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MONDAY, JANUARY 6, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Qaddafi: Threats Bolster Arab Unity -- Qaddafi insisted he is ready to fight America "thoroughly and violently." (Washington Post, New York Times, Baltimore Sun, Washington Times, AP, UPI, Reuter)

Military Raid Against Libya Seen Unlikely -- The U.S. is not likely to mount a military strike against Libya, but instead will continue efforts to "isolate" Qaddafi. (Washington Times, AP, Reuter, UPI)

Soviet Press Blasts U.S. Military Buildup -- "Stockpiles of murderous weapons in the U.S. become higher and higher," Pravda said. (UPI)

NATIONAL NEWS

Pentagon Could Face Record Cut -- Gramm-Rudman-Hollings will dramatically reverse President Reagan's military buildup, leaders in Congress say. (Washington Post, Baltimore Sun, Washington Times, AP, UPI)

Reagan Registers 68% Approval Rating In Poll -- A record number of women and blacks support President Reagan, according to the New York Times poll. (Washington Times)

NETWORK NEWS (Sunday Evening)

QADDAFI -- Prospects of any immediate military action against Qaddafi seemed to fade with a declaration by Israeli Prime Minister Peres that Israel is not interested in attacking Libya.

MILITARY PREPARATIONS -- The aircraft carrier Coral Sea, carrier America and battleship Iowa are ready and waiting -- no question American firepower is ready to strike if ordered.

International News....A-2

National News.....A-7

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INTERNATIONAL NEWS

QADDAFI: THREATS BOLSTER ARAB UNITY Libyan Denies Role In Training Palestinian Terrorists

TRIPOLI, Libya -- Libyan Leader Muammar Qaddafi, bolstered by signs of growing support from the Arab world in his developing confrontation with the United States, said Sunday that he and the cause of Arab unity had "gained a lot" from American and Israeli threats to take military action against him in the aftermath of the Rome and Vienna airport attacks. Asked about his threats to carry attacks to the United States, Qaddafi insisted that he is ready to fight America "thoroughly and violently" if Libya or Palestinians living in Libya are attacked, and he said that SA5 antiaircraft missiles delivered by the Soviet Union during the past two months "are ready, and we can use them."

(Christopher Dickey, Washington Post, A1)

Qaddafi Denies That Palestinians Operate Training Camps In Libya

Qaddafi asserted Sunday that there are no Palestinian training camps in Libya and that his country was not directly responsible for the attacks by Palestinian terrorists at the Rome and Vienna airports last month.

(Judith Miller, New York Times, A1)

Kadafi Urges Halt To U.S. Show Of Force

Libya's leader Kadafi urged a halt yesterday to the "madness" of an American military show of strength that he said had put the Mediterranean region at "the brink of war."

In Washington, Pentagon officials denied Kadafi's charges.

(Knight-Ridder story, Baltimore Sun, A1)

Jibes At U.S. Renewed In Qaddafi Boast Of Hit Teams

The Libyan leader, in an interview broadcast over American television networks, said that Libya was still in a state of full military alert and prepared to use Soviet-made missiles if it is attacked. In the same interview, reported by the Libyan news agency JANA but not broadcast by the U.S. networks, Col. Qaddafi boasted that an "unlimited war" had nearly erupted the day before between Libya and the United States.

(James Morrison/Gus Constantine, Washington Times, A1)

Libyan Leader Says Any U.S. Attack Will Result In Raids Inside America

Col. Khadafy said Libya is in a "state of war" ready to repulse any attack from U.S. warships in the Mediterranean, and warned that an onslaught would be answered by attacks inside America, the Libyan News Agency reported. JANA, the state-owned news agency, quoted the Libyan leader as saying his country almost went to war Saturday with the U.S., which accuses Libya of abetting the Palestinian group it blames for the airport raids that killed 19 people, including five Americans, in Rome and Vienna on December 27.

(AP)

MILITARY RAID AGAINST LIBYA SEEN UNLIKELY

The United States is not likely to mount a military strike to punish Libya for its support of terrorism, but instead will continue efforts to "isolate" the regime of Col. Muammar Qaddafi, say sources in Congress and close to the Reagan Administration. Despite the diminishing likelihood of retaliation, U.S. officials yesterday denied Col. Qaddafi's assertion that the Administration has made recent diplomatic overtures to Libya.

(Jeremiah O'Leary/Walter Andrews, Washington Times, A1)

Khadafy -- Libya

Khadafy denied Sunday that Palestinian terrorists are being trained in his North African country, but said he would harbor anti-Israeli commandoes if they needed training camps. The Libyan leader said, "We support the freedom fighters..." (AP)

Backing For Military Option Weak As U.S. Ponders Libya Move

Support for military action against Libya appeared weak Monday as Washington pondered its response to airport attacks it says were abetted by Tripoli. Speculation that there could be joint U.S.-Israeli military action was dampened yesterday when Israeli officials ruled out attacking Libya. (Reuter)

U.S. Military Retaliation Against Libya Unlikely

It is unlikely that the United States will retaliate militarily against Libya, say two U.S. Senators and former National Security Adviser Robert McFarlane. But Sens. Leahy and Lugar joined McFarlane in urging U.S. allies to join in escalating economic sanctions against Libya, and Lugar said he thinks there would be "pretty general support" in Congress for new American efforts to undermine Khadafy. (UPI)

U.S. OFFICIALS DENY QADDAFI CONTACTS

U.S. officials quickly denied yesterday a remark attributed to Muammar Qaddafi that contacts with an unnamed U.S. envoy had helped defuse the possibility of a military confrontation with the United States over the attacks on airports in Rome and Vienna. A senior Administration official said, "We're not aware of any American ambassador contacting him. No such contacts have been authorized."

(Ward Sinclair, Washington Post, A18)

U.S. Denies Diplomatic Overture To Khadafy

The Libyan leader said he did not know the name of the purported envoy but added, "he's an ambassador -- maybe the American ambassador in the Vatican." The U.S. ambassador to the Vatican is William Wilson, a longtime friend of President Reagan. Wilson was with the President in Palm Springs, California over the New Year's holiday.

(Norman Sandler, UPI)

LIBYAN ATTACKS

LONDON -- A newspaper said Sunday that Israeli intelligence sources believe that Libyan and Syrian agents carried out the Dec. 27 airport attacks, using the name of Palestinian world terrorist Abu Nidal "merely as a cover." The Sunday Times of London quoted anonymous Israeli spy sources as saying Nidal could not have planned the near-simultaneous attacks in Rome and Vienna because he is suffering from liver cancer and incapable of masterminding such a complex operation. (AP)

ISRAEL DISAVOWS REPRISAL

JERUSALEM -- Prime Minister Peres said yesterday that Israel had no intention of taking unilateral military action against Libya in retaliation for the Rome and Vienna airport massacres, and he called for "collective measures" against countries that harbor terrorists. The Prime Minister said Israel reserved the right to act against terrorist groups.

"I distinguish between state and terroristic organizations," he said.
(Baltimore Sun, A1)

SOVIET PRESS BLASTS U.S. MILITARY BUILDUP

MOSCOW -- The Soviet press, in editorials in several major newspapers, criticized the United States for continuing to build its military arsenal despite gains made during the November summit talks in Geneva. The commentaries Sunday charged the buildup continued "at the behest of the military-industrial complex elite."
(John Iams, UPI)

CONFLICT IN PENTAGON IS SEEN HARMING COMMANDOS' UNITS

The Reagan Administration's five-year effort to build up special commando units for unconventional warfare and counterterrorist operations has been hampered by the indifference, and sometimes active opposition, of regular Army and Air Force officers, according to a senior Pentagon official and members of Congress.

Noel C. Koch, the Pentagon's senior civilian in charge of special operations forces, said in an interview last week that the resistance by the uniformed services had become so frustrating that he would probably support proposals in Congress to create a single agency to take over direction of special operations cadres such as the Army Green Berets and the Navy Seals.
(Bill Keller, New York Times, A1)

PARAMILITARY UNIT PLANS ASIA RAID TO SAVE POWs

A group calling itself Private Delta Force is planning to rescue what it believes are U.S. prisoners of war in Southeast Asia, its leader said. The 20-member force has been training with live ammunition, booby traps and pyrotechnics at a camp near Breezewood, Pa., for a likely raid in Laos sometime before Easter.
(Susan Katz, Washington Times, A2)

HILL NOT YET SOLD ON AID TO CONTRAS, LUGAR SAYS

The Reagan Administration has not yet sold Congress on the need for more aid to Nicaraguan rebels, or convinced the lawmakers that Cuba has increased its military role in fighting that anti-communist force, according to the chairman of the Senate Foreign Relations Committee.

"It could turn out the vote was negative," said Sen. Lugar, if the Administration pushed for a vote on more aid now.

(Thomas Brandt, Washington Times, A3)

MEXICALI SUMMIT SUMMIT EXTENDS TREND

MEXICO CITY -- Two major developments last Autumn have contributed to the warming of relations. First, Mexico scaled back its emphasis on trying to push the United States to reach an agreement with Nicaragua's leftist Sandinista government. Second, the U.S. Administration scrapped its purely free-market approach to the Third World Debt problem.

But the friendly tone of Friday's meeting could not conceal the persistence of fundamental differences between the two countries over Central America, Mexican domestic economic policies, and, to a lesser extent, narcotics trafficking.

(News Analysis, Robert McCartney, Washington Post, A15)

Reagan Promises Mexico Help On Debt

President Reagan has promised to help Mexico resolve its serious financial problems but has won no assurances in return that Mexican officials will harden their soft diplomatic line on Nicaragua's Sandinista government. "I think the government of Mexico still believes that it is possible to achieve reforms within Nicaragua that we really no longer think the Sandinistas are likely to permit or engage in," said a senior Administration official, who spoke on the condition that he not be identified.

(Mary Belcher, Washington Times, A4)

USE SKY MARSHALLS AGAINST TERRORISTS: KIRKPATRICK

Sky marshalls should be used to protect airline passengers from terrorists "very much the way as our stagecoaches that went west had somebody riding shotgun," former U.N. Ambassador Jeane Kirkpatrick said Sunday. Mrs. Kirkpatrick said the U.S. should adopt other anti-terrorist policies, such as sealing cockpits to prevent hijackings.

Speaking on John McLaughlin's weekly TV program, "One On One," Mrs. Kirkpatrick said the United States does not have a policy against retaliation, although many factors are considered before action is decided upon.

(Washington Times, A6)

MARCOS: COMMUNISTS AT ISSUE

MANILA -- President Marcos described his challenger Corazon Aquino Sunday as "obviously too weak" as a leader to cope with the communist insurgency and other economic problems. The outlawed communist party of the Philippines, meanwhile, formally opted to boycott the Feb. 7 election.
(Washington Post, A19)

JAPANESE SEE SOVIET VISIT AS BREAKTHROUGH

TOKYO -- Japan is looking toward next week's visit of Soviet Foreign Minister Eduard Shevardnadze as an opening toward improved relations with the one country seen here as a threat to Japanese security.
(Washington Post, A1)

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NATIONAL NEWS

PENTAGON MAY FACE RECORD CUT

Hill Leaders Predict Balanced-Budget Act Will Reverse Buildup

The Gramm-Rudman-Hollings budget-balancing act will dramatically reverse President Reagan's military buildup and lead to "the greatest defense cutback in peacetime history," military and budget committee leaders in Congress have concluded. (Helen Dewar, Washington Post, A1)

Deep Cuts Forecast By Defense

The Gramm-Rudman deficit-cutting law will force a cut of \$80 billion in President Reagan's military spending plan over the next two years and send his defense program into "precipitous decline," according to Rep. Les Aspin, the House Armed Services Committee chairman.

(Charles Corddry, Baltimore Sun, A1)

Study Predicts New Budget Law Will Shoot Down Defense Buildup

Gramm-Rudman budget balancing legislation will reverse the defense buildup of recent years and could result in an \$80 billion cut -- a 20 percent reduction from projected amounts over the next two years -- said a congressional study released yesterday.

The House Armed Services Committee study concluded that \$15 billion to \$18 billion will be cut from the 1986 defense budget as a result of Gramm-Rudman and estimated that another \$64 billion will be taken from the projected \$323 billion 1987 request of Congress later this month.

(Walter Andrews, Washington Times, A3)

Aspin Says Gramm-Rudman Imperils Defense Buildup

A new balanced budget law will wipe out President Reagan's defense buildup in two years, sending the U.S. "down the mountain we have been marching up," says the chairman of the House Armed Services Committee.

"In other words, Gramm-Rudman could give us a defense budget that Jimmy Carter would assail as a threat to our national security." (AP)

Aspin: Balanced-Budget Law Reverses Defense Buildup

Defense Secretary Weinberger, who has prided himself on presiding over the greatest defense buildup in peacetime history, "is about to preside over the greatest defense cutback in peacetime history," added Aspin, who was a Pentagon analyst before winning a seat in Congress.

(Eliot Brenner, UPI)

SUITS CHALLENGE GRAMM-RUDMAN BUDGET-BALANCING MUSCLE

The Gramm-Rudman budget-balancing law, an attempt to halt the burgeoning flood of government red ink, must run a gauntlet of legal opposition before its budget-cutting muscle can be tested.

The latest challenge comes from the National Treasury Employees Union, which filed suit last week in U.S. District Court in Washington claiming the law is unconstitutional. (Washington Times, A3)

GOVERNING ON AUTOMATIC PILOT

President Reagan's formal news conferences, where ignorance or inattention to detail can be troublesome, have become infrequent. He has held 32 news conferences during his presidency, including only six in 1985, which began with an attempt by his spokesman, Larry Speakes, to make them more regular affairs. Perhaps Speakes, also less accessible than he used to be, has succumbed to the pressures that go with his position. In any case, Reagan has not held a news conference since June 17. (Lou Cannon, Washington Post, A2)

REAGAN REGISTERS 68% APPROVAL RATING IN POLL

NEW YORK -- A record number of women and blacks say they support President Reagan, according to a poll released Sunday that found 68 percent of the American people approve of the way he is handling his job. Twenty-four percent disapproved, and the rest had no opinion, according to the New York Times poll. (AP story, Washington Times, A6)

TERRORISM CONCERNS PROMPT MOVES TO KEEP MILITARY NAMES OFF MAILING LISTS

Navy Secretary John Lehman, citing concerns about terrorism, has issued a directive that will allow Navy and Marine Corps commanders to protect the names and addresses for many of their servicemen from commercial mailing lists. (Norman Black, AP)

SUPPLIES, LOW FOREIGN DEMAND WILL KEEP CROP PRICES DOWN

Agriculture Department economists say downward pressure will continue through 1986 because of large supplies and stagnant foreign demand. Total cash receipts of farmers from the sale of crops and livestock are expected to decline by as much 4 percent from last year, with crops accounting for all of the loss, according to a report by the department's Economic Research Service. (Don Kendall, AP)

SUGAR SURPLUS SALE COSTS TAXPAYERS \$36 MILLION
Crop From Default To Be Converted Into Ethanol

About 122,000 tons of sugar acquired by the Agriculture Department's Commodity Credit Corp. in a \$43.2 million crop loan default was sold last month for \$7.4 million to Shephard Oil Co. of Jennings, La., to be converted ethanol for blending with gasoline. (Washington Post, A3)

EEOC NOMINEE RUNNING INTO SENATE OPPOSITION

Another of President Reagan's nominees has run into trouble on Capitol Hill, this time over statements on the Administration's approach to age discrimination. Jeffery Zuckerman, nominated as general counsel of the Equal Employment Opportunity Commission, came under sharp questioning at a Senate hearing last month when he challenged a series of court rulings on age discrimination. He is expected to be questioned extensively when his confirmation hearings resume.

(Howard Kurtz, Washington Post, A11)

U.S EASES RULES FOR EPIC LOANS

Federal regulators have decided to let off the hook nearly 100 Savings and Loan Associations that are holding more than \$700 million worth of delinquent loans to Equity Programs Investment Corp. (EPIC) the failed Falls Church tax shelter organizer.

(Washington Post, Business Section, page 1)

NBC LANDS REAGAN INTERVIEW BEFORE SUPER BOWL

LOS ANGELES -- The White House and NBC News completed plans Friday that will permit anchor Tom Brokaw to interview President Reagan live at 4:35 p.m. Sunday, January 26, shortly before the start of Super Bowl XX on the network. With an expected audience of 120 million waiting for the kickoff, plans call for Brokaw to spend five to seven minutes with the President.

