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# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, DECEMBER 31, 1985 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

**U.S. CLEARS AN ISRAELI RETALIATION** -- The Reagan Administration said it would be "fine with us" if Israel takes military action against the sources of Friday's terrorist attacks.

(Washington Post, Washington Times, Reuter)

**U.S. ACCUSES LIBYA OF AIDING GUNMEN IN AIRPORT RAIDS** -- A high Administration official said President Reagan was awaiting a list of military options prepared by the Pentagon.

(New York Times)

### NATIONAL NEWS

**WHITE HOUSE SAYS ECONOMY WILL GROW AT 4% RATE IN '86** -- The Administration's forecast is higher than predictions by many private economists.

(Washington Post, Washington Times, UPI)

**JUSTICE DEPARTMENT CHALLENGES PART OF NEW BALANCED-BUDGET LAW** -- The Justice Department says a key section of Gramm-Rudman-Hollings is an unconstitutional infringement on President Reagan's budget-making powers.

(Washington Post, New York Times)

### NETWORK NEWS (Monday Evening)

**TERRORISM** -- The Administration said: If anybody can find out who the terrorists are and wipe them out, that's fine with us.

**HUSSEIN-ASSAD** -- There's an important meeting in Syria between Syria's Assad and Jordan's Hussein

**ECONOMY** -- The Department of Commerce reported the economy's poorest performance since June.

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## INTERNATIONAL NEWS

## U.S. CLEARS AN ISRAELI RETALIATION

Action On Terrorists Endorsed; Pressure Against Libya Urged

PALM SPRINGS -- The Reagan Administration said Monday it would be "fine with us" if Israel takes military action against the sources of last Friday's terrorist attacks in Europe, and accused Libya of being the prime supporter of the renegade Palestinian group that is being held responsible for the airport violence.

Administration officials in Washington and California, where President Reagan is vacationing, appealed to governments in Europe and elsewhere to join the United States in exerting diplomatic and economic pressure against Libya.

(Lou Cannon/Don Oberdorfer, Washington Post, A1)

## U.S. TOUGHENS STAND ON TERROR RETALIATION

Revised Policy: Find The Culprits, Then 'You Hit 'Em'

PALM SPRINGS -- "The United States' policy is if you can find the terrorists, seek them out and hit those responsible for it -- go at it," said spokesman Larry Speakes, traveling here with the President. "You search out those responsible and you hit 'em."

(Mary Belcher, Washington Times, A1)

U.S. VIRTUALLY GIVES ISRAEL GO-AHEAD TO  
HIT AIRPORT ATTACKERS

The Reagan Administration has virtually given Israel a go-ahead to retaliate for Friday's Rome and Vienna airport attacks, providing it is done in a measured and careful way. It is also retaining its own right to launch a military response and is holding Libya responsible for supporting guerrillas led by Palestinian Abu Nidal who are believed to have carried out the bloody assault that cost 18 lives.

(William Scally, Reuter)

## U.S. ACCUSES LIBYA OF AIDING GUNMEN IN AIRPORT RAIDS

PALM SPRINGS -- The Reagan Administration accused Libya Monday of aiding the terrorists who carried out attacks at the Rome and Vienna airports on Friday and said the United States was prepared to work with other governments to "exert pressure" on Libya to halt what it called the export of terrorism.

(Gerald Boyd, New York Times, A1)

## ISRAELI PROMISES NEVER TO "GIVE IN TO THE PLO."

TEL AVIV, Israel -- Prime Minister Peres, vowing never to "give in" to the PLO, said there is support in key Parliamentary committees for reprisals for the twin airport attacks that left 18 people dead -- including five Americans -- and 105 wounded. Defense Minister Rabin said the Israelis would not conform to "accepted international rules" in responding to the attacks.

