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# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, AUGUST 26, 1986 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

U.S. SAYS LIBYA MAY HAVE PLANS FOR NEW TERROR -- Officials indicated today that Col. Muammar el-Qaddafi was planning terrorist attacks, and the White House warned that it was "prepared to take whatever action is necessary" to thwart the Libyan leader. (AP, UPI, Reuter, New York Times, Wall Street Journal, Washington Post, Washington Times)

U.S. WANTS REGIONAL DISCUSSIONS ON SOUTH AFRICA -- The Reagan Administration, faced with an invitation to President Reagan to visit southern Africa, is voicing support for regional discussions as a means of addressing the problems of the racially troubled region. (AP)

### NATIONAL NEWS

REAGAN DRUG WAR GETS F-PLUS RATING -- The United States is losing its war against drugs on all fronts, the head of New York City's narcotics squad told the nation's governors here yesterday.

(Washington Post, Washington Times)

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WAR ON DRUGS -- The fight against the illegal use of drugs is enormous in Los Angeles.

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INTERNATIONAL NEWS

U.S. WARNS OF NEW BOMBING  
IF LIBYA RESUMES TERRORISM

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"We are prepared to strike directly against Libya, if necessary," a senior official said. The official also confirmed essential details of a Wall Street Journal report today that described U.S. military planning and covert action against Libya. (Lou Cannon, Washington Post, A1)

U.S. Believes Libya Plotting New Attacks

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White House spokesman Larry Speakes said the joint military exercises of U.S. and Egyptian forces are unrelated to the Libyan threat. He said "Operation Sea Breeze" was planned months ago.

(Jeremiah O'Leary, Washington Times, A7)

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(Bernard Weinraub, New York Times, A1)

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U.S. officials said there is a rare consensus within all sectors of the Reagan Administration to keep the heat on Libya. As a result, they said, they are pressing both West European allies and U.S. companies that do business in Libya for new sanctions. "We have to keep impressing on these people that we aren't going to let go of this one," one official said.

(Frederick Kempe, Wall Street Journal, A3)

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SANTA BARBARA -- The Reagan Administration is prepared with military and economic contingency plans to be used if Libya's Moammar Gadhafi sponsors a new campaign of anti-American terrorism, officials say.

In Washington, Pentagon sources point to "clear indications" over the last few weeks that Gadhafi may be preparing "to get back into the terrorism business" -- perhaps in West Germany or Greece -- but insist they are not planning a preemptive strike. (Susanne Schafer, AP)

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But he pointed out that the Administration had not yet received the invitation to visit Africa and it would "have to wait and see what the specifics are" before making any commitments. (Susanne Schafer, AP)

BLACK LEADERS WARN OF TURN TO EAST BLOC  
Tanzanian Leaders Call For U.S. Sanctions

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(Arthur Golden, Copley)



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Hawke said in an interview, "The U.S. and Europe to a lesser extent, can't expect the rest of the world to support them with the same degree of fervor in the total strategic equation if they are going to treat us like dirt."

(Michael Richardson, Washington Post, A11)

NATIONAL NEWS

DRUG INTERDICTION EFFORT A FAILURE, GOVERNORS TOLD  
Reagan Praised For Spotlighting Problem,  
But Officials' Rhetoric Is Termed Misleading

HILTON HEAD, S.C. -- The nation's governors were told today that federal efforts to stop the flow of illegal drugs into the United States have been a "complete failure" and that the Reagan Administration's rhetoric on the issue "has been misleading to the American people."

The chief executives of several states agreed with the critique offered by a top police official and a leading congressional drug enforcement expert at a National Governors' Association committee meeting here, but praised President Reagan for drawing attention to the nation's drug abuse problems.

(Bill Peterson & David Broder, Washington Post, A3)

Reagan Drug War Gets F-Plus Rating

HILTON HEAD, S.C. -- The United States is losing its war against drugs on all fronts, the head of New York City's narcotics squad told the nation's governors here yesterday.

