanium and other metals used in the manufacture of high-performance aircraft and missiles.

(Norman Sandler, UPI)

REAGAN TALKS WITH CONFEREES ON BUDGET DEADLOCK

A leading Democratic budget negotiator says President Reagan could be helpful in formulating a compromise budget but not if he continues his tough stance for military spending and against taxes.

Larry Speakes said Reagan has invited congressional budget conferees to meetings today and Wednesday in an effort to forge a budget compromise but will resist any move to increase taxes.

(Elaine Povich, UPI)

Reagan Is Hopeful Meetings Will Break Budget Impasse

The Reagan Administration expects to compromise to help break the fiscal 1986 budget deadlock in Congress before its August recess, White House officials said.

They are uncertain, however, about what kind of concessions they will have to make.

(Mary Belcher and Jeremiah O'Leary, Washington Times, A3)

Reagan Calls Congressional Leaders to White House for Budget Talks

The President also was set to attend an unannounced meeting over cocktails in the White House Red Room at 5 p.m. today with Speaker O'Neill, Senate Majority Leader Dole, House Republican Leader Michel and Senate Democratic Leader Byrd.

An Administration official, who spoke on condition he not be identified, said the evening gathering was not publicly announced "because we did not particularly want unrealistic assumptions placed against the meeting."

(Cliff Haas, AP)

REAGAN CONSIDERS PENSION TAX RISE

President Reagan might accept an increase in taxes on Social Security benefits, the White House said, if House Democratic leaders proposed such a measure.

"It remains to be seen" whether Reagan accepts the idea, said Donald Regan. If the President did, Regan said in an interview, it would be an attempt to gain congressional approval of a 1988 federal budget in the near future and to avert "total confusion" if the Congress attempts to finance the government without a budget. (Gerald Boyd, New York Times, A16)

DESPITE DOUBTS, U.S. PRESSES TO RESOLVE SEARS BIAS CASE

CHICAGO -- A strange brew of politics, law and civil rights percolates in a 21st-floor courtroom where the Reagan Administration is pouring millions of dollars into a case it philosophically would prefer to lose.

The case is a federal suit against the nation's largest retailer, Sears, Roebuck & Co., in which the Equal Employment Opportunity Commission charges Sears with discriminating against women. It is the last of several celebrated cases brought by a liberal, activist EEOC in the 1970s against corporate giants such as AT&T, General Motors, General Electric and the steel industry. (Juan Williams, Washington Post, A1)

VOUCHER PLAN DRAFTED FOR REMEDIAL SCHOOLING

Secretary Bennett said he will propose legislation "within two weeks" to establish a voucher system that would give money directly to impoverished parents to pay for remedial school help for their children who need it. (Keith Richburg, Washington Post, A5)

FED, IN MEETING TODAY, MAY ACT TO LOWER INTEREST RATES

Interest rates, which have been headed down for most of the year, are likely to fall farther in coming weeks, many financial analysts are predicting.

Their forecast is based on a belief that the Federal Reserve Board will soon ease credit conditions further in an effort to spark a rebound in the depressed industrial sector of the U.S. economy.

(Martin Crutsinger, AP)

NETWORK NEWS SUMMARY

(Monday Evening, July 7, 1985)

TERRORISM

CBS's Dan Rather: President Reagan today accused five countries of being part of what he called "a confederation of terrorist states."

CBS's Bill Plante: (TV Coverage: President at ABA convention.)

The talk was tough as President Reagan accused Iran, Libya, North Korea, Cuba and Nicaragua of a conspiracy of terrorism.

(President: "These terrorist states are now engaged in acts of war against the government and people of the United States. And under international law, any state which is the victim of acts of war has the right to defend itself.")

But how? The President didn't say. He did say Americans weren't going to take it any more, and he ridiculed the terrorists.

(President: "So the American people are not -- I repeat, not -- going to tolerate intimidation, terror, and outright acts of war against this nation and its people. And we're especially not going to tolerate these attacks from outlaw states run by the strangest collection of misfits, looney-tunes, and squalid criminals since the advent of the Third Reich." Applause.)

Syria, previously identified as a sponsor of terrorism, was left off the list today because of its help in getting back the American hostages. Mr. Reagan called on lawyers at the American Bar Association convention to find ways to deal legally with lawlessness. But there are still those, including some in the Administration, who believe the President should have used force during the hostage crisis. Why didn't he? White House sources say it was because the lives of the hostages were at stake if the U.S. tried either rescue or retaliation. And that it would be nearly impossible to strike now without killing innocent bystanders. So why is Mr. Reagan still talking so tough?

(Ray Cline: "I think his return to the strong rhetoric was sound. It did raise the ante and put additional psychological pressure on the criminals and their protectors. Now, if he doesn't continue to force the issue, then of course, those benefits will be wasted.")

Some on Mr. Reagan's staff are still arguing that he should show terrorists he means business, but words alone won't prevent future terrorist acts. But the President is keeping his own counsel, choosing to let his words speak louder than his actions -- even as his staff members pray for just the right opportunity to retaliate and show the world America's resolve. (CBS-lead)

ABC's Peter Jennings: President Reagan wants the country to keep its mind on terrorism. In his first major speech since the hostages from TWA Flight 847 came home, Mr. Reagan pulled out all the stops.

NEWS FROM THE STATES

GORE SAYS GENEVA TALKS NOT STALEMATED

NASHVILLE, Tenn. (UPI) -- Sen. Albert Gore Jr. said Sunday the arms talks with the Soviets are not stalemated but are progressing slowly. "I am convinced it is premature to use the word stalemate in describing these talks. There is a constructive dialogue under way of a kind that over time, could significantly narrow the distance between the two countries," Gore said. Gore, interviewed by The Tennessean in Washington after returning from a weeklong series of briefings with U.S. allies in Western Europe, said there is an undercurrent of concern in Britain and West Germany about President Reagan's "star wars" defense concept. Gore said negotiations will continue in Geneva for another week and then recess until Sept. 19 when the talks resume until the November summit. Gore said there is still "much distance" between the two sides at the present time. "It's likely that the summit will determine whether or not new instructions are given to both sides that will significantly speed up the pace of the negotiations."

CARTER SAYS U.S. MUST DO MORE FOR POOR COUNTRIES

GENEVA, Switzerland (UPI) -- Former President Carter accused the Reagan Administration of doing too little to help needy countries, especially in the area of population control programs. Carter, in Geneva for an international workshop on poverty and famine, said the American public "reacted very well" to appeals for aid to Ethiopia, Sudan and other African countries. "But the developed countries are not doing nearly enough and the U.S. is behind others," Carter said. While many developing countries are trying to control their populations, Carter said, the Reagan Administration "has an aversion" to such programs and is failing to provide funds. He also criticized efforts to link humanitarian aid to the political systems in needy nations. Carter emphasized the developing countries "can't depend forever" on the richer nations and must learn to help themselves "all the way down from prime ministers to individual farmers."