(UPI)

### RABIN SAYS ISRAEL COULD RETALIATE ANYWHERE FOR AIRPORT ATTACKS

Israeli Defense Minister Yitzhak Rabin says Israel could strike Palestinian guerrillas anywhere in retaliation for the Rome and Vienna airport Guerrilla attacks. Asked by Israeli television Monday whether Libya might be hit, he said: "I do not rule out attacks against terrorist targets anywhere." (Reuter)

### U.S. AIRPORTS INCREASE SECURITY AT EL AL COUNTERS

Airports in the United States have tightened security at El Al counters as a result of last Friday's terrorist attacks at the Rome and Vienna airports. (AP story, Washington Post, A11)

### HUSSEIN, ASSAD OPEN TALKS TO RECONCILE 6-YEAR SPLIT

DAMASCUS, Syria -- Jordan's King Hussein and Syrian President Assad met Monday for the first time in six years for talks that could signal a significant reconciliation between two key Arab states that have been bitter enemies and that could play a crucial role in determining if and how the Middle East peace process goes ahead. (Washington Post, A1)

### CEASE-FIRE IS ORDERED IN LEBANON

BEIRUT, Lebanon -- A Lebanese militia leader, issued a call for a cease-fire in the country's civil war as Israeli warplanes today flew over Lebanon in an apparent test of newly-deployed Syrian ground-to-air missiles. (UPI story, Washington Post, A14)

### U.S. PUTS QUOTAS ON EC STEEL

BRUSSELS -- The United States today imposed unilateral quotas on European Community exports of semifinished-steel products, and the community immediately vowed retaliation very soon in the latest round of the steel trade war. (Reuter story, Paul Taylor, Washington Post, D7)

### U.S. PLACES QUOTAS ON STEEL FROM EUROPE

BRUSSELS -- European External Trade Commissioner Willy de Clerq said the U.S. decision to limit EC exports to 400,000 tons a year until 1989 was unjustified and the community would strike back against American exports very soon. (Washington Times, B5)

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## BUSH VISIT

NASSAU, Bahamas -- Vice President George Bush arrived in the Bahamas on Monday for a five-day, private visit, the U.S. Embassy here said. Bush's only public appearances in the Bahamas were set for Tuesday. He is scheduled to meet with a drug enforcement inspection team at the Bahamian Police College, visit the Royal Bahamian Defense Force headquarters at Coral Harbor, and address an awards ceremony at sea aboard the U.S. Coast Guard cutter Steadfast. (AP)

## SOVIET NUCLEAR TEST MORATORIUM DUE TO EXPIRE

MOSCOW -- A self-imposed Soviet moratorium on nuclear tests was due to expire today amid charges from the Kremlin that the U.S., by continuing to explode weapons, is not serious about arms control. The moratorium took effect August 6 and Soviet leader Gorbachev has said it could be extended if the United States agreed to join it. (Reuters)

U.S. OUTSTRIPPED BY SOVIETS IN SPACE  
LAUNCHES FOR 1985

The Soviet Union outgunned the United States, 96 to 17, in space launches in 1985, largely because Moscow's spy satellites burn out within weeks while the U.S. variety often remain in orbit for years, space specialists said yesterday. (Washington Post, A4)

## U.S., VIETNAM SCHEDULE TALKS ON 2,400 MISSING AMERICANS

Senior U.S. and Vietnamese officials will hold talks in Hanoi next Monday on the issue of more than 2,400 Americans missing in Southeast Asia since the Vietnam War, the Defense Department said yesterday. (Reuter story, Washington Post, A4)

ZIA ENDS MILITARY RULE IN PAKISTAN, BUT HOLDS  
ON TO POWER

ISLAMABAD, Pakistan -- President Mohammed Zia ul-Haq today ended military rule in Pakistan, 8 1/2 years after he imposed it upon taking power in a coup d'etat. (Washington Post, A10)

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## NATIONAL NEWS

WHITE HOUSE SAYS ECONOMY WILL GROW AT 4%  
RATE IN '86

The Reagan Administration yesterday issued an optimistic economic forecast for 1986 which will serve as the foundation for the new White House budget. The Administration forecast, which was released by the Council of Economic Advisers, says the economy will grow at a 4 percent rate next year, far above the actual 2.8 percent pace this year. The forecast predicts a higher inflation for the next two years and a slowly declining unemployment rate. (Jane Seaberry, Washington Post, A1)

## ADMINISTRATION PREDICTS 4 PERCENT ECONOMIC GROWTH

The government's economic forecast includes higher inflation for next year but lower unemployment levels and economic growth of 4 percent each year through 1988, the Administration's top economic adviser says.