"The federal government's interdiction efforts, as far as I'm concerned, have been a complete failure," Francis Hall, commander of the New York Police Department's narcotics division, told the National Governors Association, which ended a three-day meeting here today. "I would grade it an 'F-plus.'" (Mary Belcher, Washington Times, A1)

MAJOR BANK LOWERS PRIME, OTHERS DELAY

Wells Fargo Bank of San Francisco late yesterday became the first major bank to lower its prime rate in response to the Federal Reserve Board's reduction last week in a key lending rate.

Analysts cited a variety of reasons why banks have been slow to cut their prime rate this time, including a desire to increase their income to build up reserves against continuing losses. One analyst suggested the banks are trying to make a point to Washington that they are concerned "about their long-run income prospects" as a result of the tax revision legislation.

(James Rowe & Nancy Ross, Washington Post, A1)

SOCIALISTS WIN DAMAGES  
FBI Program Of Disruption Ruled Unconstitutional

NEW YORK -- A 36-year FBI effort to disrupt the Socialist Workers Party through wiretapping, bugging, "black-bag jobs," anonymous letters and harassment was illegal and "patently unconstitutional," U.S. District Court Judge Thomas Griesa ruled today.

The case, filed by the party in 1973, involves one of the most extensive counter-intelligence operations by the federal government to infiltrate and neutralize organizations suspected of "subversive activities."

(Margot Hornblower, Washington Post, A2)

IN THE BARRACKS, SCORN FOR THE NEWS BUSINESS  
Army War College Students Polled

A detailed poll at the U.S. Army War College, the incubator for future generals and military leaders, finds a high level of distrust and dislike for the news media among career officers.

Fifty-one percent of the 105 senior-grade officers who responded to the poll at the prestigious school at Carlisle Barracks, Pa., showed a "negative" or "very negative" attitude toward U.S. newspapers, television and news magazines in general. (Daniel Gilmore, Washington Post, A15)



NETWORK NEWS SUMMARY

(Monday evening, August 25, 1986)

U.S./LIBYA

CBS's BOB SCHIEFFER: The United States and Egypt today opened a week of joint military exercises in the Mediterranean, this as Reagan Administration sources told CBS News White House correspondent Bill Plante that Libya now seems bent on another terrorism offensive.

CBS's BILL PLANTE: Col. Gadhafi, who this week surfaced to receive support from Syrian President Assad, is planning new terrorist attacks against Americans in Europe according to Administration sources. The U.S., say these sources, has plans to retaliate with another more severe military strike if Gadhafi moves. Sources tell CBS News that Gadhafi, who they describe as still unhinged by the U.S. bombing raid on Libya April 15th, has begun recruiting terrorists through his airline and trade offices in Europe, the two countries most closely watched by U.S. intelligence, West Germany and Greece. Richard Burt, the U.S. ambassador to West Germany who spoke out angrily against the Discotheque bombing in which U.S. servicemen were killed last spring has been warned that he may be a target of the Libyans. These charges come from Administration sources as the President continues his California vacation.

(TV coverage: Fuzzy video of the President horseback riding.)

But all officials will say on the record is that the U.S. reserves the right to retaliate.

(Charles Redman: "We will employ all appropriate measures to cause Libya to cease its terrorist policies.")

At the same time, a new joint U.S.-Egyptian air and naval exercise has begun in the Mediterranean. Officials say its well away from Libya, but that Pentagon contingency plans, in the event of more Libyan terrorism, called for another U.S. raid, this time against Libya's oil fields and refineries.

(Barry Rubin, Mideast expert: "The Reagan Administration is convinced that Gadhafi is still trying to do some terrorist activity and it wants to remind him that U.S. pressure can be applied again if necessary.")

U.N. Ambassador Vernon Walters will soon return to Europe to talk sanctions which suggests that today's threat of new military action is intended not just for Libya, but also to pressure the Europeans into tougher economic sanctions.

(CBS-3)

ABC's PETER JENNINGS: It appears that the Reagan Administration is actively concerned once again with one of its least favorite people and the White House wants to send Libyan leader Gadhafi a message.

