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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, MARCH 31, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

SHULTZ WANTS U.S. AND SOVIET TO END PUBLIC DIPLOMACY -- Secretary Shultz said today that "we're not going anywhere" in Soviet-American relations until Moscow and Washington agree to stop conducting their diplomacy in public. He called on both sides to resume regular, secret contacts.

(New York Times, Washington Post, AP)

SOVIET ARMS OUTLAY STEADY, CIA ASSERTS -- The CIA now estimates that Soviet spending on weapons procurement has been almost flat for a decade and is likely to grow little, or even decline, during the next five years, according to congressional testimony made available yesterday.

(Washington Post)

NATIONAL NEWS

STAR WARS -- U.S. scientists have not gotten very far in making President Reagan's dream of a high-tech shield against nuclear attack become a reality, a Senate report says.

(Wall Street Journal, AP)

NETWORK NEWS (Sunday Evening)

NICARAGUA -- Daniel Ortega said today he wants to negotiate directly with President Reagan.

SOVIETS -- Tass reported today President Reagan's rejection of Gorbachev's call for a summit to discuss ending nuclear tests.

EASTER SERVICES -- President Reagan worshipped at a church near his ranch.

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INTERNATIONAL NEWS

SHULTZ ASKS RETURN TO QUIET DIPLOMACY

SHANNON, Ireland -- Arms control talks with the Soviet Union "are never going to get anywhere" until they return to the private diplomacy that led up to the Geneva summit last November, Secretary Shultz said today.

"If we're going to see a return to the kind of progress we were making in the period before the Geneva meeting," Shultz said, "We're going to have to be settling into some conversations that are directed between the Soviets and ourselves."

(Joanne Omang, Washington Post, A3)

U.S./Soviet Union

Secretary Shultz has notified the Soviet Union that only private diplomacy -- not public proposals for summit meetings -- will break the stalemate in U.S.-Soviet arms control talks.

"Until that happens, we're not going anywhere," Shultz said after the Administration rejected a proposal by Mikhail Gorbachev to meet with President Reagan in Europe to negotiate a ban on all nuclear weapons tests.

Shultz complained that U.S. and Soviet proposals on weapons reductions had been aired publicly. He said he wanted "to get somewhere in our relations with the Soviets where we're able to have some discussions that are relatively quiet and direct."

(Barry Schweid, AP)

Shultz Wants U.S. And Soviet To End Public Diplomacy

Secretary Shultz said today that "we're not going anywhere" in Soviet-American relations until Moscow and Washington agree to stop conducting their diplomacy in public. He called on both sides to resume regular, secret contacts.

He expressed dismay about the recent pattern of Soviet-American public statements, including the latest exchange on Saturday in which Mikhail Gorbachev proposed a summit meeting in Europe to negotiate a ban on nuclear tests, which was immediately rejected by the White House.

(Bernard Gwertzman, New York Times, A1)

REAGAN SHUNS SINGLE-ISSUE SUMMIT OFFER

SANTA BARBARA, Calif. -- The White House has sidestepped Mikhail Gorbachev's offer to meet President Reagan in Europe to negotiate a nuclear test ban.

Peter Roussel said in a curt weekend statement that the vacationing President has "taken note" of Mr. Gorbachev's speech, broadcast on Soviet radio and television Saturday.

(Jeremiah O'Leary, Washington Times, A1)

SOVIET ARMS OUTLAY STEADY, CIA ASSERTS

The CIA now estimates that Soviet spending on weapons procurement has been almost flat for a decade and is likely to grow little, or even decline, during the next five years, according to congressional testimony made available yesterday.

The CIA's Pentagon counterpart, the Defense Intelligence Agency, supports most of the agency's conclusions after arguing for several years that the CIA was underestimating Soviet spending. Past differences "have been narrowed greatly," the agencies said, although the DIA still asserts that Soviet procurement spending increased by 3 percent to 4 percent annually from 1982 to 1984.

(Fred Hiatt, Washington Post, A3)

Defense Spending Seen Limit To Soviet Goals For Economy

Mikhail Gorbachev has made a good start at reviving the troubled Soviet economy, but two U.S. intelligence agencies say he may not be able to achieve a high growth if military spending continues unabated.

Cloudy long-term prospects for the Soviet economy were detailed in a joint report submitted by the CIA and the DIA March 19 in a classified meeting with the congressional Joint Economic Committee.

(Roger Fontaine, Washington Times, A1)

U.S./NICARAGUA

Nicaragua President Daniel Ortega justified last week's government attacks against rebel bases across the Honduran-Nicaraguan border as "totally defensive operations" in response to rebel forays from Honduran sanctuaries.

Ortega also reiterated his government's willingness to negotiate with the United States, but refused to say whether his government would meet American demands to negotiate with the U.S.-backed rebels. "We want a dialogue with the Contras, with the chief of the Contras, which is President Reagan," Ortega said.

