

UNCLASSIFIED

DOCUMENT_ID: 26748702
INQNO: DOC3D 00312982
DOCNO: TEL 014393 86
PRODUCER: LONDON
SOURCE: STATE
DOCTYPE: IN
DOR: 19860709
TOR: 103126
DOCPREC: O
ORIGDATE: 198607091042
MHFNO: 86 1453326
DOCCLASS: U

HEADER

OO RUEAIIA
DE RUFHLDA #4393 1901042
ZNR UUUUU ZZH
O 091042Z JUL 86
FM AMEMBASSY LONDON
TO RUEHFO/USINFO WASHDC IMMEDIATE
INFO RUEAIIA/CIA WASHDC
RUEATRS/DEPTTREAS WASHDC
RUEKJCS/DIA WASHINGTON DC//
RUEKJCS/SECDEF WASHDC
RUEHC/SECSTATE WASHDC 8247
RUEADWW/WHITEHOUSE WASHDC
RUFHRO/AMEMBASSY ROME 4735
RUFHFR/AMEMBASSY PARIS 6868
RUFHRSK/AMEMBASSY STOCKHOLM 0810
RUFHGV/USMISSION GENEVA 8313
RUEHMY/P&C MOSCOW
RHFQCCS/PRESS HQSAFE RAMSTEIN AB GE
RUFHNA/USMISSION USNATO 5761
RUFHMB/USDEL MBFR VIENNA 3333
RUSNNOA/USCINCEUR VAIHINGEN GE
RUFHVO/VOA MUNICH
RUFHMU/AMCONSUL MUNICH 3029
RUDORRA/USNMR SHAPE BE
BT

CONTROLS

UNCLAS LONDON 14393

USIA

USINFO FOR P/M; P/RC; P/RM; P/P; P/G (RMCLELLAN); P/F;
P/FW; P/FN; P/PFN; P/PPE; EU(MCROUCH); VOA NEWS/CA; PL
(LSECREST); STATE FOR EUR/P; EUR/PA; EUR/P/SP; EUR/WE;
EUR/NE; IO/CU; NEA/P; EB/TT; INR/P; PM; OSD ISA FOR ILN;
FOR NEA; OASD/PA (SIMS); WHITE HOUSE FOR NSC/WEUROPE;
WESTERN WHITEHOUSE FOR NSC, SPEAKES; USCINCEUR FOR PAO;
NATO FOR USIS; GENEVA FOR USIS & PLS PASS ACDA FOR TERRY
SHROEDER; ROME FOR USIS/DILLEN/BAROLI; PARIS FOR USIS,
USUNESCO OBSERVER MISSION, AND OECD FERNANDEZ; STOCKHOLM
FOR USDEL CDE ATTN. KURTIN; MOSCOW FOR P & C; MUNICH FOR
VOA EUROPE/VOEPEL; SHAPE FOR PUBLIC AFFAIRS.

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCES METHODS EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2001 2007

NAZI WAR CRIMES DISCLOSURE ACT
2000

CIA HAS NO OBJECTION TO
DECLASSIFICATION AND/OR
RELEASE OF CIA INFORMATION
IN THIS DOCUMENT

UNCLASSIFIED

E.O. 12356: N/A

TEXT

SUBJECT: DAILY MEDIA REACTION REPORT, JULY 09, 1986

LEAD NEWSPAPER STORIES: QUALITY PRESS LEADS TODAY INCLUDED THE REJECTION BY MEMBERS OF THE NATIONAL UNION OF RAILWAYMEN OF A STRIKE CALL BY THE UNION'S LEADERSHIP; THE FALL IN WALL STREET EQUITY PRICES; THE EUROPEAN COURT RULING ON COMPENSATION DISPUTE BETWEEN SOME U.K. COMPANIES AND THE GOVERNMENT OVER NATIONALIZATION; DRUGS RAIDS BY POLICE YESTERDAY WHICH RESULTED IN CHARGES BEING MADE AGAINST THE ASSOCIATES OF A POP STAR, WHO IS HIMSELF STILL BEING SOUGHT BY POLICE; A CIVIL SERVICE UNION'S INVESTIGATION INTO THE ELECTION BY ITS MEMBERS OF A MILITANT LEFTIST CANDIDATE AND THE ABOLITION BY THE GOVERNMENT OF THE RIGHT OF DEFENDANTS IN CRIMINAL TRIALS TO CHALLENGE, WITHOUT GIVING REASONS, THE COMPOSITION OF JURIES.

