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THURSDAY, JANUARY 10, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Khadafy Says Freeze Possible On American Assets, Calls U.S. 'Rotten <u>Crusader'</u> -- "Reagan is stupid enough to believe that sanctions were something that were unexpected," Khadafy said. (AP)

Libya Seeks To DIvide U.S., Allies -- In a bid resembling Soviet efforts to pull Western Europe away from the U.S., Khadafy repeatedly suggested that Washington is sacrificing Europe's interests for its own.

(Washington Post, AP)

NATIONAL NEWS

Reagan Seeks More Power Over Budget -- The budget-process changes are to be one feature of the Jan. 28 State of the Union speech in which Reagan is planning to demand that Congress not approve any tax increase this year. (Washington Post)

Reagan's Message To Take New Tack -- President Reagan will take a "fresh approach" to the State of the Union message by delivering a substantially shorter speech. (New York Times, A1)

NETWORK NEWS (Thursday Evening)

QADDAFI -- Qaddafi was jumping for joy, gloating over the cold shoulder America's allies are giving President Reagan's sanctions against Libya.

AIR SAFETY -- The FAA is out with a report on the nation's airlines that criticizes some of their safety practices.

WALL STREET -- The Dow Jones continued to fall, but nowhere near yesterday's record drop. International News.....A-2

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This Summary is prepared Monday through Friday by the White House News Summary Staff. For complete stories or information, please call 456-2950.

KHADAFY SAYS FREEZE POSSIBLE ON AMERICAN ASSETS, CALLS U.S. 'ROTTEN CRUSADER'

TRIPOLI -- Col. Muammar Khadafy said Libya may counter American economic sanctions by freezing all U.S. assets, and said more American "threats" could push the North African country closer to embracing communism. A reporter asked Khadafy at the news conference what he thought of President Reagan's description of him as "flaky."

Khadafy asked what "flaky" meant, and laughed when the term was explained. "I never learned that Reagan was a psychologist or a neurologist. I know he was a useless actor," Khadafy said.

(Jennifer Parmelee, AP)

LIBYA SEEKS TO DIVIDE U.S., ALLIES

TRIPOLI -- Libyan leader Muammar Qaddafi Thursday night publicly proclaimed his hopes of forcing a rift between the United States and its Western European allies. Qaddafi said at a press conference here that he will attempt to build on the Arab and international support shown him in the face of the Reagan Administration's boycott to force the U.S. military out of its bases in Europe and drive its fleet from the Mediterranean.

(Christopher Dickey, Washington Post, A1)

Khadafy Issues Another Warning

United States of "stinking, rotten the Khadafy, accusing crusaderism," warned that Libya could go to war at any time to combat the "state terrorism" of the United States and Israel. He said the Reagan Administration rejected several attempts to relax tensions between the two In Moscow, the Soviet Union condemned the U.S. sanctions countries. against Libya as illegal and accused the U.S. of "state terrorism" against the Libyan government. (James Dorsey, UPI)

QADDAFI WARNS U.S. HE'LL SEEK SOVIET HELP

Qaddafi warned yesterday he would seek Soviet protection if President Reagan continues his threats to Libya, and said he would embark on "a new initiative for Arab unity and an alliance with Western Europe."

(Washington Times, A1)

REAGAN APPEALS TO ALLIES NOT TO THWART SANCTIONS

President Reagan has asked allied leaders in personal letters not to undercut U.S. sanctions against Libya by replacing American oil companies and workers being ordered out of that country, Administration officials said Thursday. (Don Oberdorfer, Washington Post, A30)

U.S. Backs Away For Curb On Libya

WASHINGTON -- Faced with a virtually universal refusal by other countries to join in sanctions against Libya, the Administration backed away Thursday from pressing the allies to take immediate steps against the Tripoli government for its purported support of terrorism.

(Bernard Gwertzman, New York Times, A1)

SENATOR SUGGESTS ASSASSINATION OF COLONEL QADDAFI

CLEVELAND -- Sen. Howard Metzenbaum (D-Oh.), who has criticized covert activities by the U.S. government, suggested in an interview published today that Libyan leader Qaddafi be assassinated if he is behind recent terrorist attacks.

White House spokesman Edward Djerejian, asked to comment on Metzenbaum's statements, said, "Assassination is simply not a policy of the U.S. government and indeed, as you well know, it is against the law."

(AP story, Washington Post, A30)

Murder Qaddafi, Metzenbaum Says

Metzenbaum, the dovish Ohio Democrat often critical of the Reagan Administration, has urged the President to consider the assassination of Qaddafi. "If you are in a room full of people and somebody is killing two people, at some point you may have to consider whether the person who is eliminating others doesn't have to be eliminated," the senator said.

