

# Ronald Reagan Presidential Library Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** News Summary Office, White House:  
News Summaries, 1981-1989

**Series:** II: WHITE HOUSE NEWS SUMMARY FINALS,  
1981-1989

**Folder Title:** 10/18/1985

**Box:** 384

---

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>



# News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, OCTOBER 18, 1985 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

Premier Of Italy Resigns -- Prime Minister Craxi resigned after defending his government's actions in the aftermath of the hijacking of the Achille Lauro and expressing dismay and bitterness at U.S. criticism of those actions.  
(Washington Post, New York Times, Washington Times, AP,)

Israeli Extends 'Hand of Peace' To Jordanians -- Prime Minister Peres met with President Reagan and said Israel was prepared to take "bold steps" in the Middle East and extend the "hand of peace" to Jordan.  
(New York Times, Washington Post, Washington Times,)

### NATIONAL NEWS

GNP Grows At 3.3% Pace During Third Quarter -- The American Economy grew at a 3.3 percent rate in the third quarter, the best gain so far this year.  
(Washington Post, New York Times)

Governor Predicts Bailout Of Farm Credit System -- President Reagan expressed concern about farm bill costs, but listened to Iowa Governor Terry Branstad's arguments that a veto would hurt the President politically.  
(UPI, Washington Times)

### NETWORK NEWS (Thursday Evening)

ITALIAN GOVERNMENT -- Prime Minister Craxi quit following the furor over his decision to free Mohammed Abbas.

PERES -- Prime Minister Peres met with President Reagan. Afterward, Peres called again for direct peace with Jordan, but he made no mention of any Palestinian role.

BALTIC MANEUVERS -- The battleship Iowa blasted away in the Baltic Sea, a firepower demonstration of American resolve that even the waters off the Soviet coast are within range.

#### *The Great Motivator*

When he visited Gordon Technical High School in Chicago last week, President Reagan learned that the Gordon football team was about to play Loyola Academy. Mr. Reagan noted that, as a native of Illinois who played football at Eureka College, also in Illinois, and as President, he had to remain neutral. So, in a facile display of preterition, he said it by saying he would not say it: "Now, you know, it'd be awfully tempting to say 'Beat Loyola.'" He also told how he and his teammates always prayed before games, not asking for victory, but that "the best team would win."

Then, on Saturday morning, at a pregame mass, the Rev. Kenneth Bratko reminded the Gordon players of the President's words. Gordon came from behind to defeat Loyola, 7-6. Gordon's record is now 8-1 and the President proved, once again, that he is, indeed, the Gipper in Chief.

NEW YORK TIMES

OCTOBER 17, 1985

## ***INTERNATIONAL NEWS***

---

### **PREMIER OF ITALY RESIGNS**

ROME -- President Francesco Cossiga accepted Prime Minister Bettino Craxi's resignation but asked his coalition government, which had been one of the most stable in postwar history, to stay on in a caretaker capacity pending Cossiga's consultations with party leaders about the designation of a new Prime Minister. (Washington Post, A1)

### **Premier Of Italy, Scorning U.S. Acts, Quits Over Furor**

In his speech, Craxi also asserted that on the night of Oct. 11, an unauthorized American aircraft had followed an Egyptian airliner taking a senior Palestinian official and an associate from Sicily to Rome. The evening before, the two were aboard the same Egyptian plane with the four cruise ship hijackers when it was diverted to Sicily by American carrier-based fighter planes. (New York Times, A1)

### **Craxi Quits, Blames U.S. For Government's Collapse**

Prime Minister Craxi resigned Thursday, putting the principal blame for his government's downfall on the U.S. The resignation marked the fall of the 44th Italian government since the end of World War II -- one of Italy's longest and most successful -- and the first to collapse over a foreign policy issue. (Peter Almond, Washington Times, A1)

### **Politicians Begin Familiar Process Of Forming New Government**

Politicians scheduled a flurry of meetings to build a new coalition government to replace that of Socialist Bettino Craxi. Craxi, who resigned on Thursday, bitterly reproached the Reagan Administration for criticizing Italy's release of Muhammed Abbas. (AP)

### **PERES SAYS ISRAEL IS WILLING TO TALK TO JORDAN**

Prime Minister Shimon Peres, speaking in the aftermath of the Palestinian hijacking of an Italian cruise ship, assured President Reagan Thursday that Israel still extends a "hand of peace" to Jordan and will consider any proposals from King Hussein for "honorable and direct negotiations."

Reagan said "there is a better opportunity for real progress than there has been for some time." But neither he nor Peres gave any sign that they have found a formula for removing the obstacles in the path of peace talks, and Secretary Shultz acknowledged earlier yesterday that the Achille Lauro hijacking had made the search for solutions more difficult.

(John Goshko, Washington Post, A30)

-more-

### Peres, Reagan Pledge To Pursue Peace

Speaking to reporters gathered on the south lawn after an hour-long meeting, Mr. Reagan said the two leaders "fully agreed to press ahead toward a just and lasting peace between Israel and all its Arab neighbors."

Earlier in the day, Peres met with Secretary Shultz. He met with congressional leaders Thursday afternoon.

(Bill Kritzberg, Washington Times, A6)

### Israeli Extends 'Hand of Peace' To Jordanians

While Mr. Peres, after an hourlong meeting at the White House, spoke positively about the prospects for peace in the Middle East, he did not include the Palestinians in his remarks.

(New York Times, A1)

### ITALY HAS ALL DETAILS OF SLAYING ON SHIP

ROME -- Investigators have reconstructed the killing of Leon Klinghoffer "in all the details" and are certain they know who shot him, why he was killed and who threw the body overboard, an Italian prosecutor in Genoa said Thursday. However, he declined to provide further details.

(Washington Times, A1)

### Transcript Only Part Of Evidence Implicating Abbas In Hijacking

A transcript of ship-to-shore communications between the hijackers of the Achille Lauro and Abbas is only part of the evidence the Reagan Administration has implicating the PLF official in the crime, a U.S. official says.

(Merrill Hartson, AP)

### ITALIANS SEE HIJACK AS CHIEF GOAL

GENOA -- Italian magistrates investigating the murder of American hostage Leon Klinghoffer now say they believe that the principal goal of the terrorists aboard the Achille Lauro was the highjacking of the cruise ship and not, as the four Palestinians said following their capture, sea transport to the Israeli port of Ashdod to carry out an attack there.

(Washington Post, A1)

### STRAINS GROW IN 2 NATIONS' TIES TO U.S.

A week ago, the U.S. interception of the Egyptian airliner carrying the four Palestinian hijackers of the Achille Lauro cruise ship appeared to be a stunning success for the United States in its war on international terrorism. But if the military maneuver was a triumph, its diplomatic consequences have proven less than triumphant. The 26-month-old Italian government, one of America's most loyal friends in Europe, has fallen. Egypt, a linchpin of U.S. diplomacy in the Middle East and second-largest recipient of U.S. aid, is furious at the United States, and its moderate government has been shaken. U.S. relations with its other moderate Arab allies have been severely strained.

(News Analysis by David Ottaway, Washington Post, A1)

## SHULTZ REJECTS PLO VOICE IN MIDEAST PEACE TALKS

Secretary Shultz, noting the PLO's refusal this week to explicitly renounce violence, Thursday said groups that encourage "terror and violence have no place" in Mideast peace negotiations. Mr. Shultz made the remarks in response to a question at a session of the House Foreign Affairs Committee in which he defended the Reagan Administration's proposed \$1.9 billion arms sale to Jordan. (Washington Times, A6)

## SUMMIT WON'T LEAD TO ACCORD, SAY RESPONDENTS TO NATIONAL POLL

Seven out of ten Americans do not expect any important agreement to come out of the summit meeting next month between President Reagan and Soviet leader Gorbachev, according to a nationwide poll made public Thursday. (Walter Andrews, Washington Times, A4)

## REPUBLICAN SENATORS ATTACK ABM TREATY INTERPRETATION

Republican senators yesterday lashed out at the Reagan Administration for its interpretation of the 1972 ABM treaty, which they said would restrict the development and testing of systems needed for the proposed space-based missile defense system.

In a telephone interview, Sen. Wallop (R-WY) said he was "dismayed" at the White House decision, which he said would reduce the SDI program strictly to research and testing.

White House spokesman Edward Djerejian said the issue was "moot." He said that even with the restrictive interpretation, the SDI program would be able to move toward its goals if given enough money by Congress. (Walter Andrews, Washington Times, A4)

## Reagan Under Fire For Decision Not To Test 'Star Wars'

Voicing outrage and a feeling of betrayal, several GOP senators objected to the Administration's policy stance in a procession of speeches on the Senate floor Thursday.

"Once again we have succumbed to the appeasement policies of our so-called allies," Sen. Jesse Helms said. (Lawrence Knutson, AP)

## SOVIET OIL PRODUCTION DECLINE IS NIGHTMARE FOR GORBACHEV

When President Reagan meets Mikhail Gorbachev in Geneva on Nov. 19-20, the Soviet leader may have more troubling him than U.S. space-defense research and restrictions on high-technology trade.

Though the Soviet Union leads the world in energy resources and oil production, it is the only industrialized nation that still has an energy crisis. (Washington Times, A1)

## 6 ACQUITTED OF ROME EMBASSY PLOT

ROME -- An Italian jury has acquitted six Lebanese charged with plotting to attack the U.S. Embassy in Rome, but convicted two of them of a lesser charge of trying to form an armed gang.

(AP story, Washington Post, A33)



#### ITALIAN SAYS U.S. EVIDENCE ON ABBAS IS INSUFFICIENT

ROME -- An aide to Prime Minister Craxi said Thursday that the U.S. still has failed to produce evidence that a Palestinian official masterminded the hijacking of the Achille Lauro. Antonio Badini, Craxi's foreign policy adviser, said in an interview that he requested with two American reporters that the transcript of a conversation presented by the United States as evidence that Palestinian Liberation Front official Mohammed Abbas directed the hijacking was "completely ridiculous at times."

(AP story, Washington Post, A32)

#### EXTRADITION REQUEST DENIED BY BELGRADE

BELGRADE -- Yugoslavia formally rejected a U.S. request for extradition of PLO official Mohammed Abbas Thursday. The United States, which says Abbas was behind the hijacking of the Achille Lauro, requested the arrest and extradition of Abbas on Saturday. A government spokesman said at a regular weekly news conference Thursday that the U.S. request "is legally groundless." (UPI story, Washington Post, A33)

#### SOVIET SEIZED AS U.S. SPY SAID EXPOSED BY HOWARD

A well-placed Soviet aviation and electronics expert arrested by Soviet security agents in June for passing secrets to the Central Intelligence agency was exposed by former CIA officer Edward L. Howard, who eluded capture in New Mexico last month, according to intelligence community sources. The Soviet expert, A.G. Tolkachev, was first identified as a U.S. spy in reports by the Soviet news agency Tass Sept. 20.

(Washington Post, A10)

#### BRITISH BID TO SELL U.S. ON DIVAD REPLACEMENT

LONDON -- With this year's sales already double the 1984 total at about \$6 billion, Britain's defense industry has launched a major bid to supply the U.S. Army with an antiaircraft missile to replace its recently cancelled Division Air Defense Antiaircraft gun system (Divad).

The British offering, called Rapier, claims to be everything Divad was not -- a combat-proven, in-use weapon that combines missiles, radar and its own armored vehicle and can be delivered on time with no cost overruns. Its manufacturer, British Aerospace, says Rapier will sell itself.

(Karen DeYoung, Washington Post, A25)

#### AID TO CONTRAS IS CLOAKED IN A CHARADE

A planeload of U.S. humanitarian aid to the counterrevolutionaries, or contras, fighting the Nicaraguan government -- part of a \$27 million package approved by Congress -- has been seized in Honduras and all future shipments will be barred, according to the Honduran government. But contra leaders maintained Thursday that no aid had been confiscated.

(Washington Post, A26)

## **NATIONAL NEWS**

---

### **GNP GROWS AT 3.3% PACE DURING THIRD QUARTER**

Paced by sharp increases in federal government spending and new car purchases by consumers, the American economy grew at a 3.3 percent annual rate in the third quarter, the best gain so far this year, the Commerce Department reported Thursday.

However, the increase still fell short of Reagan Administration predictions that the gross national product, adjusted for inflation, would climb at a 5 percent rate in the second half of this year, following the first half's anemic 1.1 percent pace. (Washington Post, A1)

### **Economic Growth Rose To 3.3% Rate In Third Quarter**

Although the economic growth rate was triple that of the first six months of the year, most analysts viewed the rebound as only a mediocre performance of certain durability. (New York Times, A1)

### **SENATE'S PLAN TO BALANCE THE BUDGET IS CHALLENGED AS UNCONSTITUTIONAL**

House Judiciary Committee Chairman Peter Rodino (D-NJ) charged Thursday that the Senate plan to force a balanced federal budget by 1991 is unconstitutional because it improperly delegates legislative authority to the President. The plan, now before a House-Senate conference committee, sets fixed targets for reducing the federal deficit and requires the President to make proportional cuts in spending if Congress fails to meet the targets.

In empowering the President to cut back programs already approved by Congress, "the proposal attempts to authorize the President to undo a law by something less than a law, and is thus unconstitutional," Rodino said in a letter to the conferees. (Washington Post, A4)

### **FARM CREDIT WOES GAIN A REAGAN RESPONSE**

President Reagan, conferring privately Thursday with Republican governors, yielded to the plea of one of them to take a fresh look at the nation's growing farm credit crisis.

Iowa Gov. Terry Branstad, who recently declared a one-year moratorium on farm foreclosures in his state, said Mr. Reagan "didn't give a commitment as to what kind of aid he's going to give ... but he did indicate an awareness and a concern for the situation.

(Bill Kling, Washington Times, A2)

### **Governor Predicts Bailout Of Farm Credit System**

Branstad urged Reagan to sign into law both a farm bill pending before Congress and farm credit relief. He said he supported a federally chartered corporation that would write down interest rates and serve as a warehouse to keep land off the market "to avoid foreclosures of 15 to 20 percent of some of our farmers this coming winter." (UPI)

### BALANCED BUDGET PLAN ATTACKED BY OFFICIALS

In testimony on Capitol Hill, U.S. Comptroller General Charles Bowsher and Congressional Budget Office Director Rudolph Penner, faced the House Government Operations Committee. Panel Chairman Jack Brooks wanted to know if the plan is "the savior of the nation's economy" or a "sure fire road to national ruin."