PRESIDENT MAY ATTEND CHEYENNE FRONTIER DAYS

CHEYENNE, Wyo. (UPI) -- It will be at least a week before it is known whether President Reagan will be visiting Cheyenne during the 89th annual Cheyenne Frontier Days. White House officials say Reagan is considering visiting Wyoming's capitol city July 24, but no definite decision has yet been made. "It's under consideration," Dale Petroskey said. "It probably would be announced a week to 10 days before." Frontier Days will run from July 19 through July 27 this year.

TIRE STORE OWNER USES BILLBOARD FOR POLITICAL MESSAGES

ORLANDO, Fla. (UPI) -- Ralph Smith says he has the right to use the huge billboard in front of his tire store to suggest that the U.S. "Nuke Lebanon," but city fathers see it otherwise, the Orlando Sentinel reported Saturday. Smith, manager of the Big Orange Tire Store, used the sign during the American hostage crisis in Beirut to post glib messages such as "Kill the Moslems," and "Reagan, Don't Negotiate. Annihilate." Orlando City Attorney Bob Hamilton disputes Smith's contention that he has a constitutional right to put the messages on the sign, but added that the city can not use the ordinance to pass judgement on their content.

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TERRORISM (continued)

ABC's Sam Donaldson: (TV Coverage: President at ABA convention.)

Before the American Bar Association, President Reagan today stepped up his tough talk against terrorism and suggested that some sort of action to back it up might not be far behind. Mr. Reagan all but declared war on five nations which he said are terrorist havens.

(President: "-- by a core group of radical and totalitarian governments. A new international version of Murder Inc. We must act together, or unilaterally if necessary, to ensure that terrorists have no sanctuary anywhere.")

The President claimed the right of self-defense under international law against five states -- Iran, Libya, Cuba, North Korea and Nicaragua. The State Department terrorism list, published only last week, omits North Korea and Nicaragua and names South Yemen and Syria instead. So, thanks to the role played by President Assad in ending the hostage crisis, Syria's apparently undergoing at least temporary rehabilitation. But whatever the list, the President today got up close and personal.

(President: "-- so the American people are not -- I repeat, not -- going to tolerate intimidation, terror, and outright acts of war against this nation and its people. And we're especially not going to tolerate these attacks from outlaw states run by the strangest collection of misfits, looney-tunes, and squalid criminals since the advent of the Third Reich." Applause.)

If that was personal, Mr. Reagan got even more direct in noting the talk from the Soviet Union to the effect that the U.S. was using the hostage situation as a pretext for a military invasion, and what did the President have to say to the Soviets about that?

(President: "There is a non-Soviet word for that kind of talk. It's an extremely useful, time-tested, original American word, one with deep roots in our rich agricultural and farming tradition." Laughter and applause.)

The lawyers seemed to know the word the President had in mind. But the day's name-calling wasn't one-sided. Told that his country was on the President's terrorist list, Nicaragua's Foreign Minister had this comment --

(d'Escoto: "If there were an international prize for the terrorist of the year, that should have gone to the President of the United States.")

White House officials insist that the President's tough talk is not just bluster, that the political commentators are pointing out that the Reagan Presidency has been marked with much bark and little bite, have got it wrong this time. But the President knows that in talking so tough, he is raising the stakes not only on terrorism, but his own credibility. And that today's tough talk will be backed up with action. (ABC-lead)

NBC's Tom Brokaw: The hijacking is over, but the problem remains, and the question is: What can be done about international terrorism?

President Reagan today made one of his toughest speeches yet on the subject; however, moving from words to action is quite another matter.

TERRORISM (continued)

NBC's Chris Wallace: (TV Coverage: President at ABA convention.)

While continuing to study what to do about terrorism, the President today escalated his verbal assault. He told members of the American Bar Association that a confederation of outlaw states is sponsoring terrorists to undermine the U.S. and its allies.

(President: "Most of the terrorists who are kidnapping and murdering American citizens and attacking American installations are being trained, financed, and directly or indirectly controlled by a core group of radical and totalitarian governments. A new international version of Murder Inc.")

Mr. Reagan listed the countries he said are the most involved -- North Korea, Iran, Libya, Cuba and Nicaragua. There was an interesting addition and omission -- the President said the Soviet Union's close relationship with almost all of the terrorist states must be recognized. But he did not mention Syria, which the State Department lists as supporting terrorism. Officials say this was because President Assad was helpful in freeing the hostages. Mr. Reagan said, with terrorist states engaged in acts of war, civilized nations must band together to defend themselves.

(President: "And we're especially not going to tolerate these attacks from outlaw states run by the strangest collection of misfits, looney-tunes, and squalid criminals since the advent of the Third Reich." Applause.)

But the President found again that talking about terrorism is easier than acting. Vice President Bush reported to him, officials say, that the European allies have so far not joined the U.S. call to shut down Beirut Airport. In Beirut, Lebanese officials tightened airport security in an attempt to meet U.S. demands. A White House official called the effort welcome, but not yet sufficient. And today's speech failed to impress Nicaraguan President Ortega, who sharply denied Mr. Reagan's charge that his country is a haven for terrorists.

(Ortega, through translator: "President Reagan lies. The truth is that the U.S. government is causing the terrorism and financing the people who are murdering and kidnapping our people. That is terrorism.")

Officials here say the U.S. may soon take unilateral steps against terrorism, such as posting a reward for capture of the TWA hijackers and even indicting them. But the kind of international cooperation Mr. Reagan was seeking today may take much longer -- American officials talking in terms of weeks or even months. (NBC-lead)

NICARAGUAN REACTION

Rather: Reacting to President Reagan's speech, Nicaragua's Sandinista government said it also condemns all forms of terrorism. It says it does so -- "because our people are suffering the scourge of U.S. state terrorism." To protest U.S. policy, Nicaraguan Foreign Minister Miguel d'Escoto says he's begun an indefinite hunger strike. (CBS-2)

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RETALIATION

NBC's Fred Francis reports on the question of retaliation against terrorists in El Salvador and Nicaragua. The President, he said, was blocked by the same constraints he faced in Lebanon -- to strike at terrorists means either killing civilians in a crowded Beirut slum or the Salvadoran mountains -- and endangering Americans, either hostages or diplomats. We are, said one Defense official, victims of our own decency. (NBC-2)

BEIRUT AIRPORT

Jennings: One action the President has been calling for is an international boycott to close the Beirut Airport. The prime minister of Lebanon may not have much clout these days, but he thinks that's a terrible idea. In fact, there isn't much support for the President's position on Beirut anywhere overseas.