(Washington Times, A1)

LIBYAN IN MOSCOW CALLS ATTACKS JUSTIFIED

MOSCOW -- Libya's cultural representative, Salim Huweidi said yesterday that last month's terrorist attacks at the Rome and Vienna airports were justified as "actions of a partisan war, committed by revolutionaries." (Celestine Bohlen, Washington Post, A30)

ABBAS QUOTED SAYING REVOLUTIONARIES WILL MEET TO PLAN TACTICS AGAINST U.S.

DUBLIN -- The alleged mastermind of the Achille Lauro hijacking said in an interview published today that "revolutionary forces" will meet in secret soon to map a "war" strategy against the United States. (UPI story, Washington Post, A30)

SHULTZ WARNS FORCE REMAINS AN OPTION TO STOP TERRORISM

Secretary Shultz predicted yesterday that Qaddafi's brand of worldwide terrorism "is likely to continue" and warned that the United States could use military force to stop it. He refused to comment on any military options the U.S. may be considering against Libya.

(James Morrison, Washington Times, A10)

Shultz Says U.S. Closer To Military Option With Libya

Secretary Shultz, faced with a stony European rebuff of sanctions with Libya, says the U.S. has just about exhausted its economic ammunition and may need to use force against terrorism.

"Force is not always the best means, but it may be necessary."

(Henry Gottlieb, AP)

Shultz Says Limit Reached On Libyan Sanctions

WASHINGTON -- Secretary Shultz says the United States has reached the limit on economic measures it can take against Libya and acknowledged that they are unlikely to have a decisive effect.

(William Scally, Reuter)

Reagan Appeals To Allies Not To Thwart Sanctions

Shultz at news conference: "Just because others are not prepared to do the right thing is not any reason why the United States shouldn't do the right thing." (Don Oberdorfer, Washington Post, A30)

Shultz -- Terrorism

Branding Khadafy "a terrorist," Shultz Thursday chided the allies for failing to join the U.S. in sanctions against the North African nation. Shultz also confirmed that the Administration still is considering putting a price on the head of Abu Nidal, accused as the mastermind of the radical splinter Palestinian bands that carried out the ... terrorist attacks..." (Gannett)

ROME RESTRICTS ARMS SALES TO LIBYA, SAYS ITALIANS WON'T FILL U.S. JOBS THERE

ROME -- As a gesture of solidarity with President Reagan's call for the isolation of Libya, the Italian government Thursday halted exports of "particularly dangerous" weapons to the North African country and said that no Italian workers would be allowed to take up jobs abandoned by Americans now working in Libya.

The measures, taken during a meeting of Prime Minister Bettino Craxi's Cabinet Thursday, came far short of the sort of collective economic sanctions President Reagan urged his European allies to adopt in his television broadcast Tuesday night. (Loren Jenkins, Washington Post, A25)

WESTERN EUROPE MOBILIZES FOR RELENTLESS WAR ON TERROR

GENEVA -- Although they will not join President Reagan in sanctions against Libya, West European nations are quietly mobilizing a sophisticated anti-terrorist apparatus for what the Germans call a "Krieg Ohne Ende" -war without end. Italy, France, Belgium, West Germany, Austria and Switzerland have been linked by an instant alert system initiated by France's veteran terrorist hunter, police commissioner Robert Broussard.

(Washington Times, A1)

HILL TEAM SEES BLACK LEADERS

JOHANNESBURG -- Six touring U.S. Congressmen led by House Budget Committee Chairman Gray touched base with opposing viewpoints within South Africa's black political community today when they met in Cape Town with the foremost moderate, Chief Gatsha Buthelezi, and a leading radical, Allan Boesak. (Allister Sparks, Washington Post, A25)

TUTU GIVES APOCALYPTIC VIEW ON SOUTH AFRICA'S FUTURE

WASHINGTON -- Bishop Desmond Tutu, South Africa's Nobel Peace Prize winner, said yesterday that prospects for his racially troubled nation were "quite horrendous" and suggested that the country's white rulers might use nuclear weapons to carry out "their own version of a scorched-earth policy." Tutu is here on a three-week tour to rally American support for additional U.S. sanctions against South Africa for its apartheid policies. (David Ottaway, Washington Post, A1)

DEFENSE CHIEF QUITS CABINET IN BRITAIN

LONDON -- Defense Secretary Michael Heseltine resigned Thursday, charging Prime Minister Margaret Thatcher with perverting Britain's system of collective cabinet government and willfully manipulating a defense decision of "profound" importance.

The immediate cause of Heseltine's departure was a dispute over rival bids to take over a major share of Britain's ailing Westland Helicopters by the U.S. manufacturer Sikorsky Aircraft and a consortium of Western European companies. (Karen DeYoung, Washington Post, A1)

U.S., JAPAN POLES APART ON SALMON FISHING Alaskans Cast Blame For Losses On Rival Nets

ANCHORAGE -- Months of negotiation between the State Department and Japanese government resumed this week in Seattle -- and broke down again Thursday -- in what has been billed as a final effort to avert threats brandished by both sides. The United States has threatened to cut Japan's allocation of bottomfish -- flounder, yellowtail and cod -- from the 200-mile fishery conservation zone off Alaska's coast. Japan has threatened to ban U.S. seafood imports, which totaled more than \$700 million in 1984.