Meanwhile, Speaker O'Neill said he doubted whether a House-Senate conference committee can finish work on the sweeping plan in time for a Nov. 1 deadline. (Thomas Brandt, Washington Times, A5)

### CONGRESS STARTS MOVING APPROPRIATIONS BILLS

With the 1986 fiscal year already under way, Congress began moving in earnest Thursday to approve spending bills for this year that have been bottled up for weeks while the government has operated under stopgap funding authority. Both chambers gave final approval to and sent President Reagan a \$15.3 billion spending bill for energy and water programs this year,

(Edward Walsh/Margaret Shapiro, Washington Post, A4) A4)

### MILITARY CONSTRUCTION BILL INCLUDES \$53 MILLION FOR MX SILOS

The House has approved and sent to the Senate a bill to fund hundreds of major military construction projects this year, including \$53 million for MX missile silos and \$72 million for a battleship port in New York City. The 373-36 vote Thursday appropriated \$8.4 billion for military construction, only a day after the House gave overwhelming approval for another bill authorizing \$9.2 billion worth of Pentagon building projects. (Tim Ahern, AP)

### MILITARY NOW PLANS AIDS TEST FOR ALL

Every member of the armed services -- 2.1 million persons -- will be tested for AIDS virus under a policy on its way to Secretary Weinberger's desk, a senior Pentagon official said Thursday. (Washington Times, A1)

### FORMER INDIANA GOVERNOR INTERVIEWED FOR HHS POST

Former Indiana Gov. Otis Bowen, frequently mentioned as a possible successor to Margaret Heckler as secretary of Health and Human Services, had undergone a lengthy interview for the post with the White House personnel chief. Bowen met for nearly two hours with Robert Tuttle at the White House, solidifying his credentials for as a serious contender for the post. (William Kronholm, AP)

### EX-SEN. BUCKLEY IN LINE FOR FEDERAL JUDGESHIP

President Reagan will nominate former senator James Buckley (R-NY) as a judge of the U.S. Court of Appeals here, the White House has announced. (AP story, Washington Post, A5)



#### SNELLING TO CHALLENGE LEAHY FOR VERMONT SENATE SEAT

Former Gov. Richard Snelling said Thursday he will run for the U.S. Senate seat next year against incumbent Democrat Patrick Leahy, setting up a contest between Vermont's two most popular politicians.

Snelling had been under pressure from national and state Republicans to enter the race. President Reagan joined the effort Wednesday, asking Snelling to run in a year that the GOP fears it may lose control of the Senate. (Washington Post, A12)

#### GAO INVESTIGATES CHARGES AGAINST CONSUMER OFFICIAL

The General Accounting Office is investigating allegations of impropriety against Terence Scanlon, chairman of the Consumer Product Safety Commission. The Senate Commerce Committee announced Thursday it asked the congressional watchdog agency to examine the allegations that include charges Scanlon used his office to do work for an anti-abortion group and possibly leaked secret information to companies being investigated by his agency. (UPI)

#### DEMOCRATS OFFER TRADE PLAN

House Democrats, claiming a large measure of credit for pushing President Reagan to attack the large trade deficit, yesterday proposed the broad outline of trade legislation that attacks unfair trade policies and ties a new round of global trade talks to an international monetary conference. (Washington Post, E1)

#### MORRISON CONVICTED OF SPYING, STEALING NAVY DOCUMENTS

BALTIMORE -- A federal court jury here found former Navy intelligence analyst Samuel Loring Morrison guilty Thursday of espionage and theft for leaking three spy satellite photographs that were classified secret to a British magazine. (Washington Post, A1)

EDITOR'S NOTE: Page D2 of the Washington Post and B2 of the Washington Times contain features on the President attending a Washington gathering in honor of Sen. Russell Long (D-LA).

Also, Page B2 of the Washington Times contains articles on receptions given by Israeli Prime Minister Peres and the new publishers of "Conservative Digest," both of which were heavily attended by Administration officials.

## ***NETWORK NEWS SUMMARY***

---

(Thursday Evening, October 17, 1985)

### **ACHILLE LAURO/ITALIAN GOVERNMENT**

CBS's Dan Rather: The hijackers of the Achille Lauro claimed another victim: the Government of Italy. The ruling coalition collapsed; Prime Minister Craxi quit following the furor over his decision to free Mohammed Abbas. Craxi claimed that the U.S. was responsible for the fall of his government by making such a fuss about it. In the U.S., reports began to surface about just how much Italy failed to cooperate in helping to catch and keep the kidnap-killers.

CBS's Richard Roth reports from Rome: The government fell at mid-day, having lost the support of three cabinet members who quit in protest over Italy's handling of the Achille Lauro affair. Craxi's farewell speech, though, put some of the blame on the U.S., expressing what he bluntly called bitterness over a friendly government's failure to understand Italian policy. Craxi referred to America's criticism of the decision to release Abbas. Legally, Italy had no choice, he said. And he revealed he had filed a protest with Washington alleging two U.S. military jets followed the Egypt Air plane carrying Abbas from Sicily to Rome last week. Craxi called that a violation of Italian air space. Craxi will continue as caretaker-Prime Minister until he or someone else is named to form a new government. In Genoa, the floating symbol of the government's crisis was being fitted out to sail again; not all the work was cosmetic. Crime experts scraped a blood sample from the hull below the deck where Leon Klinghoffer is thought to have been murdered. A team of FBI men is sailing with the ship to carry on its own investigation.

(U.S. spokesman Richard Higgins: "...The United States Government is deeply interested in establishing exactly what happened on this ship and what happened to Mr. Klinghoffer.")

In a chaotic encounter with reporters last night, ship Captain De Rosa denied he had been an eyewitness to murder. But Italian investigators say they have testimony from at least 10 people, including crew members, who did see or hear something. One magistrate claims he now knows who killed Klinghoffer and why, but he won't say more.

CBS's David Martin: CBS News has been told a standoff took place when Italian troops blocked an American attempt to fly the terrorists directly to the U.S. According to this account, the entire plan to intercept the Egyptian airliner was kept secret from the Italians. The reason: Italy had earlier balked at plans to mount a rescue mission while the terrorists still held the Achille Lauro, and the U.S. no longer trusted the Italian government to act further. Italy was so surprised by the arrival of the Egyptian airliner and its escort of Navy F-14s that the Italian air force scrambled its jets to intercept the unidentified planes. After the Egyptian airliner landed at Sigonella Air Base, Secretary Weinberger called Italian Defense Minister Spadolini with news of what was happening. Weinberger told Spadolini the U.S. wanted to take custody of the terrorists.

-more-

(Thursday Evening, October 17, 1985)

Martin continues: Spadolini agreed, U.S. officials say. The plane was surrounded by two dozen U.S. commandos prepared to overpower the Egyptian crew and put the hijackers and their two Palestinian escorts aboard a waiting C-141 to be flown directly to the U.S. But Italian troops arrived in force and a heated argument broke out between the Italian and American commanders. The American gave in, one source said, because "the alternative was a shootout with our allies." That contrasts sharply with what the White House said on the night of the intercept.

(Larry Speakes on that night: "This episode also reflects our close cooperation with an ally and close friend, Italy, in combatting international terrorism.")

The next day when Abbas was flown to Rome, the American commander insisted on following in his own T-39. The Italians blocked the runway at Sigonella to prevent him from leaving, but the T-39 managed to take off from a nearby taxiway and followed the plane through Italian airspace to Rome. There the T-39 declared an emergency landing in order to follow the plane down to the ground. But once on the ground, the U.S. commander lost track of Abbas as Italian authorities spirited him to a Yugoslav airliner. (CBS-Lead)

ABC's Peter Jennings: The Achille Lauro continues to leave in its wake repercussions and recriminations. The Craxi government has fallen in Italy. Italian investigators say they know exactly how Klinghoffer was killed, and as the Israeli prime minister begins a visit to Washington, we'll see what a sorry state the Middle East peace process is in.

ABC's Bill Blakemore reports from Italy that Craxi disclosed that an unauthorized American fighter jet had shadowed the Egyptian plane carrying Abbas when it carried Abbas to Rome from Sicily. He said the American fighter jet refused to identify itself to four Italian fighter planes escorting the Egyptian plane and even asked them to move away from it. They didn't. Craxi described no more of the event except to say he began an investigation and protested to Washington. Craxi added fuel to another source of Italian-American tension when he insisted he had to let Abbas leave Italy because Abbas carried an Iraqi diplomatic passport and because the Americans still have not produced solid evidence that Abbas masterminded the hijacking. With Craxi gone as prime minister, it could clear the air to re-establish the normally excellent Italian-American relations.

Jennings: Administration sources tell ABC it was an unarmed Navy trainer that followed the Egyptian airliner from Sicily to Rome. When President Reagan was asked today about criticism that the U.S. was violating Italian airspace, he said "I am satisfied with what we did."

ABC's David Ensor reports from Genoa on the Achille Lauro. Italian investigators were expressing confidence they've gathered enough evidence for a strong case.

Jennings: The friends and realives of Klinghoffer have announced the formation of a memorial fund which is intended to oppose international terrorism. The fund will be used to inform people about the threat of terrorism. (ABC-Lead)

(Thursday Evening, October 17, 1985)

NBC's Tom Brokaw: An Italian prosecutor says he found 10 people on the ship who witnessed the murder of Klinghoffer. That prosecutor and Israeli intelligence officials say they know who pulled the trigger.

NBC's Stephen Frasier reports from Rome: Craxi may wind up in charge of the new government or he may be no part of it at all.

Brokaw says correspondent Fred Francis reports from the Pentagon that U.S. officials say an American plane did in fact follow the airliner carrying Abbas from Italy to Rome. (NBC-2)

#### TERRORIST SEARCH

Rather reports the U.S. put out the word that it has issued warrants and put a price on the heads of other terrorists, including three who took over TWA Flight 847 in June and killed Robert Stethem. The U.S. officially offered \$250,000 reward for their arrest and conviction. (CBS-2, NBC-Lead)

ABC's John McWethy reports the three men who hijacked the TWA plane four months ago were today named for the first time by the U.S. The warrants for their arrest had been sealed. Though the hijackers went to some lengths not to be identified after the incident, U.S. officials say the three were quickly fingered and were observed moving around Beirut in the days after they left the plane. Their names were not revealed to avoid driving them underground. Intelligence sources say the three subsequently vanished. As a result, the Reagan Administration decided to unseal the warrants and to issue the reward for information about the TWA hijackers and a second reward for information about an earlier hijacking of a Kuwaiti airliner in which two Americans died. U.S. officials say if what is left of the government of Lebanon can find, arrest and try the TWA hijackers, that will be fine. But there are grave doubts that will ever happen. There is some hope the hijackers will try to leave Lebanon of their own accord and can then be arrested by another government. More likely, however, is that the law will have to be bent a little -- that the U.S. itself will have to locate and grab the hijackers, bringing them back to the U.S. for prosecution. (ABC-2)

#### PERES

Rather: Prime Minister Peres is in Washington and he met with President Reagan. Afterward, Peres called again for direct peace with Jordan, no strings attached. But he made no mention of any Palestinian role. Correspondent Bill Plante reports a senior Reagan Administration official as saying there's a "new vigor and sense of urgency in trying to get peace talks going."  
(TV Coverage: President Reagan and Prime Minister Peres in Oval Office, at South Lawn ceremony.) (CBS-4)

(Thursday, October 17, 1985)

ABC's Sam Donaldson: (TV Coverage: President and Prime Minister in Oval Office.)

As luck would have it, Prime Minister Peres made a previously-scheduled visit to the White House today. And while law enforcement agencies pursued the terrorists, the President and Prime Minister pursued ways of keeping terrorism from setting back movement in the Middle East peace process.

(President on South Lawn: "Terrorism is the cynical, remorseless enemy of peace. And it strikes most viciously whenever real progress seems possible." -- "Terrorism must not blunt our efforts to achieve peace in the Middle East.

(Peres: "We are ready to meet without preconditions, without losing time, at any suitable location -- be it in Amman, in Jerusalem, or Washington....")

Put forward by the Jordanians; no mention of the Palestinians and certainly no mention of Arafat's PLO. On Capitol Hill, Secretary Shultz said the PLO has no place at the peace table. But Shultz said King Hussein is key and he told the House Foreign Affairs Committee that the Administration's proposed arms sale to Jordan is essential to keep the king moving.

(Shultz: "If we say, look, go ahead and take these risks and if somebody threatens to clobber you don't look our way, that's not a very good message. And we want to give him the message that we're on the side of peace.")

Shultz made no headway, key committee members telling him the timing of the sale is awful and it will be rejected. Administration thinking boils down to this: If terrorism has pushed Arafat's PLO away from standing in peace negotiations, that would make things easier. But if it's also pushed Hussein away from participation, that would make things impossible. (ABC-3)

NBC's Chris Wallace: Prime Minister Peres tried to take advantage of the Achille Lauro hijacking today, according to U.S. officials arguing forcefully that it shows the PLO can't be trusted in the peace process.

(TV Coverage: President and Prime Minister in Oval Office.)

In public, Peres was more subtle but just as determined, calling for talks with King Hussein while never mentioning the PLO.

(Peres on South Lawn: "We are ready to meet without preconditions, without losing time, at any suitable location, be it in Amman or Jerusalem or Washington.")

Cutting out the PLO has been Israel's goal ever since Hussein and Arafat agreed last winter to work together. The Reagan Administration said today it would still deal with the PLO if it recognized Israel. But there were signs that U.S. officials are also starting to write the PLO off.

(Shultz: "And I would say and say again that those who engage in terror and violence have no place at the peace table.")

But officials here know it will be very hard for Hussein to meet the Israelis without the PLO along. To encourage him, the Administration wants Congress to approve the sale of jet fighters to Jordan. Today the President asked Peres to stop fighting the sale, which is in trouble in Congress.

-more-

(Thursday Evening, October 17, 1985)

Wallace continues: Peres refused. Still, Mr. Reagan was optimistic. (President on South Lawn: "Prime Minister Peres and I agreed that terrorism must not blunt our efforts to achieve peace in the Middle East.")

But officials here know the fallout from the recent hijacking has badly damaged chances for peace. Searching for an answer, some U.S. officials now hope Hussein might join with moderate Palestinians instead of the PLO, something he has always refused to do.

Brokaw talks with Arafat about Peres' argument that the PLO can't be trusted and should not be included in the peace process:

Arafat: I am challenging him and all of them, if they have the ability to carry on with any solution in this area by over-jumping the Palestinians, by over-jumping the PLO, which is very important. No person, no country, no solution in this area by over-jumping the PLO. It is obvious and clear to everybody.

Brokaw: When last we heard from you, you were saying Klinghoffer died of a heart attack...but the fact is all the evidence is in and he was shot...murdered in cold blood by Palestinian hijackers.