(John Carmody, Washington Post, D6)

EDITOR'S NOTES: Page A1 of the Washington Post contains stories entitled 'National Security Council Faces Uncertainty' and 'U.S. Plays Space Spectator,' and 'Sen. Hart Shuns Designation As Democratic Front-Runner.'

-End Of A-Section-

NETWORK NEWS SUMMARY

(NBC did not air a telecast)

QADDAFI

ABC's Sam Donaldson: The prospects of any immediate military action being mounted against Libyan strongman Qaddafi in the wake of the Rome and Vienna airport attacks seemed to fade today with a declaration by Israeli Prime Minister Peres that Israel is not interested in attacking Libya. Peres did not extend the same sentiment to terrorists who may be found on Libyan soil. But even as Peres was making that distinction, Libya's Col. Qaddafi was denying that any terrorist training camps exist in his country. The denial Qaddafi made in a flamboyant, created for television interview with Western reporters.

ABC's Greg Dobbs: Libya is on full military alert. Col. Qaddafi confirmed that today from a tractor. For when Western journalists were taken to ask him questions he was tilling the soil for barley. He did finish and we did ask about the origins of the terrorists in Rome and Vienna. Did they come from here, do you know?

Qaddafi: You know, first of all, Palestinians are everywhere, even in America. They may have come from America. There are thousands of Palestinian refugees in America. They may come from America. That means that Americans are responsible for this attack.

Dobbs: Did they come from here is the question, these men in Rome and Vienna.

Qaddafi: Do you have any evidence?

Dobbs: I'm asking you?

Qaddafi: I ask you also.

But what about Abu Nidal who is blamed for masterminding the airport attacks.

Dobbs: Does he sometimes live here?

Qaddafi: No, he comes to visit. I don't know where he lives.

Dobbs: What is his future strategy? What has he told you?

Qaddafi: To liberate Palestine, his country, his home land.

Dobbs: Did he tell you how?

Qaddafi: Of course, by all means, by all means.

As for charges that Palestinian terrorists train here, Qaddafi, for the first time, said no.

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Qaddafi: They have their camps particularly in Lebanon and around Palestine. They can be trained there, they have no need to be trained in Libya far, far, far away from Palestine.

Before returning to his work, Qaddafi said that attacks like Rome and Vienna are not legal but that the attackers were obliged to "express" themselves. Americans working here in Libya, he said, are safe and even told us that an American ambassador has contacted him to diffuse the situation. Col. Qaddafi said that there are people right now in the U.S.A. who are prepared to strike as suicide squads at the U.S. if the U.S. strikes at Libya. That would be, he admitted, madness but they are, he said, ready.

Donaldson: Col. Qaddafi's threats come at a time when it looks increasingly unlikely that anyone will take immediate military action against him. That seemed to be the thrust today of comments by officials in Israel and the United States.

ABC's Bob Zelnick: More than a week after the terrorist attacks at Rome and Vienna, Israel's leadership continues putting the evidentiary pieces together and deciding how to respond. Rejecting reports that the operation was the work of Syrian and Libyan intelligence units who used the Abu Nidal faction as a cover, Prime Minister Peres said this:

(TV coverage of Peres: "I think it was really carried out by Abu Nidal. I think it was supported by the Libyans.")

Peres accused Col. Qaddafi of providing money, training and other support to Abu Nidal, but he said the airport attacks were international crimes and that collective economic, political and other sanctions were more appropriate than an Israeli military response. Peres thus seemed less inclined to hit Libya than Abu Nidal units inside Libya.

(TV coverage of Peres: "I don't want to declare war against anybody, against any country, I don't think it is necessary. On the other hand, I am not going to guarantee immunity to terrorists no matter where they are.")

Peres again rejected negotiating with the PLO's Yasser Arafat, accusing Arafat of responsibility for some of the recent rocket attacks in Northern Galilee. Peres confirmed that mobile Syrian missiles have again been withdrawn from Lebanon, but that the long-range SA-2s deployed just inside the Syrian border remain a provocation. Sources here say these missiles are inhibiting Israeli planes from using Lebanese airspace to look deep into Syrian territory, a matter Israel deems necessary to its security. Israel has one eye on the U.S. Sixth Fleet in the Mediterranean. An American blow at Libya is high on the Israeli wish list. If the U.S. backs off, sources here say the Israelis have not yet ruled out dealing with Col. Qaddafi themselves.

ABC's Dean Reynolds: The aircraft carrier Coral Sea in the Mediterranean, carrier America and battleship Iowa ready to join the Coral and the Sixth Fleet if necessary -- at a join U.S.-Italian naval base in Sicily, sophisticated and potent aircraft ready and waiting -- no question American firepower is ready to strike Libya if so ordered. Speaking on This Week with David Brinkley, Robert McFarlane said Libya's Qaddafi has taxed U.S. patients almost to the limits.

Reynolds continues:

(TV coverage of McFarlane: "I think that the awareness of Americans of the undeniable culpability of this man in fostering terrorism is bringing us closer to where such actions will be feasible."

Donaldson: "Do you believe Qaddafi when he says that he was not behind these attacks in Rome and Vienna in any way?" McFarlane: "No.")

Yet McFarlane said he does not believe Mr. Reagan is quite ready to play the military card. In fact, for more than a week it's been rhetoric, not retaliation that's come from Washington and two leading Senators were divided on whether that's the proper course to follow.

(TV coverage of Senators Leahy and Lugar. Sen. Leahy: "I think that for the President to talk tough is the wrong thing to do. Act first, talk about it afterward." Sen. Lugar: "The President has played this about right. Everybody seems to be pulling back a little bit because they see that we really might mean business.")

Might mean business, but neither Leahy nor Lugar believes it will actually come pass. There was word today that a blockade of Libya might be in the offing, but that report was roundly denied in Washington. Besides, as one official put it, you can't tell what might work on Qaddafi because he is crazy. (ABC-Lead)

CBS's Forrest Sawyer: The taught wire of tension that has been cutting through the Middle East since the terrorist attacks on the airports of Rome and Vienna appears to be drawn less tightly tonight. Israeli Prime Minister Peres says Israel is not planning to attack Libya, the nation pin-pointed by both Israel and the United States as supporting the Palestinian guerrillas who carried out the attacks.

(TV coverage of Peres: "I don't want to declare war against anybody, against any country, I don't think it necessary. We are not talking about war or war declarations. On the other hand, I say clearly that we are not going to guarantee the security of any terrorist no matter where he is.")

Peres says he prefers to press for economic and political sanctions against countries that support terrorists before turning to the use of arms. At the center of the storm, flamboyant Libyan leader Qaddafi who had his own comments today. Qaddafi would not deny the terrorists who attacked the airports came from Libya, but he did have a warning for anyone planning an attack.

CBS's Steve Croft: With Libya's armed forces still on full military alert and the United Arab League behind him, Col. Qaddafi presented himself today behind the wheel of a British tractor, proclaiming his SAM-5 missiles were now operational and ready to repel a retaliatory attack. In a scene lavishly staged for television, and perhaps inspired by the film Lawrence of Arabia, Qaddafi denied any direct involvement in the planning or the execution of the Rome and Vienna airport attacks. He also denied that Palestinian terrorist Abu Nidal operates out of Libya or has any training bases here. But it is not because Qaddafi doesn't love him. He says it's because Abu Nidal and his group have never asked.

(TV coverage of Qaddafi: "They have no need to establish camps in Libya, this place which is far from their field of battle in Palestine. And if they demand this, I will give them because they are freedom fighters.")

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Croft continues: Just yesterday Libya's foreign minister condemned the airport attacks but any thoughts that Libya might be softening its hard-line positions as a result of U.S. naval pressure can be cast aside. Over the weekend, Libya's popular congresses (?) decided to form suicide squads and today Qaddafi said they'll be used in America if Libya is attacked. The people, he said, are already in place.

(TV coverage of Qaddafi: "We have people all over the world, Libyans and non-Libyans.")

It has, of course, all been said before. The only real changes were the wardrobe, power blue apres ski suit and flowing salmon pink headgear, and a definite escalation in theatrically production. Col. Qaddafi clearly seemed to be enjoying himself and in a way he said the crisis had been good for his country, that it had served to unify the Arab world against the United States and Israel and place Libya right at the forefront. (CBS-2)

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ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley.

Panel: Sam Donaldson, George Will, Mary Anne Dolan.

Guests: Robert McFarlane, Shimon Peres.

On Qaddafi:

ABC's Greg Dobbs reports from Libya: Like Lawrence of Arabia from the sands of the desert came the leader of Libya tilling the sands for barley on a Massey-Ferguson tractor. This was vintage Qaddafi, putting on a show and playing with journalists who questioned him and leaving more questions when it's over.

(TV coverage of Qaddafi on tractor being questioned by reporters.)

You have said: One man's terrorist is another man's freedom fighter. How did you, or Libya help the freedom fighters in Vienna and Rome?

Qaddafi: As I told you we support the freedom fighters everywhere, particularly our brothers, Palestinians, and we are not responsible for their actions.

Dobbs: Did they come from here, do you know?

Qaddafi: You know there are Palestinians everywhere, even in America. They may come from America. Thousands of Palestinian refugees are in America. They may come from America. That means that Americans are responsible for these acts.

Dobbs: Did they come from here, is the question, these men in Rome and Vienna.

Qaddafi: Do you have any evidence?

Dobbs: I'm asking you.

Qaddafi: I ask you also.

Eventually, still sitting up on the tractor, Qaddafi said that the U.S. State Department report that terrorist leader Abu Nidal lives here is wrong and whether or not Washington or Jerusalem believes him, he said for the first time there are no terrorist training camps in Libya.

Qaddafi: If they are here they can be my responsibility but they are not here. If they need, they will get them. I am not afraid, they will get them, and if they want this I will get them because they are freedom fighters, but they have no need to establish camps in Libya, this place which is far from their field of battle in Palestine.

As for the airport attacks in Vienna and Rome, Qaddafi did not say that he shares his foreign minister's regret, but he also did not repeat the words from here last week which called it justified and heroic. How did the attacks help the cause? They lost some support.

THIS WEEK (continued)

Qaddafi: Yes of course, I know, but they are obliged to do so that they may see it a problem, I don't know. It is their responsibility.

Reporter: Do you think it is a legitimate military target to attack people at an airport? Is that a legitimate military operation for a freedom struggle?

Qaddafi: For me as an independent state it is not legal, but for them it may be so.

At a certain stage Col. Qaddafi switched to Arabic and made the following points: Libya, he confirmed, is on full military alert. SAM-5 anti-aircraft missiles, with help from what he called "our friends the Soviets" are operational. Suicide squads are waiting in the heart of America to hit back if the U.S. hits Libya. Americans working in Libya, however, according to Col. Qaddafi are safe. And finally, just before going back briefly to his barley, the leader of Libya said an American ambassador has in recent days been in contact with him to defuse the situation. When Col. Qaddafi met with reporters earlier this past week he threaten war all over the Middle East if Israel or the U.S. should strike at Libya. Well this time he made it even bigger. He said it could be World War III, but at the same his softened rhetoric on terrorism made it seem that he would like to avoid war altogether.

Brinkley: If you were making the decision or advising someone who was making the decision, what would you suggest doing about this latest terrorist outrage?

McFarlane: I think the long stated imperative that terrorism not go on without cost is as valid as it is unobserved. I think at a minimum, and in our tradition of stepping up on the escalatory ladder near the bottom, it's not unreasonable to at least expect countries to stop doing normal discourse, commerce with the Libyans. The United States went a long way toward doing that in December of '81 and got no support, really, from the allies. Today we see reports that European countries are preemptively saying that they won't take that kind of step.

Will: Doesn't the Administration seem to rather like being hostage to reluctant allies? I mean we say: Well we asked our allies and they won't do it, but we asked and therefore we are off the hook.

McFarlane: Well I think that the time has come where we have to go beyond asking and being turned down. When we asked before it was in somewhat different circumstance where their own protestations were a little bit more credible. They really lost much of their credibility now and we ought to be a little bit more firm about it.

Will: Would that (terrorist training camps) be a legitimate military target for the United States in response to the airport attacks?

McFarlane: I think it would. I'm obviously not speaking for the Administration. I think it is more likely that we would first try to encourage this collective action against Libya before a more violent response.

THIS WEEK (continued)

Brinkley: If a terrorist is nasty enough, vicious enough, threatening enough nobody wants to do anything. How do you see it?

Peres: I would strongly recommend that collective measures will be taken against host countries, and I'm referring first, and mainly to economic, political, and other sanctions against this sort of a country. And then I believe each country should take more carefully their security measures in the centers of transportation, airports, and airplanes.

Will: Clearly, Libya is one of those host countries, and equally clearly nothing is going to be done collectively by the Europeans.

Peres: As I said I think Europe is learning it the hard way that something must be done and undoubtedly that Libya today is the most evil country in many respects, and surely when it comes to terrorism.

Donaldson: There is much speculation that Israel is unhappy at the United States at the moment because we appear not to be doing anything and we are really saying: Oh Israel, it's terrific if you strike, in fact the President's spokesman said the other day that if this group can be found and wiped out by someone else that would be just fine with him, but that the United States isn't doing it's part.

Peres: I don't feel that way and we are not going to teach a lesson to the United States. I think the positions taken by the President and the Secretary of State are very strong and clear positions. I think the United States took a responsible and strong position much more than any other country, say in Europe.

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NBC -- MEET THE PRESS

Moderator: Garrick Utley.

Panel: Robert Novak, Chris Wallace.

Guests: Sen. Patrick Leahy, Sen. Richard Lugar, David Newsom, Richard Shadyac.

On Col. Qaddafi:

Utley: Do we have evidence of a Libyan connection, a smoking gun in the airport attacks?

Leahy: I think that there is evidence of a Libyan connection in that particular terrorist attack, but I think what we have to realize is that there is evidence of Libyan involvement in a lot of the state-sponsored terrorism that we are seeing around the world. If you are going to set up a policy against terrorists, and this Administration really hasn't got their act together on the policy against terrorists, you've got to have it a consistent one and that has to involve Libya and it also has to involve two or three other countries involved in state-sponsored terrorism.

Wallace: Do you support U.S. military action against Libya and do think that it is going to happen?

Lugar: I would support such action if we are able to determine that the smoking gun was there, that they are responsible in these airport attacks and if we can isolate targets of those that perpetrated it.

Wallace: Do you think it is going to happen?

Lugar: I doubt it because I suspect that we have not established the connection and we are not certain precisely what the target is, but in the event that we should have that opportunity, I have no doubt the President would be willing to do that.

Leahy: I think it may not happen because the Administration seems to be so torn-apart at what's going to happen here. You have Secretary Shultz taking what I think is the proper position, let's strike at terrorists when we can find them, and Secretary Weinberger who seems hesitant to use this enormous military power he has built up.

Wallace: Is President Reagan making a mistake getting into a war of words with Qaddafi as he has this last week?

Leahy: I think that for the President to talk tough is the wrong thing to do. Act first, talk about it afterward. The President said after the Achille Lauro, which was a success, they can run but they can't hide. The fact is that the terrorists who bombed our embassy twice, kidnapped and murdered our diplomats, killed 250 Marines, have run and they have hidden and they have done it very, very effectively.

MEET THE PRESS (continued)

Wallace: Is the President making a mistake talking so much about Qaddafi? Should we act more and say less?

Lugar: I think that the President has played this about right. It seems to me that Qaddafi presently is denying culpability. The Syrians have moved back some of their missiles in irritation to the Israelis, in other words, everybody seems to be pulling back a little bit because they see that we really might mean business, and in fact, if we get the right target and the right people we will.

Wallace: When President Reagan, it was reported a few months ago, had approved a plan to undermine Qaddafi, Congressional leaders were generally opposed. Do you sense that there is increasing support on Capitol Hill for covert action against Libya and against Qaddafi's regime?

Lugar: I don't know how you would comment on public television on covert action. I would just simply say that I don't sense any resistance to the President's ideas with regard to undermining Qaddafi and I would guess that there would be pretty general support of that.

Leahy: The fact is that we are not adequately prepared to deal with state-sponsored terrorism and until we are we are going to continue to have these same discussions.