ELECTRONIC MEDIA: BBC RADIO'S 6AM NEWS BRIEFING COVERED THE VISIT OF FOREIGN SECRETARY SIR GEOFFREY HOWE TO SOUTHERN AFRICA AND HIS ARRIVAL TODAY IN ZAMBIA. IT WAS REPORTED THAT SIR GEOFFREY WILL NOW BE MEETING SOUTH AFRICAN PRESIDENT BOTHA DURING THE TRIP. THERE WAS SOME COVERAGE OF THE SITUATION INSIDE SOUTH AFRICA. THE PROGRAM ALSO COVERED ATTEMPTS BY ISRAELI LAWYERS TO LAUNCH AN INQUIRY INTO THE SECURITY SERVICE'S (SHIN BET) TREATMENT OF PRISONERS. ALL OTHER STORIES WERE DOMESTIC INCLUDING THE SHOOTING DEAD OF A POLICEMAN IN NORTHERN IRELAND, YESTERDAY'S DRUGS RAIDS AND THE ISSUE OF JURY MEMBERSHIP.

INDEPENDENT TV-AM 7AM NEWS LED WITH YESTERDAY'S DRUGS RAIDS, THE RESULTING CHARGES AND THE SEARCH FOR THE POP STAR; THE POLICEMAN'S DEATH IN NORTHERN IRELAND AND A PLANNED PRISON HUNGER STRIKE IN NORTHERN IRELAND. ALL OTHER STORIES WERE ALSO DOMESTIC. BBC TV'S BREAKFAST TIME 8AM NEWS ALSO LED WITH YESTERDAY'S DRUG RAIDS AND THE SHOOTING OF THE POLICEMAN IN NORTHERN IRELAND. ALSO COVERED WAS SIR GEOFFREY HOWE'S ARRIVAL, DUE LATER THIS MORNING, IN ZAMBIA.

A) TODAY'S STORIES:

- 1 U.S. ECONOMIC/FINANCIAL ISSUES:
- 2 INAUGURATION OF **KURT WALDHEIM**:
- 3 U.S. AID TO ZIMBAWE:

B) SUMMARY OF COVERAGE:

1 U.S. ECONOMIC/FINANCIAL ISSUES: THERE WAS COVERAGE OF THE SUPREME COURT'S GRAMM-RUDMAN DECISION AND REPORTAGE OF THE WALL STREET FALL.

2 INAUGURATION OF **KURT WALDHEIM**: IT WAS REPORTED THAT DR. **KURT WALDHEIM** WAS SWORN IN AS AUSTRIA'S PRESIDENT

UNCLASSIFIED

YESTERDAY AMIDST PROTESTS AGAINST HIS ALLEGED NAZI PAST.

3 U.S. AID TO ZIMBAWE: IT WAS REPORTED THAT WASHINGTON IS REVIEWING ITS AID PROGRAM TO ZIMBABWE FOLLOWING THE WALK-OUT FROM JULY 4 CELEBRATIONS IN HARARE BY U.S. AND UNCLAS SECTION 02 OF 06 LONDON 14393

USIA

USINFO FOR P/M; P/RC; P/RM; P/P; P/G (RMCLELLAN); P/F; P/FW; P/FN; P/PFN; P/PPE; EU(MCROUCH); VOA NEWS/CA; PL (LSECREST); STATE FOR EUR/P; EUR/PA; EUR/P/SP; EUR/WE; EUR/NE; IO/CU; NEA/P; EB/TT; INR/P; PM; OSD ISA FOR ILN; FOR NEA; OASD/PA (SIMS); WHITE HOUSE FOR NSC/WEUROPE; WESTERN WHITEHOUSE FOR NSC, SPEAKES; USCINCEUR FOR PAO; NATO FOR USIS; GENEVA FOR USIS & PLS PASS ACDA FOR TERRY SHROEDER; ROME FOR USIS/DILLEN/BAROLI; PARIS FOR USIS, USUNESCO OBSERVER MISSION, AND OECD FERNANDEZ; STOCKHOLM FOR USDEL CDE ATTN. KURTIN; MOSCOW FOR P & C; MUNICH FOR VOA EUROPE/VOEPEL; SHAPE FOR PUBLIC AFFAIRS.