"The people in bush Alaska have really had their economies trashed by the Japanese interceptions," said Harold Sparch, director of Nunam Kitlutsisti, a group representing 56 western Alaska Eskimo and Indian villages. "Salmon is the most essential ingredient in our economy."

(Hal Bernton, Washington Post, A3)

REAGAN PRESSURES GORBACHEV TO HOLD NEXT SUMMIT IN JUNE

President Reagan is pressing Soviet leader Gorbachev to come to the United States next June, rather than wait until September as the Soviets have suggested, in an effort to sustain the momentum of the Geneva summit and leave the autumn clear for domestic campaigning and budget battles, officials said yesterday. (David Hoffman, Washington Post, A8)

U.S. TO AID 2 CAMBODIAN GROUPS

The Reagan Administration has decided to give the non-communist Cambodian resistance \$3.5 million in nonlethal aid to be administered through Thailand, Administration sources said Thursday. The aid, they said, would be for short-term support of the two main non-communist groups fighting the Vietnamese occupation of Cambodia.

(Lena Sun, Washington Post, A24)

WELCOME, COMRADES

Secretary Shultz will deliver welcoming remarks at the opening of the 48th international PEN writers conference in New York on Sunday. The New York Post reported that among those he will be welcoming will be Nicaraguan first lady Rosario Murilla, wife of Daniel Ortega, and Nicaragua's top military commander, Omar Cabazas.

(Washington Times, A3)

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PRESIDENT EYES BIGGER FISCAL ROLE

President Reagan is planning to urge Congress to enact changes in the congressional budget process that could produce a deal this year on spending priorities and thus avoid the automatic budget cuts that could be triggered under the Gramm-Rudman-Hollings law, officials said yesterday.

One budget proposal Reagan is expected to offer in the address is that Congress change the form of its yearly budget resolution to one requiring a presidential signature. (David Hoffman, Washington Post, A1)

REAGAN'S MESSAGE TO TAKE NEW TACK

President Reagan will take a "fresh approach" to the State of the . Union message by delivering a substantially shorter thematic speech, rather than the usual long catalogue of national issues, White House officials said Thursday. (Gerald Boyd, New York Times, A1)

BAN STUDIED ON BUDGET'S PRE-RELEASE

The Reagan Administration, rankled by four years of broken promises by the nation's news media, might withhold the 1987 budget from the press until the day it goes to Congress. Edwin L. Dale, public affairs director at the White House OMB, is recommending that reporters receive copies of the President's 1987 budget on Feb. 3, the same day President Reagan formally presents the document to Congress.

(Willis Witter, Washington Times, A3)

MARKETS BUFFETED

The nation's financial markets swung widely yesterday amid rumors -which dealers and a U.S. Treasury official said were unfounded -- that Arab governments were selling dollars and withdrawing their money from the U.S. The stock market took a pounding for the second day in a row, accompanied by a sharp fall in the dollar, but the markets recovered some of their losses by the end of trading (Hobart Rowen, Washington Post, E1)

VICE PRESIDENT PICKS CHAIRMAN FOR HIS PAC

Lee Atwater, the political consultant who served as deputy director of the 1984 Reagan-Bush reelection campaign, today will be named chairman of Vice President Bush's political action committee, the Fund for America's Future. "Lee lives and breathes politics," Bush said. "Through the fund, I expect a lot of Republicans around the country will benefit from Lee's advice." (Paul Taylor, Washington Post, A5)

Atwater Named Head Of Bush Fund Raising

Dubbed "BushPAC" by political insiders, the committee is paving the way for the Vice President's expected candidacy for the 1988 GOP presidential nomination. It will be active this year in supporting Republican candidates campaigning for federal, state and local elective offices across the nation. (Bill Kling, Washington Times, A3)

135 CRASH DEAD STILL UNIDENTIFIED; ARMY IS CONSIDERING MASS BURIAL

WASHINGTON -- Military pathologists and dentists have so far been unable to identify 135 of the 248 soldiers who were killed in an airplane crash in Newfoundland Dec. 12, an Army spokesman said today. The spokesman, Major Ilona Prewitt, said one reason for the difficulty in identifying the remains was that medical and dental records had been on the same plane, contrary to Army regulations, and had been destroyed in the flight. (New York Times, A1)

MIDGETMAN WON'T BE SHIELDED FROM BUDGET CUTS

The Defense Department is not planning to shield the Midgetman missile from this month's round of budget cuts, a sign of the department's increasing skepticism about the value of the proposed mobile nuclear weapon and the future of land-based missiles, officials said this week. (Fred Hiatt, Washington Post, A8)

WHITE HOUSE OKs \$311 BILLION FOR DEFENSE, 4% PAY RAISE

The White House has approved a 4 percent increase in military pay effective later this year, Administration officials said yesterday. The White House also informed the Pentagon that it will have to operate with slightly less than the \$314.7 billion agreed on last May for 1987, a figure that provided for a 3 percent increase after inflation.