"I don't think there are any major threats out there that will deter growth next year," Beryl Sprinkel, chairman of the Council of Economic Advisers, told reporters Monday. (Suzanne Trimel, UPI)

WHITE HOUSE SEES 4% GROWTH, MORE INFLATION  
FOR '86 ECONOMY

In an unusual departure from past White House projections, which consistently have projected lower inflation, prices are now viewed as heading sharply higher in 1986. Next year's anticipated inflation rate, as measured by the Commerce Department's GNP deflator index, is 3.8 percent, rising to 4.1 percent in 1987. Inflation this year was 2.8 percent. (Washington Times, B5)

## INDICATORS UP 0.1% IN NOVEMBER

The government's main gauge of future economic activity rose 0.1 percent in November, the smallest monthly increase since June, the Commerce Department reported yesterday.

(Jane Seaberry, Washington Post, D7)

INDICATORS RISE 0.1%, POINTING TO  
SLOW GROWTH

Commerce Secretary Baldrige said in a statement: "During the last seven months, the average gain in the leading index was 0.4 percent. Recent behavior of the leading index continues to point to moderate growth ahead." (UPI story, Washington Times, B5)

### JUSTICE DEPARTMENT CHALLENGES PART OF NEW BALANCED-BUDGET LAW

The Justice Department told Congress yesterday that it is prepared to challenge the constitutionality of a key section of the Gramm-Rudman-Hollings balanced-budget law. The department's brief challenged the role assigned by the legislation to the General Accounting Office, which would have the final word on billions of dollars in budget cuts for the next five years.

The GAO role, the department argued, is an unconstitutional infringement on President Reagan's budget-making powers.

(Howard Kurtz, Washington Post, A1)

### LAW ON BALANCING BUDGET IS FLAWED, U.S. ADVISES COURT

The Reagan Administration told a Federal court yesterday that a key provision of a new budget-balancing bill was unconstitutional. But despite that stand, the Justice Department asked the court to dismiss a suit challenging the law, saying the 12 members of Congress who filed it had no standing to do so.

(Robert Pear, New York Times, A1)

### REGAN DENIES RUMORS THAT HIS JOB IS IN DANGER

Donald Regan, the crusty and controversial White House chief of staff, last night denied rumors that he is in danger of losing the job that makes him the President's closest adviser.

"You know there's only one guy that can push me out of my job, and that's Ronald Reagan," the 66-year-old chief of staff said last night in a televised interview. "So far, the President seems satisfied with the job I'm doing."

(Jeremiah O'Leary, Washington Times, A1)

### OPM PLAN PUTS EMPHASIS ON MERIT

The federal government this week plans to publish revised layoff procedures that tie job security more closely to performance -- a long-sought goal of the Reagan Administration -- but retain elements of the civil service's last-hired, first-fired system of seniority.

(Mike Causey, Washington Post, A1)

### FTC LAUNCHES PROBE OF MORTGAGE INDUSTRY

The Federal Trade Commission has launched a probe of the mortgage industry to see whether borrowers are being ripped off. The agency's preliminary investigation covers truth-in-lending law violations and other unfair trade practices, sources said yesterday.

(J.H. Doyle, Washington Times, A1)

### TAX BREAKS EXPIRE AT MIDNIGHT

Congress, rushing to adjourn for the holidays, proposed to extend some tax provisions that expire at midnight, including those affecting jobs for minorities and special consideration for widows of Vietnam War MIAs. Also set to expire is an exemption from Social Security taxes for retired federal judges working as senior jurists to keep active and reduce the backlog of cases crowding court dockets. (UPI)

### SEN. DOLE ORDERS SECURITY REVIEW FOR CONGRESS

Sen. Dole ordered a review of security in Congress yesterday and urged a cut in the number of people who can see classified documents. (Washington Post, A15)

### DECEMBER HOME SALES FALL 3.4%

Sales of existing homes fell 3.4 percent last month, the biggest drop since February, but the rate of sales so far for 1985 remains well ahead of last year, the National Association of Realtors said yesterday. (UPI story, Washington Post, D7)

### ICC CHAIRMAN REVIEWS ROLE AS TERM ENDS Taylor Outlines Way To Eliminate Agency

The only way to eliminate the Interstate Commerce Commission is to complete the deregulation of the trucking industry, then decide what agency of agencies should continue federal oversight of the railroads. That is the opinion of Reese H. Taylor, Jr., departing ICC chairman.

