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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JANUARY 29, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

STATE OF THE UNION

Reagan's Next Hurdles -- President Reagan has sought to demonstrate that he is fit, remains spunky, and has lost none of his flair for delivering a speech. (Christian Science Monitor, Washington Post, Washington Times, UPI)

IRAN -- NICARAGUA

Iran Mystery: 'Ronald Reagan' Bible -- Iranian Parliament Speaker Rafsanjani coolly showed off a Bible signed "Ronald Reagan" and dated Oct. 3, 1986, at a news conference Wednesday. (Washington Post, USA Today)

INTERNATIONAL NEWS

Reagan: 'Conclusive' Link Between Soviet Union, Terrorism -- President Reagan, warning that terrorism is here to stay "for the remainder of this century," says there is a "conclusive" link between the Soviet Union and the growth of terrorism. (UPI)

NETWORK NEWS (Wednesday Evening)

LEBANON/WAITE -- Terry Waite is said to be safe and continuing his negotiations to free the hostages.

TRAVEL RESTRICTIONS -- U.S. State Department officials banned American travel to Lebanon.

RAFSANJANI -- The speaker of Iran's parliament today showed off the bible he says President Reagan sent as part of the courtship of Iran.

THE GREAT COMMUNICATOR

"The President once again proved himself to be the best speechmaker in the political arena." (Peter Jennings, ABC News, 1/27)

"It was a strong performance, a well-delivered address."

(Dan Rather, CBS News, 1/27)

"He needed to present himself as a commanding figure still, and he has done that."

(Tom Brokaw, NBC News, 1/27)

STATE OF THE UNION

A STATE OF THE UNION SHORT ON SUBSTANCE Officials See Lack Of Boldness

President Reagan's State of the Union address Tuesday night was seen by the White House as an important symbolic event to demonstrate the President's vitality and authority. In the effort to make that impression, however, the President skimmed over the important substantive issues -- particularly the budget deficit and arms control -- on which his legacy may depend.

A number of Administration policymakers said yesterday that the speech reflected a lack of imagination and boldness at the White House, which many of them attribute to chief of staff Donald Regan. These officials said Regan seems content with the modest agenda advanced in the speech. He convened a planning meeting yesterday to discuss implementation of the few initiatives it outlined, despite widespread dissatisfaction in the ranks.

(David Hoffman, News Analysis, Washington Post, A1)

The Message Without Magic

Ronald Reagan reached into ye olde top hat again Tuesday night and pulled out another white rabbit, but this time something was wrong. The rabbit didn't move. If it wasn't dead, it certainly wasn't frisky, either. Where was the magic? The magic was almost gone.

Watching the President's State of the Union address on television was like going to a Frank Sinatra concert and finding Ol' Blue Eyes out of tune, or listening to a Bob Hope monologue and realizing you've heard it so many times, you can practically recite it along with him.

(Tom Shales, Washington Post, C14)

FORGIVING REAGAN, NOT FORGETTING IRAN Viewers Express Good Will

ATLANTA -- Nobody is ready to tuck Ronald Reagan away into the pages of the national photo album -- not here in the heart of the New South. Not yet.

If his presidency is supposed to have sputtered, his agenda been exhausted, his mastery of the job faded, somehow that word never filtered down to Sylvia Galbaugh and her middle-class suburban neighbors.

At the invitation of The Washington Post, Galbaugh, a special education teacher, watched the State of the Union address Tuesday night with 10 other Atlanta-area voters. By varying degrees, all said they were disappointed by the Iran arms sales-contra aid affair and discomfited by the way it has thrown Reagan on the defensive.

But had their President lost it? No way, they said.

(Paul Taylor, Washington Post, A1)

Reagan's Next Hurdles

President Reagan has sought to demonstrate that he is fit, remains spunky, and has lost none of his flair for delivering a speech.

The question now is whether Reagan will come up with detailed proposals that have public support and work cooperatively with a Democratic Congress to negotiate compromises.

(Charlotte Saikowski, Christian Science Monitor, A1)

Limp Rhetoric Has Conservatives Dissatisfied With Reagan Speech

Some of President Reagan's conservative supporters yesterday said the President's State of the Union address was less impressive than they had hoped it would be.

Reacting to Mr. Reagan's Tuesday night speech, his supporters said they are no more reconciled to his arms-for-hostages policy than when the story first broke in November.

They also said they were disappointed at the "themelessness" of the final two years of the Reagan term.

(Ralph Hallow, Washington Times, A2)

JACKSON: REAGAN NOT TELLING ALL ABOUT IRAN SCANDAL

Jesse Jackson says President Reagan did more than just make a mistake -- he broke the law in approving the secret sales of U.S. arms to Iran.

Jackson appeared Wednesday with a citizens' coalition to protest Reagan's 1988 budget and used the opportunity to criticize Reagan's State of the Union address, his budget and the arms deal with Iran.

(Judi Hasson, UPI)

INTERNATIONAL ISSUES

REAGAN SENDS ASSESSMENT OF U.S SECURITY STRATEGY TO CONGRESS

While one part of the NSC staff was shipping anti-tank missiles to Iran, another was drafting a document declaring such shipments contrary to U.S. security strategy.

The contradiction became apparent Wednesday when President Reagan released his first annual, comprehensive statement on national security strategy -- a document required by the Defense Reorganization Act of 1986.

Reagan's strategy document, sent to Congress in connection with his State of the Union message, recapitulates how U.S. foreign policy and defense strategy are designed to curb the Soviet Union, described as "the most significant threat to U.S. security and national interest."

(Frank Morring, Scripps Howard)

DOMESTIC ISSUES

REAGAN SENDS UPBEAT ECONOMIC REPORT TO CONGRESS

President Reagan pledged Thursday to hold the line on taxes, cut government spending, narrow the trade deficit, improve U.S. competitiveness and stop subsidizing wealthy farmers.

The President outlines these ambitious plans in his sixth economic report to Congress.

He conceded that the nation's \$200 billion a year budget deficits are accelerating the flood of foreign goods into the United States.

But he blamed the budget deficits on "the profligacy of the federal government" rather than on his refusal to support a tax increase to raise additional revenue.
(Kenneth Eskey, Scripps Howard)

'CATASTROPHIC' CARE PLAN POSES BIG COSTS FOR SOME Well-Off Could Pay Up To \$15,000 A Year

The White House is studying a "catastrophic" illness insurance plan that would require some older, relatively wealthy Americans to pay out as much as \$15,000 a year for Medicare-covered expenses before the insurance would take effect, government and health industry sources said yesterday.

The new proposal, which would substitute for a plan developed by Health and Human Services Secretary Otis Bowen, is designed to leave individuals with substantial uncovered liability that could be covered through private insurance.
(Spencer Rich, Washington Post, A6)

Lawmakers Assail Reagan Over Plan For Major Illness

Both Republicans and Democrats in Congress charged today that President Reagan's proposals for health insurance for catastrophic illness fell far short of what was needed.

Lawmakers expressed support for the Secretary of HHS, Dr. Bowen, whose proposal to expand Medicare has been denounced by conservatives in and outside the Reagan Administration.

(Robert Pear, New York Times, A1)

Medicare Expansion Plan Shelved In Favor Of Private-Sector Options

President Reagan has decided to quietly shelve a Medicare expansion proposal by HHS Secretary Bowen and rely instead on private health plans to provide catastrophic illness coverage for the elderly, according to Administration officials.

The President will ask Congress to modify laws governing health maintenance organizations to make it easier to create new and slightly different types of organizations, the officials said.

(George Archibald, Washington Times, A4)

Bowen Can't Say Whether Reagan Behind His Health Care Plan

Health Secretary Otis Bowen outlined his proposal for catastrophic health insurance to congressional panels Wednesday, but was unable to tell inquiring legislators whether President Reagan will line up in his corner.

Bowen told the Senate Finance Committee and, later, a rare joint meeting of the House and Senate special committees on aging that there remains considerable opposition to his plan within the Administration.

(Jerry Estill, AP)

'COMPETITIVENESS' PLAN TO RELY ON EDUCATION
Reagan Calls For More Rigorous Standards

President Reagan's Strategy to improve U.S. competitiveness in the world economy, outlined to Congress this week, leans heavily on more rigorous educational standards, including a minimum high school curriculum of four years of English and three each of mathematics, science and social studies.

Calling for a "quest for excellence," the President urged state and local governments to consider lengthening the school year, and colleges and universities to adopt more rigorous standards and higher expectations for academic and student conduct.

(Judith Havemann & Barbara Vobejda, Washington Post, A4)

REAGAN WELFARE PROPOSAL CRITICIZED

President Reagan's proposal to test welfare reform ideas in several states "will not be enough," a man representing state welfare officials told Congress Wednesday.

"My colleagues and I believe that we must go far beyond mere tinkering with present public welfare programs and redesign fundamentally the way we respond to poverty in this country," Stephen Heintz said at a House Ways and Means subcommittee hearing.

(James Brosnan, Scripps Howard)

IRAN — NICARAGUA

IRANIAN DISPLAYS BIBLE SIGNED 'RONALD REAGAN'

TEHRAN -- A top Iranian official whom the Reagan Administration sought to woo with covert arms sales said today that when the United States opened a new channel into Iran's government last fall for its dealings, it signaled the move with the presentation of a Bible inscribed by President Reagan.

Hojatoleslam Ali Akbar Hashemi Rafsanjani, the powerful speaker of Iran's parliament, would not say how or where the Bible was presented, but he said that the inscription by Reagan was dated Oct. 3, 1986, and contained a handwritten verse from Galatians 3:8 as an indication of the U.S. leader's "sincerity." (Loren Jenkins, Washington Post, A1)

Iran Mystery: 'Ronald Reagan' Bible

Iranian Parliament Speaker Rafsanjani coolly showed off a Bible signed "Ronald Reagan" and dated Oct. 3, 1986, at a news conference Wednesday.

White House spokesman Larry Speakes nastily refused even to ask Reagan whether he had signed the Bible. "I don't think the republic will rise or fall on whether I ask the President about that," Speakes said.

(Jessica Lee, USA Today, A1)

INTELLIGENCE REPORT COULD GO PUBLIC TODAY

Anticipation mounted today for a public release of the long-awaited Senate Intelligence Committee report on its Iran arms-Contra aid probe -- the most detailed investigation of the scandal so far.

The committee, which voted 7-6 against releasing a draft report Jan. 5, was scheduled to meet this afternoon. Congressional sources said it was hoped the panel would vote to adopt a final report and send it to the select Senate committee now continuing the probe, which arranged to meet later in the day. (Robert Doherty, UPI)

CARLUCCI TAKING TRIP TO EVALUATE CONTRAS Rebels Can't Win, Military Expert Asserts

National security adviser Frank Carlucci will leave today on a three-day fact-finding trip to Central America, in the wake of an assertion yesterday by the former commander of U.S. military forces there that the contras are incapable of defeating the forces of the leftist Nicaraguan government even with large amounts of U.S. military aid.

U.S. officials said that Carlucci will undertake his own frank assessment of the military capabilities of the U.S.-backed rebels. These officials said the Administration hopes to encourage substantial numbers of the contras to leave base camps in neighboring Honduras and reinfiltate into Nicaragua. (Lou Cannon, Washington Post, A20)

Carlucci To Size Up Contra Prospects

President Reagan's new national security adviser, Frank Carlucci, will assess the prospects of the Nicaraguan resistance when he visits Central America this week.

His trip, which includes stops in Costa Rica, El Salvador, Guatemala and Honduras, comes as the Administration faces a tough battle with Congress to win more military aid for the Contras.

"I would obviously concede that there are greater political difficulties than last year," a senior Administration official said yesterday. "I would have to say at this point it's an uphill struggle, but I think if we put our shoulders to it...I think we can do it."

(Jeremiah O'Leary, Washington Times, A2)

NEW CONGRESS RENEWS FIGHT ON NICARAGUA REBEL FUNDING

Lawmakers who want to halt further U.S. aid to the Nicaraguan resistance are guilty of "bashing Ronald Reagan and blaming America first," Sen. Helms, the ranking Republican on the Foreign Relations Committee, charged yesterday.

"I don't bash my country," said Sen. Dodd, principal sponsor of legislation to cut off aid to the rebels. "I just think it's unfortunate we disagree about how to advance freedom in Central America."

(Rita McWilliams, Washington Times, A3)

DIVISIONS DETRACT FROM CONTRA ADVANCES Leaders At Odds Despite New U.S. Aid And Greater Infiltration Into Nicaragua

TEGUCIGALPA -- While a new infusion of U.S. military aid is enabling Nicaraguan rebels to filter back into their country from bases in neighboring Honduras, divisions within the rebel leadership are growing wider, according to Nicaraguan sources.

The latest disputes among leaders of the anti-Sandinista rebels, who are known as counterrevolutionaries or contras, have arisen largely as consequences of the initial disbursements of \$100 million in U.S. aid for training and military supplies. Recently rebel commanders fighting in southern Nicaragua announced a formal break with the largest contra army, the Nicaraguan Democratic Force, to protest their failure to receive any of the new American aid.

(William Branigin, A21)

NICARAGUAN REBEL ALLIANCE SHAKY
Southern Commanders Split From Main Force,
Saying They Received No U.S. Aid

SAN JOSE -- The field commanders of antigovernment rebels fighting in southern Nicaragua have broken with the main rebel force, protesting that the southern front has received no weapons purchased with \$100 million in U.S. aid.

Meanwhile, in Miami one of three leaders of the main rebel alliance, Arturo Jose Cruz, is refusing to participate in official activities of the organization because of political differences with other leaders.

(Julia Preston, Washington Post, A22)

WHITE HOUSE SAYS CRITICISM OF REAGAN CARRIES
RISK TO POLICIES

White House officials are seeking to mute criticism of President Reagan over the Iran arms scandal, saying it could undermine confidence in U.S. leadership around the world.

At the same time, the Administration is seeking to focus attention on Reagan's future legislative program rather than the continuing questioning of the Iran policy following the President's State of the Union speech on Tuesday night.

A senior White House official told reporters that eroding "the institution of the presidency" presented risks to the United States.

(William Scally, Reuter)

Editor's Note: "Iran's Bible: The Auctioneers Have Their Say," by Lloyd Grove appears on page C1 of The Washington Post.

INTERNATIONAL NEWS

REAGAN: 'CONCLUSIVE' LINK BETWEEN SOVIET UNION, TERRORISM

President Reagan, warning that terrorism is here to stay "for the remainder of this century," says there is a "conclusive" link between the Soviet Union and the growth of terrorism.

In his first "state of the world" message, a 41-page document covering U.S. foreign and defense policy, Reagan told Congress Wednesday, "Effectively countering terrorism is a major national security objective of the United States."

"The most significant threat to U.S. security and national interests is the global challenge posed by the Soviet Union," Reagan said in the report to Congress, required by last year's Defense Reorganization Act.

(Ira Allen, UPI)

IRANIAN JUSTIFIES BEIRUT ABDUCTIONS

Speaker Says Lebanese Have No Other Kind of Defense

TEHRAN -- The Speaker of the Iranian Parliament today justified the seizure of Western hostages in Beirut and other terrorist actions by Lebanese groups, saying the Lebanese had no other way to defend themselves.

Referring specifically to recent kidnappings in Beirut, the speaker, Hashemi Rafsanjani said, "The people of Lebanon are so ignored and so oppressed that they have no other defense for themselves other than this."

(Roberto Suro, New York Times, A1)

GROUP SAYS IT HOLDS KIDNAPPED PROFESSORS

Statement Links Islamic Jihad, Palestinians

BEIRUT -- A previously unknown group calling itself Islamic Jihad for the Liberation of Palestine claimed responsibility tonight for the abduction of four professors -- three Americans and an Indian-born U.S. resident -- on Saturday from the Beirut University College campus.

"We announce our responsibility for kidnapping four Americans who were carrying out American conspiracies under the cover of teaching at Beirut University College," the captors said in a four-page statement handwritten in Arabic that was delivered to a western news agency and the offices of the An Nahar newspaper, accompanied by photos of two of the hostages.

(Nora Boustany, Washington Post, A27)

Previously Unknown Group Claims Kidnap Of Americans, Indian

BEIRUT -- A previously unknown group calling itself Islamic Jihad for the Liberation of Palestine last night claimed the kidnapping five days ago of three Americans and one Indian in Moslem west Beirut.

In Washington, the Reagan Administration ordered all Americans to leave Lebanon within 30 days and barred U.S. citizens from traveling to the country on U.S. passports without official approval.

(John Fullerton, Reuter)

Claim Responsibility for Abductions Of Americans

BEIRUT -- A previously unknown group called Islamic Jihad for the Liberation of Palestine claimed responsibility for the abductions of three Americans and an Indian U.S. resident at Beirut University College last week.

The handwritten statement in Arabic was the first ever received from Islamic Jihad for the Liberation of Palestine. Its name is similar to Islamic Jihad, the pro-Iranian terror group that has kidnapped Americans in Lebanon. (Rima Boulos, UPI)

BONN GETS PHOTOS AND MESSAGE THAT CAPTIVES ARE HEALTHY
W. German Police Find Explosive Buried Near Home Of Suspect

BONN -- The Bonn government has received word that two West German citizens held by kidnappers in Lebanon are alive and in good health, government sources said today.

The kidnappers, who are seeking release of Lebanese terrorist suspect Mohammed Hamadei, sent photographs of the two abducted businessmen via an Arab-born middleman, the sources said. Mohammed Ali Hamadei, arrested at Frankfurt airport Jan. 13, is wanted by the United States on charges of murder and air piracy in the 1985 hijacking of a TWA airliner. (Robert McCartney, Washington Post, A28)

CHURCH OF ENGLAND: TERRY WAITE IS SAFE

LONDON -- Terry Waite is safe and still negotiating for the release of foreign hostages in Lebanon, the Church of England announced, allaying fears that the missing envoy was kidnapped by Moslem extremists.

"The Archbishop of Canterbury, Dr. Robert Runcie, has this evening received fresh assurances of the safety of Terry Waite, his personal envoy, who is negotiating for the release of persons being detained in Lebanon," the church said in a statement Wednesday night.

(Robert Mackay, UPI)

HAMADEIS REPORTEDLY PLANNED ATTACKS IN GERMANY

BONN -- Authorities reportedly believe the two Lebanese brothers arrested at Frankfurt Airport belong to a terrorist organization that was plotting attacks in West Germany or in neighboring countries.

"The brothers probably belong to a terrorist group that planned attacks in Germany or neighboring countries," Die Welt said. "Security experts draw this conclusion from the explosives cache found in the Saarland." (UPI)

U.S. BANS MOST TRAVEL TO LEBANON
Administration Cites 'Chaotic' Situation, Latest Kidnappings

The Reagan Administration, responding to recent kidnappings in Lebanon, yesterday barred most Americans from traveling there on grounds that the "chaotic" situation poses "imminent peril" to all U.S. citizens.

It also gave Americans in Lebanon 30 days to leave.

The announcement by the State Department acknowledged that the United States cannot protect its estimated 1,500 citizens in Lebanon from the clashing factions there and indicated that repeated hostage-taking has put U.S. policymakers in an untenable position.

(Joanne Omang, Washington Post, A1)

U.S. Orders Americans To Stay Out Of Lebanon

The State Department prohibited travel to Lebanon yesterday because of "imminent peril" to American citizens there as Western and Arab governments sought to contain a growing hostage crisis.

State Department spokesman Charles Redman said family members of the eight American hostages held by terrorists in Lebanon were exempt from the travel ban, but other exceptions would be considered only on a case-by-case basis. Violators face fines of \$2,000 and up to five years in jail.

(Washington Times, A1)

United States Forbids Americans To Travel to Lebanon

U.S. passports are no longer valid for travel to Lebanon under a State Department order seeking to prevent more Americans from falling into terrorists' hands.

"The events of the past few days have demonstrated that private citizens have neither sufficient information to evaluate the threat against them, nor the means to protect themselves," Redman said.

(Jim Anderson, UPI)

U.S. Bans Americans From Traveling To Lebanon

The Reagan Administration declared Lebanon off-limits to Americans because of the threat of kidnappings, and identified publicly for the first time the radical group that may be responsible for the recent abductions of foreigners.

Announcing the imposition of passport restrictions, State Department spokesman Charles Redman said Wednesday: "The situation in Lebanon, in West Beirut in particular, is so chaotic that we do not believe that any American citizens can be considered safe from terrorist acts."

(Terence Hunt, AP)

U.S. SHIP MOVEMENTS IN PERSIAN GULF CALLED PRECAUTION
'Whole Range Of Options' Considered As Administration Provides
First Public Evidence Of Policy Review

A senior Reagan Administration official yesterday described U.S. naval movements in and near the Persian Gulf as "precautionary measures...to protect our strategic interests" and disclosed that the Administration is considering "a whole range of options" for additional steps.

The statements, in a White House briefing held to discuss a new report on U.S. strategy prepared by the NSC staff, were the first public signs of a policy review toward the Persian Gulf that has been under way for several weeks. (Don Oberdorfer, Washington Post, A30)

Reagan/Iran

The Reagan Administration is showing increasing concern about the intensifying Iran-Iraq war.