E.O. 12356: N/A

SUBJECT: DAILY MEDIA REACTION REPORT, JULY 09, 1986

OTHER WESTERN DIPLOMATS.

C) HEADLINES:

1 U.S. ECONOMIC/FINANCIAL ISSUES:

"U.S. DEFICIT IN LAP OF CONGRESS" (TIMES); "WALL STREET 'IN THE GRIP OF PANIC'" AND "WALL STREET GETS WORRIED" (GUARDIAN); "JUSTICES THROW BUDGET BALL BACK TO CONGRESS" AND "LAMENT FOR GRAMM-RUDMAN" (FINANCIAL TIMES).

2 INAUGURATION OF KURT WALDHEIM:

"WALDHEIM SWORN IN AS PRESIDENT BEFORE A SCEPTICAL PARLIAMENT" (TIMES); "PROTEST RALLY MARKS WALDHEIM CEREMONY" (GUARDIAN); "WALDHEIM CONDEMNS ANTI-SEMITISM" (DAILY TELEGRAPH); "PROTESTS AS WALDHEIM SWORN IN" (FINANCIAL TIMES).

3 U.S. AID TO ZIMBAWE:

"U.S. LOOKS AGAIN AT ITS AID TO ZIMBABWE" (TIMES); "WASHINGTON TO REVIEW AID TO ZIMBABWE" (FINANCIAL TIMES).

D) TEXT:

1 U.S. ECONOMIC/FINANCIAL ISSUES:

THE CONSERVATIVE TIMES WASHINGTON CORRESPONDENT MICHAEL BINYON WROTE: "PRESIDENT REAGAN, IN A RESPONSE TO THE SUPREME COURT'S REJECTION OF A CENTRAL PROVISION OF THE GRAMM-RUDMAN-HOLLINGS BALANCED-BUDGET LAW, HAS URGED CONGRESS TO KEEP ITS PROMISE TO WORK TO REDUCE THE

UNCLASSIFIED

FEDERAL DEFICIT.

"HE SAID THE COURT RULING SHOULD MEAN LITTLE CHANGE, BUT IT WOULD FORCE CONGRESS TO 'MAKE THE DIFFICULT CHOICES'. THE FIRST OF THESE COMES WHEN CONGRESS RETURNS ON JULY 14...

"BUT WITH THE NOVEMBER ELECTIONS APPROACHING, BOTH CONGRESS AND THE ADMINISTRATION ARE LOOKING FOR WAYS TO REDUCE THE IMPACT OF ANY CUTS.

"THE OFFICE OF MANAGEMENT AND BUDGET WILL PROBABLY TRY TO PRODUCE A FAR LOWER ESTIMATE OF NEXT YEAR'S DEFICIT THAN THAT OF THE CONGRESSIONAL BUDGET OFFICE, ATTEMPTING TO SHIFT MANY COSTS INTO 1988 TO KEEP THE 1987 DEFICIT AS CLOSE AS POSSIBLE TO THE \$144 BILLION TARGET."

IN THE LIBERAL GUARDIAN'S FRONT PAGE LEAD ARTICLE, WASHINGTON CORRESPONDENTS MARGARETA PAGANO AND ALEX BRUMMER SAID: "DEEPENING PESSIMISM OVER PROSPECTS FOR THE UNITED STATES ECONOMY TRIGGERED SHARP FALLS IN STOCK MARKETS AROUND THE WORLD YESTERDAY.