The Reagan Administration, after two years of waffling, has sent legislation to Capitol Hill that would totally deregulate the trucking industry, Taylor's first requirement for the death of his agency. (Douglas Feaver, Washington Post, A15)

### URBAN POLICY FACES MAJOR HURDLE IN CLASH WITH REAGAN BUDGET GOALS

Federal urban policy will face its biggest challenge in years when Congress returns next month, as the clash between Reagan Administration budget-cutters and guardians of urban programs intensifies. Indeed, some conservatives argue that now is the time to abandon the notion of an "urban policy" and shut down HUD altogether.

(Isaiah Poole, Washington Times, A3)



NETWORK NEWS SUMMARY FOR MONDAY EVENING, December 30, 1985

TERRORISM/ VIENNA, ROME

CBS's Charles Kuralt: Two days after urging restraint in reaction to Friday's airport massacres, the Reagan Administration did an about-face tonight. A White House spokesman said: If anybody can find out who the terrorists are and wipe them out, that's fine with us.

CBS's David Martin: With Larry Speakes saying, "You seek out those responsible and go at 'em," the Reagan Administration threatened to take military action against Libya in retaliation for last week's airport massacres in Vienna and Rome.

(TV Coverage of Speakes giving briefing.)

One option discussed: air strikes against terrorist training camps in Libya, possibly by planes from the carrier Coral Sea or in concert with Israel. A list of Pentagon options was scheduled to go to President Reagan today while he vacationed at the Palm Springs estate of publisher Walter Annenberg. U.S. officials say Friday's attacks in which 18 people died were the work of Abul Nidal, a renegade Palestinian who leads such a shadowy existence that for more than a year U.S. intelligence thought he was dead. But Abu Nidal is alive and well in Libya, receiving support from strongman Muammar Khadaffy.

(Charles Redman: "Khadaffy has given Abu Nidal, his group, a considerable amount of financing and assistance.")

Abu Nidal himself told a German magazine Khadaffy is a great help. And the Libyan news agency has praised the airport attacks as heroic actions. U.S. officials believe Abu Nidal was also responsible for the bloody hijacking of the Egypt airplane to Malta, again with Libyan support. In U.S. eyes, that makes Libya as guilty as Abu Nidal.

(Redman: "States which protected the terrorists, and allowed them to arm and organize themselves, bear responsibility for this attack.")

Earlier U.S. statements tried to restrain Israel from launching retaliatory strikes against terrorist camps in Lebanon for fear they would lead to a clash with Syria. Today's message is: Libya is fair game.

Kuralt: There was more evidence of an apparent Libyan connection. The three terrorists who attacked the Vienna airport were carrying Tunisian passports. Today a Tunisian official charged that the Libyan government had confiscated two of the passports from Tunisian workers it expelled recently, and that a third worker reported his passport lost in Libya. It turns out that Tunisians are the only Arabs who may enter Austria without a visa.

A chilling warning was given Americans by FBI Director Webster. He said that even if there is no specific reason to expect a terror attack, Americans traveling abroad would be right to assume that in general they are at risk.

CBS's Bert Quint reports from Rome on the those believed responsible for the attack there and the planning that went into the operation. Under guard in a military hospital, Mohammed Saddam told investigators the trail to Rome and Vienna began in the refugee camps in Beirut. He said there is a 300-man suicide detachment there, financed by Libya and under the orders of Abu Musa, who, like Abu Nidal, is a Palestinian hardliner.

