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TUESDAY, JANUARY 7, 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 Greets 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.

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 All 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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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 for by 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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(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)

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)

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)