Arafat: This what I have been informed. I am not, I wasn't there....And you prevent me from carrying on our investigation by this hijacking. (NBC-3)

#### LEBANON/RADIO STATION BOMBING

Rather: Moslem guerrillas in southern Lebanon attacked a radio station operated by American evangelists inside Israel's so-called security zone. At least five people reportedly were killed when remote controlled explosives apparently were detonated. Guerrillas in Beirut said the attack was meant to avenge what they charge as persecution by the Israeli-backed South Lebanon Army. (ABC-4, NBC-4, CBS-3)

#### SDI/BALTIC MANEUVERS

ABC's Dean Reynolds reports on successful laser tests last month and a firepower demonstration by the battleship Iowa. The Soviet leadership has called the laser tests highly provocative. Today, half a world away from the Hawaiian test range, the U.S. gave the Russians something else to consider: The battleship Iowa, blasting away in the Baltic Sea, a firepower demonstration of American resolve that even the waters off the Soviet coast are within range of the U.S. Navy. It was a test demonstration well-attended by the Eastern Bloc. Polish, East German and Soviet ships took it all in and a Polish helicopter was especially interested. The commander of the U.S. Baltic operations was happy to have the company for this American muscle-flexing. The Pentagon says none of this military activity is timed to influence in any way next month's Reagan-Gorbachev meeting. As one official put it, "We can't stop doing what we have to do just because there's a summit." (ABC-5)



(Thursday Evening, October 17, 1985)

#### ABM TREATY

Brokaw: The White House confirmed that President Reagan personally reversed the position taken by NSC Adviser McFarlane on the testing of star wars defenses in space. McFarlane had said on "Meet the Press" that such testing was permissible under a broad interpretation of our 1972 anti-missile treaty with the Soviets. But the White House denied reports that Secretary Shultz had threatened to resign over this issue, calling those reports "sheer fantasy." (NBC-8)

#### TEXTILE IMPORTS

CBS's Bruce Hall reports from South Carolina on a closed mill, one of many that could not compete with the flood of imports. The town there is determined not to become another textile ghost town. A small plant has opened in part of the old mill specializing in the kind of trendy, high-fashion fabrics foreign firms cannot match and they have also recruited a small shoe factory, but half of the former employees are still out of work. Many here are keeping an eye on the politicians in Washington, looking for help.

CBS's Wyatt Andrews reports from Taiwan: Asian workers watching America's protectionist debate wonder why it is so wrong for them to work for 30¢ to \$1.70 an hour, why the same Americans who buy inexpensive clothes would want to punish the workers who make them. In Asia, the textile protection bill is nothing short of shocking; it would not just threaten thousands of jobs, it would threaten entire economies. Three of America's strongest allies would lose billions of dollars in income almost overnight. And it could be an American disaster. The billions of dollars Asians make selling clothes to America is the same money they use to buy American-made machines, to purchase American grain, to import McDonald's. Congress might protect the textile industry but eventually other Americans will pay. Asians argue that American textiles have been protected by tariffs and quotas for most of the last 25 years and that new import restrictions would violate the international quota agreement in effect now. To Asians, one irony here is that they've done exactly what America asked them to do after World War II, namely use the growth of textiles to build competitive, capitalist societies. They admit they've taken American jobs by making a quality product for less -- in short, the American way. (CBS-9)

#### SOUTH AFRICA

ABC's Jim Hickey reports from South Africa that the police are determined to keep the upper hand.  
(TV Coverage of protests, confrontations with police.)  
An African National Congress, Benjamin Moloise, is to hang tomorrow for the murder of a black policeman three years ago. Diplomats say they fear confrontations could worsen if Moloise is executed and becomes a martyr. (ABC-6)

(Thursday Evening, October 17, 1985)

## ECONOMY

Rather: The Commerce Department reported the nation's economy rebounded somewhat in the third quarter. The report said the GNP, fed by increased defense and consumer spending, rose at a 3.3% annual rate. But because of an anemic showing over the first half of the year, growth would have to double in the next three months to reach Reagan Administration forecasts of 3% growth for all of 1985. The Commerce Department reported housing construction took a plunge of 9.3% in September. That's the sharpest drop since May.  
(CBS-8)

Jennings: The GNP grew at an annual rate of 3.3% in the third quarter. That is slightly more than government economists had estimated a month ago.  
(ABC-9)

## STOCKS

Jennings reports the Dow inched to another new high, up about a point, and the trading was heavy.  
(ABC-10)

## ESPIONAGE

Rather: A federal court jury in Baltimore found former U.S. Navy civilian intelligence analyst Samuel Morison guilty of espionage and theft of government property. Morison had supplied a British military magazine with photographs taken by a U.S. satellite, supposedly secret photos of the Soviet Union's first nuclear powered aircraft carrier, under construction at a Black Sea shipyard.  
(CBS-10)

## GRAMM-RUDMAN

NBC's John Chancellor -- Commentary: Over the years, the Congress has sold the American people a lot of snake oil, and more of it is now on the way. They have come up with a plan to get them all off the hook, a scheme that is supposed to eliminate the federal deficit in a few years. Nobody knows yet exactly how it will work, but they're all for it anyway. The plan proposes a fundamental change in the constitutional balance between the legislative and executive branches, yet the Senate which passed it held not a single hearing on it. Distinguished economists have denounced it, some brave lawmakers have opposed it, others -- including Jack Kemp -- have serious doubts about it. But in politics there is nothing so strong as an idea that will keep you in office, and it looks as though it will pass. When New York City was in the depths of bankruptcy it had a law which required it to have a balanced budget. If the Congress wants to cut the deficit, it should raise taxes and cut spending, which means acting with courage and responsibility. Don't bet on it.  
(NBC-9)

## EDITORIALS/COLUMNISTS

---

### MIAs/VIETNAM

The MIA Promise -- "The Reagan Administration once promised that accounting for Americans still missing in action in Southeast Asia is 'the highest national priority.' This promise is not being kept.... Our duty is clear. Vice President Bush, on July 19, 1985, promised the families of these missing men 'If we can get hard evidence that Americans are still held in Vietnamese prisons, we pledge to do whatever's necessary to get them out.' That, of course, could mean military intervention, for which there seldom has been such a just cause." (Washington Times, 10/17)

### TERRORISM/ACHILLE LAURO

U.S. Self-Righteous -- "The Reagan Administration has spectacularly mismanaged the diplomacy of the Achille Lauro hijacking case.... It is truly astonishing and incomprehensible that any American administration would recklessly endanger good relations with Italy, one of our best friends in Europe, and with Egypt, our most important ally in the Arab world, and do this for no good reason except that one more PLO agent has slipped away.... In the real world, these affairs are bound to be messy and inconclusive. The United States can both afford and should adopt a much cooler and more detached attitude toward the terrorist problem." (William Shannon, Boston Globe, 10/16)

### PENTAGON WEAPONS

The Pentagon's Missing Weapons -- "The Pentagon has a stockpile of weapons, auxiliary appurtenances and spare parts valued at \$80 billion. Every year about \$1 billion worth of these items gets lost, misplaced or stolen. The articles disappearing from U.S. military bases, ships and warehouses are not toasters or hair dryers. They are advanced models of land mines, plastic explosives, missiles, bazookas, grenade launchers -- even artillery units. They are lethal instruments amassed for the defense of the American people bearing the burden of their cost.... The Pentagon should lose no time in tightening up its security everywhere and halting the outflow of these arms. It would be a double tragedy if any American's life is ever taken by a terrorist using a weapon stamped 'property of the U.S.'" (Seattle Post-Intelligencer, 10/9)

### FARM BILL

'When Will We Learn?' -- "'Government interference in agriculture hasn't held down food prices and it hasn't increased farmers' income. They are worse off, we're worse off and the government costs about \$7 billion more than it did or should. Farm income in constant dollars was almost twice as great in 1974 as it is now. When will we learn?'"

The words are Ronald Reagan's. They were uttered in 1979. They are true today. In fact, they are an understatement.... If Mr. Reagan means what he said in 1979 and has continued to say since he became president, he will stop buying time and make the farmers and their representatives in Congress for once face reality. He will veto this farm bill."

(Chicago Tribune, 10/16)

## FOREIGN MEDIA REACTION

---

### HIJACKING AFTERMATH

"In sum, Americans believe that Rome is paying for the almighty ambiguity of its position, of its being always half-Mediterranean and half-Atlantic, half pro-South and half pro-North and a little bit of everything to everybody. It is the difficult exercise of an acrobat, who has come up against the Reagan cyclone." (La Repubblica, Italy, 10/17)

"The only conclusion one can draw is that the White House...is not sorry about the...fall of the Craxi government. Or at least, that Craxi himself or his successor will have to clarify Italy's 'midpolitik.'" (La Stampa, Turin, Italy, 10/17)

"Washington's anger at the Italian government for allowing Abu Abbas to leave Italy is understandable. It is not justified. Americans still have to learn a fundamental lesson about international relations: their views and desires cannot be forced on their allies, let alone other countries." (Ottawa Citizen, Canada, 10/16)

"A lot of details are coming to light which indicate that the interception of the Egyptian aircraft has caused dilemmas not only abroad, but also among the very highest levels of the U.S. Administration." (Politika, Belgrade, Yugoslavia, 10/16)

"This is the first time that American forces have intervened directly against Palestinians.... The United States has made the decision to confront, with all its political, military and diplomatic force, the PLO and its president...." (l'Opinion, Morocco, 10/17)

"The reaction by moderate Arab countries shows that the U.S. action (intercepting the Egyptian plane) has ruined efforts for peace in the Mideast." (Jang, Pakistan, 10/17)

"It is now claimed that the Americans have put the leaders of two close allies -- Egypt and Italy -- at risk. This is politics gone mad. Why should a U.S administration, grappling with the deepest problems of world economies and military security, be expected to worry about the piddling internalities of leftwing politics in Italy?" (Australian Financial Review, 10/17)

"There should have been no argument about not making any concessions to terrorists.... The only good thing that has come out of it all is that the PLO has shown itself in its true colors and received a severe setback." (Citizen, South Africa, 10/16)

-end-





# News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, OCTOBER 18, 1985 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

Premier Of Italy Resigns -- Prime Minister Craxi resigned after defending his government's actions in the aftermath of the hijacking of the Achille Lauro and expressing dismay and bitterness at U.S. criticism of those actions.  
(Washington Post, New York Times, Washington Times, AP,)

Israeli Extends 'Hand of Peace' To Jordanians -- Prime Minister Peres met with President Reagan and said Israel was prepared to take "bold steps" in the Middle East and extend the "hand of peace" to Jordan.  
(New York Times, Washington Post, Washington Times,)

### NATIONAL NEWS

GNP Grows At 3.3% Pace During Third Quarter -- The American Economy grew at a 3.3 percent rate in the third quarter, the best gain so far this year.  
(Washington Post, New York Times)

Governor Predicts Bailout Of Farm Credit System -- President Reagan expressed concern about farm bill costs, but listened to Iowa Governor Terry Branstad's arguments that a veto would hurt the President politically.  
(UPI, Washington Times)

### NETWORK NEWS (Thursday Evening)

ITALIAN GOVERNMENT -- Prime Minister Craxi quit following the furor over his decision to free Mohammed Abbas.

PERES -- Prime Minister Peres met with President Reagan. Afterward, Peres called again for direct peace with Jordan, but he made no mention of any Palestinian role.

BALTIC MANEUVERS -- The battleship Iowa blasted away in the Baltic Sea, a firepower demonstration of American resolve that even the waters off the Soviet coast are within range.

#### *The Great Motivator*

When he visited Gordon Technical High School in Chicago last week, President Reagan learned that the Gordon football team was about to play Loyola Academy. Mr. Reagan noted that, as a native of Illinois who played football at Eureka College, also in Illinois, and as President, he had to remain neutral. So, in a facile display of preterition, he said it by saying he would not say it: "Now, you know, it'd be awfully tempting to say 'Beat Loyola.'" He also told how he and his teammates always prayed before games, not asking for victory, but that "the best team would win."

Then, on Saturday morning, at a pregame mass, the Rev. Kenneth Bratko reminded the Gordon players of the President's words. Gordon came from behind to defeat Loyola. 7-6. Gordon's record is now 6-1 and the President proved, once again, that he is, indeed, the Gipper in Chief.

NEW YORK TIMES

OCTOBER 17, 1985

## **INTERNATIONAL NEWS**

---

### **PREMIER OF ITALY RESIGNS**

ROME -- President Francesco Cossiga accepted Prime Minister Bettino Craxi's resignation but asked his coalition government, which had been one of the most stable in postwar history, to stay on in a caretaker capacity pending Cossiga's consultations with party leaders about the designation of a new Prime Minister. (Washington Post, A1)

#### **Premier Of Italy, Scorning U.S. Acts, Quits Over Furor**

In his speech, Craxi also asserted that on the night of Oct. 11, an unauthorized American aircraft had followed an Egyptian airliner taking a senior Palestinian official and an associate from Sicily to Rome. The evening before, the two were aboard the same Egyptian plane with the four cruise ship hijackers when it was diverted to Sicily by American carrier-based fighter planes. (New York Times, A1)

#### **Craxi Quits, Blames U.S. For Government's Collapse**

Prime Minister Craxi resigned Thursday, putting the principal blame for his government's downfall on the U.S. The resignation marked the fall of the 44th Italian government since the end of World War II -- one of Italy's longest and most successful -- and the first to collapse over a foreign policy issue. (Peter Almond, Washington Times, A1)

#### **Politicians Begin Familiar Process Of Forming New Government**

Politicians scheduled a flurry of meetings to build a new coalition government to replace that of Socialist Bettino Craxi. Craxi, who resigned on Thursday, bitterly reproached the Reagan Administration for criticizing Italy's release of Muhammed Abbas. (AP)

### **PERES SAYS ISRAEL IS WILLING TO TALK TO JORDAN**

Prime Minister Shimon Peres, speaking in the aftermath of the Palestinian hijacking of an Italian cruise ship, assured President Reagan Thursday that Israel still extends a "hand of peace" to Jordan and will consider any proposals from King Hussein for "honorable and direct negotiations."

Reagan said "there is a better opportunity for real progress than there has been for some time." But neither he nor Peres gave any sign that they have found a formula for removing the obstacles in the path of peace talks, and Secretary Shultz acknowledged earlier yesterday that the Achille Lauro hijacking had made the search for solutions more difficult.

(John Goshko, Washington Post, A30)

-more-



### Peres, Reagan Pledge To Pursue Peace

Speaking to reporters gathered on the south lawn after an hour-long meeting, Mr. Reagan said the two leaders "fully agreed to press ahead toward a just and lasting peace between Israel and all its Arab neighbors."