Novak: Let me ask you about what Sen. Lugar was saying which I suspect is the coming Administration line to wit: That we made some tough language, we had some threatening language, therefore the Libyans backed down from terrorism, less supportive of the massacres in Vienna and Rome. Do you think there is anything to that?

Newsom: Obviously they did change their line, Qaddafi said one thing, the foreign minister said another, but I'm not sure that that changes their basic inclination to support whatever movement they feel is designed to pursue the Palestinian cause in an aggressive manner.

Novak: What do you think of this breast-beating, what do think it does to our interest in the Middle East every time there is something like this we have the White House Press Secretary saying we are going to strike back and strike back hard?

Newsom: Well, I think U.S. policies should be designed to protect the innocent against this continuing war in the Middle East and therefore I think there should be a strong emphasis, as there is, on intelligence, on security arrangements at airports, at embassies. But I think that if we are going to use rhetoric or use military action, it's got be designed to dry up the activity, and my concern with the excessive rhetoric and possibly with military strikes is that they just continue both the cycle of rhetoric and the cycle of violence.

Wallace: If the U.S. did attack Libya do think that it would mean more or less terrorism?

MEET THE PRESS (continued)

Shadyac: More, considerably more, because one act will beget another act. You know the young man who died in the Rome airport I think gave a message to the world. He sacrificed his life to avenge the Israeli strike at Tunis.

Wallace: Would a U.S. attack work? Would it stem terrorism?

Newsom: I don't think so myself unless it were so clearly targeted on the source of the terrorism and that is very hard to do.

Utley: If Qaddafi were to leave the scene would the man or the men who would succeed him be any better for us to deal with?

Shadyac: That's a very good question, and my perception is you might get a much harder-line individual than this individual.

Newsom: I think it could go either way. I think Qaddafi is a charismatic, shrewd, some what bizarre leader and I'm not sure that what follows him might not be more pragmatic.

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CBS -- FACE THE NATION

Moderator: Bob Schieffer.

Guests: Charles Robb, John Sununu, Edward Rollins, Harrison Hickman, David Broder.

On Battle for control of the Senate:

Schieffer: Is this going to be the year of the much heralded realignment when the grand old party becomes the majority party in this country, or is this going to be the year when the Democrats take the Senate?

Robb: I obviously, probably disagree with my colleague John Sununu on the question of whether or not a realignment is going to take place. I don't think that it is. I think we're seeing some evidence of de-alignment, perhaps, in some respects. We certainly have a very good chance of capturing the Senate. It's not a lock by any stretch of the imagination.

Sununu: Well I think the issue is, first of all, what is happening with the electorate in the country, and the electorate in the country has adopted, for one reason or other, an approach, a feeling that they want to go in the direction of basic Republican principles, a reduction in the size of government.

On the '88 Presidential election:

Schieffer: I think most political observers and most politicians would say Hart is now the front runner for you. I think most people would say that George Bush is the front runner for the Republicans. Are those front runners going to hold up?

Robb: I would acknowledge that the front runners that you have picked are indeed the acknowledged front runners at this time.

Sununu: I think to talk about 1988 so far before the 1986 elections is going to miss the impact that '86 is going to have on '88, and I frankly think that the idea of talking about front runners today is much too early.

On the midterm elections:

Schieffer: Well, the sixth year of a two-term presidency is generally the time that incumbents get waxed. Is this going to be a tough year for Republicans running for election now?

Rollins: I certainly don't think so. The President's popularity is the highest of any modern President. I think that certainly will help. There are no great national issues out there, so I think it's really going to come down more to personality contests, and I think Republicans are going to do very well.

Hickman: I agree that there are going to be personality contests, but this is the Republican class of Senators who are the class of empty suits. These are the people who rode in on Ronald Reagan's coattails, and they now have got to prove what they've done.

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FACE THE NATION (continued)

Schieffer: Who do think the most vulnerable Republican Senators are going to be this year?

Broder: Probably those in the southern states who won last time on the President's coattails, and those in the states that are heavily affected by agriculture, we're talking about a band of states that would run all the way from the Midwest, Iowa, South Dakota, all the way out to Idaho and the State of Washington. The agriculture sector is a really tough problem for the Republicans this year.

On the health of the parties:

Schieffer: How do you all gauge the health of both parties right now? Is the Democratic party in good shape?

Broder: No, it is not in good shape. They're broke. They're floundering for a message at the national level, and they have had trouble recruiting candidates.

Rollins: I think the President has led the Republican Party to a position of its greatest strength. I think the Democratic Party is starting to come back, but I think it has been in a position of real weakness. I think there's no question the President's popularity though, is going to help somewhat.

On the '88 presidential election:

Schieffer: Have you got any favorites right now?

Hickman: For '88? I would guess that we don't know who the nominee is going to be yet. We don't even see him in the field.

Rollins: There's no question that the Vice President is the front runner, but I think it's going to be a contested primary from the start to the finish, and I think that he's going to have to show that he can set the national agenda and the Republican agenda beyond the President, and I think that's going to be an interesting task.

Schieffer: Do you all believe that perhaps some issue that we don't know yet could have a major impact on both this '86 Senate race and certainly the '88 race?

Broder: Well, the question of the economy is always central in an off-year election, and if you are going to narrow it down, I would think this question of trade imports, which is quiet at the moment in Washington, but it's not quiet out in the communities where I've been visiting.

Hickman: I think tax reform could be an issue, and as a Democrat I would like to say that we're glad to be the ones who are on the side of the tax reform and watching the Republicans try to explain why they're against it.

Rollins: When you are in an environment like we are where there aren't any national issues dominating the scene, something can come along. You have a void out there, and something could jump in there and fill the void that could have serious effects for either party. ...###

THE McLAUGHLIN GROUP

Moderator: John McLaughlin.

Panel: Robert Novak, Fred Barnes, Alexander Cockburn, David Gergen.

On Terrorism:

McLaughlin: Should the United States take armed reprisals against suspected terrorist lairs in Libya either with Israeli jets or without them?

Barnes: As good as it would feel, it is not a good idea to have a hysterical ad hoc military retaliation. What the U.S. needs to do is have a consistent, firm, tough anti-terrorist policy not this one of noisy threats and no action. It could start with Libya by one: pressuring the Europeans to do something about Libya, to withdraw economic and diplomatic relations and promoting Libyan dissidents so they'll overthrow Qaddafi.

Novak: What we shouldn't do is do anything in conjunction with the Israeli forces, that would be just a disastrous mistake. If we could get Abu Nidal surgically that would be fine, but we are not going to be able to do that so I think the answer is no we should try to stick to economic and political sanctions.

Cockburn: I think the way it's always put, like immediately after these things you know, who should we go after and bomb, is the wrong way of thinking about it. Obviously you are going to go on having terrorism until you get some sort of a settlement in the Middle East and that has to involve the Palestinians. As long as that's never discussed and that's never put on the agenda in any proper way, you've got 20,000 people running around the Middle East after the Israeli war in Lebanon and they are all people who are going to do a lot of killing.

Gergen: We should have a consistent policy toward terrorism and that should include retaliation. We should retaliate if we can possibly find a spot. Mr. Qaddafi says that this will bring war in the Mediterranean, we are already at war in the Mediterranean. We should go after them.

McLaughlin: Will this Israeli-Libyan-U.S. terrorist situation...erupt into a full scale war in the Middle East?

Barnes: I don't think so. It would be nice if it led to U.S. efforts to oust Qaddafi.

Novak: No. Because the U.S. is actually backing away from joint action with Israel because it is a disaster for the peace process in the Middle East.

Cockburn: No. I don't think there is any question.

Gergen: I do think it may lead to a strike, I don't think it will lead to an all out war.

McLAUGHLIN (continued)

On the New Year's Day greetings:

McLaughlin: How are you impressed by this New Year's TV exchange and by the Soviet preference for a September versus a June summit?

Barnes: Well, the thing that's interesting is Reagan has really mastered this public minuet of detente, you know the chummie talk and so on, and the doves like it and everybody's happy in the U.S. and the Europeans like it. Actually underneath, Reagan is still the same hard-line guy and for that reason it doesn't make any difference whether this summit is in June or September. The Soviets have their reasons for wanting it later. They want to increase the pressure on Reagan to yield on Stars Wars in an election year.

Novak: Do you know why these people want it in June? It's hard to believe, but they wanted the President to be available for the midterm campaigning.

Cockburn: I think the whole thing is fairly farcical like the New Year's Day thing. The same day as those messages were exchanged the Soviet moratorium on testing ran out, the United States said they had no interest whatsoever in it, that's substantive. SDI is continuing, that's substantive. So all this love talk is absolutely beside the point.

McLaughlin: I am construing what's happening now in East-West relations as a thawette, which is kind of a demi-thaw.

Predictions:

McLaughlin: Will George Shultz be replaced in 1986?

Barnes: He's gone.

Novak: I think he'll stay, but it's a tough question and if doesn't keep better control of himself he may go.

Cockburn: I think he'll stay.

Gergen: He definitely won't be replaced, the question is whether he will resign. I think after McFarlane's departure he is very unlikely to resign. I think he will stay.

McLaughlin: I think he'll go.

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AGRONSKY & COMPANY

Moderator: Martin Agronsky.

Panel: Karl Rowan, Hugh Sidey, Elizabeth Drew, Jack Kilpatrick.

On Qaddafi:

Agronsky: Should there be reprisal attacks by either the United States or Israel?

Kilpatrick: Not yet, but if Qaddafi or his mobs take Americans hostage, then I think we go to war.

Rowan: If you are sure Abu Nidal and his gang did it and you can find them yes, but just a blind striking out in anger, killing innocent people, would only produce more attacks in which more innocent people get killed.

Drew: If it is clear that Libya helped finance this operation and other operations, if an appropriate target can be found, yes.

Sidey: Indeed, prove the case and then attack.

On New Year's Day Exchanges:

Agronsky: Do think any good was accomplished by it, do think it means anything in terms of looking down the rest of the year to the U.S.-Soviet relationship?

Rowan: I think it means a lot and I was delighted to see it because those two men were dealing with the overriding factor in the relationship, the fear that each country has of the other.

Sidey: It does have an impact. The Time people over in Moscow went out on the street afterwards. One of the most interesting comments came from a woman who said: You know we have a Russian proverb that by the age of 40 your life is reflected in your face. She said I looked at Mr. Reagan's face and he wasn't an evil man. We'd been told all these years that he was so evil. That wasn't an evil face. She said I think three minutes on television was better than 30 years of what was said.

Agronsky: I think can't think of a more compelling or more dramatic way to say that what happened mattered, because if it starts that kind of a process inside the minds of the Russian people, what could be a better thing in this world that could happen.

Kilpatrick: Can I put in a slightly sour note here? Tis diplomacy or hypocrisy I suppose, they are synonyms, but here the President takes off after Qaddafi who is a monster and uses the equation of the 11-year-old girl. He thinks it is okay to kill 11-year-old girls. Well the Soviet troops in Afghanistan have been dropping these toy bombs that maim and kill 11-year-old children in Afghanistan. So we are exchanging all of these greetings with Mr. Gorbachev while he is out killing 11-year-old girls. That's just the way the world is.



News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, JANUARY 6, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

President To Announce Sanctions Against Libya -- The President intends to open his news conference at 8 tonight with a statement of U.S. plans.
(Washington Post, Washington Times)

Terrorists Train At 15 Libyan Sites, U.S. Official Says -- The White House has received intelligence information that camps have been set up in Libya to train terrorists.
(New York Times)

NATIONAL NEWS

Postal Chief Carlin Fired After 1 Year -- A formal announcement is scheduled today.
(Washington Post, New York Times, Washington Times, Wall Street Journal)

Tax Reform Plan Greeted Senate Committee -- The Senate Finance Committee's hearings are scheduled for Jan. 29 and 30 and Feb. 4, 5 and 6.
(UPI)

NETWORK NEWS (Monday Evening)

QADDAFI -- President Reagan has decided his next move against Libya will be some kind of economic sanctions rather than military action.

DEFENSE CUTS -- In Washington, the Pentagon is getting ready for a budget battle.

COLUMBIA -- The space shuttle Columbia, which has not flown in two years, did not make it today either. Its launch was aborted at the last minute.

MOST BLACKS BACK REAGAN, POLL FINDS

With more women and blacks than ever before supporting President Reagan, 68% of the American people now approve of how he is handling his job, the latest New York Times-CBS News Poll shows. The telephone survey of 1,358 adults showed 67% of women and 56% of blacks approving of how the President was handling his job.

(Adam Clymer, New York Times, 1/5)

INTERNATIONAL NEWS

PRESIDENT TO ANNOUNCE SANCTIONS AGAINST LIBYA

President Reagan, responding 11 days after terrorist attacks at the Rome and Vienna airports, is planning to announce tonight that the United States will impose further economic sanctions against Libya and again seek help from Western Europe in trying to isolate Libyan leader Muammar Qaddafi, Administration sources said yesterday.

Sources also said Reagan intends to "keep his military muscle flexed" as part of the U.S. response to the attacks that killed 19 people, including five Americans. Reagan told aides yesterday he wants "to make Qaddafi go to sleep every night" unsure about possible U.S. possible military actions against Libya. (David Hoffman, Washington Post, A1)

Reagan To Call For Sanctions Against Libya

The decision to increase economic and political pressure on the regime of Col. Qaddafi was made at the end of a day of intense debate within the Administration over an appropriate response to the terrorist attacks on the Rome and Vienna airports Dec. 27.

White House Communications Director Patrick Buchanan was said to have argued forcefully that the President should not make any more tough statements on Libya that are not followed by deeds. Buchanan argued that the time called for action, not words, the sources said.

(Jeremiah O'Leary/Bill Kritzberg, Washington Times, A1)

TERRORISTS TRAIN AT 15 LIBYAN SITES, U.S. OFFICIAL SAYS Administration Calls Qaddafi's Denials 'Patently False'

WASHINGTON -- The White House has received intelligence information that as many as 15 camps have been set up in Libya to train Palestinian guerrillas and other terrorists, an Administration official said Monday.

The official also said President Reagan would probably issue in the next few days "a clarification of what we know" about purported Libyan links to international terrorism.

(Bernard Weinraub, New York Times, A1)

MIA HUNTS BY CITIZENS ANNOY U.S.

BANGKOK -- The Reagan Administration, engaged in high-level meetings with Vietnam to resolve the issue of missing U.S. servicemen, is growing increasingly annoyed at private American efforts to turn up living prisoners of war in Southeast Asia, according to U.S. officials. A high-level U.S. delegation flew to Hanoi Monday to discuss the issue with senior Vietnamese officials, including Foreign Minister Nguyen Co Thach, during a 24-hour visit. (William Branigan, Washington Post, A1)

Both Delegations Emerge Smiling After MIA Negotiations In Hanoi

HANOI, Vietnam -- The highest-level U.S. delegation to visit Vietnam since the war ended in 1975 met officials here for three hours yesterday to discuss ways to speed up the search for Americans still listed as missing in action. The two delegations emerged from the talks smiling, but neither side disclosed details of the session. (AP story, Washington Times, A6)

Hanoi Has 50 More MIA Reports, Hopes To Resolve Issue Next Year

The government announced Tuesday it had collected about 50 new reports on U.S. servicemen killed in the Indochina War, and told visiting U.S. officials that it hoped to resolve the issue of about 1,000 American MIAs before the end of 1987. (Dennis Gray, AP)

MIAs -- Indochina

Several military and intelligence officers have accused the State Department, the Pentagon and the CIA of quashing reports that dozens of American prisoners of war are being held in Southeast Asia.

The Defense Intelligence Agency, the U.S. Embassy in Thailand and the CIA suppressed information about American POWs in Vietnam and Laos, according to six people, some who said they had spotted American POWs as recently as 1985. (UPI)

U.S. And Vietnam Agree To Wrap Up MIA Issue In Two Years

Assistant Defense Secretary Richard Armitage told reporters his delegation had also asked Hanoi if Americans were still held in Vietnam.