"SHARE PRICES OPENED AGAIN SHARPLY LOWER ON WALL STREET YESTERDAY AFTERNOON WITH THE DOW JONES INDUSTRIAL AVERAGE UNCLAS SECTION 03 OF 06 LONDON 14393

USIA

USINFO FOR P/M; P/RC; P/RM; P/P; P/G (RMCLELLAN); P/F; P/FW; P/FN; P/PFN; P/PPE; EU(MCROUCH); VOA NEWS/CA; PL (LSECREST); STATE FOR EUR/P; EUR/PA; EUR/P/SP; EUR/WE; EUR/NE; IO/CU; NEA/P; EB/TT; INR/P; PM; OSD ISA FOR ILN; FOR NEA; OASD/PA (SIMS); WHITE HOUSE FOR NSC/WEUROPE; WESTERN WHITEHOUSE FOR NSC, SPEAKES; USCINCEUR FOR PAO; NATO FOR USIS; GENEVA FOR USIS & PLS PASS ACDA FOR TERRY SHROEDER; ROME FOR USIS/DILLEN/BAROLI; PARIS FOR USIS, USUNESCO OBSERVER MISSION, AND OECD FERNANDEZ; STOCKHOLM FOR USDEL CDE ATTN. KURTIN; MOSCOW FOR P & C; MUNICH FOR VOA EUROPE/VOEPEL; SHAPE FOR PUBLIC AFFAIRS.

E.O. 12356: N/A

SUBJECT: DAILY MEDIA REACTION REPORT, JULY 09, 1986

DIVING ANOTHER 28 POINTS WITHIN HOURS OF OPENING. DEALING WAS DESCRIBED TO BE IN PANIC CONDITIONS AS PUNDITS PREDICTED THAT WALL STREET IS NOW ENTERING A BOOM..."

THE LIBERAL GUARDIAN EDITORIALIZED: "BACK IN MAY AT THE TOKYO SUMMIT LEADERS OF THE MAIN INDUSTRIAL COUNTRIES AGREED TO MONITOR THEIR ECONOMIC PERFORMANCE AGAINST CERTAIN 'OBJECTIVE' INDICATORS LIKE GROWTH, EXCHANGE RATES, INFLATION AND TRADE SURPLUSES. THIS WAS, AND IS, AN ENTIRELY SENSIBLE THING TO DO -- AS LONG AS IT IMPLIES CORRECTIVE ACTION ON AN INTERNATIONAL SCALE WHEN THINGS GO WRONG. THE TIME HAS NOW COME FOR SUCH ACTION. ON MONDAY WALL STREET SUFFERED ITS SHARPEST EVER FALL, WITH

UNCLASSIFIED

THE DOW JONES INDEX FALLING IN ABSOLUTE TERMS (COMPARING WITH A 38.3 POINT DECLINE ON SEPTEMBER 28, 1929) BUT IT ONLY MARKED A 3.3 PER CENT DROP AGAINST A 12.8 PERCENT FALL IN 1929. EVEN WITH THE FRESH FALLOF 30 POINTS IN THE FIRST HALF HOUR OF DEALINGS YESTERDAY THIS WAS MERELY A PARTIAL CORRECTION OF THE 25 PER CENT RISE IN SHARE PRICES THIS YEAR. NO MARKET CAN KEEP ON GROWING AT THAT PACE, ESPECIALLY WHEN LEADING ANALYSTS ARE PREDICTING A 'CORRECTION' OF 10 TO 20 PER CENT. BUT WITH THE GROWTH OF INSTANT COMMUNICATIONS AND COMPUTER LINKED DEALINGS, STOCK MARKET ADJUSTMENTS HAPPEN WITH INJUDICIOUS SPEED THESE DAYS. THIS HOLDS OMINOUS IMPLICATIONS FOR THE FUTURE. THE NEXT CRASH COULD BE QUICK AND BRUTAL...

"INVESTORS IN AMERICA ARE UNDERSTANDABLY NERVOUS. THE UNITED STATES SUPREME COURT RULING THIS WEEK THAT A KEY PROVISION OF THE GRAMM-RUDMAN LAW (AIMED AT ELIMINATING THE HUGE BUDGET DEFICIT) WAS ILLEGAL DID NOT HELP. THE TRADE DEFICIT IS STILL GETTING WORSE. THE SLUGGISH ECONOMY DOES NOT YET SEEM TO HAVE BENEFITED EITHER FROM LOWER OIL PRICES OR THE DELAYED EFFECTS OF DEVALUATION. YET INFLATION IS DOWN TO PRACTICALLY ZERO. THE OBVIOUS THING TO DO WOULD BE TO LOWER INTEREST RATES TO BOOST INDUSTRY. BUT THE AUTHORITIES HAVE BEEN RELUCTANT TO LOWER INTEREST RATES UNILATERALLY IN CASE THE DOLLAR GOES INTO FREE FALL..."