Earlier in the day, Peres met with Secretary Shultz. He met with congressional leaders Thursday afternoon.

(Bill Kritzberg, Washington Times, A6)

### Israeli Extends 'Hand of Peace' To Jordanians

While Mr. Peres, after an hourlong meeting at the White House, spoke positively about the prospects for peace in the Middle East, he did not include the Palestinians in his remarks.

(New York Times, A1)

### ITALY HAS ALL DETAILS OF SLAYING ON SHIP

ROME -- Investigators have reconstructed the killing of Leon Klinghoffer "in all the details" and are certain they know who shot him, why he was killed and who threw the body overboard, an Italian prosecutor in Genoa said Thursday. However, he declined to provide further details.

(Washington Times, A1)

### Transcript Only Part Of Evidence Implicating Abbas In Hijacking

A transcript of ship-to-shore communications between the hijackers of the Achille Lauro and Abbas is only part of the evidence the Reagan Administration has implicating the PLF official in the crime, a U.S. official says.

(Merrill Hartson, AP)

### ITALIANS SEE HIJACK AS CHIEF GOAL

GENOA -- Italian magistrates investigating the murder of American hostage Leon Klinghoffer now say they believe that the principal goal of the terrorists aboard the Achille Lauro was the highjacking of the cruise ship and not, as the four Palestinians said following their capture, sea transport to the Israeli port of Ashdod to carry out an attack there.

(Washington Post, A1)

### STRAINS GROW IN 2 NATIONS' TIES TO U.S.

A week ago, the U.S. interception of the Egyptian airliner carrying the four Palestinian hijackers of the Achille Lauro cruise ship appeared to be a stunning success for the United States in its war on international terrorism. But if the military maneuver was a triumph, its diplomatic consequences have proven less than triumphant. The 26-month-old Italian government, one of America's most loyal friends in Europe, has fallen. Egypt, a linchpin of U.S. diplomacy in the Middle East and second-largest recipient of U.S. aid, is furious at the United States, and its moderate government has been shaken. U.S. relations with its other moderate Arab allies have been severely strained.

(News Analysis by David Ottaway, Washington Post, A1)

### SHULTZ REJECTS PLO VOICE IN MIDEAST PEACE TALKS

Secretary Shultz, noting the PLO's refusal this week to explicitly renounce violence, Thursday said groups that encourage "terror and violence have no place" in Mideast peace negotiations. Mr. Shultz made the remarks in response to a question at a session of the House Foreign Affairs Committee in which he defended the Reagan Administration's proposed \$1.9 billion arms sale to Jordan. (Washington Times, A6)

### SUMMIT WON'T LEAD TO ACCORD, SAY RESPONDENTS TO NATIONAL POLL

Seven out of ten Americans do not expect any important agreement to come out of the summit meeting next month between President Reagan and Soviet leader Gorbachev, according to a nationwide poll made public Thursday. (Walter Andrews, Washington Times, A4)

### REPUBLICAN SENATORS ATTACK ABM TREATY INTERPRETATION

Republican senators yesterday lashed out at the Reagan Administration for its interpretation of the 1972 ABM treaty, which they said would restrict the development and testing of systems needed for the proposed space-based missile defense system.

In a telephone interview, Sen. Wallop (R-WY) said he was "dismayed" at the White House decision, which he said would reduce the SDI program strictly to research and testing.

White House spokesman Edward Djerejian said the issue was "moot." He said that even with the restrictive interpretation, the SDI program would be able to move toward its goals if given enough money by Congress. (Walter Andrews, Washington Times, A4)

### Reagan Under Fire For Decision Not To Test 'Star Wars'

Voicing outrage and a feeling of betrayal, several GOP senators objected to the Administration's policy stance in a procession of speeches on the Senate floor Thursday.

"Once again we have succumbed to the appeasement policies of our so-called allies," Sen. Jesse Helms said. (Lawrence Knutson, AP)

### SOVIET OIL PRODUCTION DECLINE IS NIGHTMARE FOR GORBACHEV

When President Reagan meets Mikhail Gorbachev in Geneva on Nov. 19-20, the Soviet leader may have more troubling him than U.S. space-defense research and restrictions on high-technology trade.

Though the Soviet Union leads the world in energy resources and oil production, it is the only industrialized nation that still has an energy crisis. (Washington Times, A1)

### 6 ACQUITTED OF ROME EMBASSY PLOT

ROME -- An Italian jury has acquitted six Lebanese charged with plotting to attack the U.S. Embassy in Rome, but convicted two of them of a lesser charge of trying to form an armed gang.

(AP story, Washington Post, A33)

#### ITALIAN SAYS U.S. EVIDENCE ON ABBAS IS INSUFFICIENT

ROME -- An aide to Prime Minister Craxi said Thursday that the U.S. still has failed to produce evidence that a Palestinian official masterminded the hijacking of the Achille Lauro. Antonio Badini, Craxi's foreign policy adviser, said in an interview that he requested with two American reporters that the transcript of a conversation presented by the United States as evidence that Palestinian Liberation Front official Mohammed Abbas directed the hijacking was "completely ridiculous at times."

(AP story, Washington Post, A32)

#### EXTRADITION REQUEST DENIED BY BELGRADE

BELGRADE -- Yugoslavia formally rejected a U.S. request for extradition of PLO official Mohammed Abbas Thursday. The United States, which says Abbas was behind the hijacking of the Achille Lauro, requested the arrest and extradition of Abbas on Saturday. A government spokesman said at a regular weekly news conference Thursday that the U.S. request "is legally groundless." (UPI story, Washington Post, A33)

#### SOVIET SEIZED AS U.S. SPY SAID EXPOSED BY HOWARD

A well-placed Soviet aviation and electronics expert arrested by Soviet security agents in June for passing secrets to the Central Intelligence agency was exposed by former CIA officer Edward L. Howard, who eluded capture in New Mexico last month, according to intelligence community sources. The Soviet expert, A.G. Tolkachev, was first identified as a U.S. spy in reports by the Soviet news agency Tass Sept. 20.

(Washington Post, A10)

#### BRITISH BID TO SELL U.S. ON DIVAD REPLACEMENT

LONDON -- With this year's sales already double the 1984 total at about \$6 billion, Britain's defense industry has launched a major bid to supply the U.S. Army with an antiaircraft missile to replace its recently cancelled Division Air Defense Antiaircraft gun system (Divad).

The British offering, called Rapier, claims to be everything Divad was not -- a combat-proven, in-use weapon that combines missiles, radar and its own armored vehicle and can be delivered on time with no cost overruns. Its manufacturer, British Aerospace, says Rapier will sell itself.

(Karen DeYoung, Washington Post, A25)

#### AID TO CONTRAS IS CLOAKED IN A CHARADE

A planeload of U.S. humanitarian aid to the counterrevolutionaries, or contras, fighting the Nicaraguan government -- part of a \$27 million package approved by Congress -- has been seized in Honduras and all future shipments will be barred, according to the Honduran government. But contra leaders maintained Thursday that no aid had been confiscated.

(Washington Post, A26)

## ***NATIONAL NEWS***

---

### **GNP GROWS AT 3.3% PACE DURING THIRD QUARTER**

Paced by sharp increases in federal government spending and new car purchases by consumers, the American economy grew at a 3.3 percent annual rate in the third quarter, the best gain so far this year, the Commerce Department reported Thursday.

However, the increase still fell short of Reagan Administration predictions that the gross national product, adjusted for inflation, would climb at a 5 percent rate in the second half of this year, following the first half's anemic 1.1 percent pace. (Washington Post, A1)

### **Economic Growth Rose To 3.3% Rate In Third Quarter**

Although the economic growth rate was triple that of the first six months of the year, most analysts viewed the rebound as only a mediocre performance of certain durability. (New York Times, A1)

### **SENATE'S PLAN TO BALANCE THE BUDGET IS CHALLENGED AS UNCONSTITUTIONAL**

House Judiciary Committee Chairman Peter Rodino (D-NJ) charged Thursday that the Senate plan to force a balanced federal budget by 1991 is unconstitutional because it improperly delegates legislative authority to the President. The plan, now before a House-Senate conference committee, sets fixed targets for reducing the federal deficit and requires the President to make proportional cuts in spending if Congress fails to meet the targets.

In empowering the President to cut back programs already approved by Congress, "the proposal attempts to authorize the President to undo a law by something less than a law, and is thus unconstitutional," Rodino said in a letter to the conferees. (Washington Post, A4)

### **FARM CREDIT WOES GAIN A REAGAN RESPONSE**

President Reagan, conferring privately Thursday with Republican governors, yielded to the plea of one of them to take a fresh look at the nation's growing farm credit crisis.

Iowa Gov. Terry Branstad, who recently declared a one-year moratorium on farm foreclosures in his state, said Mr. Reagan "didn't give a commitment as to what kind of aid he's going to give ... but he did indicate an awareness and a concern for the situation.

(Bill Kling, Washington Times, A2)

### **Governor Predicts Bailout Of Farm Credit System**

Branstad urged Reagan to sign into law both a farm bill pending before Congress and farm credit relief. He said he supported a federally chartered corporation that would write down interest rates and serve as a warehouse to keep land off the market "to avoid foreclosures of 15 to 20 percent of some of our farmers this coming winter." (UPI)

### BALANCED BUDGET PLAN ATTACKED BY OFFICIALS

In testimony on Capitol Hill, U.S. Comptroller General Charles Bowsher and Congressional Budget Office Director Rudolph Penner, faced the House Government Operations Committee. Panel Chairman Jack Brooks wanted to know if the plan is "the savior of the nation's economy" or a "sure fire road to national ruin."

Meanwhile, Speaker O'Neill said he doubted whether a House-Senate conference committee can finish work on the sweeping plan in time for a Nov. 1 deadline.  
(Thomas Brandt, Washington Times, A5)

### CONGRESS STARTS MOVING APPROPRIATIONS BILLS

With the 1986 fiscal year already under way, Congress began moving in earnest Thursday to approve spending bills for this year that have been bottled up for weeks while the government has operated under stopgap funding authority. Both chambers gave final approval to and sent President Reagan a \$15.3 billion spending bill for energy and water programs this year,

(Edward Walsh/Margaret Shapiro, Washington Post, A4) A4)

### MILITARY CONSTRUCTION BILL INCLUDES \$53 MILLION FOR MX SILOS

The House has approved and sent to the Senate a bill to fund hundreds of major military construction projects this year, including \$53 million for MX missile silos and \$72 million for a battleship port in New York City. The 373-36 vote Thursday appropriated \$8.4 billion for military construction, only a day after the House gave overwhelming approval for another bill authorizing \$9.2 billion worth of Pentagon building projects.  
(Tim Ahern, AP)

### MILITARY NOW PLANS AIDS TEST FOR ALL

Every member of the armed services -- 2.1 million persons -- will be tested for AIDS virus under a policy on its way to Secretary Weinberger's desk, a senior Pentagon official said Thursday. (Washington Times, A1)

### FORMER INDIANA GOVERNOR INTERVIEWED FOR HHS POST

Former Indiana Gov. Otis Bowen, frequently mentioned as a possible successor to Margaret Heckler as secretary of Health and Human Services, had undergone a lengthy interview for the post with the White House personnel chief. Bowen met for nearly two hours with Robert Tuttle at the White House, solidifying his credentials for as a serious contender for the post.  
(William Kronholm, AP)

### EX-SEN. BUCKLEY IN LINE FOR FEDERAL JUDGESHIP

President Reagan will nominate former senator James Buckley (R-NY) as a judge of the U.S. Court of Appeals here, the White House has announced.  
(AP story, Washington Post, A5)

#### SNELLING TO CHALLENGE LEAHY FOR VERMONT SENATE SEAT

Former Gov. Richard Snelling said Thursday he will run for the U.S. Senate seat next year against incumbent Democrat Patrick Leahy, setting up a contest between Vermont's two most popular politicians.

Snelling had been under pressure from national and state Republicans to enter the race. President Reagan joined the effort Wednesday, asking Snelling to run in a year that the GOP fears it may lose control of the Senate. (Washington Post, A12)

#### GAO INVESTIGATES CHARGES AGAINST CONSUMER OFFICIAL

The General Accounting Office is investigating allegations of impropriety against Terence Scanlon, chairman of the Consumer Product Safety Commission. The Senate Commerce Committee announced Thursday it asked the congressional watchdog agency to examine the allegations that include charges Scanlon used his office to do work for an anti-abortion group and possibly leaked secret information to companies being investigated by his agency. (UPI)

#### DEMOCRATS OFFER TRADE PLAN

House Democrats, claiming a large measure of credit for pushing President Reagan to attack the large trade deficit, yesterday proposed the broad outline of trade legislation that attacks unfair trade policies and ties a new round of global trade talks to an international monetary conference. (Washington Post, E1)

#### MORRISON CONVICTED OF SPYING, STEALING NAVY DOCUMENTS

BALTIMORE -- A federal court jury here found former Navy intelligence analyst Samuel Loring Morrison guilty Thursday of espionage and theft for leaking three spy satellite photographs that were classified secret to a British magazine. (Washington Post, A1)

EDITOR'S NOTE: Page D2 of the Washington Post and B2 of the Washington Times contain features on the President attending a Washington gathering in honor of Sen. Russell Long (D-LA).

Also, Page B2 of the Washington Times contains articles on receptions given by Israeli Prime Minister Peres and the new publishers of "Conservative Digest," both of which were heavily attended by Administration officials.



## **NETWORK NEWS SUMMARY**

---

(Thursday Evening, October 17, 1985)

### **ACHILLE LAURO/ITALIAN GOVERNMENT**

CBS's Dan Rather: The hijackers of the Achille Lauro claimed another victim: the Government of Italy. The ruling coalition collapsed; Prime Minister Craxi quit following the furor over his decision to free Mohammed Abbas. Craxi claimed that the U.S. was responsible for the fall of his government by making such a fuss about it. In the U.S., reports began to surface about just how much Italy failed to cooperate in helping to catch and keep the kidnap-killers.

CBS's Richard Roth reports from Rome: The government fell at mid-day, having lost the support of three cabinet members who quit in protest over Italy's handling of the Achille Lauro affair. Craxi's farewell speech, though, put some of the blame on the U.S., expressing what he bluntly called bitterness over a friendly government's failure to understand Italian policy. Craxi referred to America's criticism of the decision to release Abbas. Legally, Italy had no choice, he said. And he revealed he had filed a protest with Washington alleging two U.S. military jets followed the Egypt Air plane carrying Abbas from Sicily to Rome last week. Craxi called that a violation of Italian air space. Craxi will continue as caretaker-Prime Minister until he or someone else is named to form a new government. In Genoa, the floating symbol of the government's crisis was being fitted out to sail again; not all the work was cosmetic. Crime experts scraped a blood sample from the hull below the deck where Leon Klinghoffer is thought to have been murdered. A team of FBI men is sailing with the ship to carry on its own investigation.