"The Vietnamese side expressed their position that there are no live Americans under their control," he said. (Reuter)

SOVIET: U.S. RAISING TENSIONS

MOSCOW -- A Soviet spokesman Monday accused the United States of aggravating tensions in the Middle East with a policy of confrontation against Libya. At a press conference, Foreign Military spokesman Vladimir Lomeiko backed Tripoli's claims that it had nothing to do with recent terrorist attacks in Rome and Vienna, and said Washington was using these as a pretext to "punish" Libya. (Celestine Bohlen, Washington Post, A10)

Soviets Charge U.S Is Responsible For 'Confrontation' With Libyans

The Soviet Foreign Ministry yesterday accused the United States of making "direct threats" against Libya, but declined to say whether the Kremlin would take action in the event of an American blockade of Libyan ports. (AP story, Washington Times, A5)

PERLE URGING MORE PUBLICITY ON SOVIET AID TO TERRORISTS

World wide terrorism could be reduced to "manageable proportions" if it was not blocked by the Soviet Union and its allies, and journalists should focus attention on this Soviet terrorism link, a senior defense official said last night.

Richard Perle, assistant defense secretary for international security policy, said there is not much the United States can do alone to "discourage the Soviets from this sort of activity."

(Walter Andrews, Washington Times, A3)

ORTHODOX GET REAGAN CHRISTMAS MESSAGE

President Reagan yesterday issued a message to millions of Christian believers around the world, including up to 100 million people in the Soviet Union, who celebrate the Orthodox Christmas today.

Mr. Reagan said he wanted Orthodox believers in Russia, the Ukraine, Byelorussia, Armenia, Georgia the Baltic states and elsewhere in the Soviet Union to know that America joins them under the fatherhood of God.

(Jeremiah O'Leary, Washington Times, A2)

ABE TO VISIT WASHINGTON TO WARD OFF PROTECTIONISM

TOKYO -- Japanese Foreign Minister Shintaro Abe will meet Secretary Shultz this week to try to head off a protectionist flare-up in Congress, Foreign Ministry officials said Tuesday.

(Reuter)

THAILAND SEES U.S. BILL PUSHING DOWN ITS RICE EXPORTS

BANGKOK -- Thailand, the world's biggest rice exporter, could see its shipments drop by one million tons a year, a spokesman for the private Thai board of Trade said.

Ajva Paulannanda told reporters Monday night that a new U.S. farm bill which comes into force in mid-April could mean a loss of a quarter of Thailand's total rice exports or three percent of its export earnings.

(Reuter)

BRITAIN NAMES NEW U.S. ENVOY

LONDON -- Antony Acland, currently serving as permanent undersecretary of state and chief of the diplomatic service, will replace outgoing ambassador Oliver Wright in early September. His appointment, which already has been approved by the Reagan Administration, comes at a time when Prime Minister Thatcher is under sharp domestic questioning for the current close alignment between U.S. and British policy in a number of areas.

(Karen DeYoung, Washington Post, A10)

ECONOMIC WOES MOVE GREECE CLOSER TO U.S.

ATHENS -- Greece's ailing economy may help persuade the government to try to mend fences with the United States, the European community and domestic business, according to diplomats and economic analysts here. (Reuter story, Washington Post, A6)

U.S. TELLS SUDAN IT CAN COUNT ON HELP

KHARTOUM, Sudan -- Apparently signaling an easing of concern over the presence of Libyan and "other known terrorists" here, the Reagan Administration's top African expert Monday pledged continued aid and praised hard-pressed Sudan's efforts to return to democratic rule.

Chester Crocker, assistant secretary of state for African affairs, told reporters that the United States was "watching with profound concern," the democratic changes here since the overthrow last April of President Jaafar Nimeri, a longtime U.S. ally.

(Jonathan Randal, Washington Post, A10)

THREATS OF

EDITOR'S NOTES: Page A11 of the Washington Post contains an article entitled, 'Events Test Strength Of U.S.-Israeli Ties,' 'Military Ponders Strike Targets Amid Missing And Opening Cues,' (news analysis) and 'Syrian Press Denounces Arafat's Remarks.'

-more-

NATIONAL NEWS

POSTAL CHIEF CARLIN FIRED AFTER 1 YEAR

The U.S. Postal Service Board of Governors, in an unprecedented move, fired Postmaster General Paul Carlin Monday after 12 months in office, amid accusations that he has moved too slowly in cutting the post office's bloated headquarters staff while failing to master key details of his job. The board, traditionally a rubber-stamp body that has become more assertive since President Reagan's appointees gained control, immediately named former American Airlines chairman Albert Vincent Casey as postmaster general. (Keith Richburg, Washington Post, A1)

Postal Chief Out After Year In Job; Executive Chosen

Postal Service spokesmen confirmed that Carlin was leaving his \$81,800-a-year job as Postmaster General, but could not say whether he had been dismissed or had resigned. The Postal Service board of governors met in closed session in Washington Monday to act on the transition. (Ben Franklin, New York Times, A1)

Carlin Is Fired As Postmaster General; Retired American Airlines Chairman To Take Post

The action, the first actual firing of a postmaster general since the agency was reorganized in 1970, occurred in a private meeting of the governors Monday, postal sources said. Mr. Casey is 65 years old, is the retired chairman and chief executive officer of American Airlines.

(Leonard Apcar, Wall Street Journal, 64)

Postal Service Board Fires Postmaster General

A year-long behind the scenes struggle between Postmaster General Paul Carlin and the U.S. Postal Service's board of governors over the size of the postal service work force and future union negotiations, ended yesterday with Mr. Carlin's ouster by the board.

(Mark Tapscott/George Archibald, Washington Times, A3)

TAX REFORM PLAN GREET'S SENATE COMMITTEES

The Senate Finance Committee plans to begin examining the House-passed tax overhaul bill almost immediately after Congress returns, but getting a measure through the Republican-led chamber promises to be a prolonged battle. Sen. Packwood, the committee chairman, said Monday the panel would open five days of hearings on the massive plan to rewrite the nation's tax code in the first full two weeks Congress was back in session. The second session of the 99th Congress technically begins Jan. 21. But the bulk of the work is not expected to begin until after President Reagan, who has made tax overhaul his top domestic priority, delivers his State of the Union address Jan. 28.

(Joseph Mianowany, UPI)

AX AIMED AT HUD, JUSTICE

The Reagan Administration, not satisfied with the \$11.7 billion in budget cutbacks slated this spring under Gramm-Rudman, wants to go one step further by eliminating dozens of already funded federal programs. Projects targeted for mid-year axing are mainly those providing grants to local governments or private individuals and agencies, Administration sources say. If approved by Congress, the Administration's package of budget recision requests would save several billion dollars this year.

(Willis Witter, Washington Times, A1)

SENIOR HUD OFFICIAL INVESTIGATED

The Justice Department is investigating allegations of improper conduct involving a senior federal housing official who has earned at least \$80,000 speaking and writing for a group that sells books and tapes on how to make money in real estate.

Gordon Walker, deputy undersecretary of HUD, gave some of the lectures during official HUD trips that were paid by for the government, according to sources familiar with the investigation.

(Howard Kurtz, Washington Post, A1)

DONOVAN'S TRIAL TO BEGIN FEB. 18

NEW YORK -- After more than a year of pretrial maneuvering, former secretary of labor Raymond Donovan and nine other men were ordered today to stand trial Feb. 18 on charges of fraud and grand larceny.

(George Lardner, Jr., Washington Post, A5)

U.S. LOSING 'HOT WAR' AGAINST DRUGS, OFFICIAL SAYS

The recent arrests of Miami policemen on drug-related charges is another sign of an "active war that is now destroying this country," the chief of staff of the House Select Committee on Narcotics Control and Abuse said Monday. "This is a hot war, and we're losing it. And each year we lose a little more," said John T. Cusack. "And it's not going to go away." Mr. Cusack called on the Reagan Administration to get much tougher with those in the drug trade -- "to make the U.S. a very, very unattractive place for smugglers and traffickers to operate. The Reagan Administration inherited the problem, but the bottom line is that they have not been very successful in reducing it. It has continued to climb."

(John McCaslin, Washington Times, A6)

SHUTTLE LIFTOFF DELAYED AGAIN

CAPE CANAVERAL -- For the second time in 19 days, launch of the remodeled space shuttle Columbia was scrubbed today at the last minute, delaying for at least a day its return to space.

(AP story, Washington Post, A5)

IMPORTS LEAD WAY IN CAR-TRUCK SALES BOOM

DETROIT -- American automakers had a record year and a rough one in 1985 as sales of U.S. cars and trucks improved but with Japanese companies landing one of every five new-car sales, an industry analyst says. Sales of cars and trucks in the United States reached a new high of 15.7 million in 1985, bolstered by the second consecutive record year for imported autos, according to results released Monday by automakers.

(AP)

TECHNICIANS SAY CUTS THREATEN AIR SAFETY

Federal Aviation Administration budget cuts, anticipated this year under the Gramm-Rudman law would be an "act of appalling irresponsibility" that could lead to increased fatalities, said a group representing technicians who maintain air traffic controllers' equipment.

"I do not exaggerate when I say that it will almost inevitably lead to the deaths of passengers and aircraft crews in the increasingly crowded American air space," Howard Johannsen, president of the Professional Airways Systems Specialists, told reporters.

(Christopher Simpson, Washington Times, A3)

JUSTICE DEPARTMENT WANTS TO CLOSE INDIANA FACILITY

WASHINGTON -- In the first use of a 1984 anti-pollution law, the government has filed suit against a Gary, Indiana, hazardous waste facility charging that it stored toxic chemicals in leaky drums and tanks.

Attorney General Edwin Meese III announced Monday that a civil complaint was filed in U.S. District Court in Hammond, Indiana, on behalf of the administrator of the EPA.

(AP)

SPOUSES OF DIPLOMATS MAY BE OFFERED JOBS

The State Department is preparing to submit to Congress a proposition for a pilot project that would create 30 to 50 jobs for spouses of Foreign Service Officers serving abroad and that would compensate spouses of ambassadors and other senior diplomats for charitable and social work. The proposal, called for in legislation sponsored by Sen. Mathias (R-Md.) is supposed to be sent to Capitol Hill by Feb. 1. But department officials, noting that its provisions are still under discussion and awaiting approval by Secretary Shultz, said they may not be able to meet that deadline.

(John Goshko, Washington Post, A13)

CHEMICAL BAN PLANNED FOR COSMETICS

The Food and Drug Administration plans to ban use of a potentially cancer-causing chemical in cosmetics, but to allow its continued use in decaffeinating coffee. The chemical is methylene chloride, a solvent found in paint removers, aerosols and other manufacturing processes.

(Washington Post, A13)

\$32 MILLION IN DEFENSE RESEARCH RULED WASTE

Military laboratories are frequently ignoring a directive to file summaries of their research work with a central Pentagon repository, allowing new contracts to be awarded that duplicate earlier work, according to an internal audit.

Using a sample of 4,774 research contracts awarded in fiscal 1982 and 1983, auditors reported that 95 contracts worth \$32.6 million "duplicated other Department of Defense research" and thus appeared unnecessary.

(AP story, Washington Times, A4)

AGRICULTURE AGENCY DIES QUIETLY

ORDP, a creature sired by the Reagan Administration and then banished to an unhappy home at the Agriculture Department, died quietly last month after a long illness apparently related to neglect. It was 4. Through a brief and uneventful life, the Office of Rural Development Policy cost more than \$8 million and came to be regarded on Capitol Hill as an incorrigible that wasn't worth saving.

(Ward Sinclair, Washington Post, A13)

ANOTHER WHITE HOUSE GRAD TURNS TO P.R.

Nancy Reagan's departing chief of staff, James Rosebush, said Monday he will open his own consulting firm here to advise foreign firms, governments and foundations about public affairs, community relations, and Americans' perceptions. Like his former mentor at the White House, Michael Deaver, who opened his own international consulting firm last spring, Rosebush greatly expanded his foreign contacts by advancing Mrs. Reagan's activities on the Reagans' trips abroad since 1982.

(Donnie Radcliffe, Washington Post, C2)

IRS FORMS REVISED

The Internal Revenue Service is changing its tax forms for 1985 in ways it hopes will reduce taxpayer cheating, IRS officials said Monday. The additions to the forms in part reflect the changing shape of society: Several have to do with divorce and custody of children.

(Washington Post, D1)

QADDAFI COCKTAIL

Joe and Mo's bartender Matt Shean has also had it with Libyan leader Muammar Qaddafi. He is offering a Qaddafi cocktail. As he describes it, "We don't know what the ingredients are, but they're disgusting..."

(Chuck Conconi, Washington Post, C3)

EDITOR'S NOTES: Page A1 of the Washington Post contains a story entitled 'Democrats Running To Catch Up On Senate Races.' Page A8 of the Washington Post contains a feature entitled 'Solicitor General Takes On Critics.'

'EPA Defends Use Of Chauffeured Cars,' page A13 of the Washington Post. Page B1 of the Washington Times has 'Russell Kirk: Reflections Of A Conservative Mind,' and 'Free The White House One; The Search For Pat Buchanan' is on page D1.

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NEWS FROM THE STATES

NEW FAST STARTED BY MIA ACTIVISTS

KENT, Wash. (UPI) -- Vietnam veteran Gino Casanova would be content to let others meet with Ronald Reagan to discuss the plight of servicemen still missing in Southeast Asia, so long as the president talks soon to somebody about the issue. In the meantime, three supporters of Casanova will continue the fast they started Sunday to call attention to the MIA issue.

Casanova, 34, ended his fast Dec. 5 when the president made a telephone call to the former Marine and promised to meet with him. But since then, the Secret Service has advised against such a meeting because of Casanova's convictions on two simple assault charges. Even so, Casanova said he intends to hold the president to his telephone promise to meet with somebody concerned about resolving the MIA issue, although Casanova would not necessarily have to be included.

"I'd be more than willing to have a cup of coffee outside and let people who can resolve the issue meet with the president," said Casanova. Casanova said a meeting with the president is important because he believes Reagan has been shielded from reports of POW sightings.

CENTRAL ARIZONA PROJECT

WASHINGTON (UPI) -- Bureau of Reclamation officials have said completion of the \$3.6 billion Central Arizona Project will remain on schedule despite new budget constraints mandated by Congress. C. Dale Duvall, the new head of the bureau, said President Reagan's budget request for the first time includes money for the beginning of construction of Cliff Dam.

Reagan last year requested \$173.5 million for the project, and Congress eventually appropriated \$190 million for the CAP for fiscal 1986. The president's fiscal 1987 budget is scheduled to be sent to Congress next month, but Duvall would not reveal the amount for the CAP that Reagan is seeking.

FIEDLER TO RUN FOR SENATE

LOS ANGELES (UPI) -- Rep. Bobbi Fiedler Monday announced her candidacy in an already crowded field for the U.S. Senate, declaring that California's political future must not be "shaped by worn out policies." Fiedler termed her congressional record as one of achievement, working directly with President Reagan as a member of the House Budget Committee and the Joint Economic Committee.

She is the seventh candidate vying for the Republican nomination in June. Others include: state Sen. Ed Davis; Rep. William Dannemeyer; Los Angeles Supervisor Mike Antonovich; economist Arthur Laffer; Assemblyman Robert Naylor and Rep. Ed Zschau. Those considering a bid are actor Fess Parker, TV commentator Bruce Herschensohn of KABC in Los Angeles, and Rep. Dan Lungren.

NEWS FROM THE STATES (continued)

TRIAL DATE SET FOR FORMER LABOR SECRETARY

NEW YORK (UPI) -- A judge Monday set Feb. 18 for the trial of former Labor Secretary Raymond Donovan, accused with nine other men and two firms of bilking New York City of \$7.4 million in a tunnel construction project. It is alleged the Schiavone Construction Co. engaged in a scheme to defraud the New York City Transit Authority out of \$7.4 million on a 1979 subway tunnel construction job by submitting inflated and phony bills for work on the 63rd Street subway tunnel.

Donovan, 55, was executive vice president of the New Jersey firm at the time the scheme allegedly was hatched and took place. He quit Schiavone to join Reagan's Cabinet in 1981, and then resigned as labor secretary in March 1985 -- five months after he was indicted -- to fight the charges.

Historians have said Donovan was the first Cabinet member in American history indicted on criminal charges while still in office and advising the president.

SURVEY: NETWORKS SLIGHTING CONGRESS

RADNOR, Pa. (UPI) -- Network television is devoting less time to covering Congress but more time to stories relating to President Reagan and to other news events, a survey said Monday. The survey found that the Republicans in Congress received more air time than their Democrat counterparts despite claims by such groups as Accuracy in Media, which has charged the GOP receives less air play.