THE INDEPENDENT FINANCIAL TIMES WASHINGTON CORRESPONDENT STEWART FLEMING WROTE: "BY STRIKING DOWN AS UNCONSTITUTIONAL A KEY PROVISION IN THE GRAMM-RUDMAN-HOLLINGS BUDGET REFORM LEGISLATION, THE SUPREME COURT HAS ENSURED THAT SPENDING PRIORITIES WILL BE HIGH ON THE POLITICAL AGENDA IN THE RUN-UP TO THE MID-TERM ELECTIONS IN NOVEMBER..."

"A KEY QUESTION, HOWEVER, IS WHETHER, AS POLITICAL SCIENTIST DR. NORMAN ORNSTEIN OF THE AMERICAN ENTERPRISE INSTITUTE SUGGESTS, PRE-ELECTION PRESSURES WILL FORCE POLITICIANS TO LIVE UP TO THE GRAMM-RUDMAN PROMISE AND MAKE THE DEFICIT CUTS WHICH THEY COMMITTED THEMSELVES TO WHEN THEY PASSED THE LAW LAST DECEMBER.

"MANY IN WASHINGTON ARE TAKING A MUCH LESS SANGUINE VIEW
UNCLAS SECTION 04 OF 06 LONDON 14393

USIA

USINFO FOR P/M; P/RC; P/RM; P/P; P/G (RMCLELLAN); P/F; P/FW; P/FN; P/PFN; P/PPE; EU(MCROUCH); VOA NEWS/CA; PL (LSECRET); STATE FOR EUR/P; EUR/PA; EUR/P/SP; EUR/WE; EUR/NE; IO/CU; NEA/P; EB/TT; INR/P; PM; OSD ISA FOR ILN; FOR NEA; OASD/PA (SIMS); WHITE HOUSE FOR NSC/WEUROPE; WESTERN WHITEHOUSE FOR NSC, SPEAKES; USCINCEUR FOR PAO; NATO FOR USIS; GENEVA FOR USIS & PLS PASS ACDA FOR TERRY SHROEDER; ROME FOR USIS/DILLEN/BAROLI; PARIS FOR USIS, USUNESCO OBSERVER MISSION, AND OECD FERNANDEZ; STOCKHOLM

UNCLASSIFIED

FOR USDEL CDE ATTN. KURTIN; MOSCOW FOR P & C; MUNICH FOR
VOA EUROPE/VOEPEL; SHAPE FOR PUBLIC AFFAIRS.

E.O. 12356: N/A

SUBJECT: DAILY MEDIA REACTION REPORT, JULY 09, 1986

OF THE WILLINGNESS OF THE ADMINISTRATION AND THE CONGRESS
TO FACE UP TO THEIR FISCAL RESPONSIBILITIES. THEY
CONCLUDE THAT BY REMOVING THE THREAT OF DRACONIAN
ACROSS-THE-BOARD BUDGET CUTS THE SUPREME COURT HAS MADE
IT EASIER FOR CONGRESS AND THE PRESIDENT TO PLAY FOR TIME
ONCE AGAIN...

"A HEATED PRE-ELECTION BUDGET DEBATE WILL TEND TO TAKE
MR. REAGAN'S EXPECTED TRIUMPH ON TAX REFORM OUT OF THE
HEADLINES. IT WILL ALSO CREATE OPPORTUNITIES FOR THE
DEMOCRATS TO BROADEN THEIR ATTACK ON THE REAGAN
ADMINISTRATION AND ITS REPUBLICAN ALLIES ECONOMIC
POLICIES BEYOND TRADE POLICY, PARTICULARLY IF THE ECONOMY
CONTINUES TO STAGNATE. WHETHER THE DEMOCRATS CAN
SUCCESSFULLY EXPLOIT THIS OPPORTUNITY IS A MOOT POINT..."