ABC's Charles Glass: Today, it was business as usual at Beirut Airport. The airport is still surrounded by Shiite Muslim militiamen from Amal, and the government is taking only cosmetic security precautions in response to American threats to close the airport. The government has blocked some roads to the runways and begun inspecting passenger luggage. But the U.S. threat -- America's cancellation of flights by Lebanon's national carrier, Middle East Airlines -- may be backfiring. Lebanese of all religious colorings have united in their opposition to grounding MEA -- the country's largest private employer and the only passenger carrier now flying to Beirut. (Walid Jumblatt: "It will just increase tension with the Arab world and the States, and it will enhance so-called terrorists for actions against the civil airlines, which is essential for everybody.") Lebanon's assorted Muslim leaders met in Damascus today with Syrian officials and received strong Syrian backing to keep the airport in Muslim West Beirut open. In Europe, the only glimmer of support for closing Beirut Airport has come from PM Thatcher. She told Vice President Bush in London last Wednesday she would cancel MEA flights -- but only if her European allies did the same. Austria, Italy and Greece have all said they will not cancel flights to and from Lebanon. So, too, has France, which owns 28½% of MEA and which doesn't want to jeopardize negotiations for the return of four Frenchmen kidnapped in Lebanon over the last year. Diplomats in Europe believe that without wider international backing, President Reagan may wait for passions in the U.S. to cool, then accept that Beirut Airport will probably stay open. (ABC-2)

MOSLEM SUMMIT

Brokaw reports that various Lebanese Moslem leaders who have been fighting one another for control of West Beirut were summoned to Syria today in an effort to end that civil war. Nabih Berri and his chief Moslem rivals came to Damascus at the request of the Syrian government, which has at least 25,000 troops stationed in Lebanon. First, all of these men will have to decide to stop fighting one another, and then they'll have to work out a plan to share power with Lebanese Christians. (NBC-3)

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SOUTHEAST ASIA

Rather: Secretary Shultz is in Bangkok tonight, and he met with Thai officials and top leaders of non-communist guerrillas fighting Vietnamese occupiers of Cambodia. Shultz called the Vietnamese occupation "arrogant and illegal." He said the U.S. will give extra aid to Thai villages near the Cambodian border where most of the fighting occurs. (CBS-13)

Jennings: Over the weekend, the Vietnamese government told American officials that the remains of 26 more missing Americans would be turned over. State Department officials say today the transfer could take place in the next six to eight weeks. The Vietnamese offer came as a surprise to American officials, and there is clearly more to the message.

ABC's Jean Meserve reports that State Department sources say it is likely the U.S. will accept a Vietnamese offer of high-level talks on the issue of MIAs. Though the officials say they're skeptical there has been any substantive change in Vietnamese policy, they feel they should talk if there's any chance it will bring a better accounting of the Missing in Action. The State Department said today it is very pleased.

(Edward Djerejian: "If this information leads to the resolution of the cases of 32 men, it would represent the largest single step forward on this issue since 1975.")

The National League of MIA Families believes this, coming fast on the heels of the Vietnamese proposal for talks, signals a switch in Hanoi's MIA policy. But other families are more skeptical. State Department officials believe Hanoi is gambling for a normalization of relations, using the MIAs as pawns. But officials maintain the Vietnamese are revealing as little as possible. They believe the Vietnamese have much more MIA information at their disposal than they're choosing to use. (ABC-7)

MILITARY MALPRACTICE

Rather: In Washington, a congressional panel heard testimony today about a little-talked-about part of the U.S. military and a little-talked-about part of U.S. medicine -- the more than 150 military hospitals responsible for the care of more than ten million Americans. Today witnesses told of harrowing, painful and, in some cases, deadly mistakes of military medicine. (Susan Spencer reported on the testimony.) (CBS-6, NBC-7)

EDITORIALS/COLUMNISTS

REAGAN/GORBACHEV SUMMIT

A Summit In Geneva -- "Both (Reagan and Gorbachev) will arrive with a fixed set of preconditions, and Mr. Gorbachev knows he will probably be in power long after President Reagan has left the political scene. But so long as expectations for the Geneva meetings are kept low, first-hand exposure of the two leaders to each other's personality and performance is definitely all to the good."
(Philadelphia Inquirer, 7/5)

The Low-Rise Summit -- "It is called 'finding out what a person is like.' The information is not specific and cannot be spelled out in communiques, but it may help sharpen up judgments on both sides. If we do not expect much more than that from the summit meeting, we won't be disappointed."
(Chicago Tribune, 7/6)

AMERICAN HOSTAGES IN LEBANON

Send in Rambo! -- "While testing his mike before his Sunday broadcast on the hostages' release, Reagan was heard to say, 'Boy I saw Rambo last night....' The Presidential joke was considered front page news by some newspapers. Apparently many media mavens believe Reagan, deep in his psyche, harbors an unquenchable thirst for war. Maybe that's true, but after two weeks of mild-mannered diplomacy, he's doing a pretty good job of hiding it. As for us, we'd simply note the hostage crisis isn't over yet -- seven Americans are still being held in Lebanon. Diplomacy didn't get them out. Maybe it is time to try a Rambo."
(Detroit News, 7/2)

'Get Tough'? How? -- "There are still seven American hostages in Lebanon....If anything is going to free them, it's patience and diplomacy -- not some newly minted 'get-tough' resolve."
(New Jersey Record, 7/1)

'Revenge' Wrong Goal -- "The nation has been embarrassed under President Reagan just as it was under President Carter....But the fact is that Reagan should be congratulated for his personal restraint, even if it does not fit his public image. The bottom line with the public is the TWA hostages have been freed."
(Oregonian, 7/2)

'Victory' In Hostage Crisis Yet To Come -- "If the hijacking of TWA flight 847, the murder of Robert Dean Stethem, and the ordeal of those Americans held hostage prompts not only retaliation but an intensified international campaign against all terrorism, then the Administration will have won the full measure of the victory it is claiming."
(San Diego Union, 7/2)

Rejoicing Within Limits -- "It is good to have these rescued Americans back. But, as the edgy relatives of other kidnap victims in Lebanon have pointed out, it is not time to relax. We wonder (it seems preposterous in these late years of the 20th century) if it will ever be."
(Sarasota Herald-Tribune, 7/2)

Now
Headline on R.R. Speech
"How Dollars 'Went' on Oct 5"
+ Were Not panicking Lebanon.

Post Reagan on the Wargate
Young Tam quote

P.S. Reagan to huge finish Budget section
P.F. Headline Speech-



News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, JULY 9, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Victim States 'Have Right' to Fight Back -- President Reagan singled out Iran, Libya, North Korea, Cuba and Nicaragua for persistent terrorist attempts to "expel America from the world."