"As for the character of the coverage -- the networks made just as many critical comments about Democrats in Congress as Republicans," political scientists Norman Ornstein and Michael Robinson said. The survey also found that charges the networks possess a liberal bias appear unfounded. Ornstein and Robinson said they found only one story concerning Congress that sounded liberal. It was a report by Bill Moyers of CBS.

LACK OF SUPPORT OF KING'S BIRTHDAY UPSETS NEPHEW

WEST PALM BEACH, Fla. (UPI) -- The nephew of Dr. Martin Luther King Jr. Friday said the city of West Palm Beach shows a "lack of sensitivity" for not allowing employees to observe the late civil rights leader's birthday.

President Reagan has declared Jan. 20 a national holiday, but West Palm Beach officials say the city has no plans for giving its more than 1,000 employees the day off.

NETWORK NEWS SUMMARY

(Monday Evening)

QADDAFI

CBS's Bob Schieffer: President Reagan has decided his next move against Libya will be some kind of economic sanctions rather than military action -- that tonight from Bill Plante who says the decision came after Mr. Reagan met again today with advisors to decide how to respond to the brutal terrorist attacks 11 days ago at the Rome and Vienna airports. Plante says that White House sources tell him the President will reveal his decision and outline what sanctions he will seek during a news conference tomorrow night. Bill McGlocklin says that one option that has been under study would urge the Western allies to ban flights into Libya from as many European capitals as possible.

CBS's Steve Croft reports for a week now the United States has been rattling sabres, a risky tactic in a delicate game. The threats of retaliation against Libya have not only caused the Arabs to line-up behind Qaddafi, they have exposed disunity among the Western allies. Even Italy, which has absorbed more terror than anyone else in the last year, is against hitting back this time. How do you retaliate against a shadow? That's the problem. This is the only verifiable picture of Abu Nidal, the closest thing to a psychopath on the international terrorist scene. And just where is his office? Most people think he moves frequently between Libya, Syria and Lebanon. Barring some clever surgical strike that eliminates or neutralizes terrorist leaders, the United States has painted itself into a corner. A strong response against Libya could provoke a serious Middle East crisis. No response or a weak response would invite ridicule and more attacks, and that is why this man is smiling, at least for now.
(TV coverage of Qaddafi.)

CBS's Tom Fenton reports the welcome at London's Heathrow today was unusual to say the least.

(TV coverage of troops and tanks at Heathrow.)

The airport has been on full alert for six days because British officials fear it may be the next terrorist target. Most of Europe has been in an unprecedented state of alert since the Rome and Vienna massacres. But when it comes to doing something about terrorism, taking military action or economic sanctions against countries that sponsor terrorists, the Europeans are reluctant to act. Even the possibility that the United States is ready to act alone against Col. Qaddafi has made Europeans uneasy. British officials are upset over reports that the U.S. is considering using American F-111s based in Britain to strike Libya, and American suggestions of economic sanctions against Qaddafi are being totally rebuffed. The reluctance to act against Libya goes beyond economics. Europeans working in Libya are all potential hostages in any crisis. America's European allies are willing to condemn terrorism but the only action they are ready to take is the sort of last ditch defense that is being mounted around Heathrow.
(CBS-Lead)

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ABC's Peter Jennings: The Reagan Administration begins another week wondering what can be done to effectively contain Col. Qaddafi. In Libya, Western diplomats were told by the foreign ministry that Col. Qaddafi was expecting an American attack. Well, military options may be on President Reagan's mind, but they do not appear to be in the making. Late today the White House did say that President Reagan would announce new economic sanctions against Libya at a news conference he is giving tomorrow. The reality is the United States has very little economic muscle left to use against Qaddafi.

ABC's Sam Donaldson: They gathered at the White House this morning to review the options. Among those present, Secretary Weinberger, CIA Director Casey, Secretary Shultz, and of course the military complete with charts and maps.

(TV coverage of the above listed arriving at the White House.)

Convinced that Libyan leader Qaddafi's claim that there are no terrorist training camps in Libya is, well...

(TV coverage of Charles Redman: "That claim on the part of Col. Qaddafi is really incredible and patently false.")

But it is much easier to know that than to do anything about it according U.S. officials. At the White House, Larry Speakes said the President would like to be able to punish those responsible for the airport massacres -- he would not comment on options, but Speakes put the emphasis on the renewed effort to get the European allies to join in an economic isolation of Libya. And late today Secretary Weinberger, on a cable talk-show, summed up the military problem this way:

(TV coverage of Secretary Weinberger: "What we need to have a retaliatory capability is to find an exact act that can be punished and to find the people directly responsible and make a proportionate response.")

Weinberger said again that the Sixth Fleet activity this week in the Mediterranean is routine and not unscheduled. It is clear that the President, who has frequently promised retaliation against terrorism, would like to strike at Qaddafi himself, but with the Israelis already suggesting that they won't do it, with the U.S. allies suggesting that they won't do anything, and with the possibility that a military strike would simply make Qaddafi a hero in the Arab world, Mr. Reagan has decided not to do that, at least for now. Instead, tomorrow night at a news conference here at the White House, the President will announce new U.S. economic sanctions against Libya and hope that America's allies will go along.

Jennings: Almost anyone who has ever met Col. Qaddafi in a situation like this comes away with the impression that doing verbal battle with a superpower is like a shot of adrenalin for him. Qaddafi is now calling President Reagan an Israeli dog -- that's a pretty serious insult in Arabic, even in English. Is there a real atmosphere of crisis in Libya? As Greg Dobbs reports, it's a little hard to tell.

ABC's Greg Dobbs reports Libya's Navy and Air Force are in the third day of a full national alert. This nation is filled with the prospect that the massive might of the U.S.A. or the proven power of Israel might be used in an attack. Yet yesterday, here was Libya's leader, on the brink, he said, of World War III, playfully piloting a Massey-Ferguson tractor outside Tripoli. This picture captures the Libyan government's inconsistencies. ...more

Jennings: The Soviet Union has not been quiet on this subject. Radio Moscow said today that Washington was using military blackmail against Libya. (ABC-Lead)

NBC's Tom Brokaw: Libyan dictator Qaddafi has his country on war alert tonight, he is all but daring the United States to attack. He has already threatened to retaliate with Libyan hit squads that he claims are inside the United States. As for President Reagan, White House officials now say that Mr. Reagan plans to announce new U.S. economic sanctions against Libya at a news conference tomorrow night.

NBC's Chris Wallace: After a week of sabre-rattling, Administration officials now say a military strike against Libya is unlikely. Instead they are focusing on a diplomatic effort. Today the President met with top foreign policy advisors to discuss his options. Pentagon officials were seen arriving with maps and spokesman Larry Speakes wouldn't rule out military action, saying terrorists should be kept guessing, and not sleep well at night. But top officials now tell NBC News the use of force is a last resort. U.S. ships in the Mediterranean stayed on patrol today, moving no closer to Libya, and ships put on alert last week in this country are still in port. After the Achille Lauro hijackers were captured, the President sent a message to terrorists:

(TV coverage of the President: "You can run but you can't hide.") But his time aides say an old problem is blocking military action, the difficulty of finding a target tied to the airport attacks. And so the U.S. will try something that has failed before -- try to get European allies to impose economic sanctions against Libya and impose more of its own.

(TV coverage of Charles Redman: "This whole question of how to respond to states that support terrorism is an ongoing one. We have made efforts in the past. We will continued to make efforts.")

This week American ambassadors will ask Libya's top European trading partners to take steps the U.S. already has taken -- stop selling Libya military and oil equipment -- stop buying Libyan oil. But a former Reagan Administration official says the allies have never been willing to give up business to punish Qaddafi.

(TV coverage of Geoffrey Kemp: "Sanctions would need to be supported by all the major economic partners who do business with Libya, and while you might get one or two to go along, I don't think that they will en masse.")

Some top officials here now regret all the talk last week of a military strike, saying the action finally taken by the U.S. should be much less dramatic.

Brokaw: Those American allies have made it clear that they are not much interested in economic sanctions. Are the President's advisors worried that he is going to wind up here as all wind-up and no pitch finally?

Wallace: This past week shows all the problems this Administration has had all along in dealing with terrorism, except for that Achille Lauro case. The President talks about trying to fight the terrorists but can't find any place to strike at them. He goes to the allies for help and instead gets the cold shoulder. So you are right, tonight they are scrambling here to try to find some effective way to strike back at Qaddafi.

DEFENSE CUTS

Jennings: In Washington this week the Pentagon is getting ready for a budget battle. You may have heard the chairman of the House Armed Services Committee say over the weekend that because of the Gramm-Rudman budget balancing bill which was passed by Congress, the defense build-up of the last five years is going to be reversed.

ABC's John McWethy reports just as the Reagan Administration was driving toward a 600 ship Navy, toward an Army bristling with new M-1 tanks, and an Air Force boasting new B-1 Bombers, the largest peace time military build-up in U.S. history is coming to a screeching halt. After seven years of increases in defense spending, there will be little or no growth this year as Congress considers cuts and maybe an outright decline. Why? Huge deficits piled-up by the Reagan Administration. Ironically, three years from now, if there is no real growth in defense spending, analysts say the military that Ronald Reagan has double the Pentagon budget to buy, will not be all that different a force than the one he inherited from Jimmy Carter, and of which candidate Reagan was so critical. (ABC-3)

COLUMBIA

Schieffer reports space shuttle Columbia, which has not flown in two years, did not make it today either. Its launch was aborted at the last minute and then re-scheduled. That's a familiar experience for the Columbia. (CBS-2, ABC-7, NBC-2)

CBS's Tom Fenton reports once upon a time the space shuttle was to have been this country's one and only means of putting satellites, both military and civilian, into orbit. At the start of the Reagan Administration, NASA was predicting sixty shuttle missions a year by 1985. Even if nothing else goes wrong, there will be just 15 shuttle missions in 1986. At the same time NASA is falling behind, its prime customer, the military, is leaping ahead with research for a Star Wars defense that could more than double the current requirement of about ten space launches a year. The Air Force says that if just one of the shuttle's four orbiters were lost in an accident, the remaining three could not possibly meet the military space needs. Given the pressures to cut the defense budget, that may be a risk that the military will have to live with. (CBS-3)

MIAS

Schieffer reports the U.S. and Vietnam discussed the MIA issue today in Hanoi in their highest level talks since the war ended in 1975. Neither side would comment after the meeting, but they said that there will be another meeting tomorrow. The U.S. wants to speed up the search for nearly 1,800 MIAs, but Vietnam wants normalized relations in return. (CBS-5, ABC-2, NBC-6)

U.S. POSTAL SERVICE

Schieffer: The Postal Service Board of Governors took unusual action today. They fired Postmaster General Paul Carlin who had been on the job for just a year. They replaced him with Albert Casey, a former chairman of American Airlines. Carlin had resisted the Board's efforts to make staff reductions. (CBS-4, ABC-4, NBC-4)

COUNTERFEITING

Brokaw reports high-tech is making it easier and easier, it turns out, to make counterfeit money, funny-money. Tens of millions of counterfeit dollars are seized every year. Now there is one new advance that is causing the Treasury to change our money for the first time in 50 years. (NBC-9)

MAGAZINES

Schieffer: Pentagon auditors accused the Defense Department today of spending too much money on newspapers and magazines. An audit report says that the total amount is about \$119 million a year, more than one-third of that not for military libraries, instead it is spent on such things as personal copies for ranking officers. (CBS-9)

MEDICARE

Schieffer: Medicare, the government health insurance program for the elderly, covers an estimated 30 million people. In an effort to cut control costs in the \$80 billion program, the Reagan Administration has tightened regulations and critics charge that in the nation's nursing homes, the financial surgery cuts into the quality of care.

CBS's Jane Bryant Quinn reports to save money the government has been cracking down on the number of medical bills it pays, not only in hospitals, but also in short term nursing homes where elderly hospital patients have traditionally gone to recover their strength. The government says it should not have been paying for many of these services because they weren't really necessary. But Congress has been hearing from a lot of voters who think the cut-backs have gone too far. The Administration says that except for a few isolated cases, the elderly are still getting quality medical care and is asking for even more cuts in the Medicare budget, but the GAO charges that Medicare is making these cuts without even knowing how many patients are being hurt. (CBS-10)

EDITORIALS/COLUMNISTS

NEW YEAR'S MESSAGES

Televised Messages of Peace -- "Like the Geneva summit, the televised New Year's messages by Ronald Reagan and Mikhail Gorbachev to one another's countries were significant mainly because they happened at all.... TV is not a forum for the resolution of differences, but it is perfect for the announcement of visions of a better world. And it is certainly a more promising ground for the advancement of conflicting aims than some of the others the superpowers have chosen over the years."

(Chicago Tribune, 1/3)

Heeeeere's Gorby! -- "The great danger of the Ron-Mike New Year's show is that it promotes a delusion of symmetry between our nations. The United States and the USSR remain poles apart. One is dedicated to the supremacy of the individual, while the other exalts the state. One embraces free markets -- in thought and commerce; the other suppresses them. We don't have any profound objection to future such 'exchanges.' We just want a little truth in advertising. Just because Mikhail Gorbachev sounds nice, it doesn't mean he is. After all, Yuri Andropov was supposed to be a gem of a guy -- you know, he loved jazz and children -- until someone figured out that his 'gift' to Afghan children consisted of crates of booby-trapped toys."

(Detroit News, 1/3)

So Show Us -- "Various Westerners claim that Gorbachev's is the voice of a new Soviet generation, more interested in setting the Soviet economy right than in waging foreign aggression. Anything's possible and let us all hope that this is true. But note, first, that Soviet behavior proceeds chiefly from Marxist-Leninist ideology, which Gorbachev shows no interest in modifying, far less scrapping; and, second, that if he does have peaceful intentions his visible actions have squared poorly with them."

(Dallas Morning News, 1/3)

TERRORISM

Grim Reaper of Terrorism -- "The Grim Reaper of 1985 was terrorism.... The ultimate victims of terrorists are their own people, their own causes. Only when moderates reject terrorism among their own can they move forward toward the confrontation with enemies that is most difficult, because it recognizes that they too are human. But once the humanity of the other is accepted, then the agenda moves from reprisal to dealing with grievances. As 1986 begins, we pray that the moderates prevail in the trouble spots of the world. Once human dignity is granted, all else is negotiable."

(San Diego Tribune, 1/1)

Khadafy's Insanity -- "If the world needed any further proof of Libyan strongman Moammar Khadafy's insanity, it was pointedly provided this week through his comments on the slaughter of innocents at the Rome and Vienna airports. Khadafy thinks the action, in which women, children and the elderly were indiscriminately gunned down, was 'heroic' and a 'brave action.' Only a deranged mind could view such disgusting, senseless bloodshed as 'heroic.' But then, nobody ever said Khadafy possessed anything else."

(Birmingham News, 12/31)

(Terrorism continued)

All Share Responsibility of Dealing with Khadafy -- "The time has come for economic isolation of Libya to be made a political point of principle between the United States and its allies. European citizens as well as Americans should be made aware of the trade-off; they should have the chance to voice their verdict on their governments' support of commerce with a country that makes them vulnerable to slaughter when they set foot in their national airports.... The Israeli question on who must act against terrorism is the right one. The answer is that all who are vulnerable must act in concert to fight international terrorists. Few countries can exclude themselves from the ranks of the vulnerable."

(Philadelphia Inquirer, 1/4)

Mental and Moral Pygmies -- "While it is still possible for fair-minded people to deplore the situation in which Palestinians find themselves as a result of the creation and survival of the state of Israel, if the Palestinian cause continues to be represented in airports and other vulnerable places around the world by bloody-minded, indiscriminate assassins such as those who shot up the Rome and Vienna airports, it will become a lost cause indeed."

(Sarasota Herald-Tribune, 12/31)

Quarantine Kadafi! -- "...Washington should avoid the kind of reprisal that would destroy the Middle East peace process and turn moderate Arabs against the United States. President Reagan has consistently restrained administration hotheads while awaiting opportunities to strike at terrorists. One such strike might, in this case, be an economic blitz against Colonel Kadafi."