As U.S. warships maneuvered in the Mediterranean and the Persian Gulf, a senior White House official hinted Wednesday at the possibility of indirect U.S. intervention to prevent an Iranian victory over Iraq.

Asked if the United States would supply weapons or supplies to Iraq to avoid an Iranian military success, the official, who briefed reporters on condition that his name not be disclosed, replied:

"We are looking at a whole range of options...to make certain that our strategic interests are protected in the area."

(Miles Benson, Newhouse)

U.S. Warships On Watch As Americans Are Barred From Lebanon

Fearful of more kidnappings in Beirut, the United States has barred U.S. citizens from traveling to Lebanon without approval and given those already there 30 days to get out.

In other moves related to rising Middle East tensions, the Pentagon sent an aircraft carrier task force closer to Lebanon and stationed a flotilla of up to five frigates and destroyers in the northern Persian Gulf to keep watch over the Iran-Iraq war. (Charles Aldinger, Reuter)

RIGHTS GROUPS QUESTION ARREST OF PALESTINIANS
No Evidence Of Criminal Intent Found

The Justice Department decided to arrest a group of Palestinians in Los Angeles on charges of immigration violations after a lengthy FBI investigation failed to turn up evidence of plans to commit criminal or terrorist acts, department sources said yesterday.

Several civil-liberty and Arab-American groups yesterday questioned whether the arrests violated the suspects' First Amendment rights. Rep. Don Edwards chairman of the House Judiciary subcommittee on civil and constitutional rights, said he will ask the Justice Department for more information on the case.

(Mary Thornton & Howard Kurtz, Washington Post, A28)

TERRORIST SUSPECT TOLD TO STAND TRIAL
French Court Rules Against Lebanese In Killing Of U.S. Officer

PARIS -- A French court today ordered an accused Lebanese terrorist leader, Georges Ibrahim Abdallah, to stand trial for complicity in the 1982 assassinations of a U.S. military attache and an Israeli diplomat in the streets of Paris.

The decision marked an important legal step in U.S. efforts to assure that Abdallah is not released by French authorities as part of a deal involving hostages held in Lebanon. In addition to diplomatic steps urging France to proceed with a trial, the United States has taken part in the case through a French lawyer with friend-of-the-court entries urging conviction.
(Edward Cody, Washington Post, A27)

SHULTZ, ANC CHIEF EXCHANGE VIEWS
Meeting With Tambo Symbolizes Change In Policy Toward S. Africa

Secretary of State Shultz met for nearly an hour yesterday with South African black nationalist leader Oliver Tambo for what both sides later agreed was "a serious and substantive exchange of views" on South Africa.

The meeting, more important for its symbolism than substance, marks the first time any U.S. secretary of state has met with a leader of the African National Congress, the main black nationalist group in South Africa.
(David Ottaway, Washington Post, A19)

Shultz Hands A Diplomatic Triumph To Tambo, ANC

African National Congress leader Oliver Tambo chalked up a major diplomatic victory for his organization yesterday with a 50-minute meeting at the State Department with Secretary Shultz.

During the talks, Mr. Shultz urged the ANC leader to abandon violence in its struggle against South Africa's apartheid system and expressed concern about Soviet influence in the ANC.

(Richard Beeston, Washington Times, A1)

Shultz, Tambo Disagree On Key South African Issues

A meeting between Secretary Shultz and a leading South African black nationalist produced sharp disagreement on the need for violence and the degree of Soviet penetration in the anti-apartheid struggle.

Oliver Tambo, president of the ANC, said Wednesday night after the 50-minute State Department meeting that Shultz's concerns about possible Soviet domination of the ANC are unfounded.

"There is no Soviet influence in the ANC," he said.

(George Gedda, AP)

Shultz, Tambo Agree To Disagree On Violence

Secretary of State George Shultz and South African black leader Oliver Tambo are agreeing to disagree on the wisdom of using violence to force an end to Pretoria's racist apartheid policies.

Shultz told Tambo during a long awaited but controversial meeting Wednesday that the continued use of violence by the African National Congress "will only lead to catastrophe" in white-minority ruled South Africa.

But Tambo said he told Shultz: "We are fighting a regime that practices and is perpetrating a crime against humanity. We tried to do that peacefully for some 50 years. We gave up and decided to embark on armed struggle."

(Matthew Quinn, UPI)

Shultz Meets With Head Of Outlawed South African Black Group

In a historic first, Secretary Shultz met Wednesday with the President of the African National Congress, a black organization outlawed in South Africa.

The two agreed on the need to end apartheid in South Africa and replace it with a non-racial, multiparty democracy.

Both Shultz and ANC President Oliver Tambo called their 50-minute discussion at the State Department "serious and substantive."

(Walter Friedenberg, Scripps Howard)

U.S. ENVOY TO START SANCTIONS TALKS IN POLAND

WARSAW -- U.S. Deputy Secretary of State John Whitehead today begins wide-ranging talks here likely to lead to an eventual lifting of U.S. sanctions imposed after the suppression of the Solidarity trade union.

Whitehead was due to meet Foreign Minister Marian Orzechowski and Cardinal Jozef Glemp, the Roman Catholic primate, to discuss human rights observance and other issues.

(Donald Forbes, Reuter)

KHASHOGGI'S U.S. COMPANY FILES FOR BANKRUPTCY

Triad America Corp., the U.S. holding company of Saudi arms merchant Adnan Khashoggi, has filed for protection under bankruptcy laws, a move that freezes lawsuits filed against the firm for unpaid debts.

Khashoggi played a key role in brokering the secret U.S. arms shipments to Iran. Among the creditors listed in court documents yesterday were two Cayman Islands institutions, Sarsvata International and Euro Commercial Finances. The latter is a bank controlled by two Canadian businessmen who advanced money to Khashoggi for Iran arms sales.

(Michael Isikoff & Jav Mathews, Washington Post, A30)

HOUSE LEADER SAYS PUSH FOR EARLY DEPLOYMENT OF SDI
WOULD BE REJECTED

House Majority Leader Thomas Foley warned Wednesday that any attempt by President Reagan to start deployment of the Star Wars missile defense system would be "rejected flatly" by Congress.

Foley said any Administration request for money that appears linked to an early deployment of its SDI would "shatter" the bipartisan congressional support for a "vigorous research program" on a space-based defensive system.
(Otto Kreisher, Copley)

MANILA REBELS ANNOUNCE SURRENDER
Armed Forces Chief Says Mutineers Are Not Under Arrest

MANILA -- The leader of about 200 rebel soldiers who have been holding a suburban television station for 52 hours today announced a surrender after a final negotiating session with military officials.

Col. Oscar Canlas, an Air Force officer, said in a press conference after meeting for 90 minutes with Defense Minister Rafael Ileto that he and his men had agreed to vacate the Channel 7 television complex, bringing an end to a standoff that had entered its third day.

(Gregg Jones, Washington Post, A32)

SELF-STYLED SPY IS RELEASED BY NICARAGUA, FLIES TO MIAMI
Hall: 'Sorry I've Caused Some Embarrassment'

MANAGUA -- Ohio resident Sam Hall, the self-styled espionage agent imprisoned here for more than a month, was freed today and flown to Miami, where he was taken to a Veterans Administration hospital.

"I'm sorry that I've caused some embarrassment," said Hall, 49, in what he described as a parting message to the Nicaraguan people. "I was treated very well. The prison authorities were terrific."

(Nancy Nusser, Washington Post, A20)

U.S. CALLS TEMPORARY HALT TO DOLLAR FALL
AGAINST YEN

TOKYO -- The United States called a temporary halt to the dollar's headlong fall against the yen by joining Japan in propping up its currency, foreign exchange dealers said in Tokyo today.

Until now the United States has been content to let the dollar drop in the belief that a weaker currency would increase the competitiveness of American business and help reduce its mammoth trade deficit.

(Hisanobu Ohse, Reuter)

DOLLAR CONTINUES STEEP FALL
Traders Are Unsure Of U.S. Intentions

The dollar continued to fall sharply against major world currencies yesterday in an atmosphere of uncertainty over the intentions and plans of the United States and its trading partners to stabilize the situation.

Market analysts said that the dollar weakness was created by concern over future prospects for the U.S. economy, coupled with the persistent refusal of the Reagan Administration to signal that it wants the decline in the dollar to end. (Hobart Rowen, Washington Post, E1)

Treasury Not Worried On Financing

The Treasury Department is not worried that the weakening dollar, which makes U.S. assets less attractive, will affect the level of foreign demand for government securities, a Treasury official said yesterday.

Some financial market analysts had expressed concern during the past few weeks that the sharp dip in the value of the dollar against the Japanese yen would make U.S. Treasury securities less attractive to Japanese investors, requiring the Treasury to bid up interest rates on those issues to lure foreigners back.

(Jane Seaberry, Washington Post, E3)

U.S. AND EC MAKE PROGRESS IN TRADE DISPUTE

U.S. and European negotiators moved toward a compromise agreement yesterday that would forestall the imposition of 200 percent tariffs on imported wine, cheese, brandy, gin and other European products starting Friday.

Although no final accord was reached, both sides reported progress in settling a bitter trade dispute between the United States and the European Community, or Common Market, that erupted last year over new European duties on corn exports to Spain.

(Anne Swardson, Washington Post, E1)

EC Hopes To Present Deal Averting Trade War With U.S.

BRUSSELS -- Top EC negotiators are confident of presenting their governments with a deal later today averting the danger of a damaging trade war with the United States.

The dispute threatened to explode into the most serious transatlantic trade rift in over two decades, risking the West's wider strategic interests. (Jonathan Clayton, Reuter)

NATIONAL NEWS

SPRINKEL: U.S. NEAR TURNAROUND IN TRADE DEFICIT

America's economy will chug along a bit faster this year than last and the massive U.S. trade deficit appears ready to slow down, President Reagan's chief economist asserted today.

Beryl Sprinkel, chairman of the White House Council of Economic Advisers, also said the nation needs a lower budget deficit, better savings habits and more foreign demand for U.S. goods in order to invigorate the economy. (Craig Webb, UPI)

Sprinkel/Economy

President Reagan and his economic advisers have issued an optimistic outlook for 1987 -- predicting 3.2 percent economic growth with moderately higher inflation, lower unemployment, and reduced trade and budget deficits.

Beryl Sprinkel said the theme of the annual Economic Report which Reagan sent to Congress Thursday "is essentially that the U.S. economy shows continued strength in the fifth year of recovery."

(Bob Rast, Newhouse)

REAGAN PAYS HOMAGE TO CHALLENGER CREW, RALLIES NASA WORKERS

President Reagan Wednesday paid homage to the seven astronauts who died a year ago when the space shuttle Challenger exploded but did not give any timetable for sending up another shuttle.

In an emotional speech telecast by satellite to NASA employees around the nation, Reagan said he has a special commitment to restarting the space program that fell apart with the problems revealed by the mechanical failure of the Challenger. (Ann McFeatters, Scripps Howard)

Reagan Marks Challenger Anniversary

The nation will "never forget" last year's Challenger shuttle disaster, President Reagan said yesterday, joining millions of Americans in paying tribute to the seven astronauts killed 73 seconds after liftoff from Cape Canaveral, Fla.

The President commemorated the shuttle tragedy in an Oval Office speech beamed by satellite to 20,000 NASA employees.

(Mary Belcher, Washington Times, A4)

ENGINEER SUES THIOKOL FOR 'CRIMINAL HOMICIDES'
Health, Career Said Ruined After Testifying

A former Morton Thiokol engineer who tried to stop last year's fatal launch of the Challenger filed a \$1 billion damages suit in federal court here yesterday, saying that the company ruined his health and career after he testified before the presidential commission investigating the disaster.

Legal observers speculated yesterday that while such a lawsuit might have symbolic significance, the chances of "criminal homicide" charges surviving in the federal court are extremely limited.

(Nancy Lewis, Washington Post, A15)

REAGAN, CONGRESSIONAL LEADERS MEET ON FUTURE PLANS

In the spirit of bipartisanship, President Reagan invited Democratic and Republican congressional leaders to discuss the outlook for a series of legislative proposals he will soon send to Congress.

Reagan also will brief his Cabinet today in the aftermath of his State of the Union address.

White House aides said they believe Reagan "weathered the storm" over a rough two months of revelations in the Iran arms-Contra aid scandal. "He is his old self again," said one aide, "kidding and telling jokes."

(Helen Thomas, UPI)

PERMANENT NUCLEAR WASTE DUMP DELAYED TO 2003
DOE Intends To Use Clinch River Site In Tennessee As
Temporary Storage Facility

The Energy Department announced yesterday that it intends to delay until 2003 the opening of the nation's first high-level nuclear waste dump, and will move ahead with plans for a temporary storage facility at the site of the abandoned Clinch River breeder reactor in Tennessee.

It was the latest shift in plans for the politically volatile effort to find a final burial ground for radioactive waste from more than 100 civilian power plants.

(Cass Peterson, Washington Post, A3)

REAGAN LIBRARY PLAN UNVEILED
Architect Stubbins Presents A Mission-Style Design

A low-key, mission-style design for the Ronald Reagan Presidential Library in Palo Alto, Calif., was unveiled here yesterday by its architect, Hugh A. Stubbins Jr.

Like all presidential libraries dating back to that of Franklin D. Roosevelt at Hyde Park, N.Y., this one will be part library, part museum. In addition to the presidential papers and facilities for researchers, it will house an exhibition hall, two auditoriums and conference rooms for use by the general public.

(Benjamin Forgery, Washington Post, C1)

NETWORK NEWS SUMMARY

(Wednesday evening, January 28th)

U.S./LEBANON/WAITE

NBC's Tom Brokaw reports there is some encouraging news tonight from Beirut for a change. Terry Waite is said to be safe and continuing his negotiations to free the hostages. Also in Beirut a polaroid picture of one of the Americans seized last weekend was released today to (a french press agency), 53-year-old Robert Polhill of New York. A group calling itself the Islamic Jihad for the Liberation of Palestine said it kidnapped Polhill, two other Americans and an Indian professor from Beirut University college.

(NBC-Lead, ABC-Lead, CBS-2)

TRAVEL RESTRICTIONS

Brokaw: At the same time the U.S. State Department officials banned American travel to Lebanon.

NBC's Chris Wallace: Americans in Lebanon were warned they have 30 days to get out, while travel to the country is banned immediately. The State Department said violaters face up to five years in prison. (Charles Redman: "The situation in Lebanon, and in West Beirut in particular, is so chaotic that we do not believe that American citizens can be considered safe from terrorist acts.")

Officials estimate about 1,500 Americans are now in Lebanon, but acknowledge since most also hold Lebanese passports, enforcing a travel ban will be difficult. There will also be an exemption for families of the eight Americans already held hostage. This action follows the recent movement of U.S. ships in the Mideast. A naval task force is in the Persian Gulf, two ships heading north toward Kuwait. In the Mediterranean the carrier Nimitz canceled a port call and is sailing towards Cyprus, while the Kennedy's return to the U.S. next month may be delayed. Officials acknowledged these measures are only gestures, but say in the wake of the arms scandal and recent kidnappings they are sending a message to Iran and terrorist groups that the U.S. will use force to protect its interests and that having put Americans in Lebanon on notice, U.S. policy will no longer be driven by concern for hostages. On Capitol Hill Secretary Shultz emphasized anti-terrorism policy is still in place despite the arms scandal.

(Secretary Shultz: "It has thrown us slightly off stride but I think our policies are clear and strong and have great support around the world because they are right.")

A terrorism expert says the U.S. has to put more teeth in those policies but that there is a place for these kinds of gestures.

(Robert Kupperman: "Terrorism is theater but counterterrorism is also theater and these are the tools of counterterror.")

Officials acknowledge the arms deal with Iran may have contributed to recent kidnappings convincing terrorists they could gain from taking hostages. The effort now is to reestablish that the U.S. hard-line on terrorism is not just talk.

(NBC-2)

ABC's John McWethy reports in an effort to prevent further kidnappings the State Department today essentially barred travel to Lebanon.

(Charles Redman: "The Secretary has determined that there is imminent peril to U.S. citizens in Lebanon, therefore, effective immediately, U.S. passports are not valid for travel to, in and through Lebanon unless specifically validated for such travel.")

At the White House today a senior official pointed a finger at Iran for the latest round of kidnappings saying Iran has great influence over all Shiite Moslem factions in Lebanon, particularly one cell which appears to be a family operation involved in the earlier kidnapping of Terry Anderson and Thomas Sutherland as well as the hijacking of TWA-847 a year and a half ago. As if to shake a fist at Iran, the U.S. is moving part of the six combat ships now in the Persian Gulf further north closer to the combat zone between Iran and Iraq, but still well out in international waters. In addition, an aircraft carrier battle group is rushing from the Philippines to just outside the Gulf and in the Mediterranean a carrier that was suppose to be heading for home is now staying, leaving the U.S. with two carriers there. While Administration officials say the U.S. has no intention of becoming involved in combat, a senior White House official today expressed unusual concern about what might happen if Iran wins its war with Iran: "It would be clearly damaging to the interests of our friends in the area and to our overall strategic interests were you to see any kind of Iranian aggression down through the Gulf." The American ship movements are evidence of growing U.S. concern about Iran as sponsor of terrorism and as a nation that officials now fear just might win its war with Iraq. (ABC-2)

CBS's Dan Rather: With eight Americans held hostage in Lebanon and hundreds more at risk, the U.S. government today finally declared that country off limits to American citizens. Besides telling Americans to get out and stay away from Lebanon, the Reagan Administration began talking about possible military action against terrorists there.

CBS's David Martin reports after repeated warnings that Beirut is too dangerous for Americans, the State Department today told U.S. citizens they have 30 days to get out of Lebanon.

(Charles Redman: "The situation in Lebanon, and in West Beirut in particular, is so chaotic that we do not believe that American citizens can be considered safe from terrorist acts.")

At the same time, the U.S. is moving the aircraft carrier Nimitz into the eastern Mediterranean and has extended the stay of the carrier Kennedy in what Pentagon sources say is the first step in planning a strike against targets in Lebanon if any of the eight American hostages there are killed. A second U.S. buildup is under way in the Persian Gulf, where American war ships have moved into the northern gulf in response to Arab fears that Iran is about to break through Iraqi lines and take the war to neighboring countries. U.S. intelligence believes Iran already has fired missiles against Kuwait where an Islamic conference is being held. Pentagon officials stress that no decisions about military action have been made, but one official said that with the White House eager to show President Reagan in control and standing tall in the midst of the Iran arms scandal, they may feel compelled to retaliate against the next terrorist or Iranian attack. (CBS-Lead)

RAFSANJANI

Brokaw: In Tehran today Rafsanjani held out the prospect of freedom for American hostages if better relations between Iran and the United States can be established. However, Rafsanjani and other Iranian leaders are not exactly encouraging on that count.

NBC's Garrick Utley reports for the Iranian leaders it was political theater. For the first time they displayed the bible they say was sent to them by President Reagan. Rafsanjani praised the President for trying to improve relations with Iran but said that the President was old, weak and had been defeated by his political rivals. And today Rafsanjani said there is no prospect of future talks with the United States or help in securing the release of American hostages held in Lebanon until the United States releases the half-billion dollars in Iranian assets it holds and ends its hostility to Iran.

(NBC-3, ABC-4)

Rather: The speaker of Iran's parliament today showed off the bible he says President Reagan sent as part of the courtship of Iran. It bore Mr. Reagan's signature and a New Testament verse ending with the words 'all the nations shall be blessed in you.' Speaker Rafsanjani said Mr. Reagan showed courage in seeking better relations with Iran but he said Mr. Reagan is now old and weak and "has been defeated."

(CBS-5)

TAMBO/SHULTZ

NBC's Anne Garrels: The State Department pushed for this meeting against objections from the White House. It said Tambo was an important player who cannot be ignored in any negotiated settlement in South Africa. Demonstrating outside the State Department conservative groups called Tambo a terrorist and a communist. Speaking on the Senate floor minority leader Robert Dole had reservations.

(Dole: "Meeting with Tambo without the precondition that the ANC disavow terror tactics comes perilously close to sending the wrong kind of message on terrorism.")

The South African government fears the meeting will lend legitimacy to the outlawed ANC.

(Ron Miller, South African Foreign Ministry: "The meeting as such already starts to lend a certain amount of credibility to an organization which uses violence in order to achieve its aims.")

Archbishop Desmond Tutu applauds the meeting.

(Tutu: "I hope very much that we are seeing a radical change in the attitude of the Reagan Administration.")

Television crews were banned from the meeting. Shultz was trying to play down the talks calling them simply an effort to get all the sides to negotiate.

(Charles Redman: "The Secretary made it clear that a policy of violence from any party is not the answer to South Africa's problems and that there are other options.")

But Tambo came here saying the ANC has exhausted these options. As for U.S. concerns about communists in the ANC he said they are only one element in the movement and he justified the use of violence except against civilians.

Garrels continues:

(Tambo: Those who make peaceful revolution impossible make violent revolution inevitable.)