(U.S. spokesman Richard Higgins: "...The United States Government is deeply interested in establishing exactly what happened on this ship and what happened to Mr. Klinghoffer.")

In a chaotic encounter with reporters last night, ship Captain De Rosa denied he had been an eyewitness to murder. But Italian investigators say they have testimony from at least 10 people, including crew members, who did see or hear something. One magistrate claims he now knows who killed Klinghoffer and why, but he won't say more.

CBS's David Martin: CBS News has been told a standoff took place when Italian troops blocked an American attempt to fly the terrorists directly to the U.S. According to this account, the entire plan to intercept the Egyptian airliner was kept secret from the Italians. The reason: Italy had earlier balked at plans to mount a rescue mission while the terrorists still held the Achille Lauro, and the U.S. no longer trusted the Italian government to act further. Italy was so surprised by the arrival of the Egyptian airliner and its escort of Navy F-14s that the Italian air force scrambled its jets to intercept the unidentified planes. After the Egyptian airliner landed at Sigonella Air Base, Secretary Weinberger called Italian Defense Minister Spadolini with news of what was happening. Weinberger told Spadolini the U.S. wanted to take custody of the terrorists.

-more-

(Thursday Evening, October 17, 1985)

Martin continues: Spadolini agreed, U.S. officials say. The plane was surrounded by two dozen U.S. commandos prepared to overpower the Egyptian crew and put the hijackers and their two Palestinian escorts aboard a waiting C-141 to be flown directly to the U.S. But Italian troops arrived in force and a heated argument broke out between the Italian and American commanders. The American gave in, one source said, because "the alternative was a shootout with our allies." That contrasts sharply with what the White House said on the night of the intercept.

(Larry Speakes on that night: "This episode also reflects our close cooperation with an ally and close friend, Italy, in combatting international terrorism.")

The next day when Abbas was flown to Rome, the American commander insisted on following in his own T-39. The Italians blocked the runway at Sigonella to prevent him from leaving, but the T-39 managed to take off from a nearby taxiway and followed the plane through Italian airspace to Rome. There the T-39 declared an emergency landing in order to follow the plane down to the ground. But once on the ground, the U.S. commander lost track of Abbas as Italian authorities spirited him to a Yugoslav airliner. (CBS-Lead)

ABC's Peter Jennings: The Achille Lauro continues to leave in its wake repercussions and recriminations. The Craxi government has fallen in Italy. Italian investigators say they know exactly how Klinghoffer was killed, and as the Israeli prime minister begins a visit to Washington, we'll see what a sorry state the Middle East peace process is in.

ABC's Bill Blakemore reports from Italy that Craxi disclosed that an unauthorized American fighter jet had shadowed the Egyptian plane carrying Abbas when it carried Abbas to Rome from Sicily. He said the American fighter jet refused to identify itself to four Italian fighter planes escorting the Egyptian plane and even asked them to move away from it. They didn't. Craxi described no more of the event except to say he began an investigation and protested to Washington. Craxi added fuel to another source of Italian-American tension when he insisted he had to let Abbas leave Italy because Abbas carried an Iraqi diplomatic passport and because the Americans still have not produced solid evidence that Abbas masterminded the hijacking. With Craxi gone as prime minister, it could clear the air to re-establish the normally excellent Italian-American relations.

Jennings: Administration sources tell ABC it was an unarmed Navy trainer that followed the Egyptian airliner from Sicily to Rome. When President Reagan was asked today about criticism that the U.S. was violating Italian airspace, he said "I am satisfied with what we did."

ABC's David Ensor reports from Genoa on the Achille Lauro. Italian investigators were expressing confidence they've gathered enough evidence for a strong case.

Jennings: The friends and realives of Klinghoffer have announced the formation of a memorial fund which is intended to oppose international terrorism. The fund will be used to inform people about the threat of terrorism. (ABC-Lead)

(Thursday Evening, October 17, 1985)

NBC's Tom Brokaw: An Italian prosecutor says he found 10 people on the ship who witnessed the murder of Klinghoffer. That prosecutor and Israeli intelligence officials say they know who pulled the trigger.

NBC's Stephen Frasier reports from Rome: Craxi may wind up in charge of the new government or he may be no part of it at all.

Brokaw says correspondent Fred Francis reports from the Pentagon that U.S. officials say an American plane did in fact follow the airliner carrying Abbas from Italy to Rome. (NBC-2)

#### TERRORIST SEARCH

Rather reports the U.S. put out the word that it has issued warrants and put a price on the heads of other terrorists, including three who took over TWA Flight 847 in June and killed Robert Stethem. The U.S. officially offered \$250,000 reward for their arrest and conviction. (CBS-2, NBC-Lead)

ABC's John McWethy reports the three men who hijacked the TWA plane four months ago were today named for the first time by the U.S. The warrants for their arrest had been sealed. Though the hijackers went to some lengths not to be identified after the incident, U.S. officials say the three were quickly fingered and were observed moving around Beirut in the days after they left the plane. Their names were not revealed to avoid driving them underground. Intelligence sources say the three subsequently vanished. As a result, the Reagan Administration decided to unseal the warrants and to issue the reward for information about the TWA hijackers and a second reward for information about an earlier hijacking of a Kuwaiti airliner in which two Americans died. U.S. officials say if what is left of the government of Lebanon can find, arrest and try the TWA hijackers, that will be fine. But there are grave doubts that will ever happen. There is some hope the hijackers will try to leave Lebanon of their own accord and can then be arrested by another government. More likely, however, is that the law will have to be bent a little -- that the U.S. itself will have to locate and grab the hijackers, bringing them back to the U.S. for prosecution. (ABC-2)

#### PERES

Rather: Prime Minister Peres is in Washington and he met with President Reagan. Afterward, Peres called again for direct peace with Jordan, no strings attached. But he made no mention of any Palestinian role. Correspondent Bill Plante reports a senior Reagan Administration official as saying there's a "new vigor and sense of urgency in trying to get peace talks going."  
(TV Coverage: President Reagan and Prime Minister Peres in Oval Office, at South Lawn ceremony.) (CBS-4)

-more-

(Thursday, October 17, 1985)

ABC's Sam Donaldson: (TV Coverage: President and Prime Minister in Oval Office.)

As luck would have it, Prime Minister Peres made a previously-scheduled visit to the White House today. And while law enforcement agencies pursued the terrorists, the President and Prime Minister pursued ways of keeping terrorism from setting back movement in the Middle East peace process.

(President on South Lawn: "Terrorism is the cynical, remorseless enemy of peace. And it strikes most viciously whenever real progress seems possible." -- "Terrorism must not blunt our efforts to achieve peace in the Middle East.

(Peres: "We are ready to meet without preconditions, without losing time, at any suitable location -- be it in Amman, in Jerusalem, or Washington....")

Put forward by the Jordanians; no mention of the Palestinians and certainly no mention of Arafat's PLO. On Capitol Hill, Secretary Shultz said the PLO has no place at the peace table. But Shultz said King Hussein is key and he told the House Foreign Affairs Committee that the Administration's proposed arms sale to Jordan is essential to keep the king moving.

(Shultz: "If we say, look, go ahead and take these risks and if somebody threatens to clobber you don't look our way, that's not a very good message. And we want to give him the message that we're on the side of peace.")

Shultz made no headway, key committee members telling him the timing of the sale is awful and it will be rejected. Administration thinking boils down to this: If terrorism has pushed Arafat's PLO away from standing in peace negotiations, that would make things easier. But if it's also pushed Hussein away from participation, that would make things impossible. (ABC-3)

NBC's Chris Wallace: Prime Minister Peres tried to take advantage of the Achille Lauro hijacking today, according to U.S. officials arguing forcefully that it shows the PLO can't be trusted in the peace process.

(TV Coverage: President and Prime Minister in Oval Office.)

In public, Peres was more subtle but just as determined, calling for talks with King Hussein while never mentioning the PLO.

(Peres on South Lawn: "We are ready to meet without preconditions, without losing time, at any suitable location, be it in Amman or Jerusalem or Washington.")

Cutting out the PLO has been Israel's goal ever since Hussein and Arafat agreed last winter to work together. The Reagan Administration said today it would still deal with the PLO if it recognized Israel. But there were signs that U.S. officials are also starting to write the PLO off.

(Shultz: "And I would say and say again that those who engage in terror and violence have no place at the peace table.")

But officials here know it will be very hard for Hussein to meet the Israelis without the PLO along. To encourage him, the Administration wants Congress to approve the sale of jet fighters to Jordan. Today the President asked Peres to stop fighting the sale, which is in trouble in Congress.

(Thursday Evening, October 17, 1985)

Wallace continues: Peres refused. Still, Mr. Reagan was optimistic. (President on South Lawn: "Prime Minister Peres and I agreed that terrorism must not blunt our efforts to achieve peace in the Middle East.")

But officials here know the fallout from the recent hijacking has badly damaged chances for peace. Searching for an answer, some U.S. officials now hope Hussein might join with moderate Palestinians instead of the PLO, something he has always refused to do.

Brokaw talks with Arafat about Peres' argument that the PLO can't be trusted and should not be included in the peace process:

Arafat: I am challenging him and all of them, if they have the ability to carry on with any solution in this area by over-jumping the Palestinians, by over-jumping the PLO, which is very important. No person, no country, no solution in this area by over-jumping the PLO. It is obvious and clear to everybody.

Brokaw: When last we heard from you, you were saying Klinghoffer died of a heart attack...but the fact is all the evidence is in and he was shot...murdered in cold blood by Palestinian hijackers.

Arafat: This what I have been informed. I am not, I wasn't there....And you prevent me from carrying on our investigation by this hijacking. (NBC-3)

#### LEBANON/RADIO STATION BOMBING

Rather: Moslem guerrillas in southern Lebanon attacked a radio station operated by American evangelists inside Israel's so-called security zone. At least five people reportedly were killed when remote controlled explosives apparently were detonated. Guerrillas in Beirut said the attack was meant to avenge what they charge as persecution by the Israeli-backed South Lebanon Army. (ABC-4, NBC-4, CBS-3)

#### SDI/BALTIC MANEUVERS

ABC's Dean Reynolds reports on successful laser tests last month and a firepower demonstration by the battleship Iowa. The Soviet leadership has called the laser tests highly provocative. Today, half a world away from the Hawaiian test range, the U.S. gave the Russians something else to consider: The battleship Iowa, blasting away in the Baltic Sea, a firepower demonstration of American resolve that even the waters off the Soviet coast are within range of the U.S. Navy. It was a test demonstration well-attended by the Eastern Bloc. Polish, East German and Soviet ships took it all in and a Polish helicopter was especially interested. The commander of the U.S. Baltic operations was happy to have the company for this American muscle-flexing. The Pentagon says none of this military activity is timed to influence in any way next month's Reagan-Gorbachev meeting. As one official put it, "We can't stop doing what we have to do just because there's a summit." (ABC-5)

(Thursday Evening, October 17, 1985)

## ABM TREATY

Brokaw: The White House confirmed that President Reagan personally reversed the position taken by NSC Adviser McFarlane on the testing of star wars defenses in space. McFarlane had said on "Meet the Press" that such testing was permissible under a broad interpretation of our 1972 anti-missile treaty with the Soviets. But the White House denied reports that Secretary Shultz had threatened to resign over this issue, calling those reports "sheer fantasy." (NBC-8)

## TEXTILE IMPORTS

CBS's Bruce Hall reports from South Carolina on a closed mill, one of many that could not compete with the flood of imports. The town there is determined not to become another textile ghost town. A small plant has opened in part of the old mill specializing in the kind of trendy, high-fashion fabrics foreign firms cannot match and they have also recruited a small shoe factory, but half of the former employees are still out of work. Many here are keeping an eye on the politicians in Washington, looking for help.

CBS's Wyatt Andrews reports from Taiwan: Asian workers watching America's protectionist debate wonder why it is so wrong for them to work for 30¢ to \$1.70 an hour, why the same Americans who buy inexpensive clothes would want to punish the workers who make them. In Asia, the textile protection bill is nothing short of shocking; it would not just threaten thousands of jobs, it would threaten entire economies. Three of America's strongest allies would lose billions of dollars in income almost overnight. And it could be an American disaster. The billions of dollars Asians make selling clothes to America is the same money they use to buy American-made machines, to purchase American grain, to import McDonald's. Congress might protect the textile industry but eventually other Americans will pay. Asians argue that American textiles have been protected by tariffs and quotas for most of the last 25 years and that new import restrictions would violate the international quota agreement in effect now. To Asians, one irony here is that they've done exactly what America asked them to do after World War II, namely use the growth of textiles to build competitive, capitalist societies. They admit they've taken American jobs by making a quality product for less -- in short, the American way. (CBS-9)

## SOUTH AFRICA

ABC's Jim Hickey reports from South Africa that the police are determined to keep the upper hand.  
(TV Coverage of protests, confrontations with police.)  
An African National Congress, Benjamin Moloise, is to hang tomorrow for the murder of a black policeman three years ago. Diplomats say they fear confrontations could worsen if Moloise is executed and becomes a martyr. (ABC-6)

(Thursday Evening, October 17, 1985)

## ECONOMY

Rather: The Commerce Department reported the nation's economy rebounded somewhat in the third quarter. The report said the GNP, fed by increased defense and consumer spending, rose at a 3.3% annual rate. But because of an anemic showing over the first half of the year, growth would have to double in the next three months to reach Reagan Administration forecasts of 3% growth for all of 1985. The Commerce Department reported housing construction took a plunge of 9.3% in September. That's the sharpest drop since May.  
(CBS-8)

Jennings: The GNP grew at an annual rate of 3.3% in the third quarter. That is slightly more than government economists had estimated a month ago.  
(ABC-9)

## STOCKS

Jennings reports the Dow inched to another new high, up about a point, and the trading was heavy.  
(ABC-10)

## ESPIONAGE

Rather: A federal court jury in Baltimore found former U.S. Navy civilian intelligence analyst Samuel Morison guilty of espionage and theft of government property. Morison had supplied a British military magazine with photographs taken by a U.S. satellite, supposedly secret photos of the Soviet Union's first nuclear powered aircraft carrier, under construction at a Black Sea shipyard.  
(CBS-10)