(Washington Times, Washington Post, New York Times, AP, Reuter)

Cambodian Rebels Express Optimistic Outlook to Shultz -- Representatives from the non-communist Cambodian resistance showed a "strikingly positive outlook" in a meeting with Secretary Shultz, one American official said.

(Washington Times, Washington Post, AP)

NATIONAL NEWS

Reagan Backs Modest Increase in Stockpile -- President Reagan approved a scaled back inventory of metals and other non-fuel materials needed to sustain the United States in a prolonged military conflict, the White House announced.

(UPI, Washington Post)

Reagan Talks with Conferees on Budget Deadlock -- Larry Speakes said President Reagan has invited congressional budget conferees to meetings today and Wednesday in an effort to forge a budget compromise but will resist any move to increase taxes.

(UPI, AP, Washington Times)

NETWORK NEWS (Monday Evening)

TERRORISM -- Before the ABA, President Reagan stepped up his tough talk against terrorism and suggested that some sort of action to back it up might not be far behind.
(All Nets Lead)

SOUTHEAST ASIA -- State Department sources say it is likely the U.S. will accept a Vietnamese offer of high-level talks on the issue of MIAs.

ON TERRORISM:

"The American people are not -- I repeat, not -- going to tolerate intimidation, terror and outright acts of war against this nation and its people. And we're especially not going to tolerate these attacks from outlaw states run by the strangest collection of misfits, looney tunes and squalid criminals since the advent of the Third Reich."

(President Reagan, addressing the American Bar Association convention, Washington, D.C., 7/8)

INTERNATIONAL NEWS

PRESIDENT ASSAILS 'TERRORIST' NATIONS

President Reagan accused Iran, Libya, North Korea, Cuba and Nicaragua of forming an international terrorist network that he compared to "Murder Inc." and vowed that the United States would act "unilaterally, if necessary, to ensure that terrorists have no sanctuary anywhere."

(Lou Cannon, Washington Post, A1)

Reagan Declares U.S. Right to Act Against 'Terrorist States'

(Reagan) told the American Bar Association the confederation trained and directly or indirectly controlled "most of the terrorists who are kidnapping and murdering American citizens and attacking American installations."

(Jim Adams, Reuter)

The audience of several thousand delegates to the convention of the American Bar Association applauded and laughed at his description of the leaders of the "outlaw states." They also gave the President a standing ovation when he said Americans will always defend their country.

(Terence Hunt, AP)

Terrorism Is War, Reagan Declares

"These terrorist states are now engaged in acts of war against the government and people of the United States. And under international law, any state which is the victim of acts of war has the right to defend itself," Reagan said.

(David Sellers, Washington Times, A1)

President Accuses 5 'Outlaw States' of World Terror

But Mr. Reagan pointedly omitted Syria from his list of nations abetting terrorism.

White House officials termed Mr. Reagan's omission of Syria a gesture of gratitude to President Assad, who played a pivotal role in the release last week of 39 American hostages in Lebanon.

(Bernard Weinraub, New York Times, A1)

REAGAN OMITTS SYRIA AS SPONSOR OF INTERNATIONAL TERRORISM

President Reagan conspicuously omitted Syria, whose President Assad helped the United States secure the release of U.S. hostages in Lebanon, when he branded five other countries as supporters of international terrorism.

State Department spokesman Edward Djerejian, when asked why Reagan had failed to mention Syria, said the President's remarks were "not all-inclusive" but rather "examples" of countries that have recently been very active in state-sponsored terrorism.

(Ted Agres, Washington Times, A10)

'OTHER SEVEN' AMERICANS GO UNMENTIONED BY REAGAN

President Reagan promised a week ago not to forget the seven kidnapped Americans still held in Lebanon.

But in his tough-talking, anti-terrorism speech Monday, he cited a dozen terrorist incidents without ever mentioning the victims sometimes referred to by relatives as "the forgotten seven."

And his spokesman shifted abruptly from talking about efforts to win freedom for the other seven to declining to talk about them at all.

(News analysis by Michael Putzel, AP)

U.S. DEFENDS PLAN TO BOYCOTT AIRPORT

The Reagan Administration, defending itself against criticism of its attempt to organize an international boycott of Beirut airport, said that it was only trying to find "an effective way" to deal with the security problem there and not seeking to harm Lebanon or its airline.

(David Ottaway, Washington Post, A1)

U.S. Still Hopeful on Beirut Sanctions

"Beirut airport is not a problem just for the United States. It is a problem for the rest of the world," State Department spokesman Edward Djerejian said.

(Matthew Quinn, UPI)

U.S., Rebuffed by Allies, Softens Language on Beirut Air Boycott

The Reagan Administration, in an effort to head off a possible Arab boycott of American airliners and ships, said that its plan to isolate Beirut airport was not meant to punish Lebanon.

The United States went out of its way to say that the move was not aimed at Lebanon or at its national carrier, but was intended to insure greater security at Beirut airport.

(Bernard Gwertzman, New York Times, A1)

SYRIA URGED TO CLEAN UP REBEL AIRPORT

The Reagan Administration is sending strong signals to Syria that the United States will not halt its worldwide efforts to isolate Beirut International Airport until the security problem there is brought under control.

Syria is considered by Washington to be the only power able to enforce something approaching normalcy at the chaotic Lebanese airport, which has become a haven for hijackers attacking planes of many nations.

(News analysis by Jeremiah O'Leary, Washington Times, A1)

GEMAYEL CALLS MEETING TO COMBAT BEIRUT AIRPORT BOYCOTT

BEIRUT -- President Gemayel called a top-level meeting on how to combat U.S. moves to close Beirut airport and Lebanese Moslem leaders met in Syria as factional fighting claimed at least eight lives.

Lebanon's official national news agency said Gemayel would preside at a high-level meeting of airport and security officials to discuss "ways to confront the American measures against Beirut airport."

(UPI)

BAR ASSOCIATION DROPS 3 PROPOSALS URGING U.S. FOREIGN POLICY MOVES

Three resolutions pending before the American Bar Association's House of Delegates concerning American foreign policy have been removed from the agenda.

The deleted motions urged the government to reduce restrictions on visas for foreign citizens and on travel abroad by United States citizens, to express support for the International Court of Justice, and to begin negotiations with the Soviet Union aimed at a treaty to prohibit first use of nuclear weapons.

(New York Times, A11)

TWA TRYING DIPLOMACY TO REGAIN HIJACKED JET

TWA officials said that they are working through diplomatic and other channels to reclaim the jetliner seized by hijackers June 14 en route from Athens to Rome. The plane has been sitting at the Beirut airport since June 16.

"We want it back and we intend to get it back," TWA spokesman Jerry Cosley said.