(Walter Andrews, Washington Times, A5)

WEINBERGER URGES GREATER SPENDING

Secretary Weinberger yesterday vigorously renewed his argument for increases in military spending, saying that lower budgets would doom arms control and hearten the "treacherous forces" that threaten democracy.

(Fred Hiatt, Washington Post, A8)

Mobile Soviet Missiles Said On Increase

Secretary Weinberger Thursday warned that the Soviets are continuing their buildup of new mobile ICBMs, including the deployment of 45 SS-25s. He said further cuts in the U.S. defense budget would endanger new nuclear arms control agreements.

(Walter Andrews, Washington Times, A4)

I.R.S. TC WITHHOLD TAX REFUNDS OWED LOAN DEFAULTERS

WASHINGTON -- The Internal Revenue Service will withhold any 1985 income tax refunds due to 750,000 people who have defaulted on government loans, the OMB announced yesterday.

Among the defaulters whose names were given to the service by the budget office Thursday were 657,894 former students who had failed to repay \$1.3 billion. (David Burnham, New York Times, A1)

Agencies Give Defaulters' Names To IRS

The Internal Revenue Service yesterday became the federal government's official loan collection agency as five federal agencies handed over to it the names of so-called "deadbeats" who owe cash to Uncle Sam.

Those "deadbeats" who decided to pay up include a student loan defaulter who, upon receiving a final notice from the government, sold his wife's car to pay his debt. (Keith Richburg, Washington Post, A21)

EPA TO PROPOSE ACCEPTABLE LEVELS OF CONTAMINATION FROM LANDFILLS

The EPA is planning to propose acceptable levels of contamination from hazardous-waste landfills, saying that Congress did not intend to eliminate all risk when it tightened the waste-disposal law in 1984. The proposal, expected to be released next week, already has drawn heated protest from environmentalists and some EPA employes, calling it a "travesty" that will give landfills federal permission to pollute groundwater. (Cass Peterson, Washington Post, A4)

SCOUTS' TOP COOKIE SALESGIRL OFF TO A FAST START -- AT THE WHITE HOUSE

President Reagan yesterday bought the first seven boxes of Girl Scout cookies to go on sale this year, giving the nation's top cookie salesgirl -- Elizabeth Brinton of Falls Church, Va. -- a \$20 bill and refusing the change. (Washington Post, D5, Washington Times, B8)

NIXON: LIFE BEGINS AT 70

NEW YORK -- President Reagan made his annual Happy Birthday call to Richard Nixon on Wednesday. Reagan congratulated him on "the celebration of another anniversary -- the 39th" -- the jovial former president quipped as he arrived in bright sunshine outside the fashionable Lutece restaurant on Manhattan's east side.

"I told him he's 75 and so vigorous and looks so well, he gives us all hope," Nixon said. "I'm going to keep going. Life begins at 70," he said. (UPI)

SEC CHARTS HANDS-OFF COURSE ON TAKEOVERS

The Securities and Exchange Commission Thursday decided it would not attempt to control some of the most controversial aspects of the corporate-takeover phenomena on grounds that market forces are correcting the problems. (Washington Post, E1)

U.S. MAGISTRATE QUITS BENCH

MIAMI -- U.S. Magistrate Peter Nimkoff, saying he was disenchanted with the "backward" trend in federal courts under President Reagan and Chief Justice Burger, has resigned his \$68,000-a-year job. "I don't like the route the train is taking and since I'm not the engineer it's time to get off," Nimkoff said Thursday on his last day on the bench.

William Burchill of the Administrative Office of U.S. Courts in Washington, said Nimkoff was the first federal judge to resign because of philosophical differences with the Reagan Administration or the Supreme Court. (UPI)

EDITOR'S NOTES: 'Ad On Aircraft Carrier Got A Navy Wave-Off,' page A21 of the Washington Post.

-End of A-Section-

(Thursday Evening)

QADDAFI

CBS's Dan Rather: At a news conference today, Libya's Moammar Qaddafi was jumping for joy, gloating over the cold shoulder America's allies are giving President Reagan's economic sanctions against Libya. Qaddafi is now boasting that his stature has increased in the Arab world and that even Europe will soon be playing his tune.