(Monday Evening)

Quint continues: Their plan, says Saddam, was not just to kill but to seize hostages but and an airplane, any plane, and crash it into Tel Aviv. Madrid and Paris airports went on security alert after telex warnings from Interpol that they may be next. The killing won't stop, Saddam told investigators. Already, he said, suicide squads have been chosen for those attacks.

CBS's Lem Tucker says the Austrian interior minister agreed with Washington that Friday's attacks were the work of Abu Nidal. (CBS-Lead)

ABC's John McWethy: With images of last week's airport attacks still in mind, the U.S. government, led by Larry Speakes, today vowed to go after the Palestinian splinter group led by Abu Nidal. Said Speakes, "The United States' policy is that if you can find the terrorists, seek them out and hit those responsible for it, go at it." Speakes also said, "If we can find who they are, or if another nation can find who they are and they attack them and wipe them out, that's fine with us."

(TV Coverage: Shots of Speakes briefing.)

In more diplomatic phrasing, Charles Redman echoed those sentiments.

(Redman: "We've always retained the right to respond to terrorist acts in an appropriate, measured, focused way. And other victimized states have a similar right. The military option is one that we have always retained.") Despite all the tough talk, American warships in the Mediterranean, including the carrier Coral Sea, remained in port, with crew members on holiday liberty. Pentagon sources say if there is military action in the near future, it will have to be Israeli. For the first time, the State Department accused Abu Nidal of being behind the airport attacks and of getting substantial support from Libya.

(Redman: "The indiscriminate attack, the choice of targets, the plenary evidence, the method of operation all point to Abu Nidal. These are murderers who go out of their way to target civilians.")

U.S. intelligence sources say they suspect Abu Nidal is now in Libya. Intelligence analysts say one of Abu Nidal's specialties is the kind of arbitrary act of violence used in the airport attacks -- ruthless brutality calculated to derail any movement towards peace between the Arab nations and Israel.

ABC's Richard Threlkeld: FBI Director Webster said that in the past year, authorities have prevented more than 23 terrorist incidents in this country.

ABC's Pierre Salinger reports on the group believed to be behind the bloody shooting in Rome. It is clear that Khadaffy has once again focused attention on his moral and financial support for terrorism, which tonight was called fanatic and bloodthirsty by Prime Minister Craxi and which for the first time has been condemned by even hardline Arab states.

ABC's Bob Zelnick reports from Tel Aviv that despite the problems, Israel is considered almost certain to hit back at Abu Nidal, Libya or Syria.

(ABC-Lead)

(Monday Evening)

NBC's Marvin Kalb: Coordinating their policy for the first time in three days, the White House and the State Department both said their evidence so far leads to only one conclusion, that Abu Nidal is responsible for the terrorist attacks of last Friday and that similar attacks remain a strong possibility. Both spokesmen -- Speakes of the White House and Redman of the State Department -- deliberately raised the threat that the U.S. might take military action against Libya.

(TV Coverage: Split screen, Speakes and Redman briefings.)

(Redman: "The military option is one that we have always retained. There are also other elements of our anti-terrorism effort. Ways in which we and other countries can combat the international threat.")

They are: tightening up security at West European airports, better coordination of intelligence, and growing economic pressure against Libya. Secretary Weinberger is known to have no appetite for using U.S. military power to attack an Arab country, even Libya. But a source close to Secretary Shultz said tonight: The military option is a live one; we're not talking theory. In fact, U.S. warships in the Mediterranean are nowhere near Libya and sources say if there is to be military action, it is clearly not imminent. Officials say that by raising the military option against Libya, they want to keep Khadaffy worried and uneasy. But they also want to rally allied support and American public opinion around the idea that one day, for one reason or another, the U.S. may have to take military action against Khadaffy's Libya.