ABC's SAM DONALDSON: Col. Gadhafi is back and still dangerous according to U.S. intelligence sources, playing host this week to Syrian President Assad who arrived in Tripoli yesterday for a surprise visit. For sometime after the U.S. bombing raid in April, Gadhafi seemed disoriented and out of play. But new information from a number of countries points to resumption of Libyan terrorist plotting. The Wall Street Journal today says intelligence sources believe a plot foiled last week to bomb another Berlin night spot frequented by Americans, like the one bombed in April, was organized by Libyans in East Berlin.

-more-

DONALDSON CONTINUES: The paper's sources say there is also some evidence that Libyans were behind a rocket attack on a British air base in Cyprus earlier this month. U.S. officials will not confirm any of this publicly, but pointedly make no effort to deny it.

(Charles Redman: "We are following developments carefully, but we have no further comment about the degree of official Libyan culpability. We will apply all appropriate measures to cause Libya to cease its terrorist policies.")

U.S. ships are in the Mediterranean at the moment on joint maneuvers with Egypt code named operation Seawind. Officials say no effort is being made to provoke Gadhafi, but they say contingency plans to deal with new Libyan fomented terrorism are constantly being updated and the force is there to bomb him again if necessary. As further evidence of Washington's concern, U.N. Ambassador Vernon Walters, who conferred last April with European leaders about Gadhafi, is going back to Europe this weekend to do it again. No military action appears to imminent, but with Gadhafi stirring again U.S. officials clearly want to remind him and others that the President is prepared to strike again. As one of them put it, it seemed like a good time to give him another shot across the bow.

(ABC-3)

NBC's GARRICK UTLEY: Col. Gadhafi, he has been relatively quiet since the U.S. bombing raid against Libya last April and that has some U.S. officials concerned. They are concerned Gadhafi may be planning a new round of terrorist attacks. There are accusations by some Administration officials and suspicions that Gadhafi may not be quiet for long.

NBC's ANDREA MITCHELL: As Gadhafi welcomed Syrian President Assad to Benghazi, the Administration was accusing the Libyan leader of planning new acts of terrorism, after lying low for a few months following the American raid. Officials say Gadhafi is now recruiting terrorists through Libyan airlines and cultural centers in Europe, Africa and the Middle East. Intelligence sources contend there is some evidence that Libya paid for an attack on this British air base in Cyprus three weeks ago and supported an alleged plot last week for an attack similar to last April's bombing of a West Berlin night spot. They say the latest attempt was foiled by West Berlin police. At the State Department officials underscored the continuing policy of retaliating, or even launching a preemptive strike.

(Charles Redman: "We will employ all appropriate measures to cause Libya to cease its terrorist policies.")

The Administration acknowledged that the Pentagon is working on contingency plans for another air strike against Libya. To further pressure Gadhafi the United States has already almost tripled military aid to neighboring Chad, where Libyan troops are supporting rebels groups. And Administration sources say U.N. Ambassador Vernon Walters will leave this weekend on a secret mission to Europe, trying once again to get our allies to impose sanctions against Libya. And Administration officials say the CIA is stepping up efforts to topple Gadhafi. But in a recent interview Gadhafi said the American raid and other pressure has made him more determined.

(Gadhafi through interpreter: "The aggression has made us more decided and even more convinced that we should intensify our fight, our struggle for freedom.")

MITCHELL CONTINUES: Although contingency plans for an air strike have been made, nothing has been decided by the President, and Administration officials seem to be hoping that by talking tough through the news media they would scare Gadhafi enough so that military action would not be necessary.

(NBC-6)

#### FAMILY INCOME

UTLEY reports the Census Bureau has confirmed what many families have suspected, that despite the good economic news of recent years they are not as well off as they used to be. The report on family income shows that most families are worse off financially today than they were in the early 1970s. From 1973 to 1984, income adjusted for inflation fell 3% among families in which both parents were in the home. That's a change from an 18% increase between 1967 and '73. Hardest hit were single parent families headed by women. Their real income fell almost 8% after remaining fairly constant (plus 1%) since 1967. Economists say both figures would have been worse if more women had not gone to work over the past decade. Overall, the income of the poorest families was down 26% while for the wealthiest families it was up almost 8%. Only two other groups prospered according the Census Bureau. The elderly, because of social security increases (plus 38%), and black families headed by both parents (plus 4%).