<u>CBS's Steve Croft</u>: Just one week after threatening to send suicide squads to the United States, Col. Moammar Qaddafi was auditioning for world statesman. Last night he told Western diplomats here that the people who attacked the Rome and Vienna airports were madmen and that he was trying to persuade the Palestinians to stop running around killing Jewish and American people in Europe. Today he said he planned to forge a new world order with his friends in Europe, clear the Mediterranean of American bases, and negotiate an end to the Iran-Iraq war. Big plans, but Qaddafi now sees himself as leader of the Arab world.

(TV coverage of Qaddafi: "It is very possible that the American challenge has put extra responsibilities on me, and therefore the challenge was very useful.")

Qaddafi said the Palestinian cause was the most sacred of the 20th century. He called President Reagan a useless actor, and the Americans who voted for him stinking rotten crusaders. Qaddafi said the American economic sanctions were useless and said he put the suicide squads on hold.

(Qaddafi: "Suicidal attacks would have to be an answer to a military attack.")

Qaddafi said Americans were free to leave Libya if they choose and today some Americans traveling to and from Libya were finding the choice difficult. Col. Qaddafi refused to comment on President Reagan's decision to freeze all Libyan assets in the United States, but he said that Libya and other Arab countries should respond to economic sanctions in kind, and striking a new diplomatic pose, said his lawyers were working on it.

Rather: The Reagan Administration talked again today vaguely about possible future military action against Libya but it did not commit to it. Said Secretary Shultz, "force is not always the best means to combat terrorism," but he added, "it may be necessary on occasion." And Shultz again held out hope that other countries may come around to the U.S. position on economic sanctions once they take, what he called, a good look at Qaddafi.

(TV coverage of Secretary Shultz: "He is harboring terrorists. He is providing them financial support. He is providing them a certain kind of infrastructure, so he is involved, he is a terrorist.")

Shultz said his deputy John Whitehead will tour Europe next week trying to bring the allies in line. But will that work? So far the response to President Reagan's sanctions has been a resounding no thanks. What little Europe is doing, is trying to protect itself at home. <u>CBS's Tom Fenton</u> reports security measures at West European airports, already stringent, were today tightened even further. There are reports, unconfirmed, that INTERPOL has warned of a new wave of terrorist attacks. Athens, Frankfurt and Rome airports were listed as possible targets. There was cause for alarm in a news paper interview with Mohammed Abbas, the fugitive Palestinian leader charged with masterminding the Achille Lauro hijacking. Abbas said a secret international meeting of revolutionary groups has been called to plan actions against the United States. European governments, under mounting pressure from Washington to join in sanctions against Libya, passed resolutions and passed the buck. Faced with the problem of terrorism in their own back yard, Europeans prefer stepped-up security to sanctions. (CBS-Lead)

ABC's Peter Jennings: One thing about Libya's Col. Qaddafi, he has never been consistent. In the beginning he said that terrorist attacks at Rome and Vienna airports were justified, now he says the terrorists were madmen. And what does he think of the President's sanctions against him? Col. Qaddafi appeared before the press today.

ABC's Greg Dobbs: Finally he came, after the Western press corps had waited two days on the promise of hearing his thoughts. Calling the U.S. a stinking rotten crusader, the Libyan leader said in his opening statement that he will respond to President Reagan's economic actions.

(TV coverage of Qaddafi: "I shall align myself historically with all the peace movements in Europe, i.e. with the Greens who desire to undermine American bases in Europe under Mr. Reagan.")

But on specifics, Qaddafi wouldn't be pinned down.

(Reporter: "What directly will Libya do to force American military bases out of Europe?" Qaddafi: "We shall develop the peace movement in Europe and those bound to undermining the American presence in Europe.")

Qaddafi had threatened something more direct, suicide attacks in main street America, but tonight he said not yet.

(Qaddafi: "Suicidal attacks will have to be an answer to a military attack.")

But not, Qaddafi suggested, the only answer, for his other defense against military attack significantly raises the stakes.

(Qaddafi: "We may have to tip the balance in the Mediterranean." Reporter: "Do you mean by helping the Soviets increase their presence?" Qaddafi: "Then everything would be possible.")

Last night he called Western ambassadors for what one diplomat likened to a bad play at the theatre. Libya's leader offered better cooperation in the fight against terrorism and even said he'd urge Palestinian guerrillas to confine their attacks to Israel. Nonetheless, tonight, he repeated his pledge to help such terrorists with money, camps, whatever they need, without responsibility for what they do. As for the safety of Americans here in Libya, state-run television tonight sent these pictures of more anti-American demonstrations, but Col. Qaddafi said Americans who want to leave will be free to do so. Today we heard about one American company that is sending wives and children out of the country soon, but its actual American employees? Despite the Presidential order, which is being broadcast beginning tonight on the "Voice of America," there is no decision yet to leave. Jennings: Here at home, a U.S. Senator is suggesting that Libya's $\overline{\text{Col.}}$ Qaddafi should be assassinated. Ohio Democrat Howard Metzenbaum said last night maybe we are at the point in the world where Qaddafi should be eliminated. When the interviewer asked should we assassinate him, Metzenbaum said it would not be the first time.