In his hour long talk with Shultz Tambo urged the U.S. to step up the pressure.

(Tambo: "And we said that it was necessary to pursue the question of sanctions further.")

Though Shultz and Tambo have different views on how to end apartheid, both agree it must end and the two plan to meet again as the U.S. takes on the new role of mediator. (NBC-6)

ABC's Jeanne Meserve reports Oliver Tambo's meeting with George Shultz was so controversial that only a State Department still camera was allowed to photograph the men together. Shultz is the highest level American official to meet with a representative of the ANC. Though the Administration itself has criticized the organization for its violent tactics, and connections with communists in South Africa and the Soviet Union, concern over lack of movement in ending apartheid lead to the dialogue. Conservatives objected to the meeting strongly.

(Dole: "Meeting with Tambo without the precondition that the ANC disavow terror tactics comes perilously close to sending the wrong kind of message on terrorism.")

When the meeting was over, State Department officials said U.S. opposition to ANC violence had been underlined.

(Charles Redman: "The Secretary made it clear that a policy of violence from any party is not the answer to South Africa's problems and that there are other options.")

And there was continuing disagreement over the refusal of the U.S. to take stronger steps against the South African government and the effectiveness of sanctions.

(Tambo: "And we have asked the United States to persuade the rest of the western countries to adopt at least the United States package of sanctions.")

Though there were no compromises, the meeting lends credibility to the ANC and increases pressure on the South African government to end apartheid. (ABC-9)

CBS's Bill McLaughlin reports Oliver Tambo, who the Reagan

Administration once considered a communist and a terrorist, became a Washington VIP today, a symbol of the Administration's abrupt shift from a policy of dealing exclusively with South Africa's white minority government to opening a dialogue to black nationalists determined to destroy it. Tambo met today with Secretary Shultz. There were protests on Capitol Hill. And there were demonstrations in front of the State Department. Even moderate Republicans were nervous about the Shultz-Tambo meeting.

(Sen. Dole: "Meeting with Tambo without the precondition that the ANC disavow terror tactics comes perilously close to sending the wrong kind of message on terrorism.")

But the State Department defended the meetings.

(Charles Redman: "This meeting represents a continuation of our effort to talk with all of the key players in South Africa and help, if we can, lay the basis for negotiations.")

Tambo reacted angrily to charges he supported terrorism. While Tambo and Shultz may only have agreed that apartheid has to go, sources here believe that in the future the U.S. will pay as much attention to South Africa's black majority as it now does to its White minority. (CBS-10)

STATE OF THE UNION/PUBLIC RESPONSE

Jennings: The President spent very little time on the subject of Iran during his State of the Union address last night. It was delivered in person, as you know, to the Washington establishment, but it was clearly written with the television audience in mind. So how did the President do with the audience?

ABC's Richard Threlkeld: He will be 76 next week and he's just out of the hospital and he hadn't been seen in public in three weeks and so the first concern was was he -- well -- you know -- all right?

(Woman: "I think he did just fine. I just thought he was in top form." Man: "I think he did pretty well. Everything considered I thought he looked very healthy and vigorous." Woman: "I thought that his presentation was great considering all that he has been through but...")

We heard a lot of those 'buts' from people about Irangate for one.

(Woman: "Well, on the Iran-contra issue I think that he really didn't come clean and I'm a great Reagan fan." Man: "I come from a long line of Democrats and I stepped way out to vote for this man and I felt like he cheated me." Man: "I also wish he would have said something more about Iran and I think he made a major mistake there." Woman: "I think he should of came out and say he apologize to the nation, that's what I think he should have did." Man: "Well, Iran, unfortunately, he is just wrong, but you can't crucify him.")

And some doubts about the next two years.

(Man: "The treaty speech was lacking of a lot of substance." Woman: "He said nothing about social security and that's what I'm concerned about and I'm concerned about the education and I'm concerned about the poor." Man: "Just to put it bluntly there is no way that he is going to be able to balance the budget unless he raises taxes.")

In short, Americans seemed reassured about the state of the President.

(Man: "I think the Gipper is back, he looked good, he sounded good, and I think he made the people in general feel good." Woman: "We kind of expected him to be the white knight and he has shown us that he's kind of human too.")

But not so sure about the state of the presidency, like Mr. Reagan's audiences in the Congress and in the world, Americans will be taking advice from somebody in another recent presidency, 'don't watch what we say, watch what we do.'

(ABC-6)

Rather: In his State of the Union speech last night President Reagan tried to put his secret weapons for Iran deal behind him. Bill Plante spent the day gathering and measuring reaction.

CBS's Bill Plante: A federal grand jury was appointed today to investigate possible criminal violations of the law in the arms to Iran-cash to the contras scandal. The panel will hear evidence from special prosecutor Lawrence Walsh. President Reagan had little to say about his Iran policy in last night's State of the Union message and nothing at all about selling arms or diverting profits to the contras. The White House said today that Congress should focus its attention on Mr. Reagan's legislative program, not on Iran. But the sense of many Republicans and most Democrats was that Mr. Reagan fell short last night in his attempt to change direction and regain credibility.

Plante continues:

(Sen. Weicker: "An ordinary speech. I don't think it in any way came up to the particular crisis of this time in the Iran contra affair nor did it announce any practical initiatives that are going to have to be taken if indeed he is going to work with the Democratic Congress.")

The Vice President was frustrated that no one wanted to talk about anything in Mr. Reagan's speech except Iran.

(Vice President Bush: "Yes, I think we have heard enough about it, but don't take it from me, I think the country feels that way.")

But because many people also believe that the President dealt arms for hostages White House officials privately concede that there wasn't much short of a presidential apology that Mr. Reagan could have said last night to change public opinion on the Iran deal, even if people are tired of hearing about. The problem has to run its course like a fever, said one aide, but meantime no one can say what will happen to Mr. Reagan's presidency. (CBS-4)

CHALLENGER

NBC's Robert Hager reports in Washington the families of the Challenger astronauts met with Vice President Bush to enlist support for a memorial space learning center being planned in Houston. President Reagan beamed a message to space agency employees.

(President Reagan: "America will never forget that terrible moment a year ago when our elation turned to horror and then to grief and pain.") (NBC-10)

Jennings: President Reagan spoke to the men and women of NASA.

(President Reagan: "Today is a day to commemorate and a day to salute. We commemorate the magnificent Challenger seven whom we lost last year at this time and we salute you the men and women of American's NASA team.") (ABC-7)

CBS's Bernard Goldberg reports at the Challenger launch pad it was crisp and cold this morning, a sad reminder of the way it was one year ago today.

(President Reagan: "America will never forget that terrible moment a year ago when our elation turned to horror and then to grief and pain. Seven of our finest perished as they reached for the boundaries of space where earth ends, and the path to the stars begins.") (CBS-6)

QUEST FOR EXCELLENCE

Rather: Among proposals in President Reagan's State of the Union message was what he called a quest for excellence, and the idea, which Democrats also have been pushing, is to restore U.S. trade leadership through quality. Mr. Reagan is promising now to do more than match Democrats in ideas to rebuild America's competitive edge against international trade rivals. The challenge faced by U.S. manufacturers and workers is summed up in this report from Ray Brady. (CBS-7)

FLIGHT DELAYS

Rather: The federal government announced plans today to investigate why there are so many airline flight delays, 367,000 at the nation's busiest airports in 1986. Secretary Dole said there would be an investigation of whether airlines routinely misrepresent their schedules by planning more flights than airports can handle. At the same time airlines will be granted exemption from antitrust laws, said Secretary Dole, so they can cooperate in adjusting flight schedules to cut delays. (CBS-8)

CRITICAL CARE

Rather: Many members of Congress, Republicans and Democrats, have been pressing for some kind of federal help in protection against catastrophic health bills. It is a social problem just about everyone recognizes. After long White House confusion and delays, last night President Reagan said he will press to get something done. There remains much disagreement about what is the best thing to do.

CBS's Susan Spencer reports 1.4 million Medicare recipients each year find themselves with staggering, often unpayable medical bills, well beyond what Medicare covers.

(President Reagan: "Let us remove a financial specter facing our older Americans.")

President Reagan again last night promised to come up with a catastrophic insurance plan. He has pointedly not supported the plan of his own health chief Dr. Otis Bowen. The White House plan is expected in a few weeks, Congress isn't waiting. There is a sense that some form of catastrophic insurance will pass this session with or without White House support. (CBS-13)

CONTRAS/DRUGS

Jennings: The Secretary of State also acknowledged today that some contra leaders may have been involved in drug trafficking. The Secretary did tell a congressional hearing that he believed the problem was not major and was under control. (ABC-10)

SENATE INTELLIGENCE REPORT

ABC's Peter Jennings: The Senate Intelligence Committee, which completed its investigation of the Iran affair last month, has now drafted a final staff report. It draws no overall conclusions but sources tell ABC News it does not support the claim by the Administration that arms were sent to Iran primarily for diplomatic purposes rather than to get hostages out of Lebanon. The report contains no evidence that the President was aware of any plan to divert money to the contras in Central America and the report is expected to be approved by the committee and then made public. (ABC-5)

EDITORIALS/COLUMNISTS

STATE OF THE UNION

The State of the Presidency -- "President Reagan, exuding all the confidence, charm, and command presence that characterized his previous State of the Union addresses, went to the Hill last night to deliver what many people believed -- indeed, hoped -- would be the most important address to date of his presidency. It was just that, not for what Mr. Reagan said, but for what he did not say. If the President hoped to loosen the grip the Iran arms scandal has had on the White House, and, at the same time reassert his leadership, he failed.... Laudable as it was on domestic issues and relations with the Soviet Union, most folks wanted to hear just a bit more -- like an apology. Yet the very act of attempting to dismiss the scandal with another acknowledgment that 'mistakes' were made had precisely the opposite effect.... The State of the Union address accurately portrayed a union that is sound, but the state of the presidency is something else entirely." (Washington Times, 1/28)

President Shows He's Still in Command -- "President Reagan successfully used the occasion of his sixth State of the Union address Tuesday evening to allay fears that his Administration had been brought to a standstill by the Iran-contra arms affair. The President dealt with the arms sales issue in a forthright manner and went on to spell out a broad agenda for the remaining two years of his Administration." (Dallas Morning News, 1/28)

One Major Regret -- "President Reagan took a needed first step in acknowledging personal responsibility for the Iran-contra mess during his State of the Union address last night. But he could not bring himself to apologize or even to admit, through the use of an active verb, that he had made mistakes. His failure to level with the American people on precisely what happened or to clarify contradictory and misleading statements left his Administration still struggling with a credibility problem.... Dramatic action to restore this presidency would require a housecleaning in the White House, recapture of the propaganda advantage seized by Moscow and real attacks on deficits that aroused only laughter when Mr. Reagan called them 'outrageous.' We are pleased to note that Mr. Reagan looked vigorous only three weeks after a prostate operation. The American people want him to succeed. They do not want their government defensive and distracted, unable to tap the full strength of the nation Mr. Reagan so eloquently extolled." (Baltimore Sun, 1/28)

An Uncertain Future -- "Americans should be grateful that the President looks well for a man approaching his 76th year and who recently underwent surgery. Still, this was not the win-one-for-the-Gipper speech that his aides had hoped for, and the polished delivery failed to overcome the inadequacies of his program.... We are grateful that the President seems to be well, if perhaps not yet in back to top form. But his address failed in two major goals set by the White House: to defuse the Iran-contra controversy and to demonstrate that the Administration is back on top of events and moving forward into tomorrow."

(Los Angeles Times, 1/28)

State of the Union: Good -- "Mr. Reagan reminded the newly Democratic Congress that the state of the union is, in fact, pretty good.... Last night's State of the Union message wasn't the President's best or most important speech, but it didn't have to be. The state of the union isn't bad and it would be hard to top the newly elected President's address in 1981 or his 'Star Wars' speech of 1983.... Irangate will sort itself out in due course. Congress could hurry the process along by immunizing a few key witnesses, which it so far has refused to do -- perhaps it's more interested in having a stick to beat Mr. Reagan with than in getting at the facts. In the meantime, there is important work to be done."

(Detroit News, 1/28)

THE PRESIDENCY

Supply-Side Internationale -- "President Reagan presented his sixth State of the Union message last night at a time when his presidency is under heavy political attack, mainly on foreign-policy grounds. But ironically, the President, without any special effort, is currently recording a major foreign-policy achievement, one that will far outweigh and outlast the so-called 'Irangate' firestorm. He is exporting Reaganomics.... Well after 'Irangate' is nothing more than a minor historical footnote, the results of the Reagan tax revolution will be positive and long-lasting."

(Wall Street Journal, 1/28)

The Reagan Retreat -- "When Ronald Reagan first took office six Januaries ago, he inaugurated the much-ballyhooed Reagan Revolution. Taxes were cut, spending growth was slowed, and regulations were overturned.... But today we're seeing the Reagan Retreat. On issue after issue the Administration is engaging in a policy of pre-emptive surrender, compromising even before the policy battle is joined.... Unless he soon remembers why he was elected and acts accordingly, future historians will speak of the Reagan Interlude rather than the Reagan Revolution."

(Doug Bandow, Orange County Register, 1/23)

IRAN/NICARAGUA

Irangate is Remote in the Hinterlands -- "Despite the handwriting in the capital, little of life in the country has been affected by the current scandal, at least so far. The stock market is as high as an addict in an opium den. Unemployment is down a bit and the producer price index has recorded its lowest increase in two decades.... Inside the Washington Beltway, the popularity of the President is always the overriding reality. Here in Wappingers Falls, a change in the President's popularity is of less moment, unless it is the product of clearly perceived impropriety or incapacity. And that case apparently hasn't been made yet to the satisfaction of the small towns of America."

(John Farmer, Arkansas Gazette, 1/21)

Reagan's Defense: Nobody Told Me -- "The Iran-contra controversy has evolved into a kind of battle of attrition in which President Reagan is being seriously damaged politically, but will almost certainly survive. The President's posture now is to keep his head down, answer as few questions as possible, and claim ignorance of key events -- hardly a becoming posture for a political leader."

(James McCartney, The Miami Herald, 1/26)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JANUARY 29, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

STATE OF THE UNION

Reagan's Next Hurdles -- President Reagan has sought to demonstrate that he is fit, remains spunky, and has lost none of his flair for delivering a speech. (Christian Science Monitor, Washington Post, Washington Times, UPI)

IRAN -- NICARAGUA

Iran Mystery: 'Ronald Reagan' Bible -- Iranian Parliament Speaker Rafsanjani coolly showed off a Bible signed "Ronald Reagan" and dated Oct. 3, 1986, at a news conference Wednesday. (Washington Post, USA Today)

INTERNATIONAL NEWS

Reagan: 'Conclusive' Link Between Soviet Union, Terrorism -- President Reagan, warning that terrorism is here to stay "for the remainder of this century," says there is a "conclusive" link between the Soviet Union and the growth of terrorism. (UPI)

NETWORK NEWS (Wednesday Evening)

LEBANON/WAITE -- Terry Waite is said to be safe and continuing his negotiations to free the hostages.

TRAVEL RESTRICTIONS -- U.S. State Department officials banned American travel to Lebanon.

RAFSANJANI -- The speaker of Iran's parliament today showed off the bible he says President Reagan sent as part of the courtship of Iran.

THE GREAT COMMUNICATOR

"The President once again proved himself to be the best speechmaker in the political arena." (Peter Jennings, ABC News, 1/27)

- "It was a strong performance, a well-delivered address."

(Dan Rather, CBS News, 1/27)

"He needed to present himself as a commanding figure still, and he has done that." (Tom Brokaw, NBC News, 1/27)

STATE OF THE UNION

A STATE OF THE UNION SHORT ON SUBSTANCE Officials See Lack Of Boldness

President Reagan's State of the Union address Tuesday night was seen by the White House as an important symbolic event to demonstrate the President's vitality and authority. In the effort to make that impression, however, the President skimmed over the important substantive issues -- particularly the budget deficit and arms control -- on which his legacy may depend.

A number of Administration policymakers said yesterday that the speech reflected a lack of imagination and boldness at the White House, which many of them attribute to chief of staff Donald Regan. These officials said Regan seems content with the modest agenda advanced in the speech. He convened a planning meeting yesterday to discuss implementation of the few initiatives it outlined, despite widespread dissatisfaction in the ranks.

(David Hoffman, News Analysis, Washington Post, A1)

The Message Without Magic

Ronald Reagan reached into ye olde top hat again Tuesday night and pulled out another white rabbit, but this time something was wrong. The rabbit didn't move. If it wasn't dead, it certainly wasn't frisky, either. Where was the magic? The magic was almost gone.

Watching the President's State of the Union address on television was like going to a Frank Sinatra concert and finding Ol' Blue Eyes out of tune, or listening to a Bob Hope monologue and realizing you've heard it so many times, you can practically recite it along with him.

(Tom Shales, Washington Post, C14)

FORGIVING REAGAN, NOT FORGETTING IRAN Viewers Express Good Will

ATLANTA -- Nobody is ready to tuck Ronald Reagan away into the pages of the national photo album -- not here in the heart of the New South. Not yet.

If his presidency is supposed to have sputtered, his agenda been exhausted, his mastery of the job faded, somehow that word never filtered down to Sylvia Galbaugh and her middle-class suburban neighbors.

At the invitation of The Washington Post, Galbaugh, a special education teacher, watched the State of the Union address Tuesday night with 10 other Atlanta-area voters. By varying degrees, all said they were disappointed by the Iran arms sales-contra aid affair and discomfited by the way it has thrown Reagan on the defensive.

But had their President lost it? No way, they said.

(Paul Taylor, Washington Post, A1)

Reagan's Next Hurdles

President Reagan has sought to demonstrate that he is fit, remains spunky, and has lost none of his flair for delivering a speech.

The question now is whether Reagan will come up with detailed proposals that have public support and work cooperatively with a Democratic Congress to negotiate compromises.

(Charlotte Saikowski, Christian Science Monitor, A1)

Limp Rhetoric Has Conservatives Dissatisfied With Reagan Speech

Some of President Reagan's conservative supporters yesterday said the President's State of the Union address was less impressive than they had hoped it would be.

Reacting to Mr. Reagan's Tuesday night speech, his supporters said they are no more reconciled to his arms-for-hostages policy than when the story first broke in November.

They also said they were disappointed at the "themelessness" of the final two years of the Reagan term.

(Ralph Hallow, Washington Times, A2)

JACKSON: REAGAN NOT TELLING ALL ABOUT IRAN SCANDAL

Jesse Jackson says President Reagan did more than just make a mistake -- he broke the law in approving the secret sales of U.S. arms to Iran.

Jackson appeared Wednesday with a citizens' coalition to protest Reagan's 1988 budget and used the opportunity to criticize Reagan's State of the Union address, his budget and the arms deal with Iran.

(Judi Hasson, UPI)

INTERNATIONAL ISSUES

REAGAN SENDS ASSESSMENT OF U.S SECURITY STRATEGY TO CONGRESS

While one part of the NSC staff was shipping anti-tank missiles to Iran, another was drafting a document declaring such shipments contrary to U.S. security strategy.

The contradiction became apparent Wednesday when President Reagan released his first annual, comprehensive statement on national security strategy -- a document required by the Defense Reorganization Act of 1986.

Reagan's strategy document, sent to Congress in connection with his State of the Union message, recapitulates how U.S. foreign policy and defense strategy are designed to curb the Soviet Union, described as "the most significant threat to U.S. security and national interest."

(Frank Morring, Scripps Howard)

DOMESTIC ISSUES

REAGAN SENDS UPBEAT ECONOMIC REPORT TO CONGRESS

President Reagan pledged Thursday to hold the line on taxes, cut government spending, narrow the trade deficit, improve U.S. competitiveness and stop subsidizing wealthy farmers.

The President outlines these ambitious plans in his sixth economic report to Congress.

He conceded that the nation's \$200 billion a year budget deficits are accelerating the flood of foreign goods into the United States.

But he blamed the budget deficits on "the profligacy of the federal government" rather than on his refusal to support a tax increase to raise additional revenue.

(Kenneth Eskey, Scripps Howard)

'CATASTROPHIC' CARE PLAN POSES BIG COSTS FOR SOME Well-Off Could Pay Up To \$15,000 A Year

The White House is studying a "catastrophic" illness insurance plan that would require some older, relatively wealthy Americans to pay out as much as \$15,000 a year for Medicare-covered expenses before the insurance would take effect, government and health industry sources said yesterday.

The new proposal, which would substitute for a plan developed by Health and Human Services Secretary Otis Bowen, is designed to leave individuals with substantial uncovered liability that could be covered through private insurance.

(Spencer Rich, Washington Post, A6)

Lawmakers Assail Reagan Over Plan For Major Illness

Both Republicans and Democrats in Congress charged today that President Reagan's proposals for health insurance for catastrophic illness fell far short of what was needed.

Lawmakers expressed support for the Secretary of HHS, Dr. Bowen, whose proposal to expand Medicare has been denounced by conservatives in and outside the Reagan Administration.