(Brian Barger, AP)

Ortega Says He Won't Talk To Contras

President Ortega took a slap yesterday at members of Congress who want to put a restriction on U.S. aid to his enemies, the anti-Sandinista resistance fighters in Nicaragua.

Ortega said, in effect, that the condition put on the aid package was meaningless and that congressional approval of the Administration-backed bill would amount to freeing \$100 million in military help for the anti-government rebels.

(Ralph Hallow, Washington Times, A7)

STATE DEPARTMENT ASKING \$150 MILLION MORE IN AID

State Department officials, expressing growing confidence in the leadership of President Aquino, are seeking a substantial increase in economic and military aid to the Philippines even though the OMB says no funds are available.

A team of American experts led by M. Peter McPherson, head of the Agency for International Development, had recommended an even larger increase when it returned from the Philippines recently, but the OMB said it was impossible due to budgetary restraints.

(Bill Kritzberg, Washington Times, A1)

JAPAN IS LIKELY TO JOIN U.S. "STAR WARS" PROGRAM

TOKYO -- With the lure of a financial and diplomatic bonanza growing, Japan is edging toward participation in President Reagan's SDI. But it is likely to take place through individual firms rather than through the government itself.

Joining SDI is especially controversial for Japan, which is restrained by a peace constitution, a ban on arms exports and nuclear weapons research and a 1969 parliamentary resolution against military uses of space.

(UPI story, Washington Times, A6)

LIBYAN NEWSPAPER REPORTS START OF ANTI-AMERICAN OPERATIONS

TRIPOLI, Libya -- The Libyan capital's sole daily newspaper claimed that "revenge operations" against American targets had begun in Italy, but an American diplomat in Rome denied knowledge of any attacks.

Under its Sunday headline, Tripoli's Arabic-language newspaper al-Fajer al-Jadid quoted from what it described as an Italian news agency dispatch reporting assaults on American interests in Italy.

(A U.S. Embassy spokesman in Rome, speaking on condition of anonymity, told the AP on Sunday he knew of no such "revenge operations" against U.S. targets.)

(Scheherez Faramarzi, AP)

MURPHY SAYS WE'LL SAIL AGAIN IF LIBYA KEEPS UP GULF CLAIM

Col. Qaddafi can expect further Navy maneuvers in the disputed Gulf of Sidra, despite the threat of terrorist attacks against Americans and U.S. military bases abroad, a senior Administration official said yesterday.

Richard Murphy said the 6th Fleet would sail into the gulf again if Col. Qaddafi continues to claim it as Libyan territory.

(Jeremiah O'Leary, Washington Times, A12)

ADMINISTRATION OFFICIALS REFUSE TO RULE OUT STINGER MISSILE

Reagan Administration officials aren't denying reports that sophisticated anti-aircraft weapons have been sent to U.S.-backed rebels in Angola and Afghanistan, but aren't confirming the reports either.

Michael Armacost said Sunday he would not comment "on those kinds of intelligence matters." But Armacost, appearing on NBC-TV's "Meet the Press," said Administration policy was "to furnish support for indigenous sources of resistance to outposts of Soviet influence."

(AP)

NATIONAL NEWS

STAR WARS

U.S. scientists have not gotten very far in making President Reagan's dream of a high-tech shield against nuclear attack become a reality, a Senate report says.

Rather, research on the SDI over the past three years has highlighted the nearly insurmountable problems of basing a comprehensive anti-missile system in space, the study says.

"While some significant progress has been achieved in each of the five major programs of the SDI, none of it could be described as amazing," said the report, which was circulated on Capitol Hill last week. A declassified version was released Sunday.

(AP)

Star Wars Scientists Aren't As Hopeful On Project As White House, Report Says

Scientists working on the SDI are far more skeptical about the prospects of the proposed antimissile system than senior Reagan Administration officials, according to a senate staff report.

The study, conducted over the past four months by aides to the three ranking Democratic senators, warns that the crash research program still has "intractable problems" that cast doubt on whether any strategic defense system could accomplish President Reagan's goal of rendering nuclear missiles "impotent and obsolete." The Senate paper calls for continued research and funding for the project but urges that "Congress should maintain a certain degree of skepticism."

(Tim Carrington, Wall Street Journal)

ACTION SET ON LIABILITY INSURANCE

SANTA BARBARA, Calif. -- President Reagan has endorsed in full the recommendations of an Administration task force on the liability insurance crisis, and will announce this week that he plans to submit legislation to Congress, according to White House officials.

Among the recommendations Reagan has accepted are limits on attorney's fees and restrictions on damages and damage awards for "pain and suffering," the officials said.

(David Hoffman, Washington Post, A1)

REAGAN ATTENDS EASTER SERVICES, REMEMBERS "DEAR FRIEND"

SANTA, BARBARA, Calif. -- President Reagan celebrated Easter Sunday -- the fifth anniversary of the assassination attempt against him -- by attending church services and remembering his "dear friend," actor James Cagney.

The President interrupted a vacation routine of