(Baltimore Sun, 1/5)

The World's Bully -- "Unless we are prepared to act, we should stop yammering about Khadafy as the source of all terrorism, because he mocks Reagan's boast that terrorists can run but can't hide. Khadafy doesn't even try to hide; he just sits in Tripoli and gives orders for his ruthless and fanatic minions to terrorize the world." (Baltimore Evening Sun, 1/3)

Steady Nerves -- "The European nations, acting from self-interest tinged no doubt with a residue of their ancient anti-Semitism, have too often shrunk back from exercising even the most modest obligations of nations regarding the arrest, retention and trial of Palestinian terrorists. As Secretary Shultz has pointedly explained, more vigilance and backbone by the Europeans can abate the threat. But not eliminate it. Nor can revenge annihilate it. It is a curse of the modern world, to be dealt with by the afflicted nations as much in concert with other civilized nations as possible, with nerves as steady as one can muster."

(Los Angeles Times, 1/5)

Terror in the New Year -- "Americans, meanwhile, sit back at home and tut-tut about how awful the rest of the world is. This is a terribly naive attitude. These very same terrorists could strike just as easily -- if not easier -- at Logan or Kennedy. And 1986 may well be the year that it will happen. We must be on our guard. We must double and re-double airport security and insist that other nations do the same or lose our business. And we must have the courage to rout out the terrorists, to strike at their camps, and to end this world-wide murder."

(New Hampshire Sunday News, 12/29)

(Editorials/Columnists continued)

FEDERAL SPENDING

The Reagan Revolution -- "Contrary to popular mythology, Mr. Reagan hasn't even succeeded in slowing the rate of growth in federal spending. The rate in fiscal year 1984 was almost two-thirds higher than the average annual increase under Carter. For the first five months of 1985, the real growth in spending reached an annual rate of 8.4 percent, three times the Carter average.... The moral of this depressing story is simple: if the record of our president, his administration and his Senate over the past five years is truly conservative, then conservatives have no real interest in cutting government back, and they have nothing important in common with libertarians. For those genuinely dedicated to promoting individual freedom and reducing government, the cause has not been advanced one whit by the political developments of the past five years. And there is nothing to be gained by attempting to pretend otherwise."

(Orange County Register, 12/26)

...and at the Pentagon -- "The source of the problem is constitutional. Under the separation of powers, Congress votes money, the administration spends it. Congress is not responsible for Pentagon waste. The administration is not accountable for congressional budgetary incompetence. But that separation doesn't mean silence, or isolation. Or gross irresponsibility. The leaders of Congress and the administration have a duty to every taxpayer and to national security. That is to get a dollar's worth of defense for every dollar spent. To do that, the President's talk of businesslike government and Congress' evergreen promise of making the budget process work must be put into practice."

(New York Daily News, 1/5)

'Sham-Rudman' -- "Ill-timed or not, the suit and the Government's response confirm the bankruptcy of Congress's deficit-fighting strategy. Sham-Rudman was never anything but an excuse for postponing difficult decisions.... Congress eventually must decide what programs to cut and whose taxes to raise, and Congress will be held responsible for those decisions. As the Justice Department's lawyers now concede, the Constitution is clear about where the power of the purse lies. Lawmakers can run, it decrees, but they can't hide."

(Miami Herald, 1/2)

MEXICAN SUMMIT

Message from Mexicali -- "We hope that Mexico does give the Contadora process another nudge later this year, and urge President Reagan to give what support he can to that procedure. The U.S. and Mexico continue to have their differences. But the picture of the two nations working together as equals on hemispheric problems sends a powerful message that is itself more significant than any of the specific issues discussed at Mexicali."

(Denver Post, 1/3)

FOREIGN MEDIA REACTION

MEXICALI MEETING

"Senior U.S. officials made clear afterward that Central America remained a source of friction." (Times, Great Britain)

"President Reagan reaffirmed U.S. support.... The U.S. has no choice. A financial crisis in Mexico would have enormous repercussions on the U.S. banking system." (Tribune de l'Economie, France)

"The positive outcome of the Reagan-de la Madrid meeting is the first significant development of 1986. The polite and cordial stance of our visitor and the dignity of the Mexican leader represent a meeting of respect that is praiseworthy of our relationship and of our diplomacy." (Excelsior, Mexico)

"With regard to drug trafficking, we should purge the police forces of negative elements that take advantage of their office and collaborate with the delinquents instead of fighting them." (Excelsior, Mexico)

"It is clear that during the recent dialogue..., cordiality and friendship prevailed and that the Mexican side always acted in support of the national interests." (El Nacional, Mexico)

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U.S. AGAINST QADDAFI

"The Western allies are right to regard the prospect of any armed Israeli and American attack on Libya as potentially disastrous to Western lives and interests.... But their provocative refusal to cooperate in economic sanctions can only make the prospect of military intervention more likely rather than less." (Sunday Telegraph, Britain)

"Libya's best shield remains the USSR. TASS' support of Tripoli clearly established a 'red line' which the Americans hesitate to cross." (Liberation, France)

"Do the deaths at Rome and Vienna by Palestinian fanatics justify similar deaths in Libya? ... Of course they don't. To behave in such a fashion is what one expects from Rambo and American film-makers. Democratic governments and U.S. presidents, should have different standards." (Irish Press, Ireland)

"Words and psychological warfare are not enough to beat terror. What is needed, as Prime Minister Peres pointed out, is a well coordinated effort to hit the terrorists, their leaders, supporters and training camps." (Yediot Aharonot, Israel)

"We will not be surprised if Israel embarks on an aggressive action against Libya.... However, it is tragic to see the U.S. being dragged to such policies, which add fuel to the fires of war." (ad-Dustur, Jordan)



News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, JANUARY 6, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

President To Announce Sanctions Against Libya -- The President intends to open his news conference at 8 tonight with a statement of U.S. plans.
(Washington Post, Washington Times)

Terrorists Train At 15 Libyan Sites, U.S. Official Says -- The White House has received intelligence information that camps have been set up in Libya to train terrorists.
(New York Times)

NATIONAL NEWS

Postal Chief Carlin Fired After 1 Year -- A formal announcement is scheduled today.
(Washington Post, New York Times, Washington Times, Wall Street Journal)

Tax Reform Plan Greeted Senate Committee -- The Senate Finance Committee's hearings are scheduled for Jan. 29 and 30 and Feb. 4, 5 and 6.
(UPI)

NETWORK NEWS (Monday Evening)

QADDAFI -- President Reagan has decided his next move against Libya will be some kind of economic sanctions rather than military action.

DEFENSE CUTS -- In Washington, the Pentagon is getting ready for a budget battle.

COLUMBIA -- The space shuttle Columbia, which has not flown in two years, did not make it today either. Its launch was aborted at the last minute.

MOST BLACKS BACK REAGAN, POLL FINDS

With more women and blacks than ever before supporting President Reagan, 68% of the American people now approve of how he is handling his job, the latest New York Times-CBS News Poll shows. The telephone survey of 1,358 adults showed 67% of women and 56% of blacks approving of how the President was handling his job.

(Adam Clymer, New York Times, 1/5)

INTERNATIONAL NEWS

PRESIDENT TO ANNOUNCE SANCTIONS AGAINST LIBYA

President Reagan, responding 11 days after terrorist attacks at the Rome and Vienna airports, is planning to announce tonight that the United States will impose further economic sanctions against Libya and again seek help from Western Europe in trying to isolate Libyan leader Muammar Qaddafi, Administration sources said yesterday.

Sources also said Reagan intends to "keep his military muscle flexed" as part of the U.S. response to the attacks that killed 19 people, including five Americans. Reagan told aides yesterday he wants "to make Qaddafi go to sleep every night" unsure about possible U.S. possible military actions against Libya. (David Hoffman, Washington Post, A1)

Reagan To Call For Sanctions Against Libya

The decision to increase economic and political pressure on the regime of Col. Qaddafi was made at the end of a day of intense debate within the Administration over an appropriate response to the terrorist attacks on the Rome and Vienna airports Dec. 27.

White House Communications Director Patrick Buchanan was said to have argued forcefully that the President should not make any more tough statements on Libya that are not followed by deeds. Buchanan argued that the time called for action, not words, the sources said.

(Jeremiah O'Leary/Bill Kritzberg, Washington Times, A1)

TERRORISTS TRAIN AT 15 LIBYAN SITES, U.S. OFFICIAL SAYS

Administration Calls Qaddafi's Denials 'Patently False'

WASHINGTON -- The White House has received intelligence information that as many as 15 camps have been set up in Libya to train Palestinian guerrillas and other terrorists, an Administration official said Monday.

The official also said President Reagan would probably issue in the next few days "a clarification of what we know" about purported Libyan links to international terrorism.

(Bernard Weinraub, New York Times, A1)

MIA HUNTS BY CITIZENS ANNOY U.S.

BANGKOK -- The Reagan Administration, engaged in high-level meetings with Vietnam to resolve the issue of missing U.S. servicemen, is growing increasingly annoyed at private American efforts to turn up living prisoners of war in Southeast Asia, according to U.S. officials. A high-level U.S. delegation flew to Hanoi Monday to discuss the issue with senior Vietnamese officials, including Foreign Minister Nguyen Co Thach, during a 24-hour visit. (William Branigan, Washington Post, A1)

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Both Delegations Emerge Smiling After MIA Negotiations In Hanoi

HANOI, Vietnam -- The highest-level U.S. delegation to visit Vietnam since the war ended in 1975 met officials here for three hours yesterday to discuss ways to speed up the search for Americans still listed as missing in action. The two delegations emerged from the talks smiling, but neither side disclosed details of the session. (AP story, Washington Times, A6)

Hanoi Has 50 More MIA Reports, Hopes To Resolve Issue Next Year

The government announced Tuesday it had collected about 50 new reports on U.S. servicemen killed in the Indochina War, and told visiting U.S. officials that it hoped to resolve the issue of about 1,000 American MIAs before the end of 1987. (Dennis Gray, AP)

MIAs -- Indochina

Several military and intelligence officers have accused the State Department, the Pentagon and the CIA of quashing reports that dozens of American prisoners of war are being held in Southeast Asia.

The Defense Intelligence Agency, the U.S. Embassy in Thailand and the CIA suppressed information about American POWs in Vietnam and Laos, according to six people, some who said they had spotted American POWs as recently as 1985. (UPI)

U.S. And Vietnam Agree To Wrap Up MIA Issue In Two Years

Assistant Defense Secretary Richard Armitage told reporters his delegation had also asked Hanoi if Americans were still held in Vietnam.

"The Vietnamese side expressed their position that there are no live Americans under their control," he said. (Reuter)

SOVIET: U.S. RAISING TENSIONS

MOSCOW -- A Soviet spokesman Monday accused the United States of aggravating tensions in the Middle East with a policy of confrontation against Libya. At a press conference, Foreign Military spokesman Vladimir Lomeiko backed Tripoli's claims that it had nothing to do with recent terrorist attacks in Rome and Vienna, and said Washington was using these as a pretext to "punish" Libya. (Celestine Bohlen, Washington Post, A10)

Soviets Charge U.S Is Responsible For 'Confrontation' With Libyans

The Soviet Foreign Ministry yesterday accused the United States of making "direct threats" against Libya, but declined to say whether the Kremlin would take action in the event of an American blockade of Libyan ports. (AP story, Washington Times, A5)

PERLE URGING MORE PUBLICITY ON SOVIET AID TO TERRORISTS

World wide terrorism could be reduced to "manageable proportions" if it was not blocked by the Soviet Union and its allies, and journalists should focus attention on this Soviet terrorism link, a senior defense official said last night.

Richard Perle, assistant defense secretary for international security policy, said there is not much the United States can do alone to "discourage the Soviets from this sort of activity."

(Walter Andrews, Washington Times, A3)

ORTHODOX GET REAGAN CHRISTMAS MESSAGE

President Reagan yesterday issued a message to millions of Christian believers around the world, including up to 100 million people in the Soviet Union, who celebrate the Orthodox Christmas today.

Mr. Reagan said he wanted Orthodox believers in Russia, the Ukraine, Byelorussia, Armenia, Georgia the Baltic states and elsewhere in the Soviet Union to know that America joins them under the fatherhood of God.

(Jeremiah O'Leary, Washington Times, A2)

ABE TO VISIT WASHINGTON TO WARD OFF PROTECTIONISM

TOKYO -- Japanese Foreign Minister Shintaro Abe will meet Secretary Shultz this week to try to head off a protectionist flare-up in Congress, Foreign Ministry officials said Tuesday.

(Reuter)

THAILAND SEES U.S. BILL PUSHING DOWN ITS RICE EXPORTS

BANGKOK -- Thailand, the world's biggest rice exporter, could see its shipments drop by one million tons a year, a spokesman for the private Thai board of Trade said.

Ajva Paulannanda told reporters Monday night that a new U.S. farm bill which comes into force in mid-April could mean a loss of a quarter of Thailand's total rice exports or three percent of its export earnings.

(Reuter)

BRITAIN NAMES NEW U.S. ENVOY

LONDON -- Antony Acland, currently serving as permanent undersecretary of state and chief of the diplomatic service, will replace outgoing ambassador Oliver Wright in early September. His appointment, which already has been approved by the Reagan Administration, comes at a time when Prime Minister Thatcher is under sharp domestic questioning for the current close alignment between U.S. and British policy in a number of areas.

(Karen DeYoung, Washington Post, A10)

ECONOMIC WOES MOVE GREECE CLOSER TO U.S.

ATHENS -- Greece's ailing economy may help persuade the government to try to mend fences with the United States, the European community and domestic business, according to diplomats and economic analysts here. (Reuter story, Washington Post, A6)

U.S. TELLS SUDAN IT CAN COUNT ON HELP

KHARTOUM, Sudan -- Apparently signaling an easing of concern over the presence of Libyan and "other known terrorists" here, the Reagan Administration's top African expert Monday pledged continued aid and praised hard-pressed Sudan's efforts to return to democratic rule.

Chester Crocker, assistant secretary of state for African affairs, told reporters that the United States was "watching with profound concern," the democratic changes here since the overthrow last April of President Jaafar Nimeri, a longtime U.S. ally.

(Jonathan Randal, Washington Post, A10)

THREATS OF

EDITOR'S NOTES: Page A11 of the Washington Post contains an article entitled, 'Events Test Strength Of U.S.-Israeli Ties,' 'Military Ponders Strike Targets Amid Missing And Opening Cues,' (news analysis) and 'Syrian Press Denounces Arafat's Remarks.'

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NATIONAL NEWS

POSTAL CHIEF CARLIN FIRED AFTER 1 YEAR

The U.S. Postal Service Board of Governors, in an unprecedented move, fired Postmaster General Paul Carlin Monday after 12 months in office, amid accusations that he has moved too slowly in cutting the post office's bloated headquarters staff while failing to master key details of his job. The board, traditionally a rubber-stamp body that has become more assertive since President Reagan's appointees gained control, immediately named former American Airlines chairman Albert Vincent Casey as postmaster general. (Keith Richburg, Washington Post, A1)

Postal Chief Out After Year In Job; Executive Chosen

Postal Service spokesmen confirmed that Carlin was leaving his \$81,800-a-year job as Postmaster General, but could not say whether he had been dismissed or had resigned. The Postal Service board of governors met in closed session in Washington Monday to act on the transition. (Ben Franklin, New York Times, A1)

Carlin Is Fired As Postmaster General; Retired American Airlines Chairman To Take Post

The action, the first actual firing of a postmaster general since the agency was reorganized in 1970, occurred in a private meeting of the governors Monday, postal sources said. Mr. Casey is 65 years old, is the retired chairman and chief executive officer of American Airlines.

(Leonard Apcar, Wall Street Journal, 64)

Postal Service Board Fires Postmaster General

A year-long behind the scenes struggle between Postmaster General Paul Carlin and the U.S. Postal Service's board of governors over the size of the postal service work force and future union negotiations, ended yesterday with Mr. Carlin's ouster by the board.