(Robert Pear, New York Times, A1)

Medicare Expansion Plan Shelved In Favor Of Private-Sector Options

President Reagan has decided to quietly shelve a Medicare expansion proposal by HHS Secretary Bowen and rely instead on private health plans to provide catastrophic illness coverage for the elderly, according to Administration officials.

The President will ask Congress to modify laws governing health maintenance organizations to make it easier to create new and slightly different types of organizations, the officials said.

(George Archibald, Washington Times, A4)

Bowen Can't Say Whether Reagan Behind His Health Care Plan

Health Secretary Otis Bowen outlined his proposal for catastrophic health insurance to congressional panels Wednesday, but was unable to tell inquiring legislators whether President Reagan will line up in his corner.

Bowen told the Senate Finance Committee and, later, a rare joint meeting of the House and Senate special committees on aging that there remains considerable opposition to his plan within the Administration.

(Jerry Estill, AP)

'COMPETITIVENESS' PLAN TO RELY ON EDUCATION
Reagan Calls For More Rigorous Standards

President Reagan's Strategy to improve U.S. competitiveness in the world economy, outlined to Congress this week, leans heavily on more rigorous educational standards, including a minimum high school curriculum of four years of English and three each of mathematics, science and social studies.

Calling for a "quest for excellence," the President urged state and local governments to consider lengthening the school year, and colleges and universities to adopt more rigorous standards and higher expectations for academic and student conduct.

(Judith Havemann & Barbara Vobejda, Washington Post, A4)

REAGAN WELFARE PROPOSAL CRITICIZED

President Reagan's proposal to test welfare reform ideas in several states "will not be enough," a man representing state welfare officials told Congress Wednesday.

"My colleagues and I believe that we must go far beyond mere tinkering with present public welfare programs and redesign fundamentally the way we respond to poverty in this country," Stephen Heintz said at a House Ways and Means subcommittee hearing.

(James Brosnan, Scripps Howard)

IRAN — NICARAGUA

IRANIAN DISPLAYS BIBLE SIGNED 'RONALD REAGAN'

TEHRAN -- A top Iranian official whom the Reagan Administration sought to woo with covert arms sales said today that when the United States opened a new channel into Iran's government last fall for its dealings, it signaled the move with the presentation of a Bible inscribed by President Reagan.

Hojatoleslam Ali Akbar Hashemi Rafsanjani, the powerful speaker of Iran's parliament, would not say how or where the Bible was presented, but he said that the inscription by Reagan was dated Oct. 3, 1986, and contained a handwritten verse from Galatians 3:8 as an indication of the U.S. leader's "sincerity." (Loren Jenkins, Washington Post, A1)

Iran Mystery: 'Ronald Reagan' Bible

Iranian Parliament Speaker Rafsanjani coolly showed off a Bible signed "Ronald Reagan" and dated Oct. 3, 1986, at a news conference Wednesday.

White House spokesman Larry Speakes nastily refused even to ask Reagan whether he had signed the Bible. "I don't think the republic will rise or fall on whether I ask the President about that," Speakes said.

(Jessica Lee, USA Today, A1)

INTELLIGENCE REPORT COULD GO PUBLIC TODAY

Anticipation mounted today for a public release of the long-awaited Senate Intelligence Committee report on its Iran arms-Contra aid probe -- the most detailed investigation of the scandal so far.

The committee, which voted 7-6 against releasing a draft report Jan. 5, was scheduled to meet this afternoon. Congressional sources said it was hoped the panel would vote to adopt a final report and send it to the select Senate committee now continuing the probe, which arranged to meet later in the day. (Robert Doherty, UPI)

CARLUCCI TAKING TRIP TO EVALUATE CONTRAS Rebels Can't Win, Military Expert Asserts

National security adviser Frank Carlucci will leave today on a three-day fact-finding trip to Central America, in the wake of an assertion yesterday by the former commander of U.S. military forces there that the contras are incapable of defeating the forces of the leftist Nicaraguan government even with large amounts of U.S. military aid.

U.S. officials said that Carlucci will undertake his own frank assessment of the military capabilities of the U.S.-backed rebels. These officials said the Administration hopes to encourage substantial numbers of the contras to leave base camps in neighboring Honduras and reinfiltate into Nicaragua. (Lou Cannon, Washington Post, A20)

Carlucci To Size Up Contra Prospects

President Reagan's new national security adviser, Frank Carlucci, will assess the prospects of the Nicaraguan resistance when he visits Central America this week.

His trip, which includes stops in Costa Rica, El Salvador, Guatemala and Honduras, comes as the Administration faces a tough battle with Congress to win more military aid for the Contras.

"I would obviously concede that there are greater political difficulties than last year," a senior Administration official said yesterday. "I would have to say at this point it's an uphill struggle, but I think if we put our shoulders to it...I think we can do it."

(Jeremiah O'Leary, Washington Times, A2)

NEW CONGRESS RENEWS FIGHT ON NICARAGUA REBEL FUNDING

Lawmakers who want to halt further U.S. aid to the Nicaraguan resistance are guilty of "bashing Ronald Reagan and blaming America first," Sen. Helms, the ranking Republican on the Foreign Relations Committee, charged yesterday.

"I don't bash my country," said Sen. Dodd, principal sponsor of legislation to cut off aid to the rebels. "I just think it's unfortunate we disagree about how to advance freedom in Central America."

(Rita McWilliams, Washington Times, A3)

DIVISIONS DETRACT FROM CONTRA ADVANCES Leaders At Odds Despite New U.S. Aid And Greater Infiltration Into Nicaragua

TEGUCIGALPA -- While a new infusion of U.S. military aid is enabling Nicaraguan rebels to filter back into their country from bases in neighboring Honduras, divisions within the rebel leadership are growing wider, according to Nicaraguan sources.

The latest disputes among leaders of the anti-Sandinista rebels, who are known as counterrevolutionaries or contras, have arisen largely as consequences of the initial disbursements of \$100 million in U.S. aid for training and military supplies. Recently rebel commanders fighting in southern Nicaragua announced a formal break with the largest contra army, the Nicaraguan Democratic Force, to protest their failure to receive any of the new American aid.

(William Branigin, A21)

NICARAGUAN REBEL ALLIANCE SHAKY
Southern Commanders Split From Main Force,
Saying They Received No U.S. Aid

SAN JOSE -- The field commanders of antigovernment rebels fighting in southern Nicaragua have broken with the main rebel force, protesting that the southern front has received no weapons purchased with \$100 million in U.S. aid.

Meanwhile, in Miami one of three leaders of the main rebel alliance, Arturo Jose Cruz, is refusing to participate in official activities of the organization because of political differences with other leaders.

(Julia Preston, Washington Post, A22)

WHITE HOUSE SAYS CRITICISM OF REAGAN CARRIES
RISK TO POLICIES

White House officials are seeking to mute criticism of President Reagan over the Iran arms scandal, saying it could undermine confidence in U.S. leadership around the world.

At the same time, the Administration is seeking to focus attention on Reagan's future legislative program rather than the continuing questioning of the Iran policy following the President's State of the Union speech on Tuesday night.

A senior White House official told reporters that eroding "the institution of the presidency" presented risks to the United States.

(William Scally, Reuter)

Editor's Note: "Iran's Bible: The Auctioneers Have Their Say," by Lloyd Grove appears on page C1 of The Washington Post.

INTERNATIONAL NEWS

REAGAN: 'CONCLUSIVE' LINK BETWEEN SOVIET UNION, TERRORISM

President Reagan, warning that terrorism is here to stay "for the remainder of this century," says there is a "conclusive" link between the Soviet Union and the growth of terrorism.

In his first "state of the world" message, a 41-page document covering U.S. foreign and defense policy, Reagan told Congress Wednesday, "Effectively countering terrorism is a major national security objective of the United States."

"The most significant threat to U.S. security and national interests is the global challenge posed by the Soviet Union," Reagan said in the report to Congress, required by last year's Defense Reorganization Act.

(Ira Allen, UPI)

IRANIAN JUSTIFIES BEIRUT ABDUCTIONS

Speaker Says Lebanese Have No Other Kind of Defense

TEHRAN -- The Speaker of the Iranian Parliament today justified the seizure of Western hostages in Beirut and other terrorist actions by Lebanese groups, saying the Lebanese had no other way to defend themselves.

Referring specifically to recent kidnappings in Beirut, the speaker, Hashemi Rafsanjani said, "The people of Lebanon are so ignored and so oppressed that they have no other defense for themselves other than this."

(Roberto Suro, New York Times, A1)

GROUP SAYS IT HOLDS KIDNAPPED PROFESSORS

Statement Links Islamic Jihad, Palestinians

BEIRUT -- A previously unknown group calling itself Islamic Jihad for the Liberation of Palestine claimed responsibility tonight for the abduction of four professors -- three Americans and an Indian-born U.S. resident -- on Saturday from the Beirut University College campus.

"We announce our responsibility for kidnapping four Americans who were carrying out American conspiracies under the cover of teaching at Beirut University College," the captors said in a four-page statement handwritten in Arabic that was delivered to a western news agency and the offices of the An Nahar newspaper, accompanied by photos of two of the hostages.

(Nora Boustany, Washington Post, A27)

Previously Unknown Group Claims Kidnap Of Americans, Indian

BEIRUT -- A previously unknown group calling itself Islamic Jihad for the Liberation of Palestine last night claimed the kidnapping five days ago of three Americans and one Indian in Moslem west Beirut.

In Washington, the Reagan Administration ordered all Americans to leave Lebanon within 30 days and barred U.S. citizens from traveling to the country on U.S. passports without official approval.

(John Fullerton, Reuter)

Claim Responsibility for Abductions Of Americans

BEIRUT -- A previously unknown group called Islamic Jihad for the Liberation of Palestine claimed responsibility for the abductions of three Americans and an Indian U.S. resident at Beirut University College last week.

The handwritten statement in Arabic was the first ever received from Islamic Jihad for the Liberation of Palestine. Its name is similar to Islamic Jihad, the pro-Iranian terror group that has kidnapped Americans in Lebanon. (Rima Boulos, UPI)

BONN GETS PHOTOS AND MESSAGE THAT CAPTIVES ARE HEALTHY
W. German Police Find Explosive Buried Near Home Of Suspect

BONN -- The Bonn government has received word that two West German citizens held by kidnappers in Lebanon are alive and in good health, government sources said today.

The kidnappers, who are seeking release of Lebanese terrorist suspect Mohammed Hamadei, sent photographs of the two abducted businessmen via an Arab-born middleman, the sources said. Mohammed Ali Hamadei, arrested at Frankfurt airport Jan. 13, is wanted by the United States on charges of murder and air piracy in the 1985 hijacking of a TWA airliner. (Robert McCartney, Washington Post. A28)

CHURCH OF ENGLAND: TERRY WAITE IS SAFE

LONDON -- Terry Waite is safe and still negotiating for the release of foreign hostages in Lebanon, the Church of England announced, allaying fears that the missing envoy was kidnapped by Moslem extremists.

"The Archbishop of Canterbury, Dr. Robert Runcie, has this evening received fresh assurances of the safety of Terry Waite, his personal envoy, who is negotiating for the release of persons being detained in Lebanon," the church said in a statement Wednesday night.

(Robert Mackay, UPI)

HAMADEIS REPORTEDLY PLANNED ATTACKS IN GERMANY

BONN -- Authorities reportedly believe the two Lebanese brothers arrested at Frankfurt Airport belong to a terrorist organization that was plotting attacks in West Germany or in neighboring countries.

"The brothers probably belong to a terrorist group that planned attacks in Germany or neighboring countries," Die Welt said. "Security experts draw this conclusion from the explosives cache found in the Saarland." (UPI)

U.S. BANS MOST TRAVEL TO LEBANON
Administration Cites 'Chaotic' Situation, Latest Kidnappings

The Reagan Administration, responding to recent kidnappings in Lebanon, yesterday barred most Americans from traveling there on grounds that the "chaotic" situation poses "imminent peril" to all U.S. citizens.

It also gave Americans in Lebanon 30 days to leave.

The announcement by the State Department acknowledged that the United States cannot protect its estimated 1,500 citizens in Lebanon from the clashing factions there and indicated that repeated hostage-taking has put U.S. policymakers in an untenable position.

(Joanne Omang, Washington Post, A1)

U.S. Orders Americans To Stay Out Of Lebanon

The State Department prohibited travel to Lebanon yesterday because of "imminent peril" to American citizens there as Western and Arab governments sought to contain a growing hostage crisis.

State Department spokesman Charles Redman said family members of the eight American hostages held by terrorists in Lebanon were exempt from the travel ban, but other exceptions would be considered only on a case-by-case basis. Violators face fines of \$2,000 and up to five years in jail.

(Washington Times, A1)

United States Forbids Americans To Travel to Lebanon

U.S. passports are no longer valid for travel to Lebanon under a State Department order seeking to prevent more Americans from falling into terrorists' hands.

"The events of the past few days have demonstrated that private citizens have neither sufficient information to evaluate the threat against them, nor the means to protect themselves," Redman said.

(Jim Anderson, UPI)

U.S. Bans Americans From Traveling To Lebanon

The Reagan Administration declared Lebanon off-limits to Americans because of the threat of kidnappings, and identified publicly for the first time the radical group that may be responsible for the recent abductions of foreigners.

Announcing the imposition of passport restrictions, State Department spokesman Charles Redman said Wednesday: "The situation in Lebanon, in West Beirut in particular, is so chaotic that we do not believe that any American citizens can be considered safe from terrorist acts."

(Terence Hunt, AP)

U.S. SHIP MOVEMENTS IN PERSIAN GULF CALLED PRECAUTION
'Whole Range Of Options' Considered As Administration Provides
First Public Evidence Of Policy Review

A senior Reagan Administration official yesterday described U.S. naval movements in and near the Persian Gulf as "precautionary measures...to protect our strategic interests" and disclosed that the Administration is considering "a whole range of options" for additional steps.

The statements, in a White House briefing held to discuss a new report on U.S. strategy prepared by the NSC staff, were the first public signs of a policy review toward the Persian Gulf that has been under way for several weeks. (Don Oberdorfer, Washington Post, A30)

Reagan/Iran

The Reagan Administration is showing increasing concern about the intensifying Iran-Iraq war.

As U.S. warships maneuvered in the Mediterranean and the Persian Gulf, a senior White House official hinted Wednesday at the possibility of indirect U.S. intervention to prevent an Iranian victory over Iraq.

Asked if the United States would supply weapons or supplies to Iraq to avoid an Iranian military success, the official, who briefed reporters on condition that his name not be disclosed, replied:

"We are looking at a whole range of options...to make certain that our strategic interests are protected in the area."

(Miles Benson, Newhouse)

U.S. Warships On Watch As Americans Are Barred From Lebanon

Fearful of more kidnappings in Beirut, the United States has barred U.S. citizens from traveling to Lebanon without approval and given those already there 30 days to get out.

In other moves related to rising Middle East tensions, the Pentagon sent an aircraft carrier task force closer to Lebanon and stationed a flotilla of up to five frigates and destroyers in the northern Persian Gulf to keep watch over the Iran-Iraq war. (Charles Aldinger, Reuter)

RIGHTS GROUPS QUESTION ARREST OF PALESTINIANS
No Evidence Of Criminal Intent Found

The Justice Department decided to arrest a group of Palestinians in Los Angeles on charges of immigration violations after a lengthy FBI investigation failed to turn up evidence of plans to commit criminal or terrorist acts, department sources said yesterday.

Several civil-liberty and Arab-American groups yesterday questioned whether the arrests violated the suspects' First Amendment rights. Rep. Don Edwards chairman of the House Judiciary subcommittee on civil and constitutional rights, said he will ask the Justice Department for more information on the case.

(Mary Thornton & Howard Kurtz, Washington Post, A28)

TERRORIST SUSPECT TOLD TO STAND TRIAL
French Court Rules Against Lebanese In Killing Of U.S. Officer

PARIS -- A French court today ordered an accused Lebanese terrorist leader, Georges Ibrahim Abdallah, to stand trial for complicity in the 1982 assassinations of a U.S. military attache and an Israeli diplomat in the streets of Paris.

The decision marked an important legal step in U.S. efforts to assure that Abdallah is not released by French authorities as part of a deal involving hostages held in Lebanon. In addition to diplomatic steps urging France to proceed with a trial, the United States has taken part in the case through a French lawyer with friend-of-the-court entries urging conviction.

(Edward Cody, Washington Post, A27)

SHULTZ, ANC CHIEF EXCHANGE VIEWS
Meeting With Tambo Symbolizes Change In Policy Toward S. Africa

Secretary of State Shultz met for nearly an hour yesterday with South African black nationalist leader Oliver Tambo for what both sides later agreed was "a serious and substantive exchange of views" on South Africa.

The meeting, more important for its symbolism than substance, marks the first time any U.S. secretary of state has met with a leader of the African National Congress, the main black nationalist group in South Africa.

(David Ottaway, Washington Post, A19)

Shultz Hands A Diplomatic Triumph To Tambo, ANC

African National Congress leader Oliber Tambo chalked up a major diplomatic victory for his organization yesterday with a 50-minute meeting at the State Department with Secretary Shultz.

During the talks, Mr. Shultz urged the ANC leader to abandon violence in its struggle against South Africa's apartheid system and expressed concern about Soviet influence in the ANC.

(Richard Beeston, Washington Times, A1)

Shultz, Tambo Disagree On Key South African Issues

A meeting between Secretary Shultz and a leading South African black nationalist produced sharp disagreement on the need for violence and the degree of Soviet penetration in the anti-apartheid struggle.

Oliver Tambo, president of the ANC, said Wednesday night after the 50-minute State Department meeting that Shultz's concerns about possible Soviet domination of the ANC are unfounded.

"There is no Soviet influence in the ANC," he said.

(George Gedda, AP)

Shultz, Tambo Agree To Disagree On Violence

Secretary of State George Shultz and South African black leader Oliver Tambo are agreeing to disagree on the wisdom of using violence to force an end to Pretoria's racist apartheid policies.

Shultz told Tambo during a long awaited but controversial meeting Wednesday that the continued use of violence by the African National Congress "will only lead to catastrophe" in white-minority ruled South Africa.

But Tambo said he told Shultz: "We are fighting a regime that practices and is perpetrating a crime against humanity. We tried to do that peacefully for some 50 years. We gave up and decided to embark on armed struggle."

(Matthew Quinn, UPI)

Shultz Meets With Head Of Outlawed South African Black Group

In a historic first, Secretary Shultz met Wednesday with the President of the African National Congress, a black organization outlawed in South Africa.

The two agreed on the need to end apartheid in South Africa and replace it with a non-racial, multiparty democracy.

Both Shultz and ANC President Oliver Tambo called their 50-minute discussion at the State Department "serious and substantive."

(Walter Friedenberg, Scripps Howard)

U.S. ENVOY TO START SANCTIONS TALKS IN POLAND

WARSAW -- U.S. Deputy Secretary of State John Whitehead today begins wide-ranging talks here likely to lead to an eventual lifting of U.S. sanctions imposed after the suppression of the Solidarity trade union.

Whitehead was due to meet Foreign Minister Marian Orzechowski and Cardinal Jozef Glemp, the Roman Catholic primate, to discuss human rights observance and other issues.

(Donald Forbes, Reuter)

KHASHOGGI'S U.S. COMPANY FILES FOR BANKRUPTCY

Triad America Corp., the U.S. holding company of Saudi arms merchant Adnan Khashoggi, has filed for protection under bankruptcy laws, a move that freezes lawsuits filed against the firm for unpaid debts.

Khashoggi played a key role in brokering the secret U.S. arms shipments to Iran. Among the creditors listed in court documents yesterday were two Cayman Islands institutions, Sarsvata International and Euro Commercial Finances. The latter is a bank controlled by two Canadian businessmen who advanced money to Khashoggi for Iran arms sales.

(Michael Isikoff & Jav Mathews, Washington Post, A30)

HOUSE LEADER SAYS PUSH FOR EARLY DEPLOYMENT OF SDI
WOULD BE REJECTED

House Majority Leader Thomas Foley warned Wednesday that any attempt by President Reagan to start deployment of the Star Wars missile defense system would be "rejected flatly" by Congress.

Foley said any Administration request for money that appears linked to an early deployment of its SDI would "shatter" the bipartisan congressional support for a "vigorous research program" on a space-based defensive system.
(Otto Kreisher, Copley)

MANILA REBELS ANNOUNCE SURRENDER
Armed Forces Chief Says Mutineers Are Not Under Arrest

MANILA -- The leader of about 200 rebel soldiers who have been holding a suburban television station for 52 hours today announced a surrender after a final negotiating session with military officials.

Col. Oscar Canlas, an Air Force officer, said in a press conference after meeting for 90 minutes with Defense Minister Rafael Ileto that he and his men had agreed to vacate the Channel 7 television complex, bringing an end to a standoff that had entered its third day.

(Gregg Jones, Washington Post, A32)

SELF-STYLED SPY IS RELEASED BY NICARAGUA, FLIES TO MIAMI
Hall: 'Sorry I've Caused Some Embarrassment'

MANAGUA -- Ohio resident Sam Hall, the self-styled espionage agent imprisoned here for more than a month, was freed today and flown to Miami, where he was taken to a Veterans Administration hospital.