## GRAMM-RUDMAN

NBC's John Chancellor -- Commentary: Over the years, the Congress has sold the American people a lot of snake oil, and more of it is now on the way. They have come up with a plan to get them all off the hook, a scheme that is supposed to eliminate the federal deficit in a few years. Nobody knows yet exactly how it will work, but they're all for it anyway. The plan proposes a fundamental change in the constitutional balance between the legislative and executive branches, yet the Senate which passed it held not a single hearing on it. Distinguished economists have denounced it, some brave lawmakers have opposed it, others -- including Jack Kemp -- have serious doubts about it. But in politics there is nothing so strong as an idea that will keep you in office, and it looks as though it will pass. When New York City was in the depths of bankruptcy it had a law which required it to have a balanced budget. If the Congress wants to cut the deficit, it should raise taxes and cut spending, which means acting with courage and responsibility. Don't bet on it.  
(NBC-9)



## EDITORIALS/COLUMNISTS

---

### MIAs/VIETNAM

The MIA Promise -- "The Reagan Administration once promised that accounting for Americans still missing in action in Southeast Asia is 'the highest national priority.' This promise is not being kept.... Our duty is clear. Vice President Bush, on July 19, 1985, promised the families of these missing men 'If we can get hard evidence that Americans are still held in Vietnamese prisons, we pledge to do whatever's necessary to get them out.' That, of course, could mean military intervention, for which there seldom has been such a just cause." (Washington Times, 10/17)

### TERRORISM/ACHILLE LAURO

U.S. Self-Righteous -- "The Reagan Administration has spectacularly mismanaged the diplomacy of the Achille Lauro hijacking case.... It is truly astonishing and incomprehensible that any American administration would recklessly endanger good relations with Italy, one of our best friends in Europe, and with Egypt, our most important ally in the Arab world, and do this for no good reason except that one more PLO agent has slipped away.... In the real world, these affairs are bound to be messy and inconclusive. The United States can both afford and should adopt a much cooler and more detached attitude toward the terrorist problem." (William Shannon, Boston Globe, 10/16)

### PENTAGON WEAPONS

The Pentagon's Missing Weapons -- "The Pentagon has a stockpile of weapons, auxiliary appurtenances and spare parts valued at \$80 billion. Every year about \$1 billion worth of these items gets lost, misplaced or stolen. The articles disappearing from U.S. military bases, ships and warehouses are not toasters or hair dryers. They are advanced models of land mines, plastic explosives, missiles, bazookas, grenade launchers -- even artillery units. They are lethal instruments amassed for the defense of the American people bearing the burden of their cost.... The Pentagon should lose no time in tightening up its security everywhere and halting the outflow of these arms. It would be a double tragedy if any American's life is ever taken by a terrorist using a weapon stamped 'property of the U.S.'" (Seattle Post-Intelligencer, 10/9)

### FARM BILL

'When Will We Learn?' -- "'Government interference in agriculture hasn't held down food prices and it hasn't increased farmers' income. They are worse off, we're worse off and the government costs about \$7 billion more than it did or should. Farm income in constant dollars was almost twice as great in 1974 as it is now. When will we learn?'"

The words are Ronald Reagan's. They were uttered in 1979. They are true today. In fact, they are an understatement.... If Mr. Reagan means what he said in 1979 and has continued to say since he became president, he will stop buying time and make the farmers and their representatives in Congress for once face reality. He will veto this farm bill."

(Chicago Tribune, 10/16)

## FOREIGN MEDIA REACTION

### HIJACKING AFTERMATH

"In sum, Americans believe that Rome is paying for the almighty ambiguity of its position, of its being always half-Mediterranean and half-Atlantic, half pro-South and half pro-North and a little bit of everything to everybody. It is the difficult exercise of an acrobat, who has come up against the Reagan cyclone." (La Repubblica, Italy, 10/17)

"The only conclusion one can draw is that the White House...is not sorry about the...fall of the Craxi government. Or at least, that Craxi himself or his successor will have to clarify Italy's 'midpolitik'." (La Stampa, Turin, Italy, 10/17)

"Washington's anger at the Italian government for allowing Abu Abbas to leave Italy is understandable. It is not justified. Americans still have to learn a fundamental lesson about international relations: their views and desires cannot be forced on their allies, let alone other countries." (Ottawa Citizen, Canada, 10/16)

"A lot of details are coming to light which indicate that the interception of the Egyptian aircraft has caused dilemmas not only abroad, but also among the very highest levels of the U.S. Administration." (Politika, Belgrade, Yugoslavia, 10/16)

"This is the first time that American forces have intervened directly against Palestinians.... The United States has made the decision to confront, with all its political, military and diplomatic force, the PLO and its president...." (l'Opinion, Morocco, 10/17)

"The reaction by moderate Arab countries shows that the U.S. action (intercepting the Egyptian plane) has ruined efforts for peace in the Mideast." (Jang, Pakistan, 10/17)

"It is now claimed that the Americans have put the leaders of two close allies -- Egypt and Italy -- at risk. This is politics gone mad. Why should a U.S. administration, grappling with the deepest problems of world economies and military security, be expected to worry about the piddling internalities of leftwing politics in Italy?" (Australian Financial Review, 10/17)

"There should have been no argument about not making any concessions to terrorists.... The only good thing that has come out of it all is that the PLO has shown itself in its true colors and received a severe setback." (Citizen, South Africa, 10/16)



# News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, OCTOBER 18, 1985 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

Premier Of Italy Resigns -- Prime Minister Craxi resigned after defending his government's actions in the aftermath of the hijacking of the Achille Lauro and expressing dismay and bitterness at U.S. criticism of those actions. (Washington Post, New York Times, Washington Times, AP,)

Israeli Extends 'Hand of Peace' To Jordanians -- Prime Minister Peres met with President Reagan and said Israel was prepared to take "bold steps" in the Middle East and extend the "hand of peace" to Jordan. (New York Times, Washington Post, Washington Times,)

### NATIONAL NEWS

GNP Grows At 3.3% Pace During Third Quarter -- The American Economy grew at a 3.3 percent rate in the third quarter, the best gain so far this year. (Washington Post, New York Times)

Governor Predicts Bailout Of Farm Credit System -- President Reagan expressed concern about farm bill costs, but listened to Iowa Governor Terry Branstad's arguments that a veto would hurt the President politically. (UPI, Washington Times)

### NETWORK NEWS (Thursday Evening)

ITALIAN GOVERNMENT -- Prime Minister Craxi quit following the furor over his decision to free Mohammed Abbas.

PERES -- Prime Minister Peres met with President Reagan. Afterward, Peres called again for direct peace with Jordan, but he made no mention of any Palestinian role.

BALTIC MANEUVERS -- The battleship Iowa blasted away in the Baltic Sea, a firepower demonstration of American resolve that even the waters off the Soviet coast are within range.

#### The Great Motivator

When he visited Gordon Technical High School in Chicago last week, President Reagan learned that the Gordon football team was about to play Loyola Academy. Mr. Reagan noted that, as a native of Illinois who played football at Eureka College, also in Illinois, and as President, he had to remain neutral. So, in a facile display of preterition, he said it by saying he would not say it: "Now, you know, it'd be awfully tempting to say 'Beat Loyola.'" He also told how he and his teammates always prayed before games, not asking for victory, but that "the best team would win."

Then, on Saturday morning, at a pregame mass, the Rev. Kenneth Bratko reminded the Gordon players of the President's words. Gordon came from behind to defeat Loyola, 7-6. Gordon's record is now 6-1 and the President proved, once again, that he is, indeed, the Gipper in Chief.

NEW YORK TIMES

OCTOBER 17, 1985

## ***INTERNATIONAL NEWS***

---

### **PREMIER OF ITALY RESIGNS**

ROME -- President Francesco Cossiga accepted Prime Minister Bettino Craxi's resignation but asked his coalition government, which had been one of the most stable in postwar history, to stay on in a caretaker capacity pending Cossiga's consultations with party leaders about the designation of a new Prime Minister. (Washington Post, A1)

#### **Premier Of Italy, Scorning U.S. Acts, Quits Over Furor**

In his speech, Craxi also asserted that on the night of Oct. 11, an unauthorized American aircraft had followed an Egyptian airliner taking a senior Palestinian official and an associate from Sicily to Rome. The evening before, the two were aboard the same Egyptian plane with the four cruise ship hijackers when it was diverted to Sicily by American carrier-based fighter planes. (New York Times, A1)

#### **Craxi Quits, Blames U.S. For Government's Collapse**

Prime Minister Craxi resigned Thursday, putting the principal blame for his government's downfall on the U.S. The resignation marked the fall of the 44th Italian government since the end of World War II -- one of Italy's longest and most successful -- and the first to collapse over a foreign policy issue. (Peter Almond, Washington Times, A1)

#### **Politicians Begin Familiar Process Of Forming New Government**

Politicians scheduled a flurry of meetings to build a new coalition government to replace that of Socialist Bettino Craxi. Craxi, who resigned on Thursday, bitterly reproached the Reagan Administration for criticizing Italy's release of Muhammed Abbas. (AP)

### **PERES SAYS ISRAEL IS WILLING TO TALK TO JORDAN**

Prime Minister Shimon Peres, speaking in the aftermath of the Palestinian hijacking of an Italian cruise ship, assured President Reagan Thursday that Israel still extends a "hand of peace" to Jordan and will consider any proposals from King Hussein for "honorable and direct negotiations."

Reagan said "there is a better opportunity for real progress than there has been for some time." But neither he nor Peres gave any sign that they have found a formula for removing the obstacles in the path of peace talks, and Secretary Shultz acknowledged earlier yesterday that the Achille Lauro hijacking had made the search for solutions more difficult.

(John Goshko, Washington Post, A30)

-more-



Peres, Reagan Pledge To Pursue Peace

Speaking to reporters gathered on the south lawn after an hour-long meeting, Mr. Reagan said the two leaders "fully agreed to press ahead toward a just and lasting peace between Israel and all its Arab neighbors."

Earlier in the day, Peres met with Secretary Shultz. He met with congressional leaders Thursday afternoon.

(Bill Kritzberg, Washington Times, A6)

Israeli Extends 'Hand of Peace' To Jordanians

While Mr. Peres, after an hourlong meeting at the White House, spoke positively about the prospects for peace in the Middle East, he did not include the Palestinians in his remarks.

(New York Times, A1)

ITALY HAS ALL DETAILS OF SLAYING ON SHIP

ROME -- Investigators have reconstructed the killing of Leon Klinghoffer "in all the details" and are certain they know who shot him, why he was killed and who threw the body overboard, an Italian prosecutor in Genoa said Thursday. However, he declined to provide further details.

(Washington Times, A1)

Transcript Only Part Of Evidence Implicating Abbas In Hijacking

A transcript of ship-to-shore communications between the hijackers of the Achille Lauro and Abbas is only part of the evidence the Reagan Administration has implicating the PLF official in the crime, a U.S. official says.

(Merrill Hartson, AP)

ITALIANS SEE HIJACK AS CHIEF GOAL

GENOA -- Italian magistrates investigating the murder of American hostage Leon Klinghoffer now say they believe that the principal goal of the terrorists aboard the Achille Lauro was the highjacking of the cruise ship and not, as the four Palestinians said following their capture, sea transport to the Israeli port of Ashdod to carry out an attack there.

(Washington Post, A1)

STRAINS GROW IN 2 NATIONS' TIES TO U.S.

A week ago, the U.S. interception of the Egyptian airliner carrying the four Palestinian hijackers of the Achille Lauro cruise ship appeared to be a stunning success for the United States in its war on international terrorism. But if the military maneuver was a triumph, its diplomatic consequences have proven less than triumphant. The 26-month-old Italian government, one of America's most loyal friends in Europe, has fallen. Egypt, a linchpin of U.S. diplomacy in the Middle East and second-largest recipient of U.S. aid, is furious at the United States, and its moderate government has been shaken. U.S. relations with its other moderate Arab allies have been severely strained.

(News Analysis by David Ottaway, Washington Post, A1)

### SHULTZ REJECTS PLO VOICE IN MIDEAST PEACE TALKS

Secretary Shultz, noting the PLO's refusal this week to explicitly renounce violence, Thursday said groups that encourage "terror and violence have no place" in Mideast peace negotiations. Mr. Shultz made the remarks in response to a question at a session of the House Foreign Affairs Committee in which he defended the Reagan Administration's proposed \$1.9 billion arms sale to Jordan. (Washington Times, A6)

### SUMMIT WON'T LEAD TO ACCORD, SAY RESPONDENTS TO NATIONAL POLL

Seven out of ten Americans do not expect any important agreement to come out of the summit meeting next month between President Reagan and Soviet leader Gorbachev, according to a nationwide poll made public Thursday. (Walter Andrews, Washington Times, A4)

### REPUBLICAN SENATORS ATTACK ABM TREATY INTERPRETATION

Republican senators yesterday lashed out at the Reagan Administration for its interpretation of the 1972 ABM treaty, which they said would restrict the development and testing of systems needed for the proposed space-based missile defense system.

In a telephone interview, Sen. Wallop (R-WY) said he was "dismayed" at the White House decision, which he said would reduce the SDI program strictly to research and testing.

White House spokesman Edward Djerejian said the issue was "moot." He said that even with the restrictive interpretation, the SDI program would be able to move toward its goals if given enough money by Congress. (Walter Andrews, Washington Times, A4)

### Reagan Under Fire For Decision Not To Test 'Star Wars'

Voicing outrage and a feeling of betrayal, several GOP senators objected to the Administration's policy stance in a procession of speeches on the Senate floor Thursday.

"Once again we have succumbed to the appeasement policies of our so-called allies," Sen. Jesse Helms said. (Lawrence Knutson, AP)

### SOVIET OIL PRODUCTION DECLINE IS NIGHTMARE FOR GORBACHEV

When President Reagan meets Mikhail Gorbachev in Geneva on Nov. 19-20, the Soviet leader may have more troubling him than U.S. space-defense research and restrictions on high-technology trade.

Though the Soviet Union leads the world in energy resources and oil production, it is the only industrialized nation that still has an energy crisis. (Washington Times, A1)

### 6 ACQUITTED OF ROME EMBASSY PLOT

ROME -- An Italian jury has acquitted six Lebanese charged with plotting to attack the U.S. Embassy in Rome, but convicted two of them of a lesser charge of trying to form an armed gang.

(AP story, Washington Post, A33)



#### ITALIAN SAYS U.S. EVIDENCE ON ABBAS IS INSUFFICIENT

ROME -- An aide to Prime Minister Craxi said Thursday that the U.S. still has failed to produce evidence that a Palestinian official masterminded the hijacking of the Achille Lauro. Antonio Badini, Craxi's foreign policy adviser, said in an interview that he requested with two American reporters that the transcript of a conversation presented by the United States as evidence that Palestinian Liberation Front official Mohammed Abbas directed the hijacking was "completely ridiculous at times."