(Douglas Feaver, Washington Post, A11)

RESISTANCE CHIEFS DESCRIBE NEW CAMBODIA STRATEGY

BANGKOK -- Leaders of the non-communist Cambodian resistance movement told Secretary Shultz that large numbers of their troops have moved back into Cambodia from Thailand as part of a new strategy of hit-and-run attacks against the Vietnamese occupation of that country.

The commanders were described by aides to Shultz as "relatively upbeat" about their military operations and prospects.

(Don Oberdorfer, Washington Post, A10)

Tens of thousands of Cambodian refugees greeted Secretary Shultz when he helicoptered to the Thai-Cambodian border to show support for Thailand and its non-communist allies.

Chanting "USA -- No. 1," and "We want to go home," virtually all of the 53,285 refugees living at Site 7 on the border turned out for his arrival.

(Peter Eng, AP)

Cambodian Rebels Express Optimistic Outlook to Shultz

The beleaguered coalition government of Democratic Kampuchea (Cambodia) still needs arms but was "generally upbeat" about its military situation, (a) source added. The senior State Department official, who briefed reporters on condition he not be named, declined comment on published reports that the CIA has been covertly funding the resistance for three years.

(Stephanie Voss, Washington Times, A7)

Reagan Affirms Support for Thailand

Thai and American officials said the President Reagan, in a letter delivered by Secretary Shultz, had affirmed United States support for Thailand in the face of what is viewed as a threat posed by Vietnam's occupation of Cambodia.

The officials said that Shultz, who arrived from Hong Kong for a two-day stay, had given the letter to PM Tinsulanonda of Thailand.

(Shirley Christian, New York Times, A3)

SOVIET MAY EASE 'STAR WARS' STAND

Soviet negotiators in Geneva have indicated for the first time that they would be willing to accept an arms treaty allowing research on strategic defense, high-ranking Reagan Administration officials said.

The Administration officials said members of the Soviet team informally approached American negotiators two weeks ago to say that Moscow was no longer seeking to ban all research, but wanted to draw a line between laboratory and scientific research, which would be allowed, and development and testing, which would be banned.

(Leslie Gelb, New York Times, A1)

Soviets May Ease 'Star Wars' Stand, New York Times Reports

A knowledgeable Soviet official told Reuters the Soviet negotiators "have sent mixed signals" on whether they would accept research but not development and testing. (Reuter)

Paper: Soviets May Ease Opposition to 'Star Wars' Proposal

Administration officials told the Times that if Moscow follows the informal discussion with a formal proposal, as they usually have, it would pressure Reagan to ease his stand and thus could set the talks in motion. (AP)

'STAR WARS' CRITICIZED IN VATICAN; POPE AVOIDS FIRM STAND ON STUDY

ROME -- A Vatican study group has produced a report critical of President Reagan's strategic defense initiative. But the Vatican says the report is still under study, and Pope John Paul II has so far sought to avoid taking a firm public stand on the space weapons question.

The report is from the Pontifical Academy of Sciences, which was asked by John Paul to study the question of arms in space. Some elements of the report were disclosed to a Roman Catholic news agency this weekend, to the embarrassment of the Vatican.

(E.J. Dionne, New York Times, A6)

HELMS DELAYS SANCTIONS

Sen. Helms delayed Senate consideration of sanctions to pressure South Africa to end its apartheid policy of racial separation.

Senate Majority Leader Dole called up the bill, but Helms formally objected. Dole then called for a vote to kill the objection, but withdrew it because of an earlier promise that there would be no roll calls yesterday -- the first day back at work following a July 4th holiday break.

(Washington Post, A16)

Heated Senate Debate on Sanctions Bill

Sen. Cranston called on the Senate to 'end delaying tactics and a threatened filibuster against the bill by Helms.

"There seems to be, at the heart of the American ultra-right wing movement, a undercurrent of racism that rises to the surface every now and then," Cranston said, mentioning no names. (E. Michael Myers, UPI)

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S. African Sanctions Bill Stalled on Senate Floor by Conservatives

Sen. Helms told reporters that "anybody who doesn't understand that the Soviet Union is orchestrating the upheaval in Africa, including South Africa ... doesn't understand what's going on."

(Rita McWilliams, Washington Times, A2)

REAGAN ADMINISTRATION 'DEAD SET' AGAINST SANCTIONS

With anti-apartheid legislation ensnared by a Senate filibuster, a key U.S. official says the Reagan Administration is "dead set" against imposing economic sanctions against white-run South Africa.

Chester Crocker, assistant secretary of state for African affairs, said that economic sanctions would not force the Pretoria government to end its policies of racial segregation. (Alexander Higgins, AP)

SHULTZ FACES ANOTHER TEST OF DIPLOMACY IN FIGHT
WITH JESSE HELMS OVER STATE DEPARTMENT POSTS

(Sen. Helms) and a band of conservative militiamen have laid seige to 28 State Department nominees for various posts. They threaten to hold the nominations captive by blocking a Senate confirmation vote until the Reagan Administration finds new jobs for six conservatives at the State Department. Sen. Helms claims the six political appointees are being purged by Shultz because of their right-wing ideologies.

(Secretary) Shultz told aides last week that he didn't negotiate with Nabih Berri and that he won't negotiate with Sen. Helms. He rejected Helms's offer to free half of the nominees by permitting a vote in exchange for assurances that jobs would be found for the conservative six.

(Robert Greenberger, Wall Street Journal, A64)

HONDURAS THREATENS TO EXPEL NICARAGUAN AMBASSADOR

TEGUCIGALPA -- Honduras threatened to expel the Nicaraguan ambassador if he did not stop saying Washington was exerting economic pressure on Honduras to allow U.S.-backed rebels to use its territory as a base for attacks against Nicaragua. (Reuter)

RON TO ANDREI: CONGRATS

President Reagan sent a congratulatory letter to veteran diplomat Andrei Gromyko for being named president of the Soviet Union and expressed hope the two countries could negotiate, the White House said. (UPI)

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EDITOR'S NOTE: "ASEAN Seeks Talks With Hanoi on Cambodia," a story from The Los Angeles Times, appears on page A10 of The Washington Post.

Another story on the ASEAN efforts, "ASEAN wants talks on Cambodia peace," is on page A7 of The Washington Times.

"Vietnam Offer Renews Hope," a story by Jean McNair on the reactions of MIA families to the recent MIA-related announcements from Hanoi, is on page A10 of The Washington Post.

"Excerpts From President Reagan's Address to American Bar Association" appears on page A12 of The New York Times.

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NATIONAL NEWS

REAGAN SEEKS TO REDUCE U.S. STRATEGIC STOCKPILE

President Reagan proposed a major reduction in the nation's stockpile of strategic material for use in wartime, charging that the Carter Administration had vastly overestimated the amount that would be needed and dropping plans to purchase materials worth \$9.7 billion.