"I'm sorry that I've caused some embarrassment," said Hall, 49, in what he described as a parting message to the Nicaraguan people. "I was treated very well. The prison authorities were terrific."

(Nancy Nusser, Washington Post, A20)

U.S. CALLS TEMPORARY HALT TO DOLLAR FALL
AGAINST YEN

TOKYO -- The United States called a temporary halt to the dollar's headlong fall against the yen by joining Japan in propping up its currency, foreign exchange dealers said in Tokyo today.

Until now the United States has been content to let the dollar drop in the belief that a weaker currency would increase the competitiveness of American business and help reduce its mammoth trade deficit.

(Hisanobu Ohse, Reuter)

DOLLAR CONTINUES STEEP FALL Traders Are Unsure Of U.S. Intentions

The dollar continued to fall sharply against major world currencies yesterday in an atmosphere of uncertainty over the intentions and plans of the United States and its trading partners to stabilize the situation.

Market analysts said that the dollar weakness was created by concern over future prospects for the U.S. economy, coupled with the persistent refusal of the Reagan Administration to signal that it wants the decline in the dollar to end, (Hobart Rowen, Washington Post, E1)

Treasury Not Worried On Financing

The Treasury Department is not worried that the weakening dollar, which makes U.S. assets less attractive, will affect the level of foreign demand for government securities, a Treasury official said yesterday.

Some financial market analysts had expressed concern during the past few weeks that the sharp dip in the value of the dollar against the Japanese yen would make U.S. Treasury securities less attractive to Japanese investors, requiring the Treasury to bid up interest rates on those issues to lure foreigners back.

(Jane Seaberry, Washington Post, E3)

U.S. AND EC MAKE PROGRESS IN TRADE DISPUTE

U.S. and European negotiators moved toward a compromise agreement yesterday that would forestall the imposition of 200 percent tariffs on imported wine, cheese, brandy, gin and other European products starting Friday.

Although no final accord was reached, both sides reported progress in settling a bitter trade dispute between the United States and the European Community, or Common Market, that erupted last year over new European duties on corn exports to Spain.

(Anne Swardson, Washington Post, E1)

EC Hopes To Present Deal Averting Trade War With U.S.

BRUSSELS -- Top EC negotiators are confident of presenting their governments with a deal later today averting the danger of a damaging trade war with the United States.

The dispute threatened to explode into the most serious transatlantic trade rift in over two decades, risking the West's wider strategic interests. (Jonathan Clayton, Reuter)

NATIONAL NEWS

SPRINKEL: U.S. NEAR TURNAROUND IN TRADE DEFICIT

America's economy will chug along a bit faster this year than last and the massive U.S. trade deficit appears ready to slow down, President Reagan's chief economist asserted today.

Beryl Sprinkel, chairman of the White House Council of Economic Advisers, also said the nation needs a lower budget deficit, better savings habits and more foreign demand for U.S. goods in order to invigorate the economy. (Craig Webb, UPI)

Sprinkel/Economy

President Reagan and his economic advisers have issued an optimistic outlook for 1987 -- predicting 3.2 percent economic growth with moderately higher inflation, lower unemployment, and reduced trade and budget deficits.

Beryl Sprinkel said the theme of the annual Economic Report which Reagan sent to Congress Thursday "is essentially that the U.S. economy shows continued strength in the fifth year of recovery."

(Bob Rast, Newhouse)

REAGAN PAYS HOMAGE TO CHALLENGER CREW, RALLIES NASA WORKERS

President Reagan Wednesday paid homage to the seven astronauts who died a year ago when the space shuttle Challenger exploded but did not give any timetable for sending up another shuttle.

In an emotional speech telecast by satellite to NASA employees around the nation, Reagan said he has a special commitment to restarting the space program that fell apart with the problems revealed by the mechanical failure of the Challenger. (Ann McFeatters, Scripps Howard)

Reagan Marks Challenger Anniversary

The nation will "never forget" last year's Challenger shuttle disaster, President Reagan said yesterday, joining millions of Americans in paying tribute to the seven astronauts killed 73 seconds after liftoff from Cape Canaveral, Fla.

The President commemorated the shuttle tragedy in an Oval Office speech beamed by satellite to 20,000 NASA employees.

(Mary Belcher, Washington Times, A4)

ENGINEER SUES THIOKOL FOR 'CRIMINAL HOMICIDES' Health, Career Said Ruined After Testifying

A former Morton Thiokol engineer who tried to stop last year's fatal launch of the Challenger filed a \$1 billion damages suit in federal court here yesterday, saying that the company ruined his health and career after he testified before the presidential commission investigating the disaster.

Legal observers speculated yesterday that while such a lawsuit might have symbolic significance, the chances of "criminal homicide" charges surviving in the federal court are extremely limited.

(Nancy Lewis, Washington Post, A15)

REAGAN, CONGRESSIONAL LEADERS MEET ON FUTURE PLANS

In the spirit of bipartisanship, President Reagan invited Democratic and Republican congressional leaders to discuss the outlook for a series of legislative proposals he will soon send to Congress.

Reagan also will brief his Cabinet today in the aftermath of his State of the Union address.

White House aides said they believe Reagan "weathered the storm" over a rough two months of revelations in the Iran arms-Contra aid scandal. "He is his old self again," said one aide, "kidding and telling jokes."
(Helen Thomas, UPI)

PERMANENT NUCLEAR WASTE DUMP DELAYED TO 2003 DOE Intends To Use Clinch River Site In Tennessee As Temporary Storage Facility

The Energy Department announced yesterday that it intends to delay until 2003 the opening of the nation's first high-level nuclear waste dump, and will move ahead with plans for a temporary storage facility at the site of the abandoned Clinch River breeder reactor in Tennessee.

It was the latest shift in plans for the politically volatile effort to find a final burial ground for radioactive waste from more than 100 civilian power plants.
(Cass Peterson, Washington Post, A3)

REAGAN LIBRARY PLAN UNVEILED Architect Stubbins Presents A Mission-Style Design

A low-key, mission-style design for the Ronald Reagan Presidential Library in Palo Alto, Calif., was unveiled here yesterday by its architect, Hugh A. Stubbins Jr.

Like all presidential libraries dating back to that of Franklin D. Roosevelt at Hyde Park, N.Y., this one will be part library, part museum. In addition to the presidential papers and facilities for researchers, it will house an exhibition hall, two auditoriums and conference rooms for use by the general public.
(Benjamin Forgery, Washington Post, C1)

NETWORK NEWS SUMMARY

(Wednesday evening, January 28th)

U.S./LEBANON/WAITE

NBC's Tom Brokaw reports there is some encouraging news tonight from Beirut for a change. Terry Waite is said to be safe and continuing his negotiations to free the hostages. Also in Beirut a polaroid picture of one of the Americans seized last weekend was released today to (a french press agency), 53-year-old Robert Polhill of New York. A group calling itself the Islamic Jihad for the Liberation of Palestine said it kidnapped Polhill, two other Americans and an Indian professor from Beirut University college.

(NBC-Lead, ABC-Lead, CBS-2)

TRAVEL RESTRICTIONS

Brokaw: At the same time the U.S. State Department officials banned American travel to Lebanon.

NBC's Chris Wallace: Americans in Lebanon were warned they have 30 days to get out, while travel to the country is banned immediately. The State Department said violaters face up to five years in prison. (Charles Redman: "The situation in Lebanon, and in West Beirut in particular, is so chaotic that we do not believe that American citizens can be considered safe from terrorist acts.")

Officials estimate about 1,500 Americans are now in Lebanon, but acknowledge since most also hold Lebanese passports, enforcing a travel ban will be difficult. There will also be an exemption for families of the eight Americans already held hostage. This action follows the recent movement of U.S. ships in the Mideast. A naval task force is in the Persian Gulf, two ships heading north toward Kuwait. In the Mediterranean the carrier Nimitz canceled a port call and is sailing towards Cyprus, while the Kennedy's return to the U.S. next month may be delayed. Officials acknowledged these measures are only gestures, but sav in the wake of the arms scandal and recent kidnappings they are sending a message to Iran and terrorist groups that the U.S. will use force to protect its interests and that having put Americans in Lebanon on notice, U.S. policy will no longer be driven by concern for hostages. On Capitol Hill Secretary Shultz emphasized anti-terrorism policy is still in place despite the arms scandal.

(Secretary Shultz: "It has thrown us slightly off stride but I think our policies are clear and strong and have great support around the world because they are right.")

A terrorism expert says the U.S. has to put more teeth in those policies but that there is a place for these kinds of gestures.

(Robert Kupperman: "Terrorism is theater but counterterrorism is also theater and these are the tools of counterterror.")

Officials acknowledge the arms deal with Iran may have contributed to recent kidnappings convincing terrorists they could gain from taking hostages. The effort now is to reestablish that the U.S. hard-line on terrorism is not just talk.

(NBC-2)

ABC's John McWethy reports in an effort to prevent further kidnappings the State Department today essentially barred travel to Lebanon.

(Charles Redman: "The Secretary has determined that there is imminent peril to U.S. citizens in Lebanon, therefore, effective immediately, U.S. passports are not valid for travel to, in and through Lebanon unless specifically validated for such travel.")

At the White House today a senior official pointed a finger at Iran for the latest round of kidnappings saying Iran has great influence over all Shiite Moslem factions in Lebanon, particularly one cell which appears to be a family operation involved in the earlier kidnapping of Terry Anderson and Thomas Sutherland as well as the hijacking of TWA 847 a year and a half ago. As if to shake a fist at Iran, the U.S. is moving part of the six combat ships now in the Persian Gulf further north closer to the combat zone between Iran and Iraq, but still well out in international waters. In addition, an aircraft carrier battle group is rushing from the Philippines to just outside the Gulf and in the Mediterranean a carrier that was suppose to be heading for home is now staying, leaving the U.S. with two carriers there. While Administration officials say the U.S. has no intention of becoming involved in combat, a senior White House official today expressed unusual concern about what might happen if Iran wins its war with Iran: "It would be clearly damaging to the interests of our friends in the area and to our overall strategic interests were you to see any kind of Iranian aggression down through the Gulf." The American ship movements are evidence of growing U.S. concern about Iran as sponsor of terrorism and as a nation that officials now fear just might win its war with Iraq. (ABC-2)

CBS's Dan Rather: With eight Americans held hostage in Lebanon and hundreds more at risk, the U.S. government today finally declared that country off limits to American citizens. Besides telling Americans to get out and stay away from Lebanon, the Reagan Administration began talking about possible military action against terrorists there.

CBS's David Martin reports after repeated warnings that Beirut is too dangerous for Americans, the State Department today told U.S. citizens they have 30 days to get out of Lebanon.

(Charles Redman: "The situation in Lebanon, and in West Beirut in particular, is so chaotic that we do not believe that American citizens can be considered safe from terrorist acts.")

At the same time, the U.S. is moving the aircraft carrier Nimitz into the eastern Mediterranean and has extended the stay of the carrier Kennedy in what Pentagon sources say is the first step in planning a strike against targets in Lebanon if any of the eight American hostages there are killed. A second U.S. buildup is underway in the Persian Gulf, where American war ships have moved into the northern gulf in response to Arab fears that Iran is about to break through Iraqi lines and take the war to neighboring countries. U.S. intelligence believes Iran already has fired missiles against Kuwait where an Islamic conference is being held. Pentagon officials stress that no decisions about military action have been made, but one official said that with the White House eager to show President Reagan in control and standing tall in the midst of the Iran arms scandal, they may feel compelled to retaliate against the next terrorist or Iranian attack. (CBS-Lead)

RAFSANJANI

Brokaw: In Tehran today Rafsanjani held out the prospect of freedom for American hostages if better relations between Iran and the United States can be established. However, Rafsanjani and other Iranian leaders are not exactly encouraging on that count.

NBC's Garrick Utley reports for the Iranian leaders it was political theater. For the first time they displayed the bible they say was sent to them by President Reagan. Rafsanjani praised the President for trying to improve relations with Iran but said that the President was old, weak and had been defeated by his political rivals. And today Rafsanjani said there is no prospect of future talks with the United States or help in securing the release of American hostages held in Lebanon until the United States releases the half-billion dollars in Iranian assets it holds and ends its hostility to Iran.

(NBC-3, ABC-4)

Rather: The speaker of Iran's parliament today showed off the bible he says President Reagan sent as part of the courtship of Iran. It bore Mr. Reagan's signature and a New Testament verse ending with the words 'all the nations shall be blessed in you.' Speaker Rafsanjani said Mr. Reagan showed courage in seeking better relations with Iran but he said Mr. Reagan is now old and weak and "has been defeated."

(CBS-5)

TAMBO/SHULTZ

NBC's Anne Garrels: The State Department pushed for this meeting against objections from the White House. It said Tambo was an important player who cannot be ignored in any negotiated settlement in South Africa. Demonstrating outside the State Department conservative groups called Tambo a terrorist and a communist. Speaking on the Senate floor minority leader Robert Dole had reservations.

(Dole: "Meeting with Tambo without the precondition that the ANC disavow terror tactics comes perilously close to sending the wrong kind of message on terrorism.")

The South African government fears the meeting will lend legitimacy to the outlawed ANC.

(Ron Miller, South African Foreign Ministry: "The meeting as such already starts to lend a certain amount of credibility to an organization which uses violence in order to achieve its aims.")

Archbishop Desmond Tutu applauds the meeting.

(Tutu: "I hope very much that we are seeing a radical change in the attitude of the Reagan Administration.")

Television crews were banned from the meeting. Shultz was trying to play down the talks calling them simply an effort to get all the sides to negotiate.

(Charles Redman: "The Secretary made it clear that a policy of violence from any party is not the answer to South Africa's problems and that there are other options.")

But Tambo came here saying the ANC has exhausted these options. As for U.S. concerns about communists in the ANC he said they are only one element in the movement and he justified the use of violence except against civilians.

Garrels continues:

(Tambo: Those who make peaceful revolution impossible make violent revolution inevitable.)

In his hour long talk with Shultz Tambo urged the U.S. to step up the pressure.

(Tambo: "And we said that it was necessary to pursue the question of sanctions further.")

Though Shultz and Tambo have different views on how to end apartheid, both agree it must end and the two plan to meet again as the U.S. takes on the new role of mediator. (NBC-6)

ABC's Jeanne Meserve reports Oliver Tambo's meeting with George Shultz was so controversial that only a State Department still camera was allowed to photograph the men together. Shultz is the highest level American official to meet with a representative of the ANC. Though the Administration itself has criticized the organization for its violent tactics, and connections with communists in South Africa and the Soviet Union, concern over lack of movement in ending apartheid lead to the dialogue. Conservatives objected to the meeting strongly.

(Dole: "Meeting with Tambo without the precondition that the ANC disavow terror tactics comes perilously close to sending the wrong kind of message on terrorism.")

When the meeting was over, State Department officials said U.S. opposition to ANC violence had been underlined.

(Charles Redman: "The Secretary made it clear that a policy of violence from any party is not the answer to South Africa's problems and that there are other options.")

And there was continuing disagreement over the refusal of the U.S. to take stronger steps against the South African government and the effectiveness of sanctions.

(Tambo: "And we have asked the United States to persuade the rest of the western countries to adopt at least the United States package of sanctions.")

Though there were no compromises, the meeting lends credibility to the ANC and increases pressure on the South African government to end apartheid. (ABC-9)

CBS's Bill McLaughlin reports Oliver Tambo, who the Reagan

Administration once considered a communist and a terrorist, became a Washington VIP today, a symbol of the Administration's abrupt shift from a policy of dealing exclusively with South Africa's white minority government to opening a dialogue to black nationalists determined to destroy it. Tambo met today with Secretary Shultz. There were protests on Capitol Hill. And there were demonstrations in front of the State Department. Even moderate Republicans were nervous about the Shultz-Tambo meeting.

(Sen. Dole: "Meeting with Tambo without the precondition that the ANC disavow terror tactics comes perilously close to sending the wrong kind of message on terrorism.")

But the State Department defended the meetings.

(Charles Redman: "This meeting represents a continuation of our effort to talk with all of the key players in South Africa and help, if we can, lay the basis for negotiations.")

Tambo reacted angrily to charges he supported terrorism. While Tambo and Shultz may only have agreed that apartheid has to go, sources here believe that in the future the U.S. will pay as much attention to South Africa's black majority as it now does to its White minority. (CBS-10)

STATE OF THE UNION/PUBLIC RESPONSE

Jennings: The President spent very little time on the subject of Iran during his State of the Union address last night. It was delivered in person, as you know, to the Washington establishment, but it was clearly written with the television audience in mind. So how did the President do with the audience?

ABC's Richard Threlkeld: He will be 76 next week and he's just out of the hospital and he hadn't been seen in public in three weeks and so the first concern was was he -- well -- you know -- all right?

(Woman: "I think he did just fine. I just thought he was in top form." Man: "I think he did pretty well. Everything considered I thought he looked very healthy and vigorous." Woman: "I thought that his presentation was great considering all that he has been through but...")

We heard a lot of those 'buts' from people about Irangate for one.

(Woman: "Well, on the Iran-contra issue I think that he really didn't come clean and I'm a great Reagan fan." Man: "I come from a long line of Democrats and I stepped way out to vote for this man and I felt like he cheated me." Man: "I also wish he would have said something more about Iran and I think he made a major mistake there." Woman: "I think he should of came out and say he apologize to the nation, that's what I think he should have did." Man: "Well, Iran, unfortunately, he is just wrong, but you can't crucify him.")

And some doubts about the next two years.

(Man: "The treaty speech was lacking of a lot of substance." Woman: "He said nothing about social security and that's what I'm concerned about and I'm concerned about the education and I'm concerned about the poor." Man: "Just to put it bluntly there is no way that he is going to be able to balance the budget unless he raises taxes.")

In short, Americans seemed reassured about the state of the President.

(Man: "I think the Gipper is back, he looked good, he sounded good, and I think he made the people in general feel good." Woman: "We kind of expected him to be the white knight and he has shown us that he's kind of human too.")

But not so sure about the state of the presidency, like Mr. Reagan's audiences in the Congress and in the world, Americans will be taking advice from somebody in another recent presidency, 'don't watch what we say, watch what we do.'

(ABC-6)

Rather: In his State of the Union speech last night President Reagan tried to put his secret weapons for Iran deal behind him. Bill Plante spent the day gathering and measuring reaction.

CBS's Bill Plante: A federal grand jury was appointed today to investigate possible criminal violations of the law in the arms to Iran-cash to the contras scandal. The panel will hear evidence from special prosecutor Lawrence Walsh. President Reagan had little to say about his Iran policy in last night's State of the Union message and nothing at all about selling arms or diverting profits to the contras. The White House said today that Congress should focus its attention on Mr. Reagan's legislative program, not on Iran. But the sense of many Republicans and most Democrats was that Mr. Reagan fell short last night in his attempt to change direction and regain credibility.

Plante continues:

(Sen. Weicker: "An ordinary speech. I don't think it in any way came up to the particular crisis of this time in the Iran contra affair nor did it announce any practical initiatives that are going to have to be taken if indeed he is going to work with the Democratic Congress.")

The Vice President was frustrated that no one wanted to talk about anything in Mr. Reagan's speech except Iran.

(Vice President Bush: "Yes, I think we have heard enough about it, but don't take it from me, I think the country feels that way.")

But because many people also believe that the President dealt arms for hostages White House officials privately concede that there wasn't much short of a presidential apology that Mr. Reagan could have said last night to change public opinion on the Iran deal, even if people are tired of hearing about. The problem has to run its course like a fever, said one aide, but meantime no one can say what will happen to Mr. Reagan's presidency. (CBS-4)

CHALLENGER

NBC's Robert Hager reports in Washington the families of the Challenger astronauts met with Vice President Bush to enlist support for a memorial space learning center being planned in Houston. President Reagan beamed a message to space agency employees.

(President Reagan: "America will never forget that terrible moment a year ago when our elation turned to horror and then to grief and pain.") (NBC-10)

Jennings: President Reagan spoke to the men and women of NASA.

(President Reagan: "Today is a day to commemorate and a day to salute. We commemorate the magnificent Challenger seven whom we lost last year at this time and we salute you the men and women of American's NASA team.") (ABC-7)

CBS's Bernard Goldberg reports at the Challenger launch pad it was crisp and cold this morning, a sad reminder of the way it was one year ago today.