(NBC-10)

#### WAR ON DRUGS

SCHIEFFER: From Los Angeles tonight Richard Wagner reports on how enormous a job fighting drugs has become there.

CBS's RICHARD WAGNER reports since the first of the year in south Los Angeles, a special anti-drug task force has arrested more than 2,000 people for selling narcotics to undercover police officers. But the police claim their efforts often accomplish little. Superior Court here is overwhelmed by more than 2,200 pending criminal cases, and just 29 judges to try them. So police say judges simply accept guilty pleas and turn many drug offenders loose with a slap on the wrist. Or, say the officers, if the person arrested opts for a trial, he is bailed out and returns to the streets to sell more drugs while he waits months for a court date. The Los Angeles district attorney recently stated a tough new policy that calls on judges to lock up drug sellers for a minimum of six months no matter how overburdened the system is.

(CBS-10)

#### KGB SPY

JENNINGS: The Soviet citizen who worked for the United Nation in New York appeared in court today to face charges of spying against the United States. Gennady Zakharov was arrested over the weekend in a New York City subway station after he allegedly tried to buy secret defense documents from an FBI informant. Zakharov, who has no diplomatic immunity, entered no plea today, and he was ordered held without bond until his next court appearance on Wednesday.

(ABC-5, CBS-4, NBC-7)



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Reagan Praised For Spotlighting Problem,  
But Officials' Rhetoric Is Termed Misleading

HILTON HEAD, S.C. -- The nation's governors were told today that federal efforts to stop the flow of illegal drugs into the United States have been a "complete failure" and that the Reagan Administration's rhetoric on the issue "has been misleading to the American people."

The chief executives of several states agreed with the critique offered by a top police official and a leading congressional drug enforcement expert at a National Governors' Association committee meeting here, but praised President Reagan for drawing attention to the nation's drug abuse problems.

(Bill Peterson & David Broder, Washington Post, A3)

Reagan Drug War Gets F-Plus Rating

HILTON HEAD, S.C. -- The United States is losing its war against drugs on all fronts, the head of New York City's narcotics squad told the nation's governors here yesterday.

"The federal government's interdiction efforts, as far as I'm concerned, have been a complete failure," Francis Hall, commander of the New York Police Department's narcotics division, told the National Governors Association, which ended a three-day meeting here today. "I would grade it an 'F-plus.'" (Mary Belcher, Washington Times, A1)

MAJOR BANK LOWERS PRIME, OTHERS DELAY

Wells Fargo Bank of San Francisco late yesterday became the first major bank to lower its prime rate in response to the Federal Reserve Board's reduction last week in a key lending rate.

Analysts cited a variety of reasons why banks have been slow to cut their prime rate this time, including a desire to increase their income to build up reserves against continuing losses. One analyst suggested the banks are trying to make a point to Washington that they are concerned "about their long-run income prospects" as a result of the tax revision legislation.

(James Rowe & Nancy Ross, Washington Post, A1)

SOCIALISTS WIN DAMAGES  
FBI Program Of Disruption Ruled Unconstitutional

NEW YORK -- A 36-year FBI effort to disrupt the Socialist Workers Party through wiretapping, bugging, "black-bag jobs," anonymous letters and harassment was illegal and "patently unconstitutional," U.S. District Court Judge Thomas Griesa ruled today.

The case, filed by the party in 1973, involves one of the most extensive counter-intelligence operations by the federal government to infiltrate and neutralize organizations suspected of "subversive activities."

(Margot Hornblower, Washington Post, A2)

IN THE BARRACKS, SCORN FOR THE NEWS BUSINESS  
Army War College Students Polled

A detailed poll at the U.S. Army War College, the incubator for future generals and military leaders, finds a high level of distrust and dislike for the news media among career officers.