(Mark Tapscott/George Archibald, Washington Times, A3)

TAX REFORM PLAN GREETES SENATE COMMITTEES

The Senate Finance Committee plans to begin examining the House-passed tax overhaul bill almost immediately after Congress returns, but getting a measure through the Republican-led chamber promises to be a prolonged battle. Sen. Packwood, the committee chairman, said Monday the panel would open five days of hearings on the massive plan to rewrite the nation's tax code in the first full two weeks Congress was back in session. The second session of the 99th Congress technically begins Jan. 21. But the bulk of the work is not expected to begin until after President Reagan, who has made tax overhaul his top domestic priority, delivers his State of the Union address Jan. 28.

(Joseph Mianowany, UPI)

AX AIMED AT HUD, JUSTICE

The Reagan Administration, not satisfied with the \$11.7 billion in budget cutbacks slated this spring under Gramm-Rudman, wants to go one step further by eliminating dozens of already funded federal programs. Projects targeted for mid-year axing are mainly those providing grants to local governments or private individuals and agencies, Administration sources say. If approved by Congress, the Administration's package of budget recision requests would save several billion dollars this year.

(Willis Witter, Washington Times, A1)

SENIOR HUD OFFICIAL INVESTIGATED

The Justice Department is investigating allegations of improper conduct involving a senior federal housing official who has earned at least \$80,000 speaking and writing for a group that sells books and tapes on how to make money in real estate.

Gordon Walker, deputy undersecretary of HUD, gave some of the lectures during official HUD trips that were paid by for the government, according to sources familiar with the investigation.

(Howard Kurtz, Washington Post, A1)

DONOVAN'S TRIAL TO BEGIN FEB. 18

NEW YORK -- After more than a year of pretrial maneuvering, former secretary of labor Raymond Donovan and nine other men were ordered today to stand trial Feb. 18 on charges of fraud and grand larceny.

(George Lardner, Jr., Washington Post, A5)

U.S. LOSING 'HOT WAR' AGAINST DRUGS, OFFICIAL SAYS

The recent arrests of Miami policemen on drug-related charges is another sign of an "active war that is now destroying this country," the chief of staff of the House Select Committee on Narcotics Control and Abuse said Monday. "This is a hot war, and we're losing it. And each year we lose a little more," said John T. Cusack. "And it's not going to go away." Mr. Cusack called on the Reagan Administration to get much tougher with those in the drug trade -- "to make the U.S. a very, very unattractive place for smugglers and traffickers to operate. The Reagan Administration inherited the problem, but the bottom line is that they have not been very successful in reducing it. It has continued to climb."

(John McCaslin, Washington Times, A6)

SHUTTLE LIFTOFF DELAYED AGAIN

CAPE CANAVERAL -- For the second time in 19 days, launch of the remodeled space shuttle Columbia was scrubbed today at the last minute, delaying for at least a day its return to space.

(AP story, Washington Post, A5)

IMPORTS LEAD WAY IN CAR-TRUCK SALES BOOM

DETROIT -- American automakers had a record year and a rough one in 1985 as sales of U.S. cars and trucks improved but with Japanese companies landing one of every five new-car sales, an industry analyst says. Sales of cars and trucks in the United States reached a new high of 15.7 million in 1985, bolstered by the second consecutive record year for imported autos, according to results released Monday by automakers.

(AP)

TECHNICIANS SAY CUTS THREATEN AIR SAFETY

Federal Aviation Administration budget cuts, anticipated this year under the Gramm-Rudman law would be an "act of appalling irresponsibility" that could lead to increased fatalities, said a group representing technicians who maintain air traffic controllers' equipment.

"I do not exaggerate when I say that it will almost inevitably lead to the deaths of passengers and aircraft crews in the increasingly crowded American air space," Howard Johannsen, president of the Professional Airways Systems Specialists, told reporters.

(Christopher Simpson, Washington Times, A3)

JUSTICE DEPARTMENT WANTS TO CLOSE INDIANA FACILITY

WASHINGTON -- In the first use of a 1984 anti-pollution law, the government has filed suit against a Gary, Indiana, hazardous waste facility charging that it stored toxic chemicals in leaky drums and tanks.

Attorney General Edwin Meese III announced Monday that a civil complaint was filed in U.S. District Court in Hammond, Indiana, on behalf of the administrator of the EPA.

(AP)

SPOUSES OF DIPLOMATS MAY BE OFFERED JOBS

The State Department is preparing to submit to Congress a proposition for a pilot project that would create 30 to 50 jobs for spouses of Foreign Service Officers serving abroad and that would compensate spouses of ambassadors and other senior diplomats for charitable and social work. The proposal, called for in legislation sponsored by Sen. Mathias (R-Md.) is supposed to be sent to Capitol Hill by Feb. 1. But department officials, noting that its provisions are still under discussion and awaiting approval by Secretary Shultz, said they may not be able to meet that deadline.

(John Goshko, Washington Post, A13)

CHEMICAL BAN PLANNED FOR COSMETICS

The Food and Drug Administration plans to ban use of a potentially cancer-causing chemical in cosmetics, but to allow its continued use in decaffeinating coffee. The chemical is methylene chloride, a solvent found in paint removers, aerosols and other manufacturing processes.

(Washington Post, A13)

\$32 MILLION IN DEFENSE RESEARCH RULED WASTE

Military laboratories are frequently ignoring a directive to file summaries of their research work with a central Pentagon repository, allowing new contracts to be awarded that duplicate earlier work, according to an internal audit.

Using a sample of 4,774 research contracts awarded in fiscal 1982 and 1983, auditors reported that 95 contracts worth \$32.6 million "duplicated other Department of Defense research" and thus appeared unnecessary.

(AP story, Washington Times, A4)

AGRICULTURE AGENCY DIES QUIETLY

ORDP, a creature sired by the Reagan Administration and then banished to an unhappy home at the Agriculture Department, died quietly last month after a long illness apparently related to neglect. It was 4. Through a brief and uneventful life, the Office of Rural Development Policy cost more than \$8 million and came to be regarded on Capitol Hill as an incorrigible that wasn't worth saving.

(Ward Sinclair, Washington Post, A13)

ANOTHER WHITE HOUSE GRAD TURNS TO P.R.

Nancy Reagan's departing chief of staff, James Rosebush, said Monday he will open his own consulting firm here to advise foreign firms, governments and foundations about public affairs, community relations, and Americans' perceptions. Like his former mentor at the White House, Michael Deaver, who opened his own international consulting firm last spring, Rosebush greatly expanded his foreign contacts by advancing Mrs. Reagan's activities on the Reagans' trips abroad since 1982.

(Donnie Radcliffe, Washington Post, C2)

IRS FORMS REVISED

The Internal Revenue Service is changing its tax forms for 1985 in ways it hopes will reduce taxpayer cheating, IRS officials said Monday. The additions to the forms in part reflect the changing shape of society: Several have to do with divorce and custody of children.

(Washington Post, D1)

QADDAFI COCKTAIL

Joe and Mo's bartender Matt Shean has also had it with Libyan leader Muammar Qaddafi. He is offering a Qaddafi cocktail. As he describes it, "We don't know what the ingredients are, but they're disgusting..."

(Chuck Conconi, Washington Post, C3)

EDITOR'S NOTES: Page A1 of the Washington Post contains a story entitled 'Democrats Running To Catch Up On Senate Races.' Page A8 of the Washington Post contains a feature entitled 'Solicitor General Takes On Critics.'

'EPA Defends Use Of Chauffeured Cars,' page A13 of the Washington Post. Page B1 of the Washington Times has 'Russell Kirk: Reflections Of A Conservative Mind,' and 'Free The White House One; The Search For Pat Buchanan' is on page D1.

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NEWS FROM THE STATES

NEW FAST STARTED BY MIA ACTIVISTS

KENT, Wash. (UPI) -- Vietnam veteran Gino Casanova would be content to let others meet with Ronald Reagan to discuss the plight of servicemen still missing in Southeast Asia, so long as the president talks soon to somebody about the issue. In the meantime, three supporters of Casanova will continue the fast they started Sunday to call attention to the MIA issue.

Casanova, 34, ended his fast Dec. 5 when the president made a telephone call to the former Marine and promised to meet with him. But since then, the Secret Service has advised against such a meeting because of Casanova's convictions on two simple assault charges. Even so, Casanova said he intends to hold the president to his telephone promise to meet with somebody concerned about resolving the MIA issue, although Casanova would not necessarily have to be included.

"I'd be more than willing to have a cup of coffee outside and let people who can resolve the issue meet with the president," said Casanova. Casanova said a meeting with the president is important because he believes Reagan has been shielded from reports of POW sightings.

CENTRAL ARIZONA PROJECT

WASHINGTON (UPI) -- Bureau of Reclamation officials have said completion of the \$3.6 billion Central Arizona Project will remain on schedule despite new budget constraints mandated by Congress. C. Dale Duvall, the new head of the bureau, said President Reagan's budget request for the first time includes money for the beginning of construction of Cliff Dam.

Reagan last year requested \$173.5 million for the project, and Congress eventually appropriated \$190 million for the CAP for fiscal 1986. The president's fiscal 1987 budget is scheduled to be sent to Congress next month, but Duvall would not reveal the amount for the CAP that Reagan is seeking.

FIEDLER TO RUN FOR SENATE

LOS ANGELES (UPI) -- Rep. Bobbi Fiedler Monday announced her candidacy in an already crowded field for the U.S. Senate, declaring that California's political future must not be "shaped by worn out policies." Fiedler termed her congressional record as one of achievement, working directly with President Reagan as a member of the House Budget Committee and the Joint Economic Committee.

She is the seventh candidate vying for the Republican nomination in June. Others include: state Sen. Ed Davis; Rep. William Dannemeyer; Los Angeles Supervisor Mike Antonovich; economist Arthur Laffer; Assemblyman Robert Naylor and Rep. Ed Zschau. Those considering a bid are actor Fess Parker, TV commentator Bruce Herschensohn of KABC in Los Angeles, and Rep. Dan Lungren.

NEWS FROM THE STATES (continued)

TRIAL DATE SET FOR FORMER LABOR SECRETARY

NEW YORK (UPI) -- A judge Monday set Feb. 18 for the trial of former Labor Secretary Raymond Donovan, accused with nine other men and two firms of bilking New York City of \$7.4 million in a tunnel construction project. It is alleged the Schiavone Construction Co. engaged in a scheme to defraud the New York City Transit Authority out of \$7.4 million on a 1979 subway tunnel construction job by submitting inflated and phony bills for work on the 63rd Street subway tunnel.

Donovan, 55, was executive vice president of the New Jersey firm at the time the scheme allegedly was hatched and took place. He quit Schiavone to join Reagan's Cabinet in 1981, and then resigned as labor secretary in March 1985 -- five months after he was indicted -- to fight the charges.

Historians have said Donovan was the first Cabinet member in American history indicted on criminal charges while still in office and advising the president.

SURVEY: NETWORKS SLIGHTING CONGRESS

RADNOR, Pa. (UPI) -- Network television is devoting less time to covering Congress but more time to stories relating to President Reagan and to other news events, a survey said Monday. The survey found that the Republicans in Congress received more air time than their Democrat counterparts despite claims by such groups as Accuracy in Media, which has charged the GOP receives less air play.

"As for the character of the coverage -- the networks made just as many critical comments about Democrats in Congress as Republicans," political scientists Norman Ornstein and Michael Robinson said. The survey also found that charges the networks possess a liberal bias appear unfounded. Ornstein and Robinson said they found only one story concerning Congress that sounded liberal. It was a report by Bill Moyers of CBS.

LACK OF SUPPORT OF KING'S BIRTHDAY UPSETS NEPHEW

WEST PALM BEACH, Fla. (UPI) -- The nephew of Dr. Martin Luther King Jr. Friday said the city of West Palm Beach shows a "lack of sensitivity" for not allowing employees to observe the late civil rights leader's birthday.

President Reagan has declared Jan. 20 a national holiday, but West Palm Beach officials say the city has no plans for giving its more than 1,000 employees the day off.

NETWORK NEWS SUMMARY

(Monday Evening)

QADDAFI

CBS's Bob Schieffer: President Reagan has decided his next move against Libya will be some kind of economic sanctions rather than military action -- that tonight from Bill Plante who says the decision came after Mr. Reagan met again today with advisors to decide how to respond to the brutal terrorist attacks 11 days ago at the Rome and Vienna airports. Plante says that White House sources tell him the President will reveal his decision and outline what sanctions he will seek during a news conference tomorrow night. Bill McGlocklin says that one option that has been under study would urge the Western allies to ban flights into Libya from as many European capitals as possible.

CBS's Steve Croft reports for a week now the United States has been rattling sabres, a risky tactic in a delicate game. The threats of retaliation against Libya have not only caused the Arabs to line-up behind Qaddafi, they have exposed disunity among the Western allies. Even Italy, which has absorbed more terror than anyone else in the last year, is against hitting back this time. How do you retaliate against a shadow? That's the problem. This is the only verifiable picture of Abu Nidal, the closest thing to a psychopath on the international terrorist scene. And just where is his office? Most people think he moves frequently between Libya, Syria and Lebanon. Barring some clever surgical strike that eliminates or neutralizes terrorist leaders, the United States has painted itself into a corner. A strong response against Libya could provoke a serious Middle East crisis. No response or a weak response would invite ridicule and more attacks, and that is why this man is smiling, at least for now.

(TV coverage of Qaddafi.)

CBS's Tom Fenton reports the welcome at London's Heathrow today was unusual to say the least.

(TV coverage of troops and tanks at Heathrow.)

The airport has been on full alert for six days because British officials fear it may be the next terrorist target. Most of Europe has been in an unprecedented state of alert since the Rome and Vienna massacres. But when it comes to doing something about terrorism, taking military action or economic sanctions against countries that sponsor terrorists, the Europeans are reluctant to act. Even the possibility that the United States is ready to act alone against Col. Qaddafi has made Europeans uneasy. British officials are upset over reports that the U.S. is considering using American F-111s based in Britain to strike Libya, and American suggestions of economic sanctions against Qaddafi are being totally rebuffed. The reluctance to act against Libya goes beyond economics. Europeans working in Libya are all potential hostages in any crisis. America's European allies are willing to condemn terrorism but the only action they are ready to take is the sort of last ditch defense that is being mounted around Heathrow.

(CBS-Lead)

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ABC's Peter Jennings: The Reagan Administration begins another week wondering what can be done to effectively contain Col. Qaddafi. In Libya, Western diplomats were told by the foreign ministry that Col. Qaddafi was expecting an American attack. Well, military options may be on President Reagan's mind, but they do not appear to be in the making. Late today the White House did say that President Reagan would announce new economic sanctions against Libya at a news conference he is giving tomorrow. The reality is the United States has very little economic muscle left to use against Qaddafi.

ABC's Sam Donaldson: They gathered at the White House this morning to review the options. Among those present, Secretary Weinberger, CIA Director Casey, Secretary Shultz, and of course the military complete with charts and maps.

(TV coverage of the above listed arriving at the White House.)

Convinced that Libyan leader Qaddafi's claim that there are no terrorist training camps in Libya is, well...

(TV coverage of Charles Redman: "That claim on the part of Col. Qaddafi is really incredible and patently false.")

But it is much easier to know that than to do anything about it according U.S. officials. At the White House, Larry Speakes said the President would like to be able to punish those responsible for the airport massacres -- he would not comment on options, but Speakes put the emphasis on the renewed effort to get the European allies to join in an economic isolation of Libya. And late today Secretary Weinberger, on a cable talk-show, summed up the military problem this way:

(TV coverage of Secretary Weinberger: "What we need to have a retaliatory capability is to find an exact act that can be punished and to find the people directly responsible and make a proportionate response.")

Weinberger said again that the Sixth Fleet activity this week in the Mediterranean is routine and not unscheduled. It is clear that the President, who has frequently promised retaliation against terrorism, would like to strike at Qaddafi himself, but with the Israelis already suggesting that they won't do it, with the U.S. allies suggesting that they won't do anything, and with the possibility that a military strike would simply make Qaddafi a hero in the Arab world, Mr. Reagan has decided not to do that, at least for now. Instead, tomorrow night at a news conference here at the White House, the President will announce new U.S. economic sanctions against Libya and hope that America's allies will go along.

Jennings: Almost anyone who has ever met Col. Qaddafi in a situation like this comes away with the impression that doing verbal battle with a superpower is like a shot of adrenalin for him. Qaddafi is now calling President Reagan an Israeli dog -- that's a pretty serious insult in Arabic, even in English. Is there a real atmosphere of crisis in Libya? As Greg Dobbs reports, it's a little hard to tell.