THE INDEPENDENT FINANCIAL TIMES EDITORIALIZED: "IN SPITE
OF THE UNITED STATES BOND MARKET'S INITIAL INCLINATION TO
SHRUG IT OFF AS AN IRRELEVANCE OF NARROWLY POLITICAL
IMPORTANCE, MONDAY'S SUPREME COURT DECISION TO STRIKE
DOWN THE KEY PROVISION OF THE GRAMM-RUDMAN DEFICIT
REDUCTION LAW COULD WELL BECOME A SERIOUS SETBACK FOR
UNITED STATES ECONOMIC POLICYMAKING AT A TIME WHEN THE
WORLD CAN ILL AFFORD IT.

"IT IS TRUE THAT AN ADVERSE COURT DECISION WAS WIDELY
EXPECTED, THAT IT WAS JUSTIFIED ON CONSTITUTIONAL GROUNDS
AND THAT THE REAGAN ADMINISTRATION HAS WELCOMED THE
COURT'S VERDICT. THE FACT REMAINS, HOWEVER, THAT
GRAMM-RUDMAN WAS THE ONLY TANGIBLE PART OF THE DEFICIT
REDUCTION BANDWAGON WHICH UNITED STATES POLITICIANS OF
ALL PARTIES HAVE BEEN TRYING TO GET GOING FOR THE PAST
FIVE YEARS..."

"THE MAGNITUDE OF THE SETBACK MUST NOT BE EXAGGERATED.
IN THE END, SOME CUTS WILL ALMOST CERTAINLY BE MADE, EVEN
WITHOUT THE AUTOMATIC ENFORCEMENT PROCEDURE. CUTS IN
DEFENSE SPENDING ALREADY LEGISLATED WILL SEE TO THAT..."

"WHY, THEN, DOES THE EMASCULATION OF GRAMM-RUDMAN
MATTER? IT MATTERS MAINLY BECAUSE A CLEARCUT MEDIUM-TERM
FRAMEWORK FOR FISCAL STABILIZATION WOULD HAVE BEEN
EXTREMELY USEFUL AT THIS JUNCTURE, NOT ONLY FOR THE
UNITED STATES BUT ALSO FOR ITS TRADING PARTNERS..."

2 INAUGURATION OF KURT WALDHEIM:

THE CONSERVATIVE TIMES VIENNA CORRESPONDENT RICHARD

UNCLASSIFIED

BASSETT REPORTED: "A SERIOUS AND, TO SOME, NOTABLY LESS BUOYANT DR. **KURT WALDHEIM** REACHED THE APOGEE OF HIS POLITICAL CAREER YESTERDAY WHEN HE WAS FORMALLY SWORN IN AS THE PRESIDENT OF AUSTRIA...

"THOUGH OFFICIALLY ABOVE THE CUT AND THRUST OF AUSTRIAN PARTY POLITICS, DR. WALDHEIM HAS MADE IT CLEAR THAT HE EXPECTS THE PRESIDENT TO PLAY A MORE ACTIVE ROLE IN THE COUNTRY'S AFFAIRS...

UNCLAS SECTION 05 OF 06 LONDON 14393

USIA

USINFO FOR P/M; P/RC; P/RM; P/P; P/G (RMCLELLAN); P/F; P/FW; P/FN; P/PFN; P/PPE; EU(MCROUCH); VOA NEWS/CA; PL (LSECRET); STATE FOR EUR/P; EUR/PA; EUR/P/SP; EUR/WE; EUR/NE; IO/CU; NEA/P; EB/TT; INR/P; PM; OSD ISA FOR ILN; FOR NEA; OASD/PA (SIMS); WHITE HOUSE FOR NSC/WEUROPE; WESTERN WHITEHOUSE FOR NSC, SPEAKES; USCINCEUR FOR PAO; NATO FOR USIS; GENEVA FOR USIS & PLS PASS ACDA FOR TERRY SHROEDER; ROME FOR USIS/DILLEN/BAROLI; PARIS FOR USIS, USUNESCO OBSERVER MISSION, AND OECD FERNANDEZ; STOCKHOLM FOR USDEL CDE ATTN. KURTIN; MOSCOW FOR P & C; MUNICH FOR VOA EUROPE/VOEPEL; SHAPE FOR PUBLIC AFFAIRS.