Fifty-one percent of the 105 senior-grade officers who responded to the poll at the prestigious school at Carlisle Barracks, Pa., showed a "negative" or "very negative" attitude toward U.S. newspapers, television and news magazines in general. (Daniel Gilmore, Washington Post, A15)

NETWORK NEWS SUMMARY

(Monday evening, August 25, 1986)

U.S./LIBYA

CBS's BOB SCHIEFFER: The United States and Egypt today opened a week of joint military exercises in the Mediterranean, this as Reagan Administration sources told CBS News White House correspondent Bill Plante that Libya now seems bent on another terrorism offensive.

CBS's BILL PLANTE: Col. Gadhafi, who this week surfaced to receive support from Syrian President Assad, is planning new terrorist attacks against Americans in Europe according to Administration sources. The U.S., say these sources, has plans to retaliate with another more severe military strike if Gadhafi moves. Sources tell CBS News that Gadhafi, who they describe as still unhinged by the U.S. bombing raid on Libya April 15th, has begun recruiting terrorists through his airline and trade offices in Europe, the two countries most closely watched by U.S. intelligence, West Germany and Greece. Richard Burt, the U.S. ambassador to West Germany who spoke out angrily against the Discotheque bombing in which U.S. servicemen were killed last spring has been warned that he may be a target of the Libyans. These charges come from Administration sources as the President continues his California vacation.

(TV coverage: Fuzzy video of the President horseback riding.)

But all officials will say on the record is that the U.S. reserves the right to retaliate.

(Charles Redman: "We will employ all appropriate measures to cause Libya to cease its terrorist policies.")

At the same time, a new joint U.S.-Egyptian air and naval exercise has begun in the Mediterranean. Officials say its well away from Libya, but that Pentagon contingency plans, in the event of more Libyan terrorism, called for another U.S. raid, this time against Libya's oil fields and refineries.

(Barry Rubin, Mideast expert: "The Reagan Administration is convinced that Gadhafi is still trying to do some terrorist activity and it wants to remind him that U.S. pressure can be applied again if necessary.")

U.N. Ambassador Vernon Walters will soon return to Europe to talk sanctions which suggests that today's threat of new military action is intended not just for Libya, but also to pressure the Europeans into tougher economic sanctions.

(CBS-3)

ABC's PETER JENNINGS: It appears that the Reagan Administration is actively concerned once again with one of its least favorite people and the White House wants to send Libyan leader Gadhafi a message.

ABC's SAM DONALDSON: Col. Gadhafi is back and still dangerous according to U.S. intelligence sources, playing host this week to Syrian President Assad who arrived in Tripoli yesterday for a surprise visit. For sometime after the U.S. bombing raid in April, Gadhafi seemed disoriented and out of play. But new information from a number of countries points to resumption of Libyan terrorist plotting. The Wall Street Journal today says intelligence sources believe a plot foiled last week to bomb another Berlin night spot frequented by Americans, like the one bombed in April, was organized by Libyans in East Berlin.

-more-

DONALDSON CONTINUES: The paper's sources say there is also some evidence that Libyans were behind a rocket attack on a British air base in Cyprus earlier this month. U.S. officials will not confirm any of this publicly, but pointedly make no effort to deny it.

(Charles Redman: "We are following developments carefully, but we have no further comment about the degree of official Libyan culpability. We will apply all appropriate measures to cause Libya to cease its terrorist policies.")

U.S. ships are in the Mediterranean at the moment on joint maneuvers with Egypt code named operation Seawind. Officials say no effort is being made to provoke Gadhafi, but they say contingency plans to deal with new Libyan fomented terrorism are constantly being updated and the force is there to bomb him again if necessary. As further evidence of Washington's concern, U.N. Ambassador Vernon Walters, who conferred last April with European leaders about Gadhafi, is going back to Europe this weekend to do it again. No military action appears to imminent, but with Gadhafi stirring again U.S. officials clearly want to remind him and others that the President is prepared to strike again. As one of them put it, it seemed like a good time to give him another shot across the bow.