Jennings: In Washington today Secretary Shultz met with reporters to talk about the options available to Washington in dealing with Libya. The Secretary made it clear that at least as far as economic sanctions are concerned, the United States cannot do it alone.

ABC's Jeanne Meserve reports the Secretary of State says without European support, the sanctions against Libya will not have a decisive effect and he concedes that the reluctant Europeans may never be persuaded to participate.

(TV coverage of Shultz: "If there were a real European movement it would have a major impact and a dramatic impact, but I am not saying that is about to happen.")

It certainly didn't happen today. But the effort to change European minds and policy continues. American officials held consultations in major European capitals today making the argument that economic concerns should not be paramount in this situation. The Secretary of State also cast the issue in moral terms saying even without the Europeans the sanctions make an important statement.

(Shultz: "But just because others are not prepared to do the right thing is not any reason why the United States shouldn't do the right thing.")

U.S. pressure on the allies will escalate next week when Deputy Secretary of State John Whitehead travels to Europe to exercise his powers of persuasion on the matter of sanctions.

Jennings reports there has been a variety of harsh reactions to Col. Qaddafi the last few days. At a radio station in Maine, the disc jockeys are encouraging their listeners to send him their trash. They call it trash for terrorism and a number of people have responded. Today, at the Libyan mission in New York, a couple of parcels arrived. A security guard said no thank you, so now the Post Office has even more junk mail on its hands. (ABC-Lead)

NBC's Tom Brokaw: Threats, accusations, outrage, name calling -- they were the common language between the United States and Libya once again today. In Libya, Moammar Qaddafi once again raised the prospect of an American military strike against his country, and he boasted that he could unite other forces to remove the U.S. military presence from the Mediterranean.

NBC's Stephen Frazier: Moammar Qaddafi said his advisors were considering the seizure of American assets here and other steps to counter economic sanctions imposed against Libya.

(Qaddafi: "They deserve a response in kind, not only a Libyan response, but also an Arab and Islamic response of the same type.") Qaddafi said again Libya would send suicide squads to America in response to an attack on Libya, but not in response to the trade embargo. <u>Frazier</u> continues: (Qaddafi: "Suicidal attacks will have to be an answer to a military attack, but Libya is not affected by such business that Reagan has declared.")

He said Reagan was motivated by a hatred of Arabs and Islam reminiscent of the crusades.

(Qaddafi: "Stinking, rotten crusader -- this hostile position cannot be explained in racist...terms.")

As Qaddafi spoke, Libyan television sent abroad these pictures it said showed an anti-American demonstration in Tripoli today, but no foreign diplomat or journalist saw any demonstration, and Americans living here said there was no danger. At the oil company school where American and other foreign children study, this American teacher said she is staying.

(Teacher: "I'm not worried about breaking the law, it's unconstitutional and the President can't do that." Reporter: "Do you have any sense that a lot of Americans or any Americans are going to leave this time?" Another teacher: "A few. They feel they have to. Nobody wants to go home and be in jail for ten years.")

At least one American company has ordered home the families of Americans here, but the decision of some workers to defy the President's order and the unwillingness of European allies to join in economic sanctions have encouraged Qaddafi. He said tonight this confrontation has been some help to him.

Brokaw: Qaddafi, who has denied a formal Libyan connection to the terrorist attacks in the Rome and Vienna airports, met with representatives of those European countries which have refused to join the American economic boycott of Libya. The Libyan connection and the role of those Europeans were at the top of the agenda when Secretary Shultz appeared before reporters in Washington late today. He also raised the possibility of a U.S. military strike.

NBC's Anne Garrels: Secretary of State Shultz admitted today that U.S. sanctions alone will not stop Libyan-backed terrorism and he suggested that other measures may be necessary.

(Shultz: "We are prepared to use the measures that will be effective and are necessary. Force is not always the best means but it may be necessary on occasion.")

In a last-ditch effort get more support for U.S. sanctions, Shultz is sending his deputy John Whitehead to Europe. At the very least the Administration wants assurances the Europeans won't move in where American businesses have pulled out, but Shultz is not optimistic.

(Shultz: "I agree with you that we haven't had a lot of success in persuading people to that view.")

About Qaddafi's role in the Rome and Vienna attacks, Shultz has no doubt.

(Shultz: "So he is involved. He is a terrorist.")

His evidence, Libya confiscated passports from these Tunisian workers. Later they were used by the terrorists in Vienna. It's economics, not a lack of evidence, said Shultz, which bothers the Europeans.

(Shultz: "Well I'm convinced, I have no doubt whatever of Qaddafi's involvement in terrorist activity. And I must say from all the reports that I've had from our European friends, the information that flows in, nobody is really quarrelling with that.")