Congress is expected to look critically at the proposal, which would trim the stockpile from the \$16.3 billion in materials envisioned by the Carter Administration to \$6.6 billion.

(David Hoffman, Washington Post, A5)

Reagan Backs Modest Increase in Stockpile

Reagan ordered the national defense stockpile, which now contains \$6.6 billion in materials, increased to a modest \$6.7 billion for the 42 most critical materials. Those items include copper, titanium, germanium and other metals used in the manufacture of high-performance aircraft and missiles.

(Norman Sandler, UPI)

REAGAN TALKS WITH CONFEREES ON BUDGET DEADLOCK

A leading Democratic budget negotiator says President Reagan could be helpful in formulating a compromise budget but not if he continues his tough stance for military spending and against taxes.

Larry Speakes said Reagan has invited congressional budget conferees to meetings today and Wednesday in an effort to forge a budget compromise but will resist any move to increase taxes.

(Elaine Povich, UPI)

Reagan Is Hopeful Meetings Will Break Budget Impasse

The Reagan Administration expects to compromise to help break the fiscal 1986 budget deadlock in Congress before its August recess, White House officials said.

They are uncertain, however, about what kind of concessions they will have to make.

(Mary Belcher and Jeremiah O'Leary, Washington Times, A3)

Reagan Calls Congressional Leaders to White House for Budget Talks

The President also was set to attend an unannounced meeting over cocktails in the White House Red Room at 5 p.m. today with Speaker O'Neill, Senate Majority Leader Dole, House Republican Leader Michel and Senate Democratic Leader Byrd.

An Administration official, who spoke on condition he not be identified, said the evening gathering was not publicly announced "because we did not particularly want unrealistic assumptions placed against the meeting."

(Cliff Haas, AP)

REAGAN CONSIDERS PENSION TAX RISE

President Reagan might accept an increase in taxes on Social Security benefits, the White House said, if House Democratic leaders proposed such a measure.

"It remains to be seen" whether Reagan accepts the idea, said Donald Regan. If the President did, Regan said in an interview, it would be an attempt to gain congressional approval of a 1988 federal budget in the near future and to avert "total confusion" if the Congress attempts to finance the government without a budget. (Gerald Boyd, New York Times, A16)

DESPITE DOUBTS, U.S. PRESSES TO RESOLVE SEARS BIAS CASE

CHICAGO -- A strange brew of politics, law and civil rights percolates in a 21st-floor courtroom where the Reagan Administration is pouring millions of dollars into a case it philosophically would prefer to lose.

The case is a federal suit against the nation's largest retailer, Sears, Roebuck & Co., in which the Equal Employment Opportunity Commission charges Sears with discriminating against women. It is the last of several celebrated cases brought by a liberal, activist EEOC in the 1970s against corporate giants such as AT&T, General Motors, General Electric and the steel industry. (Juan Williams, Washington Post, A1)

VOUCHER PLAN DRAFTED FOR REMEDIAL SCHOOLING

Secretary Bennett said he will propose legislation "within two weeks" to establish a voucher system that would give money directly to impoverished parents to pay for remedial school help for their children who need it. (Keith Richburg, Washington Post, A5)

FED, IN MEETING TODAY, MAY ACT TO LOWER INTEREST RATES

Interest rates, which have been headed down for most of the year, are likely to fall farther in coming weeks, many financial analysts are predicting.

Their forecast is based on a belief that the Federal Reserve Board will soon ease credit conditions further in an effort to spark a rebound in the depressed industrial sector of the U.S. economy.

(Martin Crutsinger, AP)

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NEWS FROM THE STATES

GORE SAYS GENEVA TALKS NOT STALEMATED

NASHVILLE, Tenn. (UPI) -- Sen. Albert Gore Jr. said Sunday the arms talks with the Soviets are not stalemated but are progressing slowly. "I am convinced it is premature to use the word stalemate in describing these talks. There is a constructive dialogue under way of a kind that over time, could significantly narrow the distance between the two countries," Gore said. Gore, interviewed by The Tennessean in Washington after returning from a weeklong series of briefings with U.S. allies in Western Europe, said there is an undercurrent of concern in Britain and West Germany about President Reagan's "star wars" defense concept. Gore said negotiations will continue in Geneva for another week and then recess until Sept. 19 when the talks resume until the November summit. Gore said there is still "much distance" between the two sides at the present time. "It's likely that the summit will determine whether or not new instructions are given to both sides that will significantly speed up the pace of the negotiations."

CARTER SAYS U.S. MUST DO MORE FOR POOR COUNTRIES

GENEVA, Switzerland (UPI) -- Former President Carter accused the Reagan Administration of doing too little to help needy countries, especially in the area of population control programs. Carter, in Geneva for an international workshop on poverty and famine, said the American public "reacted very well" to appeals for aid to Ethiopia, Sudan and other African countries. "But the developed countries are not doing nearly enough and the U.S. is behind others," Carter said. While many developing countries are trying to control their populations, Carter said, the Reagan Administration "has an aversion" to such programs and is failing to provide funds. He also criticized efforts to link humanitarian aid to the political systems in needy nations. Carter emphasized the developing countries "can't depend forever" on the richer nations and must learn to help themselves "all the way down from prime ministers to individual farmers."

PRESIDENT MAY ATTEND CHEYENNE FRONTIER DAYS

CHEYENNE, Wyo. (UPI) -- It will be at least a week before it is known whether President Reagan will be visiting Cheyenne during the 89th annual Cheyenne Frontier Days. White House officials say Reagan is considering visiting Wyoming's capitol city July 24, but no definite decision has yet been made. "It's under consideration," Dale Petroskey said. "It probably would be announced a week to 10 days before." Frontier Days will run from July 19 through July 27 this year.

TIRE STORE OWNER USES BILLBOARD FOR POLITICAL MESSAGES

ORLANDO, Fla. (UPI) -- Ralph Smith says he has the right to use the huge billboard in front of his tire store to suggest that the U.S. "Nuke Lebanon," but city fathers see it otherwise, the Orlando Sentinel reported Saturday. Smith, manager of the Big Orange Tire Store, used the sign during the American hostage crisis in Beirut to post glib messages such as "Kill the Moslems," and "Reagan, Don't Negotiate. Annihilate." Orlando City Attorney Bob Hamilton disputes Smith's contention that he has a constitutional right to put the messages on the sign, but added that the city can not use the ordinance to pass judgement on their content.

-end of A-section-

NETWORK NEWS SUMMARY

(Monday Evening, July 7, 1985)

TERRORISM

CBS's Dan Rather: President Reagan today accused five countries of being part of what he called "a confederation of terrorist states."

CBS's Bill Plante: (TV Coverage: President at ABA convention.)