NBC's Keith Miller reports from Rome that if Italian intelligence is correct, life will not be getting any safer in the new year. Judge Rosario Preorri has been leading the state's investigation into Arab terrorism for 13 years. Preorri says Western countries are not prepared to win the battle. He predicts more terrorist operations with greater casualties. He says greater control over who crosses borders is essential in combatting terrorism. U.S. intelligence agents are active in Europe, he says, but not yet effective in stopping in terror. He suggests the Western nations must launch a coordinated counterattack. (NBC-Lead)

#### HUSSEIN-ASSAD

Threlkeld: There was an important meeting in Damascus between Syria's President Assad and Jordan's King Hussein. It's the first time the two leaders have met in six years and it's important because Jordan and Syria have had some serious differences. (NBC-2, ABC-2)

#### MIA

Kuralt: The highest-ranking U.S. delegation to visit Vietnam since the war ended 10 years ago will travel there next week for talks on the issue of Americans missing in action. Assistant Defense Secretary Armitage will lead the delegation. (ABC-8, CBS-5)

(Monday Evening)

#### ECONOMY

Kuralt: The Commerce Department reported its index of leading indicators rose only 0.1% in November. That was the poorest performance since June. This may mean there won't be much more than modest economic growth next year. The latest economic forecast from the White House today predicts the economy will expand by 4% in each of the next two years, but that there will also be a slight increase in the inflation rate. And the White House says it's almost a sure thing that the measure just passed by Congress calling for a balanced budget by the end of the decade will require more than \$11.5 billion in cuts from federal spending in 1986. (CBS-9)

Threlkeld: A rosy economic forecast from the Reagan Administration for the new year. The Administration predicts 4% growth and an inflation rate of just 3.8%. Most private economists are more pessimistic. (ABC-10)

NBC's Roger Mudd: The latest figures on the nation's economy provide little cheer today. The government's index of leading indicators rose last month by only 0.1%, its worst performance since June. And sales of existing single-family homes fell more than 3%. That's the sharpest drop in nine months. (NBC-4)

#### STOCKS

Threlkeld: The Dow moved higher in the final hour and closed up more than seven points. Trading was moderate. (NBC-5, ABC-11)

#### PAKISTAN

Kuralt: Pakistan's military President Zia declared an end to 8 1/2 years of martial law and the restoration of full constitutional rights. He urged Parliament to support the new civilian government, whose prime minister Zia appointed last March. An opposition spokesman called Zia's declaration a bundle of lies and frauds. (CBS-6)

#### WINNIE MANDELA

CBS's John Blackstone reports from South Africa that Winnie Mandela was arrested again for going back to Soweto. She will spend the night in jail and appear in court tomorrow. (ABC-7, NBC-6, CBS-7)

#### U.S.-SOVIET COUPLES

Kuralt: It is a happy new year already for Mr. and Mrs. Frejuess, the end of their six-year quest to be reunited as husband and wife and live together in Los Angeles. She is the first Soviet spouse of an American citizen to be let go by the Russians as part of their Geneva Summit goodwill and public relations push. Another Soviet woman had an airport reunion with her American husband tonight. She flew into Baltimore and she and her husband flew on to a New Year's celebration in New York. (NBC-7, CBS-8)

(Monday Evening)

#### THE ORDER

CBS's Barry Peterson reports from Seattle that it was a clean sweep for the government. The nine men and one woman, members of the neo-Nazi group called The Order, all found guilty of federal racketeering charges for crimes ranging from armed robbery to murder. (ABC-3, NBC-3, CBS-2)

#### CENSUS COUNT

Mudd: The Census Bureau has issued its annual head count of the country and America's population continues to climb. As of July 1, the U.S. population was 238.7 million. Most of that growth was in the South and West. The most populous state still is California with 26.3 million. And the least populated is Wyoming with 509,000. Alaska was America's fastest-growing state, almost 30% during the last five years -- followed by Arizona, Nevada and Florida. The biggest losers were the D.C., Michigan and Iowa. (NBC-9)

#### WISCONSIN LICENSE PLATE

Mudd: Wisconsin's contest for a new license plate is all over and the new plate will show a barn and a sailboat and, of course, the old slogan: "America's Dairyland." The governor said he had not taken seriously the suggestion that Wisconsin's slogan be changed to: "Eat cheese or die." (NBC-10)

#### GOLDWATER

NBC's Tom Pettit profiles Barry Goldwater, nearing the end of his tenure in the Senate. (NBC-11)

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