(President Reagan: "America will never forget that terrible moment a year ago when our elation turned to horror and then to grief and pain. Seven of our finest perished as they reached for the boundaries of space where earth ends, and the path to the stars begins.") (CBS-6)

QUEST FOR EXCELLENCE

Rather: Among proposals in President Reagan's State of the Union message was what he called a quest for excellence, and the idea, which Democrats also have been pushing, is to restore U.S. trade leadership through quality. Mr. Reagan is promising now to do more than match Democrats in ideas to rebuild America's competitive edge against international trade rivals. The challenge faced by U.S. manufacturers and workers is summed up in this report from Ray Brady. (CBS-7)

FLIGHT DELAYS

Rather: The federal government announced plans today to investigate why there are so many airline flight delays, 367,000 at the nation's busiest airports in 1986. Secretary Dole said there would be an investigation of whether airlines routinely misrepresent their schedules by planning more flights than airports can handle. At the same time airlines will be granted exemption from antitrust laws, said Secretary Dole, so they can cooperate in adjusting flight schedules to cut delays. (CBS-8)

CRITICAL CARE

Rather: Many members of Congress, Republicans and Democrats, have been pressing for some kind of federal help in protection against catastrophic health bills. It is a social problem just about everyone recognizes. After long White House confusion and delays, last night President Reagan said he will press to get something done. There remains much disagreement about what is the best thing to do.

CBS's Susan Spencer reports 1.4 million Medicare recipients each year find themselves with staggering, often unpayable medical bills, well beyond what Medicare covers.

(President Reagan: "Let us remove a financial specter facing our older Americans.")

President Reagan again last night promised to come up with a catastrophic insurance plan. He has pointedly not supported the plan of his own health chief Dr. Otis Bowen. The White House plan is expected in a few weeks, Congress isn't waiting. There is a sense that some form of catastrophic insurance will pass this session with or without White House support. (CBS-13)

CONTRAS/DRUGS

Jennings: The Secretary of State also acknowledged today that some contra leaders may have been involved in drug trafficking. The Secretary did tell a congressional hearing that he believed the problem was not major and was under control. (ABC-10)

SENATE INTELLIGENCE REPORT

ABC's Peter Jennings: The Senate Intelligence Committee, which completed its investigation of the Iran affair last month, has now drafted a final staff report. It draws no overall conclusions but sources tell ABC News it does not support the claim by the Administration that arms were sent to Iran primarily for diplomatic purposes rather than to get hostages out of Lebanon. The report contains no evidence that the President was aware of any plan to divert money to the contras in Central America and the report is expected to be approved by the committee and then made public. (ABC-5)

EDITORIALS/COLUMNISTS

STATE OF THE UNION

The State of the Presidency -- "President Reagan, exuding all the confidence, charm, and command presence that characterized his previous State of the Union addresses, went to the Hill last night to deliver what many people believed -- indeed, hoped -- would be the most important address to date of his presidency. It was just that, not for what Mr. Reagan said, but for what he did not say. If the President hoped to loosen the grip the Iran arms scandal has had on the White House, and, at the same time reassert his leadership, he failed.... Laudable as it was on domestic issues and relations with the Soviet Union, most folks wanted to hear just a bit more -- like an apology. Yet the very act of attempting to dismiss the scandal with another acknowledgment that 'mistakes' were made had precisely the opposite effect.... The State of the Union address accurately portrayed a union that is sound, but the state of the presidency is something else entirely." (Washington Times, 1/28)

President Shows He's Still in Command -- "President Reagan successfully used the occasion of his sixth State of the Union address Tuesday evening to allay fears that his Administration had been brought to a standstill by the Iran-contra arms affair. The President dealt with the arms sales issue in a forthright manner and went on to spell out a broad agenda for the remaining two years of his Administration." (Dallas Morning News, 1/28)

One Major Regret -- "President Reagan took a needed first step in acknowledging personal responsibility for the Iran-contra mess during his State of the Union address last night. But he could not bring himself to apologize or even to admit, through the use of an active verb, that he had made mistakes. His failure to level with the American people on precisely what happened or to clarify contradictory and misleading statements left his Administration still struggling with a credibility problem.... Dramatic action to restore this presidency would require a housecleaning in the White House, recapture of the propaganda advantage seized by Moscow and real attacks on deficits that aroused only laughter when Mr. Reagan called them 'outrageous.' We are pleased to note that Mr. Reagan looked vigorous only three weeks after a prostate operation. The American people want him to succeed. They do not want their government defensive and distracted, unable to tap the full strength of the nation Mr. Reagan so eloquently extolled." (Baltimore Sun, 1/28)

An Uncertain Future -- "Americans should be grateful that the President looks well for a man approaching his 76th year and who recently underwent surgery. Still, this was not the win-one-for-the-Gipper speech that his aides had hoped for, and the polished delivery failed to overcome the inadequacies of his program.... We are grateful that the President seems to be well, if perhaps not yet in back to top form. But his address failed in two major goals set by the White House: to defuse the Iran-contra controversy and to demonstrate that the Administration is back on top of events and moving forward into tomorrow." (Los Angeles Times, 1/28)

State of the Union: Good -- "Mr. Reagan reminded the newly Democratic Congress that the state of the union is, in fact, pretty good.... Last night's State of the Union message wasn't the President's best or most important speech, but it didn't have to be. The state of the union isn't bad and it would be hard to top the newly elected President's address in 1981 or his 'Star Wars' speech of 1983.... Irangate will sort itself out in due course. Congress could hurry the process along by immunizing a few key witnesses, which it so far has refused to do -- perhaps it's more interested in having a stick to beat Mr. Reagan with than in getting at the facts. In the meantime, there is important work to be done."

(Detroit News, 1/28)

THE PRESIDENCY

Supply-Side Internationale -- "President Reagan presented his sixth State of the Union message last night at a time when his presidency is under heavy political attack, mainly on foreign-policy grounds. But ironically, the President, without any special effort, is currently recording a major foreign-policy achievement, one that will far outweigh and outlast the so-called 'Irangate' firestorm. He is exporting Reaganomics.... Well after 'Irangate' is nothing more than a minor historical footnote, the results of the Reagan tax revolution will be positive and long-lasting."

(Wall Street Journal, 1/28)

The Reagan Retreat -- "When Ronald Reagan first took office six Januaries ago, he inaugurated the much-ballyhooed Reagan Revolution. Taxes were cut, spending growth was slowed, and regulations were overturned.... But today we're seeing the Reagan Retreat. On issue after issue the Administration is engaging in a policy of pre-emptive surrender, compromising even before the policy battle is joined.... Unless he soon remembers why he was elected and acts accordingly, future historians will speak of the Reagan Interlude rather than the Reagan Revolution."

(Doug Bandow, Orange County Register, 1/23)

IRAN/NICARAGUA

Irangate is Remote in the Hinterlands -- "Despite the handwriting in the capital, little of life in the country has been affected by the current scandal, at least so far. The stock market is as high as an addict in an opium den. Unemployment is down a bit and the producer price index has recorded its lowest increase in two decades.... Inside the Washington Beltway, the popularity of the President is always the overriding reality. Here in Wappingers Falls, a change in the President's popularity is of less moment, unless it is the product of clearly perceived impropriety or incapacity. And that case apparently hasn't been made yet to the satisfaction of the small towns of America."

(John Farmer, Arkansas Gazette, 1/21)

Reagan's Defense: Nobody Told Me -- "The Iran-contra controversy has evolved into a kind of battle of attrition in which President Reagan is being seriously damaged politically, but will almost certainly survive. The President's posture now is to keep his head down, answer as few questions as possible, and claim ignorance of key events -- hardly a becoming posture for a political leader."

(James McCartney, The Miami Herald, 1/26)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JANUARY 29, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

STATE OF THE UNION

Reagan's Next Hurdles -- President Reagan has sought to demonstrate that he is fit, remains spunky, and has lost none of his flair for delivering a speech. (Christian Science Monitor, Washington Post, Washington Times, UPI)

IRAN -- NICARAGUA

Iran Mystery: 'Ronald Reagan' Bible -- Iranian Parliament Speaker Rafsanjani coolly showed off a Bible signed "Ronald Reagan" and dated Oct. 3, 1986, at a news conference Wednesday. (Washington Post, USA Today)

INTERNATIONAL NEWS

Reagan: 'Conclusive' Link Between Soviet Union, Terrorism -- President Reagan, warning that terrorism is here to stay "for the remainder of this century," says there is a "conclusive" link between the Soviet Union and the growth of terrorism. (UPI)

NETWORK NEWS (Wednesday Evening)

LEBANON/WAITE -- Terry Waite is said to be safe and continuing his negotiations to free the hostages.

TRAVEL RESTRICTIONS -- U.S. State Department officials banned American travel to Lebanon.

RAFSANJANI -- The speaker of Iran's parliament today showed off the bible he says President Reagan sent as part of the courtship of Iran.

THE GREAT COMMUNICATOR

"The President once again proved himself to be the best speechmaker in the political arena." (Peter Jennings, ABC News, 1/27)

"It was a strong performance, a well-delivered address."
(Dan Rather, CBS News, 1/27)

"He needed to present himself as a commanding figure still, and he has done that."
(Tom Brokaw, NBC News, 1/27)

STATE OF THE UNION

A STATE OF THE UNION SHORT ON SUBSTANCE Officials See Lack Of Boldness

President Reagan's State of the Union address Tuesday night was seen by the White House as an important symbolic event to demonstrate the President's vitality and authority. In the effort to make that impression, however, the President skimmed over the important substantive issues -- particularly the budget deficit and arms control -- on which his legacy may depend.

A number of Administration policymakers said yesterday that the speech reflected a lack of imagination and boldness at the White House, which many of them attribute to chief of staff Donald Regan. These officials said Regan seems content with the modest agenda advanced in the speech. He convened a planning meeting yesterday to discuss implementation of the few initiatives it outlined, despite widespread dissatisfaction in the ranks.

(David Hoffman, News Analysis, Washington Post, A1)

The Message Without Magic

Ronald Reagan reached into ye olde top hat again Tuesday night and pulled out another white rabbit, but this time something was wrong. The rabbit didn't move. If it wasn't dead, it certainly wasn't frisky, either. Where was the magic? The magic was almost gone.

Watching the President's State of the Union address on television was like going to a Frank Sinatra concert and finding Ol' Blue Eyes out of tune, or listening to a Bob Hope monologue and realizing you've heard it so many times, you can practically recite it along with him.

(Tom Shales, Washington Post, C14)

FORGIVING REAGAN, NOT FORGETTING IRAN Viewers Express Good Will

ATLANTA -- Nobody is ready to tuck Ronald Reagan away into the pages of the national photo album -- not here in the heart of the New South. Not yet.

If his presidency is supposed to have sputtered, his agenda been exhausted, his mastery of the job faded, somehow that word never filtered down to Sylvia Galbaugh and her middle-class suburban neighbors.

At the invitation of The Washington Post, Galbaugh, a special education teacher, watched the State of the Union address Tuesday night with 10 other Atlanta-area voters. By varying degrees, all said they were disappointed by the Iran arms sales-contra aid affair and discomfited by the way it has thrown Reagan on the defensive.

But had their President lost it? No way, they said.

(Paul Taylor, Washington Post, A1)

Reagan's Next Hurdles

President Reagan has sought to demonstrate that he is fit, remains spunky, and has lost none of his flair for delivering a speech.

The question now is whether Reagan will come up with detailed proposals that have public support and work cooperatively with a Democratic Congress to negotiate compromises.

(Charlotte Saikowski, Christian Science Monitor, A1)

Limp Rhetoric Has Conservatives Dissatisfied With Reagan Speech

Some of President Reagan's conservative supporters yesterday said the President's State of the Union address was less impressive than they had hoped it would be.

Reacting to Mr. Reagan's Tuesday night speech, his supporters said they are no more reconciled to his arms-for-hostages policy than when the story first broke in November.

They also said they were disappointed at the "themelessness" of the final two years of the Reagan term.

(Ralph Hallow, Washington Times, A2)

JACKSON: REAGAN NOT TELLING ALL ABOUT IRAN SCANDAL

Jesse Jackson says President Reagan did more than just make a mistake -- he broke the law in approving the secret sales of U.S. arms to Iran.

Jackson appeared Wednesday with a citizens' coalition to protest Reagan's 1988 budget and used the opportunity to criticize Reagan's State of the Union address, his budget and the arms deal with Iran.

(Judi Hasson, UPI)

INTERNATIONAL ISSUES

REAGAN SENDS ASSESSMENT OF U.S SECURITY STRATEGY TO CONGRESS

While one part of the NSC staff was shipping anti-tank missiles to Iran, another was drafting a document declaring such shipments contrary to U.S. security strategy.

The contradiction became apparent Wednesday when President Reagan released his first annual, comprehensive statement on national security strategy -- a document required by the Defense Reorganization Act of 1986.

Reagan's strategy document, sent to Congress in connection with his State of the Union message, recapitulates how U.S. foreign policy and defense strategy are designed to curb the Soviet Union, described as "the most significant threat to U.S. security and national interest."

(Frank Morring, Scripps Howard)

DOMESTIC ISSUES

REAGAN SENDS UPBEAT ECONOMIC REPORT TO CONGRESS

President Reagan pledged Thursday to hold the line on taxes, cut government spending, narrow the trade deficit, improve U.S. competitiveness and stop subsidizing wealthy farmers.

The President outlines these ambitious plans in his sixth economic report to Congress.

He conceded that the nation's \$200 billion a year budget deficits are accelerating the flood of foreign goods into the United States.

But he blamed the budget deficits on "the profligacy of the federal government" rather than on his refusal to support a tax increase to raise additional revenue.
(Kenneth Eskey, Scripps Howard)

'CATASTROPHIC' CARE PLAN POSES BIG COSTS FOR SOME Well-Off Could Pay Up To \$15,000 A Year

The White House is studying a "catastrophic" illness insurance plan that would require some older, relatively wealthy Americans to pay out as much as \$15,000 a year for Medicare-covered expenses before the insurance would take effect, government and health industry sources said yesterday.

The new proposal, which would substitute for a plan developed by Health and Human Services Secretary Otis Bowen, is designed to leave individuals with substantial uncovered liability that could be covered through private insurance.
(Spencer Rich, Washington Post, A6)

Lawmakers Assail Reagan Over Plan For Major Illness

Both Republicans and Democrats in Congress charged today that President Reagan's proposals for health insurance for catastrophic illness fell far short of what was needed.

Lawmakers expressed support for the Secretary of HHS, Dr. Bowen, whose proposal to expand Medicare has been denounced by conservatives in and outside the Reagan Administration.

(Robert Pear, New York Times, A1)

Medicare Expansion Plan Shelved In Favor Of Private-Sector Options

President Reagan has decided to quietly shelve a Medicare expansion proposal by HHS Secretary Bowen and rely instead on private health plans to provide catastrophic illness coverage for the elderly, according to Administration officials.

The President will ask Congress to modify laws governing health maintenance organizations to make it easier to create new and slightly different types of organizations, the officials said.

(George Archibald, Washington Times, A4)

Bowen Can't Say Whether Reagan Behind His Health Care Plan

Health Secretary Otis Bowen outlined his proposal for catastrophic health insurance to congressional panels Wednesday, but was unable to tell inquiring legislators whether President Reagan will line up in his corner.

Bowen told the Senate Finance Committee and, later, a rare joint meeting of the House and Senate special committees on aging that there remains considerable opposition to his plan within the Administration.

(Jerry Estill, AP)

'COMPETITIVENESS' PLAN TO RELY ON EDUCATION
Reagan Calls For More Rigorous Standards

President Reagan's Strategy to improve U.S. competitiveness in the world economy, outlined to Congress this week, leans heavily on more rigorous educational standards, including a minimum high school curriculum of four years of English and three each of mathematics, science and social studies.

Calling for a "quest for excellence," the President urged state and local governments to consider lengthening the school year, and colleges and universities to adopt more rigorous standards and higher expectations for academic and student conduct.

(Judith Havemann & Barbara Vobejda, Washington Post, A4)

REAGAN WELFARE PROPOSAL CRITICIZED

President Reagan's proposal to test welfare reform ideas in several states "will not be enough," a man representing state welfare officials told Congress Wednesday.

"My colleagues and I believe that we must go far beyond mere tinkering with present public welfare programs and redesign fundamentally the way we respond to poverty in this country," Stephen Heintz said at a House Ways and Means subcommittee hearing.

(James Brosnan, Scripps Howard)

IRAN — NICARAGUA

IRANIAN DISPLAYS BIBLE SIGNED 'RONALD REAGAN'

TEHRAN -- A top Iranian official whom the Reagan Administration sought to woo with covert arms sales said today that when the United States opened a new channel into Iran's government last fall for its dealings, it signaled the move with the presentation of a Bible inscribed by President Reagan.

Hojatolislam Ali Akbar Hashemi Rafsanjani, the powerful speaker of Iran's parliament, would not say how or where the Bible was presented, but he said that the inscription by Reagan was dated Oct. 3, 1986, and contained a handwritten verse from Galatians 3:8 as an indication of the U.S. leader's "sincerity." (Loren Jenkins, Washington Post, A1)

Iran Mystery: 'Ronald Reagan' Bible

Iranian Parliament Speaker Rafsanjani coolly showed off a Bible signed "Ronald Reagan" and dated Oct. 3, 1986, at a news conference Wednesday.

White House spokesman Larry Speakes nastily refused even to ask Reagan whether he had signed the Bible. "I don't think the republic will rise or fall on whether I ask the President about that," Speakes said.

(Jessica Lee, USA Today, A1)

INTELLIGENCE REPORT COULD GO PUBLIC TODAY

Anticipation mounted today for a public release of the long-awaited Senate Intelligence Committee report on its Iran arms-Contra aid probe -- the most detailed investigation of the scandal so far.

The committee, which voted 7-6 against releasing a draft report Jan. 5, was scheduled to meet this afternoon. Congressional sources said it was hoped the panel would vote to adopt a final report and send it to the select Senate committee now continuing the probe, which arranged to meet later in the day. (Robert Doherty, UPI)

CARLUCCI TAKING TRIP TO EVALUATE CONTRAS Rebels Can't Win, Military Expert Asserts

National security adviser Frank Carlucci will leave today on a three-day fact-finding trip to Central America, in the wake of an assertion yesterday by the former commander of U.S. military forces there that the contras are incapable of defeating the forces of the leftist Nicaraguan government even with large amounts of U.S. military aid.

U.S. officials said that Carlucci will undertake his own frank assessment of the military capabilities of the U.S.-backed rebels. These officials said the Administration hopes to encourage substantial numbers of the contras to leave base camps in neighboring Honduras and reinfiltrate into Nicaragua. (Lou Cannon, Washington Post, A20)

Carlucci To Size Up Contra Prospects

President Reagan's new national security adviser, Frank Carlucci, will assess the prospects of the Nicaraguan resistance when he visits Central America this week.

His trip, which includes stops in Costa Rica, El Salvador, Guatemala and Honduras, comes as the Administration faces a tough battle with Congress to win more military aid for the Contras.

"I would obviously concede that there are greater political difficulties than last year," a senior Administration official said yesterday. "I would have to say at this point it's an uphill struggle, but I think if we put our shoulders to it...I think we can do it."

(Jeremiah O'Leary, Washington Times, A2)

NEW CONGRESS RENEWS FIGHT ON NICARAGUA REBEL FUNDING

Lawmakers who want to halt further U.S. aid to the Nicaraguan resistance are guilty of "bashing Ronald Reagan and blaming America first," Sen. Helms, the ranking Republican on the Foreign Relations Committee, charged yesterday.

"I don't bash my country," said Sen. Dodd, principal sponsor of legislation to cut off aid to the rebels. "I just think it's unfortunate we disagree about how to advance freedom in Central America."

(Rita McWilliams, Washington Times, A3)

DIVISIONS DETRACT FROM CONTRA ADVANCES Leaders At Odds Despite New U.S. Aid And Greater Infiltration Into Nicaragua

TEGUCIGALPA -- While a new infusion of U.S. military aid is enabling Nicaraguan rebels to filter back into their country from bases in neighboring Honduras, divisions within the rebel leadership are growing wider, according to Nicaraguan sources.

The latest disputes among leaders of the anti-Sandinista rebels, who are known as counterrevolutionaries or contras, have arisen largely as consequences of the initial disbursements of \$100 million in U.S. aid for training and military supplies. Recently rebel commanders fighting in southern Nicaragua announced a formal break with the largest contra army, the Nicaraguan Democratic Force, to protest their failure to receive any of the new American aid.

(William Branigin, A21)

NICARAGUAN REBEL ALLIANCE SHAKY
Southern Commanders Split From Main Force,
Saying They Received No U.S. Aid

SAN JOSE -- The field commanders of antigovernment rebels fighting in southern Nicaragua have broken with the main rebel force, protesting that the southern front has received no weapons purchased with \$100 million in U.S. aid.

Meanwhile, in Miami one of three leaders of the main rebel alliance, Arturo Jose Cruz, is refusing to participate in official activities of the organization because of political differences with other leaders.

(Julia Preston, Washington Post, A22)

WHITE HOUSE SAYS CRITICISM OF REAGAN CARRIES
RISK TO POLICIES

White House officials are seeking to mute criticism of President Reagan over the Iran arms scandal, saying it could undermine confidence in U.S. leadership around the world.

At the same time, the Administration is seeking to focus attention on Reagan's future legislative program rather than the continuing questioning of the Iran policy following the President's State of the Union speech on Tuesday night.

A senior White House official told reporters that eroding "the institution of the presidency" presented risks to the United States.