E.O. 12356: N/A

SUBJECT: DAILY MEDIA REACTION REPORT, JULY 09, 1986

"DR. WALDHEIM'S REFERENCES TO THE 'AUSTRIAN PATRIOTS WHO DISAPPEARED NEVER TO BE SEEN AGAIN' WHEN THE NAZI'S MARCHED INTO AUSTRIA IN 1938, ALSO PROVOKED RAISED EYEBROWS AMONG THE SOCIALIST POLITICIANS. MANY OF THEM SHOOK THEIR HEADS IN OBVIOUS DISBELIEF WHEN HE WENT ON TO REFER TO THE TRAGEDY WHICH BEFELL AUSTRIAN JEWS UNDER THE THIRD REICH..."

THE LIBERAL GUARDIAN VIENNA CORRESPONDENT MISHA GLENNY SAID: "DR. **KURT WALDHEIM** ASSUMED THE AUSTRIAN PRESIDENCY YESTERDAY TO A HALF-HEARTED RECEPTION IN PARLIAMENT AND AGAINST A BACKGROUND OF PROTESTS ABOUT HIS ALLEGED NAZI PAST.

"THE FORMER U.N. SECRETARY GENERAL SAT HUNCHED THROUGH A SPEECH BY THE OUTGOING HEAD OF STATE, DR. RUDOLF KIRCHSCHLAEGER. BUT HE REGAINED HIS COMPOSURE WHEN HE TOOK TO THE ROSTRUM, AND, IGNORING THE ABSENCE OF THE SOVIET, AMERICAN, YUGOSLAV AND ISRAELI AMBASSADORS, EXTOLLED THE VIRTUES OF POST-WAR AUSTRIA..."

THE CONSERVATIVE DAILY TELEGRAPH VIENNA CORRESPONDENT PETER HOFFER WROTE: "AUSTRIA'S NEW PRESIDENT, **KURT WALDHEIM**, MADE A DRAMATIC CONDEMNATION OF NAZIISM AND IN PARTICULAR, ANTI-SEMITISM IN HIS INAUGURAL SPEECH TO A JOINT SESSION OF BOTH HOUSES OF PARLIAMENT IN VIENNA

UNCLASSIFIED

YESTERDAY...

"AFTER TAKING THE SALUTE AT A PARADE OF THE COUNTRY'S ARMED FORCES, HE DROVE TO THE PRESIDENTIAL RESIDENCE WHERE SEVERAL AMERICANS WEARING CONCENTRATION CAMP UNIFORMS, INCLUDING A RABBI, A PRIEST AND A NUN, HAD BEEN CONDUCTING A 'VIGIL OF CONSCIENCE' TO PRESSURE HIM TO RESIGN AND STAND TRIAL FOR WAR CRIMES...

"MANY DIPLOMATS ATTENDING THE CEREMONY DECLINED TO JOIN A STANDING OVATION LED BY THE CONSERVATIVE OPPOSITION PEOPLE'S PARTY WHICH BACKED DR. WALDHEIM IN ELECTIONS A MONTH AGO..."

THE INDEPENDENT FINANCIAL TIMES VIENNA CORRESPONDENT PATRICK BLUM SAID: "DR. **KURT WALDHEIM**, THE FORMER UNITED NATIONS SECRETARY-GENERAL WHO HAS BEEN AT THE CENTER OF AN INTERNATIONAL CONTROVERSY OVER ALLEGATIONS THAT HE WAS IMPLICATED IN NAZI ATROCITIES DURING THE WAR, WAS SWORN IN AS AUSTRIA'S PRESIDENT YESTERDAY AT A BRIEF CEREMONY IN PARLIAMENT.

"INSIDE THE CHAMBER MANY SOCIALIST DEPUTIES, INCLUDING DR. FRED SINOWATZ, THE PARTY LEADER AND FORMER CHANCELLOR, SAT GRIMLY THROUGH THE CEREMONY..."