(AP story, Washington Post, A32)

#### EXTRADITION REQUEST DENIED BY BELGRADE

BELGRADE -- Yugoslavia formally rejected a U.S. request for extradition of PLO official Mohammed Abbas Thursday. The United States, which says Abbas was behind the hijacking of the Achille Lauro, requested the arrest and extradition of Abbas on Saturday. A government spokesman said at a regular weekly news conference Thursday that the U.S. request "is legally groundless." (UPI story, Washington Post, A33)

#### SOVIET SEIZED AS U.S. SPY SAID EXPOSED BY HOWARD

A well-placed Soviet aviation and electronics expert arrested by Soviet security agents in June for passing secrets to the Central Intelligence agency was exposed by former CIA officer Edward L. Howard, who eluded capture in New Mexico last month, according to intelligence community sources. The Soviet expert, A.G. Tolkachev, was first identified as a U.S. spy in reports by the Soviet news agency Tass Sept. 20.

(Washington Post, A10)

#### BRITISH BID TO SELL U.S. ON DIVAD REPLACEMENT

LONDON -- With this year's sales already double the 1984 total at about \$6 billion, Britain's defense industry has launched a major bid to supply the U.S. Army with an antiaircraft missile to replace its recently cancelled Division Air Defense Antiaircraft gun system (Divad).

The British offering, called Rapier, claims to be everything Divad was not -- a combat-proven, in-use weapon that combines missiles, radar and its own armored vehicle and can be delivered on time with no cost overruns. Its manufacturer, British Aerospace, says Rapier will sell itself.

(Karen DeYoung, Washington Post, A25)

#### AID TO CONTRAS IS CLOAKED IN A CHARADE

A planeload of U.S. humanitarian aid to the counterrevolutionaries, or contras, fighting the Nicaraguan government -- part of a \$27 million package approved by Congress -- has been seized in Honduras and all future shipments will be barred, according to the Honduran government. But contra leaders maintained Thursday that no aid had been confiscated.

(Washington Post, A26)

## ***NATIONAL NEWS***

---

### **GNP GROWS AT 3.3% PACE DURING THIRD QUARTER**

Paced by sharp increases in federal government spending and new car purchases by consumers, the American economy grew at a 3.3 percent annual rate in the third quarter, the best gain so far this year, the Commerce Department reported Thursday.

However, the increase still fell short of Reagan Administration predictions that the gross national product, adjusted for inflation, would climb at a 5 percent rate in the second half of this year, following the first half's anemic 1.1 percent pace. (Washington Post, A1)

### **Economic Growth Rose To 3.3% Rate In Third Quarter**

Although the economic growth rate was triple that of the first six months of the year, most analysts viewed the rebound as only a mediocre performance of certain durability. (New York Times, A1)

### **SENATE'S PLAN TO BALANCE THE BUDGET IS CHALLENGED AS UNCONSTITUTIONAL**

House Judiciary Committee Chairman Peter Rodino (D-NJ) charged Thursday that the Senate plan to force a balanced federal budget by 1991 is unconstitutional because it improperly delegates legislative authority to the President. The plan, now before a House-Senate conference committee, sets fixed targets for reducing the federal deficit and requires the President to make proportional cuts in spending if Congress fails to meet the targets.

In empowering the President to cut back programs already approved by Congress, "the proposal attempts to authorize the President to undo a law by something less than a law, and is thus unconstitutional," Rodino said in a letter to the conferees. (Washington Post, A4)

### **FARM CREDIT WOES GAIN A REAGAN RESPONSE**

President Reagan, conferring privately Thursday with Republican governors, yielded to the plea of one of them to take a fresh look at the nation's growing farm credit crisis.

Iowa Gov. Terry Branstad, who recently declared a one-year moratorium on farm foreclosures in his state, said Mr. Reagan "didn't give a commitment as to what kind of aid he's going to give ... but he did indicate an awareness and a concern for the situation."

(Bill Kling, Washington Times, A2)

### **Governor Predicts Bailout Of Farm Credit System**

Branstad urged Reagan to sign into law both a farm bill pending before Congress and farm credit relief. He said he supported a federally chartered corporation that would write down interest rates and serve as a warehouse to keep land off the market "to avoid foreclosures of 15 to 20 percent of some of our farmers this coming winter." (UPI)

## BALANCED BUDGET PLAN ATTACKED BY OFFICIALS

In testimony on Capitol Hill, U.S. Comptroller General Charles Bowshwer and Congressional Budget Office Director Rudolph Penner, faced the House Government Operations Committee. Panel Chairman Jack Brooks wanted to know if the plan is "the savior of the nation's economy" or a "sure fire road to national ruin."

Meanwhile, Speaker O'Neill said he doubted whether a House-Senate conference committee can finish work on the sweeping plan in time for a Nov. 1 deadline.  
(Thomas Brandt, Washington Times, A5)

## CONGRESS STARTS MOVING APPROPRIATIONS BILLS

With the 1986 fiscal year already under way, Congress began moving in earnest Thursday to approve spending bills for this year that have been bottled up for weeks while the government has operated under stopgap funding authority. Both chambers gave final approval to and sent President Reagan a \$15.3 billion spending bill for energy and water programs this year,

(Edward Walsh/Margaret Shapiro, Washington Post, A4) A4)

## MILITARY CONSTRUCTION BILL INCLUDES \$53 MILLION FOR MX SILOS

The House has approved and sent to the Senate a bill to fund hundreds of major military construction projects this year, including \$53 million for MX missile silos and \$72 million for a battleship port in New York City. The 373-36 vote Thursday appropriated \$8.4 billion for military construction, only a day after the House gave overwhelming approval for another bill authorizing \$9.2 billion worth of Pentagon building projects.  
(Tim Ahern, AP)

## MILITARY NOW PLANS AIDS TEST FOR ALL

Every member of the armed services -- 2.1 million persons -- will be tested for AIDS virus under a policy on its way to Secretary Weinberger's desk, a senior Pentagon official said Thursday. (Washington Times, A1)

## FORMER INDIANA GOVERNOR INTERVIEWED FOR HHS POST

Former Indiana Gov. Otis Bowen, frequently mentioned as a possible successor to Margaret Heckler as secretary of Health and Human Services, had undergone a lengthy interview for the post with the White House personnel chief. Bowen met for nearly two hours with Robert Tuttle at the White House, solidifying his credentials for as a serious contender for the post.  
(William Kronholm, AP)

## EX-SEN. BUCKLEY IN LINE FOR FEDERAL JUDGESHIP

President Reagan will nominate former senator James Buckley (R-NY) as a judge of the U.S. Court of Appeals here, the White House has announced.  
(AP story, Washington Post, A5)

## SNELLING TO CHALLENGE LEAHY FOR VERMONT SENATE SEAT

Former Gov. Richard Snelling said Thursday he will run for the U.S. Senate seat next year against incumbent Democrat Patrick Leahy, setting up a contest between Vermont's two most popular politicians.

Snelling had been under pressure from national and state Republicans to enter the race. President Reagan joined the effort Wednesday, asking Snelling to run in a year that the GOP fears it may lose control of the Senate. (Washington Post, A12)

## GAO INVESTIGATES CHARGES AGAINST CONSUMER OFFICIAL

The General Accounting Office is investigating allegations of impropriety against Terence Scanlon, chairman of the Consumer Product Safety Commission. The Senate Commerce Committee announced Thursday it asked the congressional watchdog agency to examine the allegations that include charges Scanlon used his office to do work for an anti-abortion group and possibly leaked secret information to companies being investigated by his agency. (UPI)

## DEMOCRATS OFFER TRADE PLAN

House Democrats, claiming a large measure of credit for pushing President Reagan to attack the large trade deficit, yesterday proposed the broad outline of trade legislation that attacks unfair trade policies and ties a new round of global trade talks to an international monetary conference. (Washington Post, E1)

## MORRISON CONVICTED OF SPYING, STEALING NAVY DOCUMENTS

BALTIMORE -- A federal court jury here found former Navy intelligence analyst Samuel Loring Morrison guilty Thursday of espionage and theft for leaking three spy satellite photographs that were classified secret to a British magazine. (Washington Post, A1)

EDITOR'S NOTE: Page D2 of the Washington Post and B2 of the Washington Times contain features on the President attending a Washington gathering in honor of Sen. Russell Long (D-LA).

Also, Page B2 of the Washington Times contains articles on receptions given by Israeli Prime Minister Peres and the new publishers of "Conservative Digest," both of which were heavily attended by Administration officials.

## ***NETWORK NEWS SUMMARY***

---

(Thursday Evening, October 17, 1985)

### **ACHILLE LAURO/ITALIAN GOVERNMENT**

CBS's Dan Rather: The hijackers of the Achille Lauro claimed another victim: the Government of Italy. The ruling coalition collapsed; Prime Minister Craxi quit following the furor over his decision to free Mohammed Abbas. Craxi claimed that the U.S. was responsible for the fall of his government by making such a fuss about it. In the U.S., reports began to surface about just how much Italy failed to cooperate in helping to catch and keep the kidnap-killers.

CBS's Richard Roth reports from Rome: The government fell at mid-day, having lost the support of three cabinet members who quit in protest over Italy's handling of the Achille Lauro affair. Craxi's farewell speech, though, put some of the blame on the U.S., expressing what he bluntly called bitterness over a friendly government's failure to understand Italian policy. Craxi referred to America's criticism of the decision to release Abbas. Legally, Italy had no choice, he said. And he revealed he had filed a protest with Washington alleging two U.S. military jets followed the Egypt Air plane carrying Abbas from Sicily to Rome last week. Craxi called that a violation of Italian air space. Craxi will continue as caretaker-Prime Minister until he or someone else is named to form a new government. In Genoa, the floating symbol of the government's crisis was being fitted out to sail again; not all the work was cosmetic. Crime experts scraped a blood sample from the hull below the deck where Leon Klinghoffer is thought to have been murdered. A team of FBI men is sailing with the ship to carry on its own investigation.

(U.S. spokesman Richard Higgins: "...The United States Government is deeply interested in establishing exactly what happened on this ship and what happened to Mr. Klinghoffer.")

In a chaotic encounter with reporters last night, ship Captain De Rosa denied he had been an eyewitness to murder. But Italian investigators say they have testimony from at least 10 people, including crew members, who did see or hear something. One magistrate claims he now knows who killed Klinghoffer and why, but he won't say more.

CBS's David Martin: CBS News has been told a standoff took place when Italian troops blocked an American attempt to fly the terrorists directly to the U.S. According to this account, the entire plan to intercept the Egyptian airliner was kept secret from the Italians. The reason: Italy had earlier balked at plans to mount a rescue mission while the terrorists still held the Achille Lauro, and the U.S. no longer trusted the Italian government to act further. Italy was so surprised by the arrival of the Egyptian airliner and its escort of Navy F-14s that the Italian air force scrambled its jets to intercept the unidentified planes. After the Egyptian airliner landed at Sigonella Air Base, Secretary Weinberger called Italian Defense Minister Spadolini with news of what was happening. Weinberger told Spadolini the U.S. wanted to take custody of the terrorists.

-more-

(Thursday Evening, October 17, 1985)

Martin continues: Spadolini agreed, U.S. officials say. The plane was surrounded by two dozen U.S. commandos prepared to overpower the Egyptian crew and put the hijackers and their two Palestinian escorts aboard a waiting C-141 to be flown directly to the U.S. But Italian troops arrived in force and a heated argument broke out between the Italian and American commanders. The American gave in, one source said, because "the alternative was a shootout with our allies." That contrasts sharply with what the White House said on the night of the intercept.

(Larry Speakes on that night: "This episode also reflects our close cooperation with an ally and close friend, Italy, in combatting international terrorism.")

The next day when Abbas was flown to Rome, the American commander insisted on following in his own T-39. The Italians blocked the runway at Sigonella to prevent him from leaving, but the T-39 managed to take off from a nearby taxiway and followed the plane through Italian airspace to Rome. There the T-39 declared an emergency landing in order to follow the plane down to the ground. But once on the ground, the U.S. commander lost track of Abbas as Italian authorities spirited him to a Yugoslav airliner. (CBS-Lead)

ABC's Peter Jennings: The Achille Lauro continues to leave in its wake repercussions and recriminations. The Craxi government has fallen in Italy. Italian investigators say they know exactly how Klinghoffer was killed, and as the Israeli prime minister begins a visit to Washington, we'll see what a sorry state the Middle East peace process is in.

ABC's Bill Blakemore reports from Italy that Craxi disclosed that an unauthorized American fighter jet had shadowed the Egyptian plane carrying Abbas when it carried Abbas to Rome from Sicily. He said the American fighter jet refused to identify itself to four Italian fighter planes escorting the Egyptian plane and even asked them to move away from it. They didn't. Craxi described no more of the event except to say he began an investigation and protested to Washington. Craxi added fuel to another source of Italian-American tension when he insisted he had to let Abbas leave Italy because Abbas carried an Iraqi diplomatic passport and because the Americans still have not produced solid evidence that Abbas masterminded the hijacking. With Craxi gone as prime minister, it could clear the air to re-establish the normally excellent Italian-American relations.

Jennings: Administration sources tell ABC it was an unarmed Navy trainer that followed the Egyptian airliner from Sicily to Rome. When President Reagan was asked today about criticism that the U.S. was violating Italian airspace, he said "I am satisfied with what we did."

ABC's David Ensor reports from Genoa on the Achille Lauro. Italian investigators were expressing confidence they've gathered enough evidence for a strong case.

Jennings: The friends and realives of Klinghoffer have announced the formation of a memorial fund which is intended to oppose international terrorism. The fund will be used to inform people about the threat of terrorism. (ABC-Lead)



(Thursday Evening, October 17, 1985)

NBC's Tom Brokaw: An Italian prosecutor says he found 10 people on the ship who witnessed the murder of Klinghoffer. That prosecutor and Israeli intelligence officials say they know who pulled the trigger.

NBC's Stephen Frasier reports from Rome: Craxi may wind up in charge of the new government or he may be no part of it at all.