<u>Garrels</u> continues: When asked if the U.S. would take harsher measures if the Europeans don't join in, Shultz replied:

(Shultz: "I'm not making any comment.")

Privately, officials say the Europeans are being given a choice, support economic and diplomatic sanctions now to stop Qaddafi, or face the more costly option, military action, sometime down the road.

Brokaw reports while that rhetorical combat was going on between Qaddafi and Shultz, several international airports were beefing up their security today just in case. And the man believed to be responsible for the Achille Lauro hijacking, Abu Abbas, is quoted in the Irish Times newspaper today as saying that there will be a meeting soon to discuss what he called an international war against United States terrorism. A spokesman for the paper said this interview was conducted by a British writer well connected in the Middle East. (NBC-Lead)

AIR SAFETY

Rather: The FFA is out tonight with a report on the nation's airlines, a report that criticizes some of them for their safety practices.

<u>CBS's Lem Tucker</u> reports that the report, which focuses on the maintenance standards of the nation's airlines between March and June 1984, was done for the FAA by five of its former officials. It is critical of the management of some airlines for not fulfilling their obligations to insure a high degree of public safety. The report also blames the FAA for some of the safety problems, saying it does not have enough properly trained inspectors. The FAA admits as much by saying it is now hiring and training more inspectors but all of them will not be in place before the end of the year.

(CBS-4, ABC-5)

FARM SURVEY

Rather reports a survey out today indicates just how widespread the problem is becoming. The Agriculture Department says the nation's farm population, which remained relatively stable in 1984, dropped 7% last year. That's the sharpest decline in a decade. The accuracy of the finding was immediately challenged, but there is no challenging the very real hardship down on the farm. (CBS-7)

WEINBERGER

Jennings reports Secretary Weinberger has again accused the Soviet Union of violating existing arms control agreements. Mr. Weinberger said today the Soviets have deployed an additional 18 of their SS-25s, those intercontinental ballistic missiles. (ABC-8, NBC-7)

WALL STREET

Jennings reports it has not been a very good day on Wall Street. The Dow continued to fall, but nowhere near as far as yesterday's record drop of 39 points. (ABC-2)

LIBYAN SANCTIONS

<u>A Measured Response</u> -- "President Reagan's decision to sever all of this country's economic ties to Libya strikes us as a measured and appropriate response to what Mr. Reagan aptly termed the 'outlaw regime' of Col. Moammar Khaddafy. Although the move may not have a significant immediate impact, it has great symbolic value and paves the way for possible additional steps in the future." (Dallas Times Herald, 1/9)

The Last Card -- "Will economic sanctions do in the egregious Col. Khadafy? Not a chance of it, the less so with Western Europe likely to wimp out on President Reagan's Libyan quarantine.... This is war, if hardly of the conventional sort. Khadafy declared it; Abu Nidal wages it. The United States can fight back, or it can slink away into fearful darkness." (Dallas Morning News, 1/9)

What's a President to Do? -- "Libya is a unique offender even by the tolerant standards of international law. And wantonly killing innocent passengers in an airport is a declaration of war against civilization. Mr. Reagan is right to respond carefully; his responsible choices so far are severely limited. The way to enlarge them is to share the evidence of Libya's complicity." (New York Times, 1/9)

Khadafy: Libyan Madman -- "Nobody in his right mind would advocate going to war, but we are already at war because of these continued terrorist attacks. It may be that the only way to stop them is to destroy the base from which they operate. And if that base happens to be in Libya, so be it. The longer we let the situation remain as it is, the more we can look forward to our citizens and our property suffering the destructive consequences." (Forth Worth Star-Telegram, 1/5)

Libyan And Our Timid Allies -- "In most cases, economic sanctions are not very effective. They have been tried and found wanting. But in some cases they can have a punitive effect, and may be appropriate in showing displeasure. Libya has depended upon its huge oil supplies and jacked-up international market prices to support its domestic economy and its dangerous military buildup that threatens its neighbors. With the world now experiencing an oil glut and falling prices, Libya is especially vulnerable. If all the Free World quit buying Libyan oil, that would be a punishing blow to the terrorist-supporting government of wild man Moammar Khadafy." (Chattanooga News-Free Press, 1/6)

The Next Step in Libya -- "Heads of governments around the world might want to ponder the last line of President Reagan's Tuesday night statement announcing tighter economic sanctions against Libya: 'If these steps do not end Qaddafi's terrorism, I promise you that further steps will be taken.' The illusions are evaporating. The world, if need be, could manage quite well without Libyan oil. The Soviets are preoccupied with a war they can't end in Afghanistan and are roundly hated by most of the East Europeans they claim as allies. The West, grown tired of being victimized by terrorists, is inching its way up to retaliation. Who is the most tempting target? One guess." (Wall Street Journal, 1/9)

LIBYAN SANCTIONS (continued)