The talk was tough as President Reagan accused Iran, Libya, North Korea, Cuba and Nicaragua of a conspiracy of terrorism.

(President: "These terrorist states are now engaged in acts of war against the government and people of the United States. And under international law, any state which is the victim of acts of war has the right to defend itself.")

But how? The President didn't say. He did say Americans weren't going to take it any more, and he ridiculed the terrorists.

(President: "So the American people are not -- I repeat, not -- going to tolerate intimidation, terror, and outright acts of war against this nation and its people. And we're especially not going to tolerate these attacks from outlaw states run by the strangest collection of misfits, looney-tunes, and squalid criminals since the advent of the Third Reich." Applause.)

Syria, previously identified as a sponsor of terrorism, was left off the list today because of its help in getting back the American hostages. Mr. Reagan called on lawyers at the American Bar Association convention to find ways to deal legally with lawlessness. But there are still those, including some in the Administration, who believe the President should have used force during the hostage crisis. Why didn't he? White House sources say it was because the lives of the hostages were at stake if the U.S. tried either rescue or retaliation. And that it would be nearly impossible to strike now without killing innocent bystanders. So why is Mr. Reagan still talking so tough?

(Ray Cline: "I think his return to the strong rhetoric was sound. It did raise the ante and put additional psychological pressure on the criminals and their protectors. Now, if he doesn't continue to force the issue, then of course, those benefits will be wasted.")

Some on Mr. Reagan's staff are still arguing that he should show terrorists he means business; but words alone won't prevent future terrorist acts. But the President is keeping his own counsel, choosing to let his words speak louder than his actions -- even as his staff members pray for just the right opportunity to retaliate and show the world America's resolve. (CBS-lead)

ABC's Peter Jennings: President Reagan wants the country to keep its mind on terrorism. In his first major speech since the hostages from TWA Flight 847 came home, Mr. Reagan pulled out all the stops.

TERRORISM (continued)

ABC's Sam Donaldson: (TV Coverage: President at ABA convention.)

Before the American Bar Association, President Reagan today stepped up his tough talk against terrorism and suggested that some sort of action to back it up might not be far behind. Mr. Reagan all but declared war on five nations which he said are terrorist havens.

(President: "-- by a core group of radical and totalitarian governments. A new international version of Murder Inc. We must act together, or unilaterally if necessary, to ensure that terrorists have no sanctuary anywhere.")

The President claimed the right of self-defense under international law against five states -- Iran, Libya, Cuba, North Korea and Nicaragua. The State Department terrorism list, published only last week, omits North Korea and Nicaragua and names South Yemen and Syria instead. So, thanks to the role played by President Assad in ending the hostage crisis, Syria's apparently undergoing at least temporary rehabilitation. But whatever the list, the President today got up close and personal.

(President: "-- so the American people are not -- I repeat, not -- going to tolerate intimidation, terror, and outright acts of war against this nation and its people. And we're especially not going to tolerate these attacks from outlaw states run by the strangest collection of misfits, looney-tunes, and squalid criminals since the advent of the Third Reich." Applause.)

If that was personal, Mr. Reagan got even more direct in noting the talk from the Soviet Union to the effect that the U.S. was using the hostage situation as a pretext for a military invasion, and what did the President have to say to the Soviets about that?

(President: "There is a non-Soviet word for that kind of talk. It's an extremely useful, time-tested, original American word, one with deep roots in our rich agricultural and farming tradition." Laughter and applause.)

The lawyers seemed to know the word the President had in mind. But the day's name-calling wasn't one-sided. Told that his country was on the President's terrorist list, Nicaragua's Foreign Minister had this comment --

(d'Escoto: "If there were an international prize for the terrorist of the year, that should have gone to the President of the United States.")

White House officials insist that the President's tough talk is not just bluster, that the political commentators are pointing out that the Reagan Presidency has been marked with much bark and little bite, have got it wrong this time. But the President knows that in talking so tough, he is raising the stakes not only on terrorism, but his own credibility. And that today's tough talk will be backed up with action. (ABC-lead)

NBC's Tom Brokaw: The hijacking is over, but the problem remains, and the question is: What can be done about international terrorism?

President Reagan today made one of his toughest speeches yet on the subject; however, moving from words to action is quite another matter.

TERRORISM (continued)

NBC's Chris Wallace: (TV Coverage: President at ABA convention.)

While continuing to study what to do about terrorism, the President today escalated his verbal assault. He told members of the American Bar Association that a confederation of outlaw states is sponsoring terrorists to undermine the U.S. and its allies.

(President: "Most of the terrorists who are kidnapping and murdering American citizens and attacking American installations are being trained, financed, and directly or indirectly controlled by a core group of radical and totalitarian governments. A new international version of Murder Inc.")

Mr. Reagan listed the countries he said are the most involved -- North Korea, Iran, Libya, Cuba and Nicaragua. There was an interesting addition and omission -- the President said the Soviet Union's close relationship with almost all of the terrorist states must be recognized. But he did not mention Syria, which the State Department lists as supporting terrorism. Officials say this was because President Assad was helpful in freeing the hostages. Mr. Reagan said, with terrorist states engaged in acts of war, civilized nations must band together to defend themselves.

(President: "And we're especially not going to tolerate these attacks from outlaw states run by the strangest collection of misfits, looney-tunes, and squalid criminals since the advent of the Third Reich." Applause.)

But the President found again that talking about terrorism is easier than acting. Vice President Bush reported to him, officials say, that the European allies have so far not joined the U.S. call to shut down Beirut Airport. In Beirut, Lebanese officials tightened airport security in an attempt to meet U.S. demands. A White House official called the effort welcome, but not yet sufficient. And today's speech failed to impress Nicaraguan President Ortega, who sharply denied Mr. Reagan's charge that his country is a haven for terrorists.

(Ortega, through translator: "President Reagan lies. The truth is that the U.S. government is causing the terrorism and financing the people who are murdering and kidnapping our people. That is terrorism.")

Officials here say the U.S. may soon take unilateral steps against terrorism, such as posting a reward for capture of the TWA hijackers and even indicting them. But the kind of international cooperation Mr. Reagan was seeking today may take much longer -- American officials talking in terms of weeks or even months. (NBC-lead)

NICARAGUAN REACTION

Rather: Reacting to President Reagan's speech, Nicaragua's Sandinista government said it also condemns all forms of terrorism. It says it does so -- "because our people are suffering the scourge of U.S. state terrorism." To protest U.S. policy, Nicaraguan Foreign Minister Miguel d'Escoto says he's begun an indefinite hunger strike. (CBS-2)

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RETALIATION

NBC's Fred Francis reports on the question of retaliation against terrorists in El Salvador and Nicaragua. The President, he said, was blocked by the same constraints he faced in Lebanon -- to strike at terrorists means either killing civilians in a crowded Beirut slum or the Salvadoran mountains -- and endangering Americans, either hostages or diplomats. We are, said one Defense official, victims of our own decency. (NBC-2)

BEIRUT AIRPORT

Jennings: One action the President has been calling for is an international boycott to close the Beirut Airport. The prime minister of Lebanon may not have much clout these days, but he thinks that's a terrible idea. In fact, there isn't much support for the President's position on Beirut anywhere overseas.