(ABC-3)

NBC's GARRICK UTLEY: Col. Gadhafi, he has been relatively quiet since the U.S. bombing raid against Libya last April and that has some U.S. officials concerned. They are concerned Gadhafi may be planning a new round of terrorist attacks. There are accusations by some Administration officials and suspicions that Gadhafi may not be quiet for long.

NBC's ANDREA MITCHELL: As Gadhafi welcomed Syrian President Assad to Benghazi, the Administration was accusing the Libyan leader of planning new acts of terrorism, after lying low for a few months following the American raid. Officials say Gadhafi is now recruiting terrorists through Libyan airlines and cultural centers in Europe, Africa and the Middle East. Intelligence sources contend there is some evidence that Libya paid for an attack on this British air base in Cyprus three weeks ago and supported an alleged plot last week for an attack similar to last April's bombing of a West Berlin night spot. They say the latest attempt was foiled by West Berlin police. At the State Department officials underscored the continuing policy of retaliating, or even launching a preemptive strike.

(Charles Redman: "We will employ all appropriate measures to cause Libya to cease its terrorist policies.")

The Administration acknowledged that the Pentagon is working on contingency plans for another air strike against Libya. To further pressure Gadhafi the United States has already almost tripled military aid to neighboring Chad, where Libyan troops are supporting rebels groups. And Administration sources say U.N. Ambassador Vernon Walters will leave this weekend on a secret mission to Europe, trying once again to get our allies to impose sanctions against Libya. And Administration officials say the CIA is stepping up efforts to topple Gadhafi. But in a recent interview Gadhafi said the American raid and other pressure has made him more determined.

(Gadhafi through interpreter: "The aggression has made us more decided and even more convinced that we should intensify our fight, our struggle for freedom.")



White House News Summary -- Tuesday, August 26, 1986 -- B-3

MITCHELL CONTINUES: Although contingency plans for an air strike have been made, nothing has been decided by the President, and Administration officials seem to be hoping that by talking tough through the news media they would scare Gadhafi enough so that military action would not be necessary.

(NBC-6)

#### FAMILY INCOME

UTLEY reports the Census Bureau has confirmed what many families have suspected, that despite the good economic news of recent years they are not as well off as they used to be. The report on family income shows that most families are worse off financially today than they were in the early 1970s. From 1973 to 1984, income adjusted for inflation fell 3% among families in which both parents were in the home. That's a change from an 18% increase between 1967 and '73. Hardest hit were single parent families headed by women. Their real income fell almost 8% after remaining fairly constant (plus 1%) since 1967. Economists say both figures would have been worse if more women had not gone to work over the past decade. Overall, the income of the poorest families was down 26% while for the wealthiest families it was up almost 8%. Only two other groups prospered according to the Census Bureau. The elderly, because of social security increases (plus 38%), and black families headed by both parents (plus 4%).

(NBC-10)

#### WAR ON DRUGS

SCHIEFFER: From Los Angeles tonight Richard Wagner reports on how enormous a job fighting drugs has become there.

CBS's RICHARD WAGNER reports since the first of the year in south Los Angeles, a special anti-drug task force has arrested more than 2,000 people for selling narcotics to undercover police officers. But the police claim their efforts often accomplish little. Superior Court here is overwhelmed by more than 2,200 pending criminal cases, and just 29 judges to try them. So police say judges simply accept guilty pleas and turn many drug offenders loose with a slap on the wrist. Or, say the officers, if the person arrested opts for a trial, he is bailed out and returns to the streets to sell more drugs while he waits months for a court date. The Los Angeles district attorney recently stated a tough new policy that calls on judges to lock up drug sellers for a minimum of six months no matter how overburdened the system is.

(CBS-10)

#### KGB SPY

JENNINGS: The Soviet citizen who worked for the United Nation in New York appeared in court today to face charges of spying against the United States. Gennady Zakharov was arrested over the weekend in a New York City subway station after he allegedly tried to buy secret defense documents from an FBI informant. Zakharov, who has no diplomatic immunity, entered no plea today, and he was ordered held without bond until his next court appearance on Wednesday.

(ABC-5, CBS-4, NBC-7)