Against Qaddafi -- "It has become cliche that Mr. Reagan began by promising swift vengeance against terrorists and that his actual record constitutes a humbling education in political reality. The President might have spared himself some grief by picking a more modest course. The grief, however, lies not in any principle source of politician's embarrassment but in terrorism itself. It is awful, it is difficult to deal with, and it continues. It continues against principal targets such as Israel and the United States and against countries in Europe that have tried to set themselves apart Rather kindly, Mr. Reagan this week offered the allies an alibi, saying that economic considerations may keep Europe from joining the new American sanctions. But he also said that 'Americans will not understand other nations moving into Libya to take commercial advantage of our departure.' This is a modest but necessary marker. Internationalism, Europeans surely would agree, cuts both ways." (Washington Post, 1/9)

A School of Pariahs -- "At President Reagan's press conference, it was apparent that many reporters there doubted the existence of a 'terror network.' Maybe it was their aversion to conspiracy theories or the dread of having to acknowledge yet another organized enemy. Whatever the case, reports on the terror network have filled the papers for years... This Soviet-terrorist connection should be remembered at summit time. Muammar Qaddafi might be 'flaky,' but lonely he is not." (Washington Times, 1/9)

<u>Khadafy's Confession</u> -- "All nations should earnestly work for peace in the Middle East and a fair resolution of the Palestinian question. But peace cannot be bought by kow-towing to the threats of an irrational dictator. The U.S., Israel and the rest of the civilized world should continue to aim toward the kind of aggressive, 'focused' response to the airport outrages that President Reagan has advocated -- one that seeks to clearly identify those responsible and then to punish the guilty in an appropriate manner."

Europe, Japan Should Join Crusade to Strangle Libya -- "How many more civilians need to be blown apart in airports, how many embassies must be bombed, how many more diplomats need to be gunned down before the industrial nations get backbone enough to strike back at the patrons of this wanton violence? Retaliation by the gun is a slippery business, morally and practically, and Israel is sometimes poorly served by the nature of its vengeance. The Reagan Administration correctly believes any retaliation ought to be specifically against the killers in a preventive way, not a general fragging of some Palestine Liberation Organization group and bystanders."

Dealing With Col. Khadafy -- "The time has come for this country to end its preoccupation with our sins and begin to deal out some punishment for transgressions against us. And this can happen only with the restoration of faith and authority in an elected head of state to do what is appropriate to safeguard the national security. The only proper and effective response to a Col. Khadafy is a combination of the public outrage expressed by President Reagan backed up by the kind of quiet diplomacy for which we haven't had the stomach in some time. We need not only the capability, but also the tolerance." (Chicago Tribune, 1/9)

PRESIDENT'S ECONOMIC SANCTIONS AGAINST LIBYA

"President Reagan has acted with speed and an apparent lack of equivocation in severing his country's links with Libya. He has acted alone, has taken a risk, has done so with courage and, for that, deserves congratulations." (London Times, Britain)

"In waving his big stick, Reagan falls into the trap. Terrorism is seen as an international problem but no one in Europe wants to make war with Qaddafi." (La Croix, France)

"Prisoner as he is of his popularity and its consequent responsibilities, Ronald Reagan could do neither too much nor too little. He decided to do the minimum -- which, at least for now, is also the most he can rationally allow himself...." (La Repubblica, Italy)

"The President had no choice but to cut all economic ties to Libya.... If there is any way at all to bring Mr. Qaddafi back to his senses it is this one -- provided that the West Europeans participate...."

(Die Welt, West Germany)

"There's more than Qaddafi behind terrorism in the Near East.... Certainly, Qaddafi plays an important role in supplying and training the many diverse Arab terrorist groups. But the battles between the various Palestinian factions will continue without doubt even if the Colonel's influence is appreciably reduced." (Le Devoir, Canada)

"Let's start off this year with the statement that the anger over terrorism will mostly be powerless...unless those who wish to fight terrorism are prepared to pay the economic price. Based on all verbal opinions so far, Europe hasn't been prepared to do that yet."

(Trouw, Netherlands)

"There can be absolutely no doubt about the moral justification for the American measures against Libya.... It was a wise decision by President Reagan to limit his reactions to economic sanctions.... Reagan says he has irrefutable evidence of Qaddafi's role as a terrorist. We believe Reagan. It is our hope that the President's appeal for support will get a more positive response as time goes on...." (Aftenposten, Norway)

"The Austrian and Italian airport attacks by followers of Mr. Abu Nidal were murderous and unforgiveable but they do not justify America getting itself ranged against the entire Arab world. And this is what is happening. The Islamic countries are drawing up an agreement to support Libya in the wake of the American saber rattling...."

(Irish Press, Ireland)

"The U.S. threat against Libya becomes ever more real in the context of the increasingly advertised doctrine of 'neoglobalism,' known also as the 'Reagan Doctrine.'..." (Narodna Mladezh, Bulgaria)