ABC's Charles Glass: Today, it was business as usual at Beirut Airport. The airport is still surrounded by Shiite Muslim militiamen from Amal, and the government is taking only cosmetic security precautions in response to American threats to close the airport. The government has blocked some roads to the runways and begun inspecting passenger luggage. But the U.S. threat -- America's cancellation of flights by Lebanon's national carrier, Middle East Airlines -- may be backfiring. Lebanese of all religious colorings have united in their opposition to grounding MEA -- the country's largest private employer and the only passenger carrier now flying to Beirut. (Walid Jumblatt: "It will just increase tension with the Arab world and the States, and it will enhance so-called terrorists for actions against the civil airlines, which is essential for everybody.") Lebanon's assorted Muslim leaders met in Damascus today with Syrian officials and received strong Syrian backing to keep the airport in Muslim West Beirut open. In Europe, the only glimmer of support for closing Beirut Airport has come from PM Thatcher. She told Vice President Bush in London last Wednesday she would cancel MEA flights -- but only if her European allies did the same. Austria, Italy and Greece have all said they will not cancel flights to and from Lebanon. So, too, has France, which owns 28½% of MEA and which doesn't want to jeopardize negotiations for the return of four Frenchmen kidnapped in Lebanon over the last year. Diplomats in Europe believe that without wider international backing, President Reagan may wait for passions in the U.S. to cool, then accept that Beirut Airport will probably stay open. (ABC-2)

MOSLEM SUMMIT

Brokaw reports that various Lebanese Moslem leaders who have been fighting one another for control of West Beirut were summoned to Syria today in an effort to end that civil war. Nabih Berri and his chief Moslem rivals came to Damascus at the request of the Syrian government, which has at least 25,000 troops stationed in Lebanon. First, all of these men will have to decide to stop fighting one another, and then they'll have to work out a plan to share power with Lebanese Christians. (NBC-3)

SOUTHEAST ASIA

Rather: Secretary Shultz is in Bangkok tonight, and he met with Thai officials and top leaders of non-communist guerrillas fighting Vietnamese occupiers of Cambodia. Shultz called the Vietnamese occupation "arrogant and illegal." He said the U.S. will give extra aid to Thai villages near the Cambodian border where most of the fighting occurs. (CBS-13)

Jennings: Over the weekend, the Vietnamese government told American officials that the remains of 26 more missing Americans would be turned over. State Department officials say today the transfer could take place in the next six to eight weeks. The Vietnamese offer came as a surprise to American officials, and there is clearly more to the message.

ABC's Jean Meserve reports that State Department sources say it is likely the U.S. will accept a Vietnamese offer of high-level talks on the issue of MIAs. Though the officials say they're skeptical there has been any substantive change in Vietnamese policy, they feel they should talk if there's any chance it will bring a better accounting of the Missing in Action. The State Department said today it is very pleased.

(Edward Djerejian: "If this information leads to the resolution of the cases of 32 men, it would represent the largest single step forward on this issue since 1975.")

The National League of MIA Families believes this, coming fast on the heels of the Vietnamese proposal for talks, signals a switch in Hanoi's MIA policy. But other families are more skeptical. State Department officials believe Hanoi is gambling for a normalization of relations, using the MIAs as pawns. But officials maintain the Vietnamese are revealing as little as possible. They believe the Vietnamese have much more MIA information at their disposal than they're choosing to use. (ABC-7)

MILITARY MALPRACTICE

Rather: In Washington, a congressional panel heard testimony today about a little-talked-about part of the U.S. military and a little-talked-about part of U.S. medicine -- the more than 150 military hospitals responsible for the care of more than ten million Americans. Today witnesses told of harrowing, painful and, in some cases, deadly mistakes of military medicine. (Susan Spencer reported on the testimony.) (CBS-6, NBC-7)

EDITORIALS/COLUMNISTS

REAGAN/GORBACHEV SUMMIT

A Summit In Geneva -- "Both (Reagan and Gorbachev) will arrive with a fixed set of preconditions, and Mr. Gorbachev knows he will probably be in power long after President Reagan has left the political scene. But so long as expectations for the Geneva meetings are kept low, first-hand exposure of the two leaders to each other's personality and performance is definitely all to the good." (Philadelphia Inquirer, 7/5)

The Low-Rise Summit -- "It is called 'finding out what a person is like.' The information is not specific and cannot be spelled out in communiques, but it may help sharpen up judgments on both sides. If we do not expect much more than that from the summit meeting, we won't be disappointed." (Chicago Tribune, 7/6)

AMERICAN HOSTAGES IN LEBANON

Send in Rambo! -- "While testing his mike before his Sunday broadcast on the hostages' release, Reagan was heard to say, 'Boy I saw Rambo last night....' The Presidential joke was considered front page news by some newspapers. Apparently many media mavens believe Reagan, deep in his psyche, harbors an unquenchable thirst for war. Maybe that's true, but after two weeks of mild-mannered diplomacy, he's doing a pretty good job of hiding it. As for us, we'd simply note the hostage crisis isn't over yet -- seven Americans are still being held in Lebanon. Diplomacy didn't get them out. Maybe it is time to try a Rambo." (Detroit News, 7/2)

'Get Tough'? How? -- "There are still seven American hostages in Lebanon....If anything is going to free them, it's patience and diplomacy -- not some newly minted 'get-tough' resolve." (New Jersey Record, 7/1)

'Revenge' Wrong Goal -- "The nation has been embarrassed under President Reagan just as it was under President Carter....But the fact is that Reagan should be congratulated for his personal restraint, even if it does not fit his public image. The bottom line with the public is the TWA hostages have been freed." (Oregonian, 7/2)

'Victory' In Hostage Crisis Yet To Come -- "If the hijacking of TWA flight 847, the murder of Robert Dean Stethem, and the ordeal of those Americans held hostage prompts not only retaliation but an intensified international campaign against all terrorism, then the Administration will have won the full measure of the victory it is claiming." (San Diego Union, 7/2)

Rejoicing Within Limits -- "It is good to have these rescued Americans back. But, as the edgy relatives of other kidnap victims in Lebanon have pointed out, it is not time to relax. We wonder (it seems preposterous in these late years of the 20th century) if it will ever be." (Sarasota Herald-Tribune, 7/2)