Brokaw says correspondent Fred Francis reports from the Pentagon that U.S. officials say an American plane did in fact follow the airliner carrying Abbas from Italy to Rome. (NBC-2)

#### TERRORIST SEARCH

Rather reports the U.S. put out the word that it has issued warrants and put a price on the heads of other terrorists, including three who took over TWA Flight 847 in June and killed Robert Stethem. The U.S. officially offered \$250,000 reward for their arrest and conviction. (CBS-2, NBC-Lead)

ABC's John McWethy reports the three men who hijacked the TWA plane four months ago were today named for the first time by the U.S. The warrants for their arrest had been sealed. Though the hijackers went to some lengths not to be identified after the incident, U.S. officials say the three were quickly fingered and were observed moving around Beirut in the days after they left the plane. Their names were not revealed to avoid driving them underground. Intelligence sources say the three subsequently vanished. As a result, the Reagan Administration decided to unseal the warrants and to issue the reward for information about the TWA hijackers and a second reward for information about an earlier hijacking of a Kuwaiti airliner in which two Americans died. U.S. officials say if what is left of the government of Lebanon can find, arrest and try the TWA hijackers, that will be fine. But there are grave doubts that will ever happen. There is some hope the hijackers will try to leave Lebanon of their own accord and can then be arrested by another government. More likely, however, is that the law will have to be bent a little -- that the U.S. itself will have to locate and grab the hijackers, bringing them back to the U.S. for prosecution. (ABC-2)

#### PERES

Rather: Prime Minister Peres is in Washington and he met with President Reagan. Afterward, Peres called again for direct peace with Jordan, no strings attached. But he made no mention of any Palestinian role. Correspondent Bill Plante reports a senior Reagan Administration official as saying there's a "new vigor and sense of urgency in trying to get peace talks going."  
(TV Coverage: President Reagan and Prime Minister Peres in Oval Office, at South Lawn ceremony.) (CBS-4)

(Thursday, October 17, 1985)

ABC's Sam Donaldson: (TV Coverage: President and Prime Minister in Oval Office.)

As luck would have it, Prime Minister Peres made a previously-scheduled visit to the White House today. And while law enforcement agencies pursued the terrorists, the President and Prime Minister pursued ways of keeping terrorism from setting back movement in the Middle East peace process.

(President on South Lawn: "Terrorism is the cynical, remorseless enemy of peace. And it strikes most viciously whenever real progress seems possible." -- "Terrorism must not blunt our efforts to achieve peace in the Middle East.

(Peres: "We are ready to meet without preconditions, without losing time, at any suitable location -- be it in Amman, in Jerusalem, or Washington....")

Put forward by the Jordanians; no mention of the Palestinians and certainly no mention of Arafat's PLO. On Capitol Hill, Secretary Shultz said the PLO has no place at the peace table. But Shultz said King Hussein is key and he told the House Foreign Affairs Committee that the Administration's proposed arms sale to Jordan is essential to keep the king moving.

(Shultz: "If we say, look, go ahead and take these risks and if somebody threatens to clobber you don't look our way, that's not a very good message. And we want to give him the message that we're on the side of peace.")

Shultz made no headway, key committee members telling him the timing of the sale is awful and it will be rejected. Administration thinking boils down to this: If terrorism has pushed Arafat's PLO away from standing in peace negotiations, that would make things easier. But if it's also pushed Hussein away from participation, that would make things impossible. (ABC-3)

NBC's Chris Wallace: Prime Minister Peres tried to take advantage of the Achille Lauro hijacking today, according to U.S. officials arguing forcefully that it shows the PLO can't be trusted in the peace process.

(TV Coverage: President and Prime Minister in Oval Office.)

In public, Peres was more subtle but just as determined, calling for talks with King Hussein while never mentioning the PLO.

(Peres on South Lawn: "We are ready to meet without preconditions, without losing time, at any suitable location, be it in Amman or Jerusalem or Washington.")

Cutting out the PLO has been Israel's goal ever since Hussein and Arafat agreed last winter to work together. The Reagan Administration said today it would still deal with the PLO if it recognized Israel. But there were signs that U.S. officials are also starting to write the PLO off.

(Shultz: "And I would say and say again that those who engage in terror and violence have no place at the peace table.")

But officials here know it will be very hard for Hussein to meet the Israelis without the PLO along. To encourage him, the Administration wants Congress to approve the sale of jet fighters to Jordan. Today the President asked Peres to stop fighting the sale, which is in trouble in Congress.

(Thursday Evening, October 17, 1985)

Wallace continues: Peres refused. Still, Mr. Reagan was optimistic. (President on South Lawn: "Prime Minister Peres and I agreed that terrorism must not blunt our efforts to achieve peace in the Middle East.")

But officials here know the fallout from the recent hijacking has badly damaged chances for peace. Searching for an answer, some U.S. officials now hope Hussein might join with moderate Palestinians instead of the PLO, something he has always refused to do.

Brokaw talks with Arafat about Peres' argument that the PLO can't be trusted and should not be included in the peace process:

Arafat: I am challenging him and all of them, if they have the ability to carry on with any solution in this area by over-jumping the Palestinians, by over-jumping the PLO, which is very important. No person, no country, no solution in this area by over-jumping the PLO. It is obvious and clear to everybody.

Brokaw: When last we heard from you, you were saying Klinghoffer died of a heart attack...but the fact is all the evidence is in and he was shot...murdered in cold blood by Palestinian hijackers.

Arafat: This what I have been informed. I am not, I wasn't there....And you prevent me from carrying on our investigation by this hijacking. (NBC-3)

#### LEBANON/RADIO STATION BOMBING

Rather: Moslem guerrillas in southern Lebanon attacked a radio station operated by American evangelists inside Israel's so-called security zone. At least five people reportedly were killed when remote controlled explosives apparently were detonated. Guerrillas in Beirut said the attack was meant to avenge what they charge as persecution by the Israeli-backed South Lebanon Army. (ABC-4, NBC-4, CBS-3)

#### SDI/BALTIC MANEUVERS

ABC's Dean Reynolds reports on successful laser tests last month and a firepower demonstration by the battleship Iowa. The Soviet leadership has called the laser tests highly provocative. Today, half a world away from the Hawaiian test range, the U.S. gave the Russians something else to consider: The battleship Iowa, blasting away in the Baltic Sea, a firepower demonstration of American resolve that even the waters off the Soviet coast are within range of the U.S. Navy. It was a test demonstration well-attended by the Eastern Bloc. Polish, East German and Soviet ships took it all in and a Polish helicopter was especially interested. The commander of the U.S. Baltic operations was happy to have the company for this American muscle-flexing. The Pentagon says none of this military activity is timed to influence in any way next month's Reagan-Gorbachev meeting. As one official put it, "We can't stop doing what we have to do just because there's a summit." (ABC-5)

(Thursday Evening, October 17, 1985)

#### ABM TREATY

Brokaw: The White House confirmed that President Reagan personally reversed the position taken by NSC Adviser McFarlane on the testing of star wars defenses in space. McFarlane had said on "Meet the Press" that such testing was permissible under a broad interpretation of our 1972 anti-missile treaty with the Soviets. But the White House denied reports that Secretary Shultz had threatened to resign over this issue, calling those reports "sheer fantasy." (NBC-8)

#### TEXTILE IMPORTS

CBS's Bruce Hall reports from South Carolina on a closed mill, one of many that could not compete with the flood of imports. The town there is determined not to become another textile ghost town. A small plant has opened in part of the old mill specializing in the kind of trendy, high-fashion fabrics foreign firms cannot match and they have also recruited a small shoe factory, but half of the former employees are still out of work. Many here are keeping an eye on the politicians in Washington, looking for help.

CBS's Wyatt Andrews reports from Taiwan: Asian workers watching America's protectionist debate wonder why it is so wrong for them to work for 30¢ to \$1.70 an hour, why the same Americans who buy inexpensive clothes would want to punish the workers who make them. In Asia, the textile protection bill is nothing short of shocking; it would not just threaten thousands of jobs, it would threaten entire economies. Three of America's strongest allies would lose billions of dollars in income almost overnight. And it could be an American disaster. The billions of dollars Asians make selling clothes to America is the same money they use to buy American-made machines, to purchase American grain, to import McDonald's. Congress might protect the textile industry but eventually other Americans will pay. Asians argue that American textiles have been protected by tariffs and quotas for most of the last 25 years and that new import restrictions would violate the international quota agreement in effect now. To Asians, one irony here is that they've done exactly what America asked them to do after World War II, namely use the growth of textiles to build competitive, capitalist societies. They admit they've taken American jobs by making a quality product for less -- in short, the American way. (CBS-9)

#### SOUTH AFRICA

ABC's Jim Hickey reports from South Africa that the police are determined to keep the upper hand.  
(TV Coverage of protests, confrontations with police.)  
An African National Congress, Benjamin Moloise, is to hang tomorrow for the murder of a black policeman three years ago. Diplomats say they fear confrontations could worsen if Moloise is executed and becomes a martyr. (ABC-6)

(Thursday Evening, October 17, 1985)

## ECONOMY

Rather: The Commerce Department reported the nation's economy rebounded somewhat in the third quarter. The report said the GNP, fed by increased defense and consumer spending, rose at a 3.3% annual rate. But because of an anemic showing over the first half of the year, growth would have to double in the next three months to reach Reagan Administration forecasts of 3% growth for all of 1985. The Commerce Department reported housing construction took a plunge of 9.3% in September. That's the sharpest drop since May.  
(CBS-8)

Jennings: The GNP grew at an annual rate of 3.3% in the third quarter. That is slightly more than government economists had estimated a month ago.  
(ABC-9)

## STOCKS

Jennings reports the Dow inched to another new high, up about a point, and the trading was heavy.  
(ABC-10)

## ESPIONAGE

Rather: A federal court jury in Baltimore found former U.S. Navy civilian intelligence analyst Samuel Morison guilty of espionage and theft of government property. Morison had supplied a British military magazine with photographs taken by a U.S. satellite, supposedly secret photos of the Soviet Union's first nuclear powered aircraft carrier, under construction at a Black Sea shipyard.  
(CBS-10)

## GRAMM-RUDMAN

NBC's John Chancellor -- Commentary: Over the years, the Congress has sold the American people a lot of snake oil, and more of it is now on the way. They have come up with a plan to get them all off the hook, a scheme that is supposed to eliminate the federal deficit in a few years. Nobody knows yet exactly how it will work, but they're all for it anyway. The plan proposes a fundamental change in the constitutional balance between the legislative and executive branches, yet the Senate which passed it held not a single hearing on it. Distinguished economists have denounced it, some brave lawmakers have opposed it, others -- including Jack Kemp -- have serious doubts about it. But in politics there is nothing so strong as an idea that will keep you in office, and it looks as though it will pass. When New York City was in the depths of bankruptcy it had a law which required it to have a balanced budget. If the Congress wants to cut the deficit, it should raise taxes and cut spending, which means acting with courage and responsibility. Don't bet on it.  
(NBC-9)

## EDITORIALS/COLUMNISTS

---

### MIAs/VIETNAM

The MIA Promise -- "The Reagan Administration once promised that accounting for Americans still missing in action in Southeast Asia is 'the highest national priority.' This promise is not being kept.... Our duty is clear. Vice President Bush, on July 19, 1985, promised the families of these missing men 'If we can get hard evidence that Americans are still held in Vietnamese prisons, we pledge to do whatever's necessary to get them out.' That, of course, could mean military intervention, for which there seldom has been such a just cause." (Washington Times, 10/17)

### TERRORISM/ACHILLE LAURO

U.S. Self-Righteous -- "The Reagan Administration has spectacularly mismanaged the diplomacy of the Achille Lauro hijacking case.... It is truly astonishing and incomprehensible that any American administration would recklessly endanger good relations with Italy, one of our best friends in Europe, and with Egypt, our most important ally in the Arab world, and do this for no good reason except that one more PLO agent has slipped away.... In the real world, these affairs are bound to be messy and inconclusive. The United States can both afford and should adopt a much cooler and more detached attitude toward the terrorist problem."

(William Shannon, Boston Globe, 10/16)

### PENTAGON WEAPONS

The Pentagon's Missing Weapons -- "The Pentagon has a stockpile of weapons, auxiliary appurtenances and spare parts valued at \$80 billion. Every year about \$1 billion worth of these items gets lost, misplaced or stolen. The articles disappearing from U.S. military bases, ships and warehouses are not toasters or hair dryers. They are advanced models of land mines, plastic explosives, missiles, bazookas, grenade launchers -- even artillery units. They are lethal instruments amassed for the defense of the American people bearing the burden of their cost.... The Pentagon should lose no time in tightening up its security everywhere and halting the outflow of these arms. It would be a double tragedy if any American's life is ever taken by a terrorist using a weapon stamped 'property of the U.S.'" (Seattle Post-Intelligencer, 10/9)

### FARM BILL

'When Will We Learn?' -- "'Government interference in agriculture hasn't held down food prices and it hasn't increased farmers' income. They are worse off, we're worse off and the government costs about \$7 billion more than it did or should. Farm income in constant dollars was almost twice as great in 1974 as it is now. When will we learn?'"

The words are Ronald Reagan's. They were uttered in 1979. They are true today. In fact, they are an understatement.... If Mr. Reagan means what he said in 1979 and has continued to say since he became president, he will stop buying time and make the farmers and their representatives in Congress for once face reality. He will veto this farm bill."

(Chicago Tribune, 10/16)

###



## FOREIGN MEDIA REACTION

### HIJACKING AFTERMATH

"In sum, Americans believe that Rome is paying for the almighty ambiguity of its position, of its being always half-Mediterranean and half-Atlantic, half pro-South and half pro-North and a little bit of everything to everybody. It is the difficult exercise of an acrobat, who has come up against the Reagan cyclone." (La Repubblica, Italy, 10/17)

"The only conclusion one can draw is that the White House...is not sorry about the...fall of the Craxi government. Or at least, that Craxi himself or his successor will have to clarify Italy's 'midpolitik.'" (La Stampa, Turin, Italy, 10/17)

"Washington's anger at the Italian government for allowing Abu Abbas to leave Italy is understandable. It is not justified. Americans still have to learn a fundamental lesson about international relations: their views and desires cannot be forced on their allies, let alone other countries." (Ottawa Citizen, Canada, 10/16)

"A lot of details are coming to light which indicate that the interception of the Egyptian aircraft has caused dilemmas not only abroad, but also among the very highest levels of the U.S. Administration." (Politika, Belgrade, Yugoslavia, 10/16)

"This is the first time that American forces have intervened directly against Palestinians.... The United States has made the decision to confront, with all its political, military and diplomatic force, the PLO and its president...." (l'Opinion, Morocco, 10/17)

"The reaction by moderate Arab countries shows that the U.S. action (intercepting the Egyptian plane) has ruined efforts for peace in the Mideast." (Jang, Pakistan, 10/17)

"It is now claimed that the Americans have put the leaders of two close allies -- Egypt and Italy -- at risk. This is politics gone mad. Why should a U.S. administration, grappling with the deepest problems of world economies and military security, be expected to worry about the piddling internalities of leftwing politics in Italy?" (Australian Financial Review, 10/17)

"There should have been no argument about not making any concessions to terrorists.... The only good thing that has come out of it all is that the PLO has shown itself in its true colors and received a severe setback." (Citizen, South Africa, 10/16)

-end-