ABC's Greg Dobbs reports Libya's Navy and Air Force are in the third day of a full national alert. This nation is filled with the prospect that the massive might of the U.S.A. or the proven power of Israel might be used in an attack. Yet yesterday, here was Libya's leader, on the brink, he said, of World War III, playfully piloting a Massey-Ferguson tractor outside Tripoli. This picture captures the Libyan government's inconsistencies. ...more

Jennings: The Soviet Union has not been quiet on this subject. Radio Moscow said today that Washington was using military blackmail against Libya. (ABC-Lead)

NBC's Tom Brokaw: Libyan dictator Qaddafi has his country on war alert tonight, he is all but daring the United States to attack. He has already threatened to retaliate with Libyan hit squads that he claims are inside the United States. As for President Reagan, White House officials now say that Mr. Reagan plans to announce new U.S. economic sanctions against Libya at a news conference tomorrow night.

NBC's Chris Wallace: After a week of sabre-rattling, Administration officials now say a military strike against Libya is unlikely. Instead they are focusing on a diplomatic effort. Today the President met with top foreign policy advisors to discuss his options. Pentagon officials were seen arriving with maps and spokesman Larry Speakes wouldn't rule out military action, saying terrorists should be kept guessing, and not sleep well at night. But top officials now tell NBC News the use of force is a last resort. U.S. ships in the Mediterranean stayed on patrol today, moving no closer to Libya, and ships put on alert last week in this country are still in port. After the Achille Lauro hijackers were captured, the President sent a message to terrorists:

(TV coverage of the President: "You can run but you can't hide.") But his time aides say an old problem is blocking military action, the difficulty of finding a target tied to the airport attacks. And so the U.S. will try something that has failed before -- try to get European allies to impose economic sanctions against Libya and impose more of its own.

(TV coverage of Charles Redman: "This whole question of how to respond to states that support terrorism is an ongoing one. We have made efforts in the past. We will continued to make efforts.")

This week American ambassadors will ask Libya's top European trading partners to take steps the U.S. already has taken -- stop selling Libya military and oil equipment -- stop buying Libyan oil. But a former Reagan Administration official says the allies have never been willing to give up business to punish Qaddafi.

(TV coverage of Geoffrey Kemp: "Sanctions would need to be supported by all the major economic partners who do business with Libya, and while you might get one or two to go along, I don't think that they will en masse.")

Some top officials here now regret all the talk last week of a military strike, saying the action finally taken by the U.S. should be much less dramatic.

Brokaw: Those American allies have made it clear that they are not much interested in economic sanctions. Are the President's advisors worried that he is going to wind up here as all wind-up and no pitch finally?

Wallace: This past week shows all the problems this Administration has had all along in dealing with terrorism, except for that Achille Lauro case. The President talks about trying to fight the terrorists but can't find any place to strike at them. He goes to the allies for help and instead gets the cold shoulder. So you are right, tonight they are scrambling here to try to find some effective way to strike back at Qaddafi.

DEFENSE CUTS

Jennings: In Washington this week the Pentagon is getting ready for a budget battle. You may have heard the chairman of the House Armed Services Committee say over the weekend that because of the Gramm-Rudman budget balancing bill which was passed by Congress, the defense build-up of the last five years is going to be reversed.

ABC's John McWethy reports just as the Reagan Administration was driving toward a 600 ship Navy, toward an Army bristling with new M-1 tanks, and an Air Force boasting new B-1 Bombers, the largest peace time military build-up in U.S. history is coming to a screeching halt. After seven years of increases in defense spending, there will be little or no growth this year as Congress considers cuts and maybe an out right decline. Why? Huge deficits piled-up by the Reagan Administration. Ironically, three years from now, if there is no real growth in defense spending, analysts say the military that Ronald Reagan has double the Pentagon budget to buy, will not be all that different a force than the one he inherited from Jimmy Carter, and of which candidate Reagan was so critical. (ABC-3)

COLUMBIA

Schieffer reports space shuttle Columbia, which has not flown in two years, did not make it today either. Its launch was aborted at the last minute and then re-scheduled. That's a familiar experience for the Columbia. (CBS-2, ABC-7, NBC-2)

CBS's Tom Fenton reports once upon a time the space shuttle was to have been this country's one and only means of putting satellites, both military and civilian, into orbit. At the start of the Reagan Administration, NASA was predicting sixty shuttle missions a year by 1985. Even if nothing else goes wrong, there will be just 15 shuttle missions in 1986. At the same time NASA is falling behind, its prime customer, the military, is leaping ahead with research for a Star Wars defense that could more than double the current requirement of about ten space launches a year. The Air Force says that if just one of the shuttle's four orbiters were lost in an accident, the remaining three could not possibly meet the military space needs. Given the pressures to cut the defense budget, that may be a risk that the military will have to live with. (CBS-3)

MIAs

Schieffer reports the U.S. and Vietnam discussed the MIA issue today in Hanoi in their highest level talks since the war ended in 1975. Neither side would comment after the meeting, but they said that there will be another meeting tomorrow. The U.S. wants to speed up the search for nearly 1,800 MIAs, but Vietnam wants normalized relations in return. (CBS-5, ABC-2, NBC-6)

U.S. POSTAL SERVICE

Schieffer: The Postal Service Board of Governors took unusual action today. They fired Postmaster General Paul Carlin who had been on the job for just a year. They replaced him with Albert Casey, a former chairman of American Airlines. Carlin had resisted the Board's efforts to make staff reductions. (CBS-4, ABC-4, NBC-4)

COUNTERFEITING

Brokaw reports high-tech is making it easier and easier, it turns out, to make counterfeit money, funny-money. Tens of millions of counterfeit dollars are seized every year. Now there is one new advance that is causing the Treasury to change our money for the first time in 50 years. (NBC-9)

MAGAZINES

Schieffer: Pentagon auditors accused the Defense Department today of spending too much money on newspapers and magazines. An audit report says that the total amount is about \$119 million a year, more than one-third of that not for military libraries, instead it is spent on such things as personal copies for ranking officers. (CBS-9)

MEDICARE

Schieffer: Medicare, the government health insurance program for the elderly, covers an estimated 30 million people. In an effort to cut control costs in the \$80 billion program, the Reagan Administration has tightened regulations and critics charge that in the nation's nursing homes, the financial surgery cuts into the quality of care.

CBS's Jane Bryant Quinn reports to save money the government has been cracking down on the number of medical bills it pays, not only in hospitals, but also in short term nursing homes where elderly hospital patients have traditionally gone to recover their strength. The government says it should not have been paying for many of these services because they weren't really necessary. But Congress has been hearing from a lot of voters who think the cut-backs have gone too far. The Administration says that except for a few isolated cases, the elderly are still getting quality medical care and is asking for even more cuts in the Medicare budget, but the GAO charges that Medicare is making these cuts without even knowing how many patients are being hurt. (CBS-10)

EDITORIALS/COLUMNISTS

NEW YEAR'S MESSAGES

Televised Messages of Peace -- "Like the Geneva summit, the televised New Year's messages by Ronald Reagan and Mikhail Gorbachev to one another's countries were significant mainly because they happened at all.... TV is not a forum for the resolution of differences, but it is perfect for the announcement of visions of a better world. And it is certainly a more promising ground for the advancement of conflicting aims than some of the others the superpowers have chosen over the years."

(Chicago Tribune, 1/3)

Heeeeere's Gorby! -- "The great danger of the Ron-Mike New Year's show is that it promotes a delusion of symmetry between our nations. The United States and the USSR remain poles apart. One is dedicated to the supremacy of the individual, while the other exalts the state. One embraces free markets -- in thought and commerce; the other suppresses them. We don't have any profound objection to future such 'exchanges.' We just want a little truth in advertising. Just because Mikhail Gorbachev sounds nice, it doesn't mean he is. After all, Yuri Andropov was supposed to be a gem of a guy -- you know, he loved jazz and children -- until someone figured out that his 'gift' to Afghan children consisted of crates of booby-trapped toys."

(Detroit News, 1/3)

So Show Us -- "Various Westerners claim that Gorbachev's is the voice of a new Soviet generation, more interested in setting the Soviet economy right than in waging foreign aggression. Anything's possible and let us all hope that this is true. But note, first, that Soviet behavior proceeds chiefly from Marxist-Leninist ideology, which Gorbachev shows no interest in modifying, far less scrapping; and, second, that if he does have peaceful intentions his visible actions have squared poorly with them."

(Dallas Morning News, 1/3)

TERRORISM

Grim Reaper of Terrorism -- "The Grim Reaper of 1985 was terrorism.... The ultimate victims of terrorists are their own people, their own causes. Only when moderates reject terrorism among their own can they move forward toward the confrontation with enemies that is most difficult, because it recognizes that they too are human. But once the humanity of the other is accepted, then the agenda moves from reprisal to dealing with grievances. As 1986 begins, we pray that the moderates prevail in the trouble spots of the world. Once human dignity is granted, all else is negotiable."

(San Diego Tribune, 1/1)

Khadafy's Insanity -- "If the world needed any further proof of Libyan strongman Moammar Khadafy's insanity, it was pointedly provided this week through his comments on the slaughter of innocents at the Rome and Vienna airports. Khadafy thinks the action, in which women, children and the elderly were indiscriminately gunned down, was 'heroic' and a 'brave action.' Only a deranged mind could view such disgusting, senseless bloodshed as 'heroic.' But then, nobody ever said Khadafy possessed anything else."

(Birmingham News, 12/31)

(Terrorism continued)

All Share Responsibility of Dealing with Khadafy -- "The time has come for economic isolation of Libya to be made a political point of principle between the United States and its allies. European citizens as well as Americans should be made aware of the trade-off; they should have the chance to voice their verdict on their governments' support of commerce with a country that makes them vulnerable to slaughter when they set foot in their national airports.... The Israeli question on who must act against terrorism is the right one. The answer is that all who are vulnerable must act in concert to fight international terrorists. Few countries can exclude themselves from the ranks of the vulnerable."

(Philadelphia Inquirer, 1/4)

Mental and Moral Pygmies -- "While it is still possible for fair-minded people to deplore the situation in which Palestinians find themselves as a result of the creation and survival of the state of Israel, if the Palestinian cause continues to be represented in airports and other vulnerable places around the world by bloody-minded, indiscriminate assassins such as those who shot up the Rome and Vienna airports, it will become a lost cause indeed."

(Sarasota Herald-Tribune, 12/31)

Quarantine Kadafi! -- "...Washington should avoid the kind of reprisal that would destroy the Middle East peace process and turn moderate Arabs against the United States. President Reagan has consistently restrained administration hotheads while awaiting opportunities to strike at terrorists. One such strike might, in this case, be an economic blitz against Colonel Kadafi."

(Baltimore Sun, 1/5)

The World's Bully -- "Unless we are prepared to act, we should stop yammering about Khadafy as the source of all terrorism, because he mocks Reagan's boast that terrorists can run but can't hide. Khadafy doesn't even try to hide; he just sits in Tripoli and gives orders for his ruthless and fanatic minions to terrorize the world." (Baltimore Evening Sun, 1/3)

Steady Nerves -- "The European nations, acting from self-interest tinged no doubt with a residue of their ancient anti-Semitism, have too often shrunk back from exercising even the most modest obligations of nations regarding the arrest, retention and trial of Palestinian terrorists. As Secretary Shultz has pointedly explained, more vigilance and backbone by the Europeans can abate the threat. But not eliminate it. Nor can revenge annihilate it. It is a curse of the modern world, to be dealt with by the afflicted nations as much in concert with other civilized nations as possible, with nerves as steady as one can muster."

(Los Angeles Times, 1/5)

Terror in the New Year -- "Americans, meanwhile, sit back at home and tut-tut about how awful the rest of the world is. This is a terribly naive attitude. These very same terrorists could strike just as easily -- if not easier -- at Logan or Kennedy. And 1986 may well be the year that it will happen. We must be on our guard. We must double and re-double airport security and insist that other nations do the same or lose our business. And we must have the courage to rout out the terrorists, to strike at their camps, and to end this world-wide murder."

(New Hampshire Sunday News, 12/29)

(Editorials/Columnists continued)

FEDERAL SPENDING

The Reagan Revolution -- "Contrary to popular mythology, Mr. Reagan hasn't even succeeded in slowing the rate of growth in federal spending. The rate in fiscal year 1984 was almost two-thirds higher than the average annual increase under Carter. For the first five months of 1985, the real growth in spending reached an annual rate of 8.4 percent, three times the Carter average.... The moral of this depressing story is simple: if the record of our president, his administration and his Senate over the past five years is truly conservative, then conservatives have no real interest in cutting government back, and they have nothing important in common with libertarians. For those genuinely dedicated to promoting individual freedom and reducing government, the cause has not been advanced one whit by the political developments of the past five years. And there is nothing to be gained by attempting to pretend otherwise."

(Orange County Register, 12/26)

...and at the Pentagon -- "The source of the problem is constitutional. Under the separation of powers, Congress votes money, the administration spends it. Congress is not responsible for Pentagon waste. The administration is not accountable for congressional budgetary incompetence. But that separation doesn't mean silence, or isolation. Or gross irresponsibility. The leaders of Congress and the administration have a duty to every taxpayer and to national security. That is to get a dollar's worth of defense for every dollar spent. To do that, the President's talk of businesslike government and Congress' evergreen promise of making the budget process work must be put into practice."

(New York Daily News, 1/5)

'Sham-Rudman' -- "Ill-timed or not, the suit and the Government's response confirm the bankruptcy of Congress's deficit-fighting strategy. Sham-Rudman was never anything but an excuse for postponing difficult decisions.... Congress eventually must decide what programs to cut and whose taxes to raise, and Congress will be held responsible for those decisions. As the Justice Department's lawyers now concede, the Constitution is clear about where the power of the purse lies. Lawmakers can run, it decrees, but they can't hide."

(Miami Herald, 1/2)

MEXICAN SUMMIT

Message from Mexicali -- "We hope that Mexico does give the Contadora process another nudge later this year, and urge President Reagan to give what support he can to that procedure. The U.S. and Mexico continue to have their differences. But the picture of the two nations working together as equals on hemispheric problems sends a powerful message that is itself more significant than any of the specific issues discussed at Mexicali."

(Denver Post, 1/3)

FOREIGN MEDIA REACTION

MEXICALI MEETING

"Senior U.S. officials made clear afterward that Central America remained a source of friction." (Times, Great Britain)

"President Reagan reaffirmed U.S. support.... The U.S. has no choice. A financial crisis in Mexico would have enormous repercussions on the U.S. banking system." (Tribune de l'Economie, France)

"The positive outcome of the Reagan-de la Madrid meeting is the first significant development of 1986. The polite and cordial stance of our visitor and the dignity of the Mexican leader represent a meeting of respect that is praiseworthy of our relationship and of our diplomacy." (Excelsior, Mexico)

"With regard to drug trafficking, we should purge the police forces of negative elements that take advantage of their office and collaborate with the delinquents instead of fighting them." (Excelsior, Mexico)

"It is clear that during the recent dialogue..., cordiality and friendship prevailed and that the Mexican side always acted in support of the national interests." (El Nacional, Mexico)

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U.S. AGAINST QADDAFI

"The Western allies are right to regard the prospect of any armed Israeli and American attack on Libya as potentially disastrous to Western lives and interests.... But their provocative refusal to cooperate in economic sanctions can only make the prospect of military intervention more likely rather than less." (Sunday Telegraph, Britain)

"Libya's best shield remains the USSR. TASS' support of Tripoli clearly established a 'red line' which the Americans hesitate to cross." (Liberation, France)

"Do the deaths at Rome and Vienna by Palestinian fanatics justify similar deaths in Libya? ... Of course they don't. To behave in such a fashion is what one expects from Rambo and American film-makers. Democratic governments and U.S. presidents, should have different standards." (Irish Press, Ireland)

"Words and psychological warfare are not enough to beat terror. What is needed, as Prime Minister Peres pointed out, is a well coordinated effort to hit the terrorists, their leaders, supporters and training camps." (Yediot Aharonot, Israel)

"We will not be surprised if Israel embarks on an aggressive action against Libya.... However, it is tragic to see the U.S. being dragged to such policies, which add fuel to the fires of war." (ad-Dustur, Jordan)