"IN A GESTURE OF PROTEST, THE ISRAELI AMBASSADOR WHO HAD BEEN CALLED HOME FOR CONSULTATIONS AFTER DR. WALDHEIM'S ELECTION, WAS ABSENT FROM THE CEREMONY. THE AMBASSADORS OF THE UNITED STATES AND THE SOVIET UNION WERE ABSENT
UNCLAS SECTION 06 OF 06 LONDON 14393

USIA

USINFO FOR P/M; P/RC; P/RM; P/P; P/G (RMCLELLAN); P/F; P/FW; P/FN; P/PFN; P/PPE; EU(MCROUCH); VOA NEWS/CA; PL (LSECRET); STATE FOR EUR/P; EUR/PA; EUR/P/SP; EUR/WE; EUR/NE; IO/CU; NEA/P; EB/TT; INR/P; PM; OSD ISA FOR ILN; FOR NEA; OASD/PA (SIMS); WHITE HOUSE FOR NSC/WEUROPE; WESTERN WHITEHOUSE FOR NSC, SPEAKES; USCINCEUR FOR PAO; NATO FOR USIS; GENEVA FOR USIS & PLS PASS ACDA FOR TERRY SHROEDER; ROME FOR USIS/DILLEN/BAROLI; PARIS FOR USIS, USUNESCO OBSERVER MISSION, AND OECD FERNANDEZ; STOCKHOLM FOR USDEL CDE ATTN. KURTIN; MOSCOW FOR P & C; MUNICH FOR VOA EUROPE/VOEPEL; SHAPE FOR PUBLIC AFFAIRS.

E.O. 12356: N/A

SUBJECT: DAILY MEDIA REACTION REPORT, JULY 09, 1986

BECAUSE OF OTHER ENGAGEMENTS..."

3 U.S. AID TO ZIMBAWE:

THE CONSERVATIVE TIMES HARARE CORRESPONDENT JAN RAATH

UNCLASSIFIED

SAID: "A BREACH OF DIPLOMATIC ETIQUETTE BY THE ZIMBABWE GOVERNMENT HAS CAUSED THE UNITED STATES STATE DEPARTMENT TO REVIEW ITS FUNDING OF AID PROJECTS HERE.

"LAST FRIDAY MR. JIMMY CARTER, THE FORMER AMERICAN PRESIDENT, FOLLOWED BY MOST OF THE WESTERN DIPLOMATIC CORPS HERE, STALKED OUT OF A RECEPTION WHEN A ZIMBABWEAN JUNIOR CABINET MINISTER USED THE OCCASION TO ATTACK UNITED STATES RELATIONS WITH SOUTH AFRICA.

"THE ZIMBABWE GOVERNMENT HAS NOT YET BEEN INFORMED, BUT IN WASHINGTON ON MONDAY NIGHT A SPOKESMAN FOR THE UNITED STATES STATE DEPARTMENT SAID: 'THE HOSTILE DIPLOMATIC BEHAVIOUR BY ZIMBABWEAN LEADERS HAS LED TO A FURTHER REVIEW OF OUR AID EFFORTS IN THAT COUNTRY.'..."

THE INDEPENDENT FINANCIAL TIMES UNITED STATES EDITOR IN WASHINGTON, REGINALD DALE, WROTE: "THE UNITED STATES IS TO REVIEW ITS \$20.5M (13.4M POUNDS) AID PROGRAM FOR ZIMBABWE FOLLOWING A DIPLOMATIC TIFF IN WHICH AMERICAN DIPLOMATS WALKED OUT OF A HARARE RECEPTION CELEBRATING THE UNITED STATES JULY 4 INDEPENDENCE DAY ON FRIDAY.

"THE WALK-OUT, WHICH WAS LED BY VISITING FORMER PRESIDENT JIMMY CARTER, WAS JOINED BY BRITISH, WEST GERMAN AND DUTCH DIPLOMATS. IT CAME AFTER A ZIMBAWEAN CABINET MINISTER DELIVERED WHAT MR. CARTER DESCRIBED AS 'A 20-MINUTE HARANGUE AGAINST THE UNITED STATES,' PARTICULARLY OVER WASHINGTON'S POLICY TOWARDS SOUTH AFRICA...

"IN WASHINGTON, THE STATE DEPARTMENT CALLED THE REMARKS 'A BREACH OF PROPRIETY' AT THE UNITED STATES-HOSTED EVENT AND NOTED THAT NO APOLOGY HAD BEEN RECEIVED FROM THE ZIMBABWEAN GOVERNMENT..."KORENGOLD

END OF MESSAGE

UNCLASSIFIED