(William Scally, Reuter)

Editor's Note: "Iran's Bible: The Auctioneers Have Their Say," by Lloyd Grove appears on page C1 of The Washington Post.

INTERNATIONAL NEWS

REAGAN: 'CONCLUSIVE' LINK BETWEEN SOVIET UNION, TERRORISM

President Reagan, warning that terrorism is here to stay "for the remainder of this century," says there is a "conclusive" link between the Soviet Union and the growth of terrorism.

In his first "state of the world" message, a 41-page document covering U.S. foreign and defense policy, Reagan told Congress Wednesday, "Effectively countering terrorism is a major national security objective of the United States."

"The most significant threat to U.S. security and national interests is the global challenge posed by the Soviet Union," Reagan said in the report to Congress, required by last year's Defense Reorganization Act.

(Ira Allen, UPI)

IRANIAN JUSTIFIES BEIRUT ABDUCTIONS

Speaker Says Lebanese Have No Other Kind of Defense

TEHRAN -- The Speaker of the Iranian Parliament today justified the seizure of Western hostages in Beirut and other terrorist actions by Lebanese groups, saying the Lebanese had no other way to defend themselves.

Referring specifically to recent kidnappings in Beirut, the speaker, Hashemi Rafsanjani said, "The people of Lebanon are so ignored and so oppressed that they have no other defense for themselves other than this."

(Roberto Suro, New York Times, A1)

GROUP SAYS IT HOLDS KIDNAPPED PROFESSORS

Statement Links Islamic Jihad, Palestinians

BEIRUT -- A previously unknown group calling itself Islamic Jihad for the Liberation of Palestine claimed responsibility tonight for the abduction of four professors -- three Americans and an Indian-born U.S. resident -- on Saturday from the Beirut University College campus.

"We announce our responsibility for kidnapping four Americans who were carrying out American conspiracies under the cover of teaching at Beirut University College," the captors said in a four-page statement handwritten in Arabic that was delivered to a western news agency and the offices of the An Nahar newspaper, accompanied by photos of two of the hostages.

(Nora Boustany, Washington Post, A27)

Previously Unknown Group Claims Kidnap Of Americans, Indian

BEIRUT -- A previously unknown group calling itself Islamic Jihad for the Liberation of Palestine last night claimed the kidnapping five days ago of three Americans and one Indian in Moslem west Beirut.

In Washington, the Reagan Administration ordered all Americans to leave Lebanon within 30 days and barred U.S. citizens from traveling to the country on U.S. passports without official approval.

(John Fullerton, Reuter)

Claim Responsibility for Abductions Of Americans

BEIRUT -- A previously unknown group called Islamic Jihad for the Liberation of Palestine claimed responsibility for the abductions of three Americans and an Indian U.S. resident at Beirut University College last week.

The handwritten statement in Arabic was the first ever received from Islamic Jihad for the Liberation of Palestine. Its name is similar to Islamic Jihad, the pro-Iranian terror group that has kidnapped Americans in Lebanon. (Rima Boulos, UPI)

BONN GETS PHOTOS AND MESSAGE THAT CAPTIVES ARE HEALTHY
W. German Police Find Explosive Buried Near Home Of Suspect

BONN -- The Bonn government has received word that two West German citizens held by kidnappers in Lebanon are alive and in good health, government sources said today.

The kidnappers, who are seeking release of Lebanese terrorist suspect Mohammed Hamadei, sent photographs of the two abducted businessmen via an Arab-born middleman, the sources said. Mohammed Ali Hamadei, arrested at Frankfurt airport Jan. 13, is wanted by the United States on charges of murder and air piracy in the 1985 hijacking of a TWA airliner. (Robert McCartney, Washington Post, A28)

CHURCH OF ENGLAND: TERRY WAITE IS SAFE

LONDON -- Terry Waite is safe and still negotiating for the release of foreign hostages in Lebanon, the Church of England announced, allaying fears that the missing envoy was kidnapped by Moslem extremists.

"The Archbishop of Canterbury, Dr. Robert Runcie, has this evening received fresh assurances of the safety of Terry Waite, his personal envoy, who is negotiating for the release of persons being detained in Lebanon," the church said in a statement Wednesday night.

(Robert Mackay, UPI)

HAMADEIS REPORTEDLY PLANNED ATTACKS IN GERMANY

BONN -- Authorities reportedly believe the two Lebanese brothers arrested at Frankfurt Airport belong to a terrorist organization that was plotting attacks in West Germany or in neighboring countries.

"The brothers probably belong to a terrorist group that planned attacks in Germany or neighboring countries," Die Welt said. "Security experts draw this conclusion from the explosives cache found in the Saarland." (UPI)

U.S. BANS MOST TRAVEL TO LEBANON
Administration Cites 'Chaotic' Situation, Latest Kidnappings

The Reagan Administration, responding to recent kidnappings in Lebanon, yesterday barred most Americans from traveling there on grounds that the "chaotic" situation poses "imminent peril" to all U.S. citizens.

It also gave Americans in Lebanon 30 days to leave.

The announcement by the State Department acknowledged that the United States cannot protect its estimated 1,500 citizens in Lebanon from the clashing factions there and indicated that repeated hostage-taking has put U.S. policymakers in an untenable position.

(Joanne Omang, Washington Post, A1)

U.S. Orders Americans To Stay Out Of Lebanon

The State Department prohibited travel to Lebanon yesterday because of "imminent peril" to American citizens there as Western and Arab governments sought to contain a growing hostage crisis.

State Department spokesman Charles Redman said family members of the eight American hostages held by terrorists in Lebanon were exempt from the travel ban, but other exceptions would be considered only on a case-by-case basis. Violators face fines of \$2,000 and up to five years in jail.

(Washington Times, A1)

United States Forbids Americans To Travel to Lebanon

U.S. passports are no longer valid for travel to Lebanon under a State Department order seeking to prevent more Americans from falling into terrorists' hands.

"The events of the past few days have demonstrated that private citizens have neither sufficient information to evaluate the threat against them, nor the means to protect themselves," Redman said.

(Jim Anderson, UPI)

U.S. Bans Americans From Traveling To Lebanon

The Reagan Administration declared Lebanon off-limits to Americans because of the threat of kidnappings, and identified publicly for the first time the radical group that may be responsible for the recent abductions of foreigners.

Announcing the imposition of passport restrictions, State Department spokesman Charles Redman said Wednesday: "The situation in Lebanon, in West Beirut in particular, is so chaotic that we do not believe that any American citizens can be considered safe from terrorist acts."

(Terence Hunt, AP)

U.S. SHIP MOVEMENTS IN PERSIAN GULF CALLED PRECAUTION
'Whole Range Of Options' Considered As Administration Provides
First Public Evidence Of Policy Review

A senior Reagan Administration official yesterday described U.S. naval movements in and near the Persian Gulf as "precautionary measures...to protect our strategic interests" and disclosed that the Administration is considering "a whole range of options" for additional steps.

The statements, in a White House briefing held to discuss a new report on U.S. strategy prepared by the NSC staff, were the first public signs of a policy review toward the Persian Gulf that has been under way for several weeks. (Don Oberdorfer, Washington Post, A30)

Reagan/Iran

The Reagan Administration is showing increasing concern about the intensifying Iran-Iraq war.

As U.S. warships maneuvered in the Mediterranean and the Persian Gulf, a senior White House official hinted Wednesday at the possibility of indirect U.S. intervention to prevent an Iranian victory over Iraq.

Asked if the United States would supply weapons or supplies to Iraq to avoid an Iranian military success, the official, who briefed reporters on condition that his name not be disclosed, replied:

"We are looking at a whole range of options...to make certain that our strategic interests are protected in the area."

(Miles Benson, Newhouse)

U.S. Warships On Watch As Americans Are Barred From Lebanon

Fearful of more kidnappings in Beirut, the United States has barred U.S. citizens from traveling to Lebanon without approval and given those already there 30 days to get out.

In other moves related to rising Middle East tensions, the Pentagon sent an aircraft carrier task force closer to Lebanon and stationed a flotilla of up to five frigates and destroyers in the northern Persian Gulf to keep watch over the Iran-Iraq war. (Charles Aldinger, Reuter)

RIGHTS GROUPS QUESTION ARREST OF PALESTINIANS
No Evidence Of Criminal Intent Found

The Justice Department decided to arrest a group of Palestinians in Los Angeles on charges of immigration violations after a lengthy FBI investigation failed to turn up evidence of plans to commit criminal or terrorist acts, department sources said yesterday.

Several civil-liberty and Arab-American groups yesterday questioned whether the arrests violated the suspects' First Amendment rights. Rep. Don Edwards chairman of the House Judiciary subcommittee on civil and constitutional rights, said he will ask the Justice Department for more information on the case.

(Mary Thornton & Howard Kurtz, Washington Post, A28)

TERRORIST SUSPECT TOLD TO STAND TRIAL
French Court Rules Against Lebanese In Killing Of U.S. Officer

PARIS -- A French court today ordered an accused Lebanese terrorist leader, Georges Ibrahim Abdallah, to stand trial for complicity in the 1982 assassinations of a U.S. military attache and an Israeli diplomat in the streets of Paris.

The decision marked an important legal step in U.S. efforts to assure that Abdallah is not released by French authorities as part of a deal involving hostages held in Lebanon. In addition to diplomatic steps urging France to proceed with a trial, the United States has taken part in the case through a French lawyer with friend-of-the-court entries urging conviction.

(Edward Cody, Washington Post, A27)

SHULTZ, ANC CHIEF EXCHANGE VIEWS
Meeting With Tambo Symbolizes Change In Policy Toward S. Africa

Secretary of State Shultz met for nearly an hour yesterday with South African black nationalist leader Oliver Tambo for what both sides later agreed was "a serious and substantive exchange of views" on South Africa.

The meeting, more important for its symbolism than substance, marks the first time any U.S. secretary of state has met with a leader of the African National Congress, the main black nationalist group in South Africa.

(David Ottaway, Washington Post, A19)

Shultz Hands A Diplomatic Triumph To Tambo, ANC

African National Congress leader Oliber Tambo chalked up a major diplomatic victory for his organization yesterday with a 50-minute meeting at the State Department with Secretary Shultz.

During the talks, Mr. Shultz urged the ANC leader to abandon violence in its struggle against South Africa's apartheid system and expressed concern about Soviet influence in the ANC.

(Richard Beeston, Washington Times, A1)

Shultz, Tambo Disagree On Key South African Issues

A meeting between Secretary Shultz and a leading South African black nationalist produced sharp disagreement on the need for violence and the degree of Soviet penetration in the anti-apartheid struggle.

Oliver Tambo, president of the ANC, said Wednesday night after the 50-minute State Department meeting that Shultz's concerns about possible Soviet domination of the ANC are unfounded.

"There is no Soviet influence in the ANC," he said.

(George Gedda, AP)

Shultz, Tambo Agree To Disagree On Violence

Secretary of State George Shultz and South African black leader Oliver Tambo are agreeing to disagree on the wisdom of using violence to force an end to Pretoria's racist apartheid policies.

Shultz told Tambo during a long awaited but controversial meeting Wednesday that the continued use of violence by the African National Congress "will only lead to catastrophe" in white-minority ruled South Africa.

But Tambo said he told Shultz: "We are fighting a regime that practices and is perpetrating a crime against humanity. We tried to do that peacefully for some 50 years. We gave up and decided to embark on armed struggle."
(Matthew Quinn, UPI)

Shultz Meets With Head Of Outlawed South African Black Group

In a historic first, Secretary Shultz met Wednesday with the President of the African National Congress, a black organization outlawed in South Africa.

The two agreed on the need to end apartheid in South Africa and replace it with a non-racial, multiparty democracy.

Both Shultz and ANC President Oliver Tambo called their 50-minute discussion at the State Department "serious and substantive."

(Walter Friedenberg, Scripps Howard)

U.S. ENVOY TO START SANCTIONS TALKS IN POLAND

WARSAW -- U.S. Deputy Secretary of State John Whitehead today begins wide-ranging talks here likely to lead to an eventual lifting of U.S. sanctions imposed after the suppression of the Solidarity trade union.

Whitehead was due to meet Foreign Minister Marian Orzechowski and Cardinal Jozef Glemp, the Roman Catholic primate, to discuss human rights observance and other issues.
(Donald Forbes, Reuter)

KHASHOGGI'S U.S. COMPANY FILES FOR BANKRUPTCY

Triad America Corp., the U.S. holding company of Saudi arms merchant Adnan Khashoggi, has filed for protection under bankruptcy laws, a move that freezes lawsuits filed against the firm for unpaid debts.

Khashoggi played a key role in brokering the secret U.S. arms shipments to Iran. Among the creditors listed in court documents yesterday were two Cayman Islands institutions, Sarsvata International and Euro Commercial Finances. The latter is a bank controlled by two Canadian businessmen who advanced money to Khashoggi for Iran arms sales.
(Michael Isikoff & Jav Mathews, Washington Post, A30)

HOUSE LEADER SAYS PUSH FOR EARLY DEPLOYMENT OF SDI
WOULD BE REJECTED

House Majority Leader Thomas Foley warned Wednesday that any attempt by President Reagan to start deployment of the Star Wars missile defense system would be "rejected flatly" by Congress.

Foley said any Administration request for money that appears linked to an early deployment of its SDI would "shatter" the bipartisan congressional support for a "vigorous research program" on a space-based defensive system.
(Otto Kreisher, Copley)

MANILA REBELS ANNOUNCE SURRENDER
Armed Forces Chief Says Mutineers Are Not Under Arrest

MANILA -- The leader of about 200 rebel soldiers who have been holding a suburban television station for 52 hours today announced a surrender after a final negotiating session with military officials.

Col. Oscar Canlas, an Air Force officer, said in a press conference after meeting for 90 minutes with Defense Minister Rafael Ileto that he and his men had agreed to vacate the Channel 7 television complex, bringing an end to a standoff that had entered its third day.

(Gregg Jones, Washington Post, A32)

SELF-STYLED SPY IS RELEASED BY NICARAGUA, FLIES TO MIAMI
Hall: 'Sorry I've Caused Some Embarrassment'

MANAGUA -- Ohio resident Sam Hall, the self-styled espionage agent imprisoned here for more than a month, was freed today and flown to Miami, where he was taken to a Veterans Administration hospital.

"I'm sorry that I've caused some embarrassment," said Hall, 49, in what he described as a parting message to the Nicaraguan people. "I was treated very well. The prison authorities were terrific."

(Nancy Nusser, Washington Post, A20)

U.S. CALLS TEMPORARY HALT TO DOLLAR FALL
AGAINST YEN

TOKYO -- The United States called a temporary halt to the dollar's headlong fall against the yen by joining Japan in propping up its currency, foreign exchange dealers said in Tokyo today.

Until now the United States has been content to let the dollar drop in the belief that a weaker currency would increase the competitiveness of American business and help reduce its mammoth trade deficit.

(Hisanobu Ohse, Reuter)

DOLLAR CONTINUES STEEP FALL
Traders Are Unsure Of U.S. Intentions

The dollar continued to fall sharply against major world currencies yesterday in an atmosphere of uncertainty over the intentions and plans of the United States and its trading partners to stabilize the situation.

Market analysts said that the dollar weakness was created by concern over future prospects for the U.S. economy, coupled with the persistent refusal of the Reagan Administration to signal that it wants the decline in the dollar to end. (Hobart Rowen, Washington Post, E1)

Treasury Not Worried On Financing

The Treasury Department is not worried that the weakening dollar, which makes U.S. assets less attractive, will affect the level of foreign demand for government securities, a Treasury official said yesterday.

Some financial market analysts had expressed concern during the past few weeks that the sharp dip in the value of the dollar against the Japanese yen would make U.S. Treasury securities less attractive to Japanese investors, requiring the Treasury to bid up interest rates on those issues to lure foreigners back.

(Jane Seaberry, Washington Post, E3)

U.S. AND EC MAKE PROGRESS IN TRADE DISPUTE

U.S. and European negotiators moved toward a compromise agreement yesterday that would forestall the imposition of 200 percent tariffs on imported wine, cheese, brandy, gin and other European products starting Friday.

Although no final accord was reached, both sides reported progress in settling a bitter trade dispute between the United States and the European Community, or Common Market, that erupted last year over new European duties on corn exports to Spain.

(Anne Swardson, Washington Post, E1)

EC Hopes To Present Deal Averting Trade War With U.S.

BRUSSELS -- Top EC negotiators are confident of presenting their governments with a deal later today averting the danger of a damaging trade war with the United States.

The dispute threatened to explode into the most serious transatlantic trade rift in over two decades, risking the West's wider strategic interests. (Jonathan Clayton, Reuter)

NATIONAL NEWS

SPRINKEL: U.S. NEAR TURNAROUND IN TRADE DEFICIT

America's economy will chug along a bit faster this year than last and the massive U.S. trade deficit appears ready to slow down, President Reagan's chief economist asserted today.

Beryl Sprinkel, chairman of the White House Council of Economic Advisers, also said the nation needs a lower budget deficit, better savings habits and more foreign demand for U.S. goods in order to invigorate the economy. (Craig Webb, UPI)

Sprinkel/Economy

President Reagan and his economic advisers have issued an optimistic outlook for 1987 -- predicting 3.2 percent economic growth with moderately higher inflation, lower unemployment, and reduced trade and budget deficits.

Beryl Sprinkel said the theme of the annual Economic Report which Reagan sent to Congress Thursday "is essentially that the U.S. economy shows continued strength in the fifth year of recovery."

(Bob Rast, Newhouse)

REAGAN PAYS HOMAGE TO CHALLENGER CREW, RALLIES NASA WORKERS

President Reagan Wednesday paid homage to the seven astronauts who died a year ago when the space shuttle Challenger exploded but did not give any timetable for sending up another shuttle.

In an emotional speech telecast by satellite to NASA employees around the nation, Reagan said he has a special commitment to restarting the space program that fell apart with the problems revealed by the mechanical failure of the Challenger. (Ann McFeatters, Scripps Howard)

Reagan Marks Challenger Anniversary

The nation will "never forget" last year's Challenger shuttle disaster, President Reagan said yesterday, joining millions of Americans in paying tribute to the seven astronauts killed 73 seconds after liftoff from Cape Canaveral, Fla.

The President commemorated the shuttle tragedy in an Oval Office speech beamed by satellite to 20,000 NASA employees.

(Mary Belcher, Washington Times, A4)

ENGINEER SUES THIOKOL FOR 'CRIMINAL HOMICIDES'
Health, Career Said Ruined After Testifying

A former Morton Thiokol engineer who tried to stop last year's fatal launch of the Challenger filed a \$1 billion damages suit in federal court here yesterday, saying that the company ruined his health and career after he testified before the presidential commission investigating the disaster.

Legal observers speculated yesterday that while such a lawsuit might have symbolic significance, the chances of "criminal homicide" charges surviving in the federal court are extremely limited.

(Nancy Lewis, Washington Post, A15)

REAGAN, CONGRESSIONAL LEADERS MEET ON FUTURE PLANS

In the spirit of bipartisanship, President Reagan invited Democratic and Republican congressional leaders to discuss the outlook for a series of legislative proposals he will soon send to Congress.

Reagan also will brief his Cabinet today in the aftermath of his State of the Union address.

White House aides said they believe Reagan "weathered the storm" over a rough two months of revelations in the Iran arms-Contra aid scandal. "He is his old self again," said one aide, "kidding and telling jokes."

(Helen Thomas, UPI)

PERMANENT NUCLEAR WASTE DUMP DELAYED TO 2003
DOE Intends To Use Clinch River Site In Tennessee As
Temporary Storage Facility

The Energy Department announced yesterday that it intends to delay until 2003 the opening of the nation's first high-level nuclear waste dump, and will move ahead with plans for a temporary storage facility at the site of the abandoned Clinch River breeder reactor in Tennessee.

It was the latest shift in plans for the politically volatile effort to find a final burial ground for radioactive waste from more than 100 civilian power plants.

(Cass Peterson, Washington Post, A3)

REAGAN LIBRARY PLAN UNVEILED
Architect Stubbins Presents A Mission-Style Design

A low-key, mission-style design for the Ronald Reagan Presidential Library in Palo Alto, Calif., was unveiled here yesterday by its architect, Hugh A. Stubbins Jr.

Like all presidential libraries dating back to that of Franklin D. Roosevelt at Hyde Park, N.Y., this one will be part library, part museum. In addition to the presidential papers and facilities for researchers, it will house an exhibition hall, two auditoriums and conference rooms for use by the general public.

(Benjamin Forgery, Washington Post, C1)

NETWORK NEWS SUMMARY

(Wednesday evening, January 28th)

U.S./LEBANON/WAITE

NBC's Tom Brokaw reports there is some encouraging news tonight from Beirut for a change. Terry Waite is said to be safe and continuing his negotiations to free the hostages. Also in Beirut a polaroid picture of one of the Americans seized last weekend was released today to (a french press agency), 53-year-old Robert Polhill of New York. A group calling itself the Islamic Jihad for the Liberation of Palestine said it kidnapped Polhill, two other Americans and an Indian professor from Beirut University college.

(NBC-Lead, ABC-Lead, CBS-2)

TRAVEL RESTRICTIONS

Brokaw: At the same time the U.S. State Department officials banned American travel to Lebanon.

NBC's Chris Wallace: Americans in Lebanon were warned they have 30 days to get out, while travel to the country is banned immediately. The State Department said violaters face up to five years in prison. (Charles Redman: "The situation in Lebanon, and in West Beirut in particular, is so chaotic that we do not believe that American citizens can be considered safe from terrorist acts.")

Officials estimate about 1,500 Americans are now in Lebanon, but acknowledge since most also hold Lebanese passports, enforcing a travel ban will be difficult. There will also be an exemption for families of the eight Americans already held hostage. This action follows the recent movement of U.S. ships in the Mideast. A naval task force is in the Persian Gulf, two ships heading north toward Kuwait. In the Mediterranean the carrier Nimitz canceled a port call and is sailing towards Cyprus, while the Kennedy's return to the U.S. next month may be delayed. Officials acknowledged these measures are only gestures, but sav in the wake of the arms scandal and recent kidnappings they are sending a message to Iran and terrorist groups that the U.S. will use force to protect its interests and that having put Americans in Lebanon on notice, U.S. policy will no longer be driven by concern for hostages. On Capitol Hill Secretary Shultz emphasized anti-terrorism policy is still in place despite the arms scandal.

(Secretary Shultz: "It has thrown us slightly off stride but I think our policies are clear and strong and have great support around the world because they are right.")

A terrorism expert says the U.S. has to put more teeth in those policies but that there is a place for these kinds of gestures.

(Robert Kupperman: "Terrorism is theater but counterterrorism is also theater and these are the tools of counterterror.")

Officials acknowledge the arms deal with Iran may have contributed to recent kidnappings convincing terrorists they could gain from taking hostages. The effort now is to reestablish that the U.S. hard-line on terrorism is not just talk.

(NBC-2)

ABC's John McWethy reports in an effort to prevent further kidnappings the State Department today essentially barred travel to Lebanon.

(Charles Redman: "The Secretary has determined that there is imminent peril to U.S. citizens in Lebanon, therefore, effective immediately, U.S. passports are not valid for travel to, in and through Lebanon unless specifically validated for such travel.")

At the White House today a senior official pointed a finger at Iran for the latest round of kidnappings saying Iran has great influence over all Shiite Moslem factions in Lebanon, particularly one cell which appears to be a family operation involved in the earlier kidnapping of Terry Anderson and Thomas Sutherland as well as the hijacking of TWA 847 a year and a half ago. As if to shake a fist at Iran, the U.S. is moving part of the six combat ships now in the Persian Gulf further north closer to the combat zone between Iran and Iraq, but still well out in international waters. In addition, an aircraft carrier battle group is rushing from the Philippines to just outside the Gulf and in the Mediterranean a carrier that was suppose to be heading for home is now staying, leaving the U.S. with two carriers there. While Administration officials say the U.S. has no intention of becoming involved in combat, a senior White House official today expressed unusual concern about what might happen if Iran wins its war with Iran: "It would be clearly damaging to the interests of our friends in the area and to our overall strategic interests were you to see any kind of Iranian aggression down through the Gulf." The American ship movements are evidence of growing U.S. concern about Iran as sponsor of terrorism and as a nation that officials now fear just might win its war with Iraq. (ABC-2)

CBS's Dan Rather: With eight Americans held hostage in Lebanon and hundreds more at risk, the U.S. government today finally declared that country off limits to American citizens. Besides telling Americans to get out and stay away from Lebanon, the Reagan Administration began talking about possible military action against terrorists there.

CBS's David Martin reports after repeated warnings that Beirut is too dangerous for Americans, the State Department today told U.S. citizens they have 30 days to get out of Lebanon.

(Charles Redman: "The situation in Lebanon, and in West Beirut in particular, is so chaotic that we do not believe that American citizens can be considered safe from terrorist acts.")

At the same time, the U.S. is moving the aircraft carrier Nimitz into the eastern Mediterranean and has extended the stay of the carrier Kennedy in what Pentagon sources say is the first step in planning a strike against targets in Lebanon if any of the eight American hostages there are killed. A second U.S. buildup is underway in the Persian Gulf, where American war ships have moved into the northern gulf in response to Arab fears that Iran is about to break through Iraqi lines and take the war to neighboring countries. U.S. intelligence believes Iran already has fired missiles against Kuwait where an Islamic conference is being held. Pentagon officials stress that no decisions about military action have been made, but one official said that with the White House eager to show President Reagan in control and standing tall in the midst of the Iran arms scandal, they may feel compelled to retaliate against the next terrorist or Iranian attack. (CBS-Lead)

RAFSANJANI

Brokaw: In Tehran today Rafsanjani held out the prospect of freedom for American hostages if better relations between Iran and the United States can be established. However, Rafsanjani and other Iranian leaders are not exactly encouraging on that count.

NBC's Garrick Utley reports for the Iranian leaders it was political theater. For the first time they displayed the bible they say was sent to them by President Reagan. Rafsanjani praised the President for trying to improve relations with Iran but said that the President was old, weak and had been defeated by his political rivals. And today Rafsanjani said there is no prospect of future talks with the United States or help in securing the release of American hostages held in Lebanon until the United States releases the half-billion dollars in Iranian assets it holds and ends its hostility to Iran.

(NBC-3, ABC-4)

Rather: The speaker of Iran's parliament today showed off the bible he says President Reagan sent as part of the courtship of Iran. It bore Mr. Reagan's signature and a New Testament verse ending with the words 'all the nations shall be blessed in you.' Speaker Rafsanjani said Mr. Reagan showed courage in seeking better relations with Iran but he said Mr. Reagan is now old and weak and "has been defeated."

(CBS-5)

TAMBO/SHULTZ

NBC's Anne Garrels: The State Department pushed for this meeting against objections from the White House. It said Tambo was an important player who cannot be ignored in any negotiated settlement in South Africa. Demonstrating outside the State Department conservative groups called Tambo a terrorist and a communist. Speaking on the Senate floor minority leader Robert Dole had reservations.

(Dole: "Meeting with Tambo without the precondition that the ANC disavow terror tactics comes perilously close to sending the wrong kind of message on terrorism.")

The South African government fears the meeting will lend legitimacy to the outlawed ANC.

(Ron Miller, South African Foreign Ministry: "The meeting as such already starts to lend a certain amount of credibility to an organization which uses violence in order to achieve its aims.")

Archbishop Desmond Tutu applauds the meeting.

(Tutu: "I hope very much that we are seeing a radical change in the attitude of the Reagan Administration.")

Television crews were banned from the meeting. Shultz was trying to play down the talks calling them simply an effort to get all the sides to negotiate.

(Charles Redman: "The Secretary made it clear that a policy of violence from any party is not the answer to South Africa's problems and that there are other options.")

But Tambo came here saying the ANC has exhausted these options. As for U.S. concerns about communists in the ANC he said they are only one element in the movement and he justified the use of violence except against civilians.

Garrels continues:

(Tambo: Those who make peaceful revolution impossible make violent revolution inevitable.)

In his hour long talk with Shultz Tambo urged the U.S. to step up the pressure.

(Tambo: "And we said that it was necessary to pursue the question of sanctions further.")

Though Shultz and Tambo have different views on how to end apartheid, both agree it must end and the two plan to meet again as the U.S. takes on the new role of mediator. (NBC-6)

ABC's Jeanne Meserve reports Oliver Tambo's meeting with George Shultz was so controversial that only a State Department still camera was allowed to photograph the men together. Shultz is the highest level American official to meet with a representative of the ANC. Though the Administration itself has criticized the organization for its violent tactics, and connections with communists in South Africa and the Soviet Union, concern over lack of movement in ending apartheid lead to the dialogue. Conservatives objected to the meeting strongly.

(Dole: "Meeting with Tambo without the precondition that the ANC disavow terror tactics comes perilously close to sending the wrong kind of message on terrorism.")

When the meeting was over, State Department officials said U.S. opposition to ANC violence had been underlined.

(Charles Redman: "The Secretary made it clear that a policy of violence from any party is not the answer to South Africa's problems and that there are other options.")

And there was continuing disagreement over the refusal of the U.S. to take stronger steps against the South African government and the effectiveness of sanctions.

(Tambo: "And we have asked the United States to persuade the rest of the western countries to adopt at least the United States package of sanctions.")

Though there were no compromises, the meeting lends credibility to the ANC and increases pressure on the South African government to end apartheid. (ABC-9)

CBS's Bill McLaughlin reports Oliver Tambo, who the Reagan

Administration once considered a communist and a terrorist, became a Washington VIP today, a symbol of the Administration's abrupt shift from a policy of dealing exclusively with South Africa's white minority government to opening a dialogue to black nationalists determined to destroy it. Tambo met today with Secretary Shultz. There were protests on Capitol Hill. And there were demonstrations in front of the State Department. Even moderate Republicans were nervous about the Shultz-Tambo meeting.

(Sen. Dole: "Meeting with Tambo without the precondition that the ANC disavow terror tactics comes perilously close to sending the wrong kind of message on terrorism.")

But the State Department defended the meetings.

(Charles Redman: "This meeting represents a continuation of our effort to talk with all of the key players in South Africa and help, if we can, lay the basis for negotiations.")

Tambo reacted angrily to charges he supported terrorism. While Tambo and Shultz may only have agreed that apartheid has to go, sources here believe that in the future the U.S. will pay as much attention to South Africa's black majority as it now does to its White minority. (CBS-10)

STATE OF THE UNION/PUBLIC RESPONSE

Jennings: The President spent very little time on the subject of Iran during his State of the Union address last night. It was delivered in person, as you know, to the Washington establishment, but it was clearly written with the television audience in mind. So how did the President do with the audience?

ABC's Richard Threlkeld: He will be 76 next week and he's just out of the hospital and he hadn't been seen in public in three weeks and so the first concern was was he -- well -- you know -- all right?

(Woman: "I think he did just fine. I just thought he was in top form." Man: "I think he did pretty well. Everything considered I thought he looked very healthy and vigorous." Woman: "I thought that his presentation was great considering all that he has been through but...")

We heard a lot of those 'buts' from people about Irangate for one.

(Woman: "Well, on the Iran-contra issue I think that he really didn't come clean and I'm a great Reagan fan." Man: "I come from a long line of Democrats and I stepped way out to vote for this man and I felt like he cheated me." Man: "I also wish he would have said something more about Iran and I think he made a major mistake there." Woman: "I think he should of came out and say he apologize to the nation, that's what I think he should have did." Man: "Well, Iran, unfortunately, he is just wrong, but you can't crucify him.")

And some doubts about the next two years.

(Man: "The treaty speech was lacking of a lot of substance." Woman: "He said nothing about social security and that's what I'm concerned about and I'm concerned about the education and I'm concerned about the poor." Man: "Just to put it bluntly there is no way that he is going to be able to balance the budget unless he raises taxes.")

In short, Americans seemed reassured about the state of the President.

(Man: "I think the Gipper is back, he looked good, he sounded good, and I think he made the people in general feel good." Woman: "We kind of expected him to be the white knight and he has shown us that he's kind of human too.")

But not so sure about the state of the presidency, like Mr. Reagan's audiences in the Congress and in the world, Americans will be taking advice from somebody in another recent presidency, 'don't watch what we say, watch what we do.'

(ABC-6)

Rather: In his State of the Union speech last night President Reagan tried to put his secret weapons for Iran deal behind him. Bill Plante spent the day gathering and measuring reaction.

CBS's Bill Plante: A federal grand jury was appointed today to investigate possible criminal violations of the law in the arms to Iran-cash to the contras scandal. The panel will hear evidence from special prosecutor Lawrence Walsh. President Reagan had little to say about his Iran policy in last night's State of the Union message and nothing at all about selling arms or diverting profits to the contras. The White House said today that Congress should focus its attention on Mr. Reagan's legislative program, not on Iran. But the sense of many Republicans and most Democrats was that Mr. Reagan fell short last night in his attempt to change direction and regain credibility.

Plante continues:

(Sen. Weicker: "An ordinary speech. I don't think it in any way came up to the particular crisis of this time in the Iran contra affair nor did it announce any practical initiatives that are going to have to be taken if indeed he is going to work with the Democratic Congress.")

The Vice President was frustrated that no one wanted to talk about anything in Mr. Reagan's speech except Iran.

(Vice President Bush: "Yes, I think we have heard enough about it, but don't take it from me, I think the country feels that way.")

But because many people also believe that the President dealt arms for hostages White House officials privately concede that there wasn't much short of a presidential apology that Mr. Reagan could have said last night to change public opinion on the Iran deal, even if people are tired of hearing about. The problem has to run its course like a fever, said one aide, but meantime no one can say what will happen to Mr. Reagan's presidency. (CBS-4)

CHALLENGER

NBC's Robert Hager reports in Washington the families of the Challenger astronauts met with Vice President Bush to enlist support for a memorial space learning center being planned in Houston. President Reagan beamed a message to space agency employees.

(President Reagan: "America will never forget that terrible moment a year ago when our elation turned to horror and then to grief and pain.") (NBC-10)

Jennings: President Reagan spoke to the men and women of NASA.

(President Reagan: "Today is a day to commemorate and a day to salute. We commemorate the magnificent Challenger seven whom we lost last year at this time and we salute you the men and women of American's NASA team.") (ABC-7)

CBS's Bernard Goldberg reports at the Challenger launch pad it was crisp and cold this morning, a sad reminder of the way it was one year ago today.

(President Reagan: "America will never forget that terrible moment a year ago when our elation turned to horror and then to grief and pain. Seven of our finest perished as they reached for the boundaries of space where earth ends, and the path to the stars begins.") (CBS-6)

QUEST FOR EXCELLENCE

Rather: Among proposals in President Reagan's State of the Union message was what he called a quest for excellence, and the idea, which Democrats also have been pushing, is to restore U.S. trade leadership through quality. Mr. Reagan is promising now to do more than match Democrats in ideas to rebuild America's competitive edge against international trade rivals. The challenge faced by U.S. manufacturers and workers is summed up in this report from Ray Brady. (CBS-7)

FLIGHT DELAYS

Rather: The federal government announced plans today to investigate why there are so many airline flight delays, 367,000 at the nation's busiest airports in 1986. Secretary Dole said there would be an investigation of whether airlines routinely misrepresent their schedules by planning more flights than airports can handle. At the same time airlines will be granted exemption from antitrust laws, said Secretary Dole, so they can cooperate in adjusting flight schedules to cut delays. (CBS-8)

CRITICAL CARE

Rather: Many members of Congress, Republicans and Democrats, have been pressing for some kind of federal help in protection against catastrophic health bills. It is a social problem just about everyone recognizes. After long White House confusion and delays, last night President Reagan said he will press to get something done. There remains much disagreement about what is the best thing to do.

CBS's Susan Spencer reports 1.4 million Medicare recipients each year find themselves with staggering, often unpayable medical bills, well beyond what Medicare covers.

(President Reagan: "Let us remove a financial specter facing our older Americans.")

President Reagan again last night promised to come up with a catastrophic insurance plan. He has pointedly not supported the plan of his own health chief Dr. Otis Bowen. The White House plan is expected in a few weeks, Congress isn't waiting. There is a sense that some form of catastrophic insurance will pass this session with or without White House support. (CBS-13)

CONTRAS/DRUGS

Jennings: The Secretary of State also acknowledged today that some contra leaders may have been involved in drug trafficking. The Secretary did tell a congressional hearing that he believed the problem was not major and was under control. (ABC-10)

SENATE INTELLIGENCE REPORT

ABC's Peter Jennings: The Senate Intelligence Committee, which completed its investigation of the Iran affair last month, has now drafted a final staff report. It draws no overall conclusions but sources tell ABC News it does not support the claim by the Administration that arms were sent to Iran primarily for diplomatic purposes rather than to get hostages out of Lebanon. The report contains no evidence that the President was aware of any plan to divert money to the contras in Central America and the report is expected to be approved by the committee and then made public. (ABC-5)

EDITORIALS/COLUMNISTS

STATE OF THE UNION

The State of the Presidency -- "President Reagan, exuding all the confidence, charm, and command presence that characterized his previous State of the Union addresses, went to the Hill last night to deliver what many people believed -- indeed, hoped -- would be the most important address to date of his presidency. It was just that, not for what Mr. Reagan said, but for what he did not say. If the President hoped to loosen the grip the Iran arms scandal has had on the White House, and, at the same time reassert his leadership, he failed.... Laudable as it was on domestic issues and relations with the Soviet Union, most folks wanted to hear just a bit more -- like an apology. Yet the very act of attempting to dismiss the scandal with another acknowledgment that 'mistakes' were made had precisely the opposite effect.... The State of the Union address accurately portrayed a union that is sound, but the state of the presidency is something else entirely." (Washington Times, 1/28)

President Shows He's Still in Command -- "President Reagan successfully used the occasion of his sixth State of the Union address Tuesday evening to allay fears that his Administration had been brought to a standstill by the Iran-contra arms affair. The President dealt with the arms sales issue in a forthright manner and went on to spell out a broad agenda for the remaining two years of his Administration." (Dallas Morning News, 1/28)

One Major Regret -- "President Reagan took a needed first step in acknowledging personal responsibility for the Iran-contra mess during his State of the Union address last night. But he could not bring himself to apologize or even to admit, through the use of an active verb, that he had made mistakes. His failure to level with the American people on precisely what happened or to clarify contradictory and misleading statements left his Administration still struggling with a credibility problem.... Dramatic action to restore this presidency would require a housecleaning in the White House, recapture of the propaganda advantage seized by Moscow and real attacks on deficits that aroused only laughter when Mr. Reagan called them 'outrageous.' We are pleased to note that Mr. Reagan looked vigorous only three weeks after a prostate operation. The American people want him to succeed. They do not want their government defensive and distracted, unable to tap the full strength of the nation Mr. Reagan so eloquently extolled." (Baltimore Sun, 1/28)

An Uncertain Future -- "Americans should be grateful that the President looks well for a man approaching his 76th year and who recently underwent surgery. Still, this was not the win-one-for-the-Gipper speech that his aides had hoped for, and the polished delivery failed to overcome the inadequacies of his program.... We are grateful that the President seems to be well, if perhaps not yet in back to top form. But his address failed in two major goals set by the White House: to defuse the Iran-contra controversy and to demonstrate that the Administration is back on top of events and moving forward into tomorrow."

(Los Angeles Times, 1/28)

State of the Union: Good -- "Mr. Reagan reminded the newly Democratic Congress that the state of the union is, in fact, pretty good.... Last night's State of the Union message wasn't the President's best or most important speech, but it didn't have to be. The state of the union isn't bad and it would be hard to top the newly elected President's address in 1981 or his 'Star Wars' speech of 1983.... Irangate will sort itself out in due course. Congress could hurry the process along by immunizing a few key witnesses, which it so far has refused to do -- perhaps it's more interested in having a stick to beat Mr. Reagan with than in getting at the facts. In the meantime, there is important work to be done."

(Detroit News, 1/28)

THE PRESIDENCY

Supply-Side Internationale -- "President Reagan presented his sixth State of the Union message last night at a time when his presidency is under heavy political attack, mainly on foreign-policy grounds. But ironically, the President, without any special effort, is currently recording a major foreign-policy achievement, one that will far outweigh and outlast the so-called 'Irangate' firestorm. He is exporting Reaganomics.... Well after 'Irangate' is nothing more than a minor historical footnote, the results of the Reagan tax revolution will be positive and long-lasting."

(Wall Street Journal, 1/28)

The Reagan Retreat -- "When Ronald Reagan first took office six Januaries ago, he inaugurated the much-ballyhooed Reagan Revolution. Taxes were cut, spending growth was slowed, and regulations were overturned.... But today we're seeing the Reagan Retreat. On issue after issue the Administration is engaging in a policy of pre-emptive surrender, compromising even before the policy battle is joined.... Unless he soon remembers why he was elected and acts accordingly, future historians will speak of the Reagan Interlude rather than the Reagan Revolution."

(Doug Bandow, Orange County Register, 1/23)

IRAN/NICARAGUA

Irangate is Remote in the Hinterlands -- "Despite the handwriting in the capital, little of life in the country has been affected by the current scandal, at least so far. The stock market is as high as an addict in an opium den. Unemployment is down a bit and the producer price index has recorded its lowest increase in two decades.... Inside the Washington Beltway, the popularity of the President is always the overriding reality. Here in Wappingers Falls, a change in the President's popularity is of less moment, unless it is the product of clearly perceived impropriety or incapacity. And that case apparently hasn't been made yet to the satisfaction of the small towns of America."

(John Farmer, Arkansas Gazette, 1/21)

Reagan's Defense: Nobody Told Me -- "The Iran-contra controversy has evolved into a kind of battle of attrition in which President Reagan is being seriously damaged politically, but will almost certainly survive. The President's posture now is to keep his head down, answer as few questions as possible, and claim ignorance of key events -- hardly a becoming posture for a political leader."

(James McCartney, The Miami Herald, 1/26)