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President Reagan yesterday accused the Soviet Union of "flagrantly" lying about the downing of a South Korean airliner with 269 crew members and passengers, including at least 52 Americans, and questioned whether the United States can continue to talk "with a state whose values permit such atrocities."

In the strongest denunciation he has delivered of Soviet behavior as president, Reagan suggested that the Soviets had gone beyond "certain irreducible standards of civilized behavior" and had violated the "tradition in the civilized world" of helping pilots who are lost or in distress.

Standing with his wife, Nancy, on the field of the Point Mugu Naval Air Station on the California coast before returning to Washington to meet last night with the National Security Council, Reagan read solemnly from a prepared text

"What can be said about Soviet credibility when they so flagrantly lie about such a heinous act? What can be

the scope of legitimate mutual discourse with a state. whose values permit such atrocities, and what are we to make of a regime which establishes one set of standards for itself and another for the rest of humankind?"

After last night's NSC meeting, an administration official who asked not to be identified said Reagan would probably not retaliate by imposing economic sanctions, such as canceling the new agreement to sell American grain to the Soviets, or by withdrawing from arms control negotiations with the Soviets.

White House spokesman Larry Speakes told reporters last night that the president was given a set of options "that focus in a measured response to this incident." Speakes said the options "would include various steps the U.S. government could carry out in concert with members of the international community who share our outrage at this incident."

Reagan is studying a response "designed to assure there will be no recurrence of an incident of this type," said Speakes. He added that the president is considering

> options that would take "more of a positive approach that will seek assurances" to guarantee the safety of international air travel because current international law is "obviously" insufficient "where the Soviets are concerned."

During the two-hour meeting at the White House last night, Reagan gave his advisers some direction, according to Speakes, and they will respond with recommendations by Sunday, when Reagan plans to consult with congressional leaders.

Speakes said Reagan also empha-'sized that the Soviets had provided "no satisfactory response ... for their outrageous conduct" and that the families of those killed "deserve a just restitution for the loss of life." · A number of U.S. officials said yesterday that they believe that Reagan will find it difficult to go much beyond rhetorical retaliation and such relatively limited sanctions as seeking international restrictions on Soviet air traffic, placing new restrictions on Soviet diplomatic personnel and putting off tentative plans for talks on a new scientific and cultural exchange agreement and the opening of consulates in New York and Kiev.

A senior administration official traveling with Reagan said, for example, "I would not look for us to discontinue our discussions with the Soviets on nuclear arms control because the stakes are too high. We would not be serving our own coun-. frv or the world at large should we stop our efforts to achieve true arms reduction."

Speakes said, "Arms control is a -very important issue, probably one of the major foreign policy emphasis of our administration."

State Department spokesman John Hughes added that he was unaware of any plans to call off or postpone next week's scheduled resumption of the U.S.-Soviet negotiations on reducing medium-range nuclear missiles in Europe.

Speakes said last night that the

State George P. Shultz to follow Afghanistan. But he also cleared the through with plans to meet next way eventually for expanded grain week with Soviet Foreign Minister Andrei A. Gromyko in Madrid. But, sales to the Soviets, and recently incident "and then on other topics, natural gas pipeline in Europe. specifically other violations of the international norms that the Soviet Union has undertaken

Canceling the new, five-year agreement to sell American grain to the Soviets was ruled out in part, officials suggested, because it would risk an outcry from American farmers and their political representatives. It also would contradict Reagan's past opposition to the grain embargo imposed by President Carter against the Soviets after their invasion of Afghanistan. And it would violate guarantees in the new agreement that make it legally difficult to impose a new embargo.

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In addition to Shultz and Reagan, last night's meeting was attended by Vice President Bush, Secretary of Defense Caspar W. Weinberger, CIA Director William Casey, Attorney General William French Smith, Treasury Secretary Donald T. Regan, Office of Management and Budget Director David A. Stockman and other top administration and White House officials.

In his statement earlier yesterday, Reagan portrayed the Soviet regime as having gone beyond the standards of civilized behavior accepted by the rest of the world. His remarks appeared to go further than expressing outrage about the incident, to suggesting that the United States might take some unspecified actions against Moscow.

In rhetoric and practice, Reagan has been both harsh and conciliatory toward the Soviets during his first 21/2 years in office. He decried Soviet-backed repression of human president has directed Secretary of rights in Poland and the invasion of -

Speakes said, Reagan ordered Shultz approved the sale of pipe-laying to change the agenda of the meeting equipment built by Caterpillar Tracto "center first" on the airline attack tor Co. for use in building the Soviet

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