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WEDNESDAY, JANUARY 15, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Soviets Send Flagship To Libya Port -- The Soviet Union has stationed the flagship of its Mediterranean fleet in Tripoli to help Qaddafi keep track of U.S. military movements. (Washington Post)

Second U.S. Carrier Said Heading For Mediterranean In Wake Of Libyan Brush -- The aircraft carrier Saratoga was ordered away from a routine deployment to join the carrier Coral Sea. (AP)

NATIONAL NEWS

Antitrust Overhaul Planned -- President Reagan has decided to ask Congress to overhaul the nation's antitrust laws to ease restrictions on mergers. (Washington Post)

Reagan Tells Tax-Hikers To Take One -- The President told White House aides to resign if they are secretly urging a tax increase. (Washington Times)

NETWORK NEWS (Tuesday Evening)

LIBYA - U.S. JETS -- Libyan planes and the U.S. Navy had another confrontation.

REAGAN/CONTRAS -- The Reagan Administration just won't give on up its fight to knock out the Sandinista government of Nicaragua, even when Congress believes there are limits on American involvement.

ORGANIZED CRIME -- One of the President's biggest backers in big labor is in big problems.

OL' WHAT'S-HIS-NAME

Is it Khadafy, Qadhafi or Gaddafi? UPI and the AP spell the Libyan leader's name Khadafy. The New York Times uses el-Qaddafi. The Baltimore Sun calls him el Kadafi. The Washington Times identifies him as Qaddafi. That goes for The Washington Post, as well. To Los Angeles Times readers, he is Kadafi. In The Wall Street Journal, he is Qadhafi. U.S. News & World Report also identifies him as Qadhafi. But in Time magazine he's Gaddafi and in Newsweek he's Kaddafi.

(Washington Times, 1/14)

INTERNATIONAL NEWS

SOVIETS SEND FLAGSHIP TO LIBYA PORT

The Soviet Union has stationed the flagship of its Mediterranean fleet in Tripoli to help Libyan leader Muammar Qaddafi keep track of U.S. military movements and to deter an American attack by standing close to one prospective target, Pentagon officials said Tuesday.

The flagship, a submarine tender packed with radio gear, is part of an expanding electronic eavesdropping and warning net that the Soviets have been placing in the Mediterranean off the Libyan coast, Administration officials said, at the same time that President Reagan is strengthening U.S. Naval forces in the region.

(George Wilson, Washington Post, A1)

Qaddafi Uses Oil Money To Seek A 'Concrete Utopia'

TRIPOLI -- Qaddafi's international obsession, the restoration of Palestine to the Palestinians and the unification of the fractured Arab world into one great nation, are common throughout the region. Most Arabs probably would subscribe to these ideals with or without him. But Qaddafi has pursued them with the zeal of a fanatic and the tactics of a holy warrior convinced that nothing is evil that serves the cause.

Oil has given him the money to experiment with an ideology that verges on anarchy and make it seem -- for a while, to some of his people -- to make it work.

(Washington Post, A1)

SECOND U.S. CARRIER SAID HEADING FOR MEDITERRANEAN IN WAKE OF LIBYAN BRUSH

WASHINGTON -- A second American aircraft carrier was expected to move into the Mediterranean Sea today, two days after Libyan jets intercepted a Navy surveillance plane in international airspace and briefly shadowed it. Although the Libyan fighters -- two Soviet-made MiG-25s -- made no threatening moves toward the Navy plane, two U.S. F-A-18 jet fighters were scrambled from the carrier Coral Sea to intercede if necessary.

(Norman Black, AP)

QADDAFI SAYS REAGAN 'HAS BACKTRACKED'

TRIPOLI -- Muammar Qaddafi said tonight he believes President Reagan "has backtracked from war," but the Libyan leader vowed to wage his own economic fight to retaliate for the U.S. boycotting of Libya and freezing of its assets.

The precise measures Qaddafi has in mind were not elaborated. In recent interviews he has said that he would consider freezing U.S. assets in Libya, but he has made no clear statement on the issue. Rumors in Tripoli this evening suggested he might prohibit American-owned companies from lifting Libyan oil.

(Washington Post, A23)

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MANY AMERICANS UNDAUNTED BY REAGAN ORDER TO LEAVE LIBYA

Thousands of Western oilmen, technicians and experts, including many Americans, continue to work for high Libyan salaries in defiance of President Reagan's efforts to isolate Col. Khadafy's country.

"I like it here and I intend to stay, whatever the President says. I don't believe he has any right to dictate to me where I should live and work," said a sun-tanned middle-aged man from Oklahoma City. The man makes more than \$100,000 a year, tax-free. (AP)

U.S. WILLING TO USE FORCE IN PERSIAN GULF

WASHINGTON -- The State Department says Iran was probably justified in stopping and searching a U.S. vessel in the Persian Gulf but warned that such practices carry "a real danger of misunderstanding and violence." State Department spokesman Charles Redman said, however, "regardless of the legality, that Iranian practice of stopping and searching neutral shipping in the Persian Gulf area is inherently dangerous and carries a real danger of violence." (UPI)

ECUADORAN PRESIDENT GIVEN WARM WELCOME

President Leon Febres-Cordero met with President Reagan at the White House yesterday, reaffirming his commitment to most of Reagan's economic and political goals for winning Reagan's praise as "an articulate champion of free enterprise." (Joanne Omang, Washington Post, A22)

Reagan Lauds Ecuador Drug Fight

President Reagan received Ecuadoran President Leon Febres Cordero on the White House South Lawn yesterday with full military honors. He said the United States is proud to be Ecuador's ally as enemies of drug traffickers and terrorists. (Jeremiah O'Leary, Washington Post, A5)

REAGAN TO ASK MILITARY AID FOR CONTRAS

The Reagan Administration is planning to ask Congress for \$30 million to \$50 million in renewed military aid to rebels fighting the leftist government of Nicaragua, despite Republican warnings that it may not be approved, Congressional and diplomatic sources said Tuesday.

Officials will also ask for a renewal of, and increase in, a \$27 million nonmilitary aid program that expires at the end of March, the sources said. (Joanne Omang/John Goshko, Washington Post, A22)

Military request For Contras May Hit \$100 Million

A military assistance package for Nicaragua's anti-communist rebels, almost ready for President Reagan's signature, is expected to range as high as \$100 million, surpassing earlier estimates of \$30 million, senior officials said yesterday.

Options for the type of aid and the cost of each program are in the final stages of discussion among Mr. Reagan's advisers and key members of Congress, the officials said. (Jeremiah O'Leary, Washington Times, A1)

M-19 GUNS TRACED TO NICARAGUA MARXISTS

President Reagan Tuesday blamed Nicaragua's Marxist regime for supplying rifles that were used in the bloody battle last November in Columbia that killed more than 100 people, including 11 Supreme Court justices. (Jeremiah O'Leary, Washington Times, A3)

WEINBERGER ASKS AID TO ANTICOMMUNIST GUERRILLAS

Secretary Weinberger said that the United States should find ways to help guerrilla movements fight communist governments, but he again advocated caution before committing U.S. forces. In a speech prepared for delivery at Fort McNair in Washington last night, Weinberger kicked off a high-level "conference on low-intensity warfare," which Secretary Shultz is scheduled to address today. Defense Department officials said the conference is intended to underline the Reagan Administration's commitment to those it considers "freedom fighters" in Nicaragua, Afghanistan, Angola, Cambodia and elsewhere. (Fred Hiatt, Washington Post, A4)

'Brezhnev Doctrine' Bullies The World, Weinberger Says

Secretary Weinberger last night blasted the so-called 'Brezhnev doctrine,' under which Moscow unilaterally declared that it would not allow nations to be liberated once they fall into the communist camp. He also called on Americans to unite against "wars of national liberation" sponsored by the Soviet Union, saying that through such insurgencies the Soviet Union has waged a "new kind of warfare" since the end of World War II "aimed at the destruction of hope itself."

(Tom Diaz, Washington Times, A3)

PRO-MILITARY GROUPS PLAN TO HECKLE SEN. KENNEDY

SANTIAGO, Chile -- Supporters of the military government planned demonstrations today when Sen. Edward Kennedy, who has denounced Chile's human rights record, arrives for talks with opposition leaders.

In a newspaper advertisement, the Avanzada Nacional called Kennedy, "the western figure who has most damaged the Chilean cause." (AP)

AMERICAN EYES VISIT TO SOUTH AFRICA

JOHANNESBURG -- Chester Crocker, U.S. assistant secretary of State for Africa, left here tonight saying he had a better appreciation of the gap between the country's race groups but still did not believe in economic sanctions as a way to end its apartheid system of segregation.

(Allister Sparks, Washington Post, A7)

DUTY-FREE IMPORTS' VOLUME REPORTED ABOVE LEGAL LIMIT

The United States may be admitting as much as \$2 billion more in duty-free imports each year than allowed by law, according to a study by the Library of Congress. The study shows that the reason for the imports problem is that successive U.S. trade representatives have used an incorrect method of indexing the value of goods that developing countries can export to the U.S. duty free under the Generalized System of Preferences.

(Washington Post, F1)

JAPAN EYES TRADE ISSUE

OTTAWA -- Japanese Prime Minister Nakasone expressed concern today about planned U.S.-Canadian trade talks, indicating that he hoped they would not result in an arrangement cutting off Japan's access to the North American market.

Aides to Canadian Prime Minister Mulroney said he had sought to assure Nakasone that the negotiations are designed to liberalize trade between the United States and not create a "fortress North America."

(Herbert Denton, Washington Post, A7)

ISRAEL MAY NOT SUFFER AS OTHER NATIONS FROM U.S. BUDGET CUTS

Israel, always more equal than other nations in the complex world of U.S. foreign aid, will apparently also come out ahead of others under the Gramm-Rudman-Hollings budget cuts. The new deficit-reduction act will force the State Department to cut aid programs to every nation by 4.3 percent, and in theory that also applies to Israel.

But unlike every other nation, Israel has already received all of its \$1.2 billion in economic aid in fiscal 1986. That leaves the Reagan Administration \$51 million short, and it is now fretting over whether to ask Israel for the money back or to squeeze that much out of other nations' totals.

(Joanne Omang/Charles Babcock, Washington Post, A14)

GUATEMALA INAUGURATES A CIVILIAN PRESIDENT

GUATEMALA CITY -- Christian Democrat Venicio Cerezo assumed office today as Guatemala's first civilian president since 1970. In an impassioned address, he condemned the widespread violence and economic difficulties in recent years.

Foreign dignitaries, including Vice President Bush, attended in a display of support. Cerezo offered to host negotiations to resolve Central America's conflicts. (Robert McCartney, Washington Post, A23)

New President Blames Abuse Of Power For Economic Problems

Cerezo, a lawyer, succeeded chief of state Gen. Oscar Humberto Mejia Victores, who took power in a 1983 military coup. His term is for five years. Vice President Bush headed the U.S. delegation, saying, " We see the democratic tide rising and we want to be of assistance to President Cerezo." (AP)

EDITOR'S NOTES: 'Salute From The Secretary,' page B1 of the Washington Post, 'American Visitors Returning To Leningrad,' page A27, Washington Post. 'Hostage Crisis Was Feared By U.S. Travelers On Cargo Ship,' 'Americans Flooding Into Manila For Elections,' page A5 of the Washington Times.

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NATIONAL NEWS

ANTITRUST OVERHAUL PLANNED

President Reagan has decided to ask Congress to overhaul the nation's antitrust laws to ease restrictions on mergers, and will argue that American businesses need greater flexibility to respond to global competition, Administration sources said yesterday.

According to a memorandum by Secretary Baker, chairman of the President's Economic Policy Council, the President has approved a five-point legislative program recommended by his chief economic advisers to change the antitrust laws, which govern major areas of corporate activity.
(Nell Henderson, Washington Post, A1)

REAGAN TELLS TAX-HIKERS TO TAKE ONE

President Reagan has told White House aides to resign if they are secretly urging a tax increase, informed sources said yesterday.

"Anyone who wants a tax increase and leaks it to the press should resign right now," the President reportedly told his staff at a meeting last week. No one was singled out in the incident nor has anyone quit as a result.
(Willis Witter, Washington Times, A1)

REAGAN SETS PRE-BUDGET LOBBYING

President Reagan, whose relations with Congress last year were marked by discord on budget and tax issues, is planning to start this year with a personal visit to House and Senate Republicans before submitting his fiscal 1987 budget, Administration officials said yesterday.

The visit Jan. 31 is being planned as a way to avoid the kind of revolt in Republican ranks that almost killed Reagan's tax-revision plan last year.
(David Hoffman, Washington Post, A6)

BENNETT HONORS KING IN ATLANTA CLASSROOM

ATLANTA -- President Reagan's Education Secretary, William J. Bennett, Tuesday ventured into a classroom here to teach black third-graders about the meaning of Dr. Martin Luther King, Jr.'s life. As he later noted, the well-drilled third-graders at John Hope Elementary School were way ahead of him. "Boys and girls," Bennett said, "I wish everybody knew this lesson as well as you do."

(Kathy Sawyer, Washington Post, A8)

Bennett Is Nearly Upstaged By Third-Graders In Atlanta -- Secretary Bennett was nearly upstaged yesterday by third-graders in Atlanta who seemed to know more than many adults about the Rev. Martin Luther King, Jr. and his beliefs about the evils of segregation and discrimination.

(Isaiah Poole, Washington Times, A3)

FARM CONVENTION TOLD GRAMM-RUDMAN HELPS, HURTS FARM ECONOMY

ATLANTA -- Top U.S. officials told the nation's largest farm group that federal deficit trimming will help turn the tide for American agriculture, but economists were less optimistic.

"I happen to believe that 1986 is a watershed year for American agriculture," Sen. Dole told the 67th annual meeting of the American Farm Bureau Federation. (UPI)

CRIME COMMISSION CRITICIZES WHITE HOUSE TEAMSTER TIES

The President's Commission on Organized Crime yesterday publicly criticized Reagan Administration "contacts" with Teamsters President Jackie Presser and warned that they could "lead to an erosion of public confidence" in the government's fight against labor racketeering.

(George Lardner/Mary Thornton, Washington Post, A2)

U.S. PROPOSES REDUCTION IN '86 PAYMENT TO D.C.: PLAN DRAWS CITY'S FIRE

Reagan Administration and congressional budget officials have proposed cutting the current year's federal payment to the district by \$23.5 million, drawing an angry reaction from D.C. officials who say they have spent most of the payment.

"We don't think they can do this," said Alphonse G. Hill, deputy mayor for finance. "I think we are going to have to protest this because we have already drawn down \$504 million of the \$546 million. We spent the money." (Arthur Brisbane, Washington Post, A1)

U.S. RETAIL SALES JUMP 1.9% IN DECEMBER

Retail sales increased 1.9 percent in December, the sharpest rise in three months, as a rebound in automobile sales helped set a firm foundation for stronger sales growth this year. (Washington Post, F1)

UNPUBLICIZED TESTS OF A-ARMS TALLIED

The United States conducted at least 12 and as many as 19 unannounced nuclear-weapon tests in the Nevada desert from 1982 through 1984, according to a private research group that based its estimates on seismic data and other sources.

The calculations by the Natural Resources Defense Council provide the first indication of the scope of U.S. testing since the Reagan Administration began conducting some tests secretly, apparently in 1982.

During those three years, the Energy Department exploded another 44 devices in announced tests. (Fred Hiatt, Washington Post, A5)

Report Discloses Secret U.S. Nuclear Weapons Tests

The Reagan Administration held between 12 and 19 secret nuclear weapons tests between 1982 and 1984, raising questions about abilities to detect cheating on a proposed test ban treaty, according to a study proposed Tuesday. (Reuter)

OFFSHORE OIL LEASE PRODUCTION POSTPONED

ANCHORAGE, Alaska -- The Interior Department, faced with a court order backing native Alaskans in their fight to stop the sale of offshore leases for oil and gas exploration, canceled the high stakes auction set for today. The court order prevented officials from holding the lease sale of drilling rights to 990 tracts covering 5.6 million acres off southwest Alaska. The tracts are believed to contain \$15 billion worth of oil and natural gas. (UPI)

MESSENGER INDICTED IN SPYING

Randy Miles Jeffries, a messenger for a district company that transcribes closed Congressional hearings, was indicted yesterday on two counts of espionage. A federal grand jury in Washington charged Jeffries, 26, with one count of delivering and attempting to deliver national defense documents to Soviet agents and another count of delivering and attempting to deliver national defense documents to a person not entitled to receive them. (Ruth Marcus, Washington Post, A7)

Former Clerk Charged With Passing Top-Secret Defense Papers To Soviets

According to court papers, Jeffries passed 28 sample pages, including one top secret document and two secret documents, to Soviet military officials. Soviet officials had planned to pay Jeffries -- who identified himself by the code name "Dano" -- \$5,000 for the complete package of three documents, the papers state. (Bill Gertz, Washington Times, A2)

MEESE, BROCK SET HIRING PLAN TALK

The White House has summoned Attorney General Meese and Labor Secretary Brock to a meeting Thursday in an effort to resolve the stalemate over the proposed executive order on affirmative action, Administration sources said Tuesday.

A White House spokesman said the meeting with Chief of Staff Donald Regan is not expected to produce a final agreement. But even if a compromise is reached, he said, it would be political folly to announce anything in the next week, when President Reagan is involved in celebrations of the birthday of the late Martin Luther King, Jr.

(Howard Kurtz, Washington Post, A17)

COLUMBIA'S COSTLY FLIGHT ENDING A DAY EARLY ON THURSDAY

CAPE CANAVERAL, Florida -- Columbia's astronauts, 25 days late in going into space, are coming home a day early Thursday from a costly trip NASA twice considered canceling. It came as no surprise. The astronauts were told before they were launched Sunday that they might be brought back early to avoid jamming up NASA's ambitious schedule of 15 shuttle flights this year. (AP)

CHAVEZ-MIKULSKI SENATE RACE LIKELY

Linda Chavez is definite as a candidate for the Republican nomination for the U.S. Senate, a senior Republican official in Maryland said Tuesday. Maryland would become the scene of the nation's first Senate race between two women -- if both Mrs. Chavez, a high-ranking aide to President Reagan, and Rep. Barbara Mikulski of Baltimore win the Republican and Democratic primaries.

(Stephanie Nall, Washington Times, A1)

EDITOR'S NOTES: 'Conservative Groups Feel Pinch,' page A1 of the Washington Post, 'Big-League Litigator Aims To Throw Out Budget Act,' page A17, '30 New Drugs Approved In '85, A Record For FDA,' page A17. 'Ecuador's First Couple Given Festive Welcome,' and 'PEN Party: Mailer, Koch, Managua,' page B1 of the Washington Times.

-End of A-Section-

NETWORK NEWS SUMMARY

(Tuesday Evening)

LIBYA-U.S. JETS

CBS's Dan Rather: It was revealed today that Libyan war planes and the U.S. Navy have had another military confrontation. This time no shots were fired but shooting may have been averted by only a narrow margin. It happened yesterday over the Gulf of Sidra where U.S. Navy jets shot-down two Libyan fighter planes in 1981, and this latest dangerous incident could not have happened without Soviet help for the Libyans.

CBS's David Martin: According to the U.S. version, two of Libya's Soviet-built MIG-25s intercepted a Navy electronic surveillance plane from the aircraft carrier Coral Sea 140 miles off the coast. It was the farthest from land the air force has ever operated. The American plane was tracking Soviet reconnaissance aircraft, and the MIGs caught him by surprise coming within 200 feet before he spotted them. The American radioed for help. Two F-18 jet fighters from the Coral Sea were sent to the scene, but by the time they got there the MIGs had broken off and headed for home. No shots were fired and the Navy plane was never threatened.

(TV coverage of Secretary Weinberger: "This is a little farther north than they have been before, but I don't think there is anything unusual about it.")

U.S. officials say the Libyans could not have intercepted the Navy plane without help from Soviet ships and aircraft which have been shadowing the American fleet for the past two weeks. The flag ship of the Soviet Mediterranean fleet is lying at anchor in Tripoli harbor and is assumed to be relaying intelligence to the Libyan armed forces. (TV coverage of Robert Sims: "We have to assume this is an integrated effort to obtain detailed information about our fleet operations and provide it to the Libyans.")

U.S. officials say the Coral Sea and its planes are now well out of range of even the boldest Libyan pilot, but the potential for further military tension remains. The U.S. is sending in a second aircraft carrier and Pentagon sources say the Soviets are preparing to send several more of their warships into the Mediterranean as well.

(CBS-Lead)

ABC's Peter Jennings: There has been one of those incidents off the coast of Libya which gives us some indication of how high the tension can be between the Libyans and the United States. An American surveillance plane was suddenly intercepted by two Libyan fighter jets. It happened yesterday.

ABC's John McWethy: The aircraft carrier Coral Sea, operating in the central Mediterranean, had sent a Navy surveillance plane, an EA-3, to fly along the coast of Libya over international waters. The plane was monitoring radio traffic from Libya. Suddenly, the American pilot found himself surrounded by two Russian-made MIG-25s with Libyan markings.

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McWethy continues: Officials say the Libyan aircraft were within 200 feet, but at no time made any threatening gestures. Still, any close contact with Libyan fighters is regarded as dangerous. The U.S. pilot radioed for help but before American F-18s could get to him, the Libyan interceptor had left, heading for home.

(TV coverage of Weinberger: "Libyan planes had been up in that area. This a little farther north than they have been before, but I don't think there is anything unusual about it.")

The American F-18s had originally been scrambled for another reason. Pentagon sources say the U.S. aircraft were on their way to intercept two Soviet intelligence gathering planes that were monitoring the fleet. U.S. intelligence sources say last week the Soviets brought into Libya about four of the IL-38 surveillance planes. The Pentagon says along with the Soviet aircraft, there is a flotilla of 26 Russian ships now in the central Mediterranean. They appear to be providing Libya with an integrated, intelligence gathering and early warning capability. The Soviets are also providing new arms. A Russian ship is now unloading new long-range SA-5 missiles in the Libyan port of Bengasi. A dozen other SA-5 launchers are already on the pads. The SA-5s, with a range of nearly 200 miles, threaten a wide range of American surveillance aircraft that routinely monitor Libya over international waters. Yesterday's incident, if nothing else, illustrates that there is literally a traffic jam in the waters and skies off Libya's coast, a situation which will only get worse as a second U.S. carrier, the Saratoga, enters the Mediterranean tomorrow.

(ABC-Lead)

NBC's Tom Brokaw: It was disclosed today that an American Navy surveillance plane was intercepted yesterday off the coast of Libya by two Soviet-made Libyan jet fighters. The Navy plane radioed for help but the Libyan fighters flew away before F-18s from the aircraft carrier the Coral Sea could reach that area.

(NBC-3)

REAGAN ADMINISTRATION/CONTRAS

Brokaw: The Reagan Administration just won't give up on its fight to knock out the Sandanista government of Nicaragua, not even when Congress makes it clear it believes that there are limits on American involvement. Now the Administration is prepared to reopen that debate if the President decides the time is right. The issue is direct military aid for the Contras, the guerrillas fighting the Sandanista government. The White House claims it has a strong case.

NBC's Chris Wallace: An Administration task force is urging the President to seek renewed military aid for the Contras. Officials tell NBC News Mr. Reagan will decide whether to go along by early next month, but that the only possible hold-up would be strong Congressional opposition. At a welcoming ceremony today for the president of Ecuador, Mr. Reagan again attacked the Sandanista government of Nicaragua.

(TV coverage of the President at the welcoming ceremony: "That those few nations controlled by oppressive communist regimes can be tied to so much of the turmoil and bloodshed that is plaguing this hemisphere.")

Wallace continues: And the U.S. is moving to back-up its rhetoric. A top American diplomat says current aid to the rebels, which forbids weapons, is not enough.

(Elliot Abrams: "It has not been sufficient to put the kind of pressure on the Sandanistas that's necessary. We want to put more pressure on the Sandanistas and the way to do that is to give military aid to the resistance.")

Officials are talking about \$30 to \$80 million in military aid depending on Congressional reaction. In 1984, Congress voted \$24 million in military assistance but last year approved \$27 million for non-lethal aid, clothing and medical supplies. However, Administration officials say increasing repression in Nicaragua and its growing ties to Cuba and the Soviets are changing Congressional minds. One Congressman who led the fight for non-lethal aid last year says he doesn't see a shift.

(Rep. David McCurdy, D-OK: "I don't think that events have changed on the ground sufficiently to justify an escalation.")

But today at the inauguration of Guatemala's first civilian president in 16 years, there were new signs of tension. Nicaraguan President Ortega confronted Vice President Bush, asking did the U.S. achieve its revolution without violence? Later Bush fired back.

(TV coverage of the Vice President: "I wish that Nicaragua was celebrating a day of democracy. I wish they had free elections.")

Officials say they will hold intense consultations with Congress before deciding whether to go for military aid, but the prevailing mood here tonight is to stand by the Contras, on Capitol Hill, and in Nicaragua.

(NBC-Lead)

ORGANIZED CRIME

Rather: The United States commission on organized crime is out with a new report on alleged mobster influence in unions. Among the findings -- that one of President Reagan's own biggest friends and backers in big labor is one of the big problems.

CBS's Rita Braver: The report calls for a new national effort to crack-down on mob infiltration of labor unions saying graft and kick-backs add millions of dollars to consumer costs.

(TV coverage of Judge Irving Kaufman outside the White House: "There are two taxes imposed, one by Congress which is legitimate, and the other by organized crime.")

The report comes just days after President Reagan himself declared war on organized crime in an unprecedented magazine article.

(Photograph of the President and Presser.)

But ironically, Teamsters chief Jackie Presser, known as the President's favorite labor leader, twice stone-walled the commission.

(TV coverage of Presser: "Mr. Chairman, on the advice of council I respectfully decline to answer that question on the grounds of the 5th amendment.")

And the commission today said that contacts, like those between Presser and the Reagan Administration, can lead to an erosion of public confidence and dampen the desire to end racketeering. (TV coverage of Presser with the President, and Presser with Raymond Donovan.)

Braver continues: Meanwhile, the controversy still rages over how Presser apparently kept both the mob and the FBI happy and rose to his \$700,000 a year job. Last summer he was under investigation by a federal strike force in Cleveland for labor corruption, but that probe was abruptly dropped when it was revealed that Presser was an FBI informant, and that the very crimes under investigation had been authorized by the bureau to protect Presser's cover. In 1981, mobster turned government witness Jimmy "The Weasel" Fratiano, even named the mafia bosses who allegedly controlled Presser, a charge Fratiano repeated last year to the organized crime commission. (Reporter: "Who runs the Teamster organization in Cleveland?" Fratiano: "Jackie Presser." Reporter: "Who controls him?" Fratiano: "The boss of the Cleveland family, James Licavoli." Tony Aratari: "Presser and Licavoli are like this. Presser would always have to go to Licavoli for a final decision.")

Tony Aratari, an admitted organized crime hit-man for the Cleveland mob, was a key government witness in putting Licavoli behind bars. Aratari believes there is a contract on his life right now. He says the government wasn't interested in crimes he alleges he committed for Presser.

(Aratari: "I told people with the Justice Department that Presser was involved and here's what they told me: We don't want Presser now, we want Libator, we want Licavoli, forget about Presser.")

(Reporter: "So there is no doubt in your mind that Jackie Presser is as controlled by the mob as... " Roy Williams: "As I was, as I was. Only with bigger groups. Cleveland is controlled by New York.")

The Teamsters president flatly denies he was either an informant or a criminal, but CBS News has learned of at least six other government criminal investigations of Presser. None was ever prosecuted.

(TV coverage of Presser: "I really honestly consider that I don't think I'm going to have any problem.")

Indeed, Presser seems to lead a charmed life. While mobsters claim him as one of their own, he flaunts his close ties with the Administration.

(TV coverage of Presser with Vice President George Bush.)

(Rep. William Hughes, D-N.J.: "It is a preception problem because it just feeds that cynicism that's out there. That unfortunately undercuts the criminal justice system and that is that if you are rich, if you have high office, or your well connected and you commit an offense, you are home free, but if you are poor, you go to jail.")

Now the FBI has targeted the Teamsters for intense scrutiny because of mob ties, but the question remains as to whether Presser will remain immune from investigation because of his special relationship with the bureau. (CBS-4)

Brokaw: A special Presidential commission on organized crime reported today that the mob has gained what was described as monopoly power in some industries by its control of a few labor unions. It says that four unions have long histories of mob influence or control: The laborers, the longshoremen, the hotel employees and the Teamsters. (NBC-8)

Jennings: A new report on organized crime today warns about the high price of labor racketeering. The President's commission on organized crime says that mob bosses are using some labor unions as a tool to gain monopoly power in key sectors of the economy. The report warns of political pressures which can slow down investigations. The commission points to the long delays in resolving a Justice Department investigation of Teamsters union President Jackie Presser. Presser supported President Reagan's campaigns in 1980 and 1984. And the report warns that such delays can lead to an erosion of public confidence. (ABC-12)

IRAN SHIP BOARDING

Jennings reports on the matter of that American ship which was boarded by the Iranian navy over the weekend, the Reagan Administration said today "We consider the case closed." That is quite a turn-around from the weekend protests, although a State Department spokesman did say today, regardless of the legality, the Iranian practice is dangerous and could be misunderstood. (ABC-4)

GUATEMALA

Jennings reports there is a new president in Guatemala. He is the first civilian president in 16 years. The inauguration brought to a close 16 years of military rule which began with a coup that was supported by the CIA. Vice President Bush was there today to represent the United States. (ABC-6)

RETAIL SALES

Rather reports that the White House today called it exceptionally good news -- word from the Commerce Department that retail sales were up 1.9% in December, that was the sharpest gain in three months and it helped put retail sales for the year up 6.3% over 1984. (CBS-9)

FAA

Brokaw reports it was the crash of that charter flight that killed 248 American soldiers in Newfoundland that focused attention on the safety of such charters. Today the Federal Aviation Administration announced a crack-down on airlines used by the military. There is skepticism that the inspection program can be effective. (NBC-6)

HUNGER IN AMERICA

Jennings reports there is disturbing news today on the subject of hunger in this land of plenty. A major physicians task force has concluded that the United States is losing its war against hunger. Ten years ago the problem was concentrated in the South. Today it has spread to the Southwest and to the Midwest. In fact, according the report, large numbers of Americans even go hungry in the nation's farm belt. And even though there are programs like food stamps to help, in the hardest hit areas of the country, more than a third of the people never get help. (ABC-9, CBS-5, NBC-7)

EDITORIALS/COLUMNISTS

GRAMM-RUDMAN

Gramm-Rudman Suit -- "Through its passage of Gramm-Rudman, Congress has already confessed that it can't meet its responsibilities. If the three-judge panel rules the act unconstitutional, it will mean that Congress can't even successfully abdicate them." (Birmingham News, 1/10)

The Ordeal of Gramm-Rudman -- "Gramm-Rudman should be given a chance to work. The legal challenges being mounted by some congressmen and by President Reagan's own Department of Justice should not interfere with the operation of the complicated Gramm-Rudman machinery.... Unless the courts intervene, there will be massive cuts and there will probably be a tax increase, to be termed a 'revenue enhancement,' so that the president can keep his pledge against new taxes. There will be agony. There will be outrage. There will be despair. But, if all goes reasonably well, the Republic will survive, and the budget, at long last, will be brought into balance." (San Diego Tribune, 1/8)

Dribbling Into The VAT -- "Viewed from this context, Gramm-Rudman has to be read as a tax-increase measure as well as a budge-cutter. Since Reagan is about as hostile to the progressive income tax system as he is to domestic spending programs, the only significant way out lies in a consumption tax -- patterned after the European valued-added tax, a glorified sales tax.... Applied broadly, a VAT could generate enormous amounts of revenue within the context of the Gramm-Rudman timetable.... When that happens, Reagan will have completed the second half of his modern revolution. He will, at last, have dislodged the keystone of the American welfare system, the progressive income tax. That achievement would be a fitting emblem of his administration." (Boston Globe, 1/13)

A Recipe For Certain Chaos -- "Then Reagan reiterated both his support for an increase in defense spending of 3 percent above the inflation rate and his adamant opposition to any increase in taxes.... This is never-never land. If the president really believes Gramm-Rudman is only a device that will permit the White House to have its own way on the budget, he has badly misjudged the temper of not only the Democrats in Congress but also many of the Republicans in the Senate who are already preoccupied by their campaigns for re-election next fall."

(Dallas Morning News, 1/13)

Into The Future, On Automatic Pilot -- "America is about to get its first taste of balancing the budget by machine. The immediate cutbacks will be nothing compared to the prospect for future years, starting in October. But the arbitrary trimming about to occur should serve fair public warning. Defense and non-defense programs will be severely damaged unless President Reagan and Congress turn off the automatic pilot and find a plan for deficit control that is run by leaders instead of robots."

(New York Times, 1/14)

Congress: Defend Your Turf -- "Early word from the White House reports that President Reagan intends to use his Jan. 21 State of the Union address to ask Congress to revise the way it sets priorities on taxing and spending. Obviously Congress needs to do better; its budget process hasn't worked as intended for years. Even so, President Reagan's proposal would take a flawed process and make it worse. Essentially Mr. Reagan intends to ask for more power to tell Congress what to do.... Today, however, many members of Congress care more about running for the office than protecting its authority. Frightened silly about what Ronald Reagan might say about them, too many are willing to appease him even at the cost of handing over their institution's integrity, as they did so shamefully in Gramm-Rudman. They mustn't do it again."

(Philadelphia Inquirer, 1/14)

Pay Up -- "Especially in a time when the federal government has too few resources to maintain all the programs it needs to maintain, the decision by the Internal Revenue Service to withhold tax returns of people who have defaulted on government loans deserves solid support."

(Detroit Free Press, 1/12)

Bum Steer -- "Public transit has not been a high priority for the Reagan administration. Even so, its proposed 40 percent slashing of federal transit subsidies in the 1987 budget would be unacceptable in some instances, even considering the need to reduce the deficit.... Fighting the federal budget deficit and proposing cuts in federal programs, including aid for public transportation, is one thing. But seeking to use that necessity as a pretext to undermine public transit systems across the nation, is quite another. Congress should note this distinction when it looks into the administration's latest proposals."

(Detroit Free Press, 1/12)

U.S.-LIBYA

Ronald Reagan is No Wimp -- "Ronald Reagan is a realist, with a reasonable amount of caution built in. He knows that bombing Libya now would be counterproductive. So he's not going to do it.... It is the burden of responsibility to be realistic and restrained. Campaign rhetoric aside, a sitting president must do what he believes is in the national interest, whether it earns him popularity among his political supporters or not."

(San Diego Tribune, 1/10)

It's Necessary To Fight Back Against Killers -- "Can and should the United States and other Western countries defend themselves without exacerbating the situation and feeding a 'spiral of violence?' The answer is yes. It is both possible and necessary for the targets of terror to fight back. There are, however, many different ways -- military and non-military -- to retaliate.... Terrorism of this sort is hardly the product of retaliation. On the contrary, a vigorous self-defense helps keep it within manageable bounds. The tendency to equate terrorist attacks with the free world's efforts to counter them through economic, diplomatic and, where possible, covert and overt military means is not only cowardly and morally myopic. It is also unrealistic, a sure invitation to more and bloodier atrocities. Either Western governments will realize that they are under attack and fight back, or they and their citizens will be sitting ducks. And we all know how sitting ducks end up."

(Ze'ev Chafets, Buffalo News, 1/10)

Eye for an Eye Will Not Work; Press for Peace, -- "If the aim of reprisal is revenge or gratification of blood lust, then perhaps 'active prevention' works. But in recent months has reprisal saved American lives? Has it advanced the goals of American diplomacy in the Middle East? Has it diminished terrorism? No. Retaliation has killed far more innocents than terrorists have. Furthermore, since last summer each act of retaliation has raised the level of violence, costing more and more American dead, leaving the policy of peacemaking in the Middle East in shambles.... If Washington wants to defeat terrorism, it should press to get Arabs and Israelis to the negotiating table. 'Active prevention' presents terrorists with a platform. Only peace holds a promise of taking it away."

(Milton Viorst, Buffalo News, 1/10)

Terrorism: alert yes, alarm no -- "The current terrorist alert in Europe and the Mediterranean should not be viewed as a terrorism alarm. Terrorism is in large part theater, an emotional charge directed at a world audience, as well as a personal tragedy for those directly involved. It would be a mistake to amplify that emotional charge by overreaction, or to overlook some of the positive action being taken."

(Christian Science Monitor, 1/14)

No Substitute for Peace -- "The sad thing about President Reagan's campaign against Muammar Qaddafi is that even if the campaign succeeded totally (which is conceivable but unlikely), it would have only negligible and marginal effect on the real purpose of the operation, which is to stop international terrorism.... There is only one way to end the terrorism that has roused President Reagan to his campaign against Qaddafi. That would be to secure peace between Israel and its Arab neighbors."

(Joseph Harsch, Christian Science Monitor, 1/14)

Terrorism: We Can't Name it 'Khadafy' -- "Some individuals so dominate the processes of which they are a part that they and the process become almost identical.... Libya's Moammar Khadafy, as barbaric and 'flaky' as he may be, is not terrorism. The problem with making the Libyan the embodiment of international terrorism, as President Reagan came too close to doing at his recent news conference, is that it gets us thinking that if we can somehow isolate him, and perhaps one or two others, we can eliminate international terrorism. It obscures the fact that the principal source of terrorism in the Middle East is the absence of any effective international attention to the plight of the Palestinians."

(William Raspberry, Detroit News, 1/12)

A Promise to Khadafy -- "As an international power, the United States sometimes must use its formidable power to promote the safety and well-being of its citizens and allies. To fight the scourge of international terrorism, responsible in the past year for the murder of more than 2,000 people, including many Americans, our immediate objective should be to get rid of the pirate den at Tripoli, which serves as the launching pad for much mayhem. And the best way to do this is to destroy Moammar Khadafy.... It's worth remembering that the president promised further action if the economic sanctions failed to handle the man who publicly called him a dog. Mr. Reagan rarely says 'I promise.' That's one of the things we like about him."

(Detroit News, 1/12)

FOREIGN MEDIA REACTION

U.S. ANTITERRORIST INITIATIVES

"Colonel Qaddafi is blowing hot and cold. Yesterday it was hot: 'I am ready to receive Ronald Reagan under my tent.' But the Americans have a six-point plan to isolate the Libyan leader. Qaddafi's smiles will not be sufficient to calm the Reagan Administration, which has had it. Washington will use any pretext leading to a military action against Libya." (France-Inter Radio)

"The conflict about Libya is very welcome in the Kremlin. While the Americans endorse the struggle against terrorism in a risky but hardly convincing manner, the USSR presents itself as the advocate of peace in an area where it has placed its hope..." (Tagesspiegel, West Germany)

"If Europe wants to be respected and listened to in the world, it will have to take a stronger line with terrorists. Europe is already incapable of ensuring its own defense against the USSR. Is it going to prove equally powerless against people like Qaddafi?" (Tribune de Geneva, Switzerland)

"There could come a time when the European countries will have trouble restraining Reagan. Reagan cannot afford another show of impotence when confronted with Qaddafi's challenges in the face of U.S. public opinion." (La Vanguardia, Spain)

"Not only the USSR and the rest of the socialist countries but also scores and scores of states throughout the world met the aggressive action of the U.S. with resolute support for and solidarity with the just cause of the Libyan people and Palestinian resistance." (Otechestvo, Bulgaria)

"At the White House, a bunker mentality has set in and officials were on the defensive after a week of charges that President Reagan is talking loud and carrying a wet fish." (Sydney Morning Herald, Australia)

U.S. SHIP INCIDENT

"The low-key U.S. response to the incident close to the Gulf may partly reflect caution about condemning ship boardings; the U.S. Coast Guard and Navy has increasingly been intercepting vessels in the Caribbean to check for drugs and other contraband." (Guardian, Britain)

"What is the motive behind the Iranian interception of the U.S. freighter? ...It is done for the world's eyes: Since Qaddafi dares to irritate the United States, why shouldn't Iran? And to curry favor with the Kremlin as Qaddafi does, through forms of struggle with the United States." (Oriental Daily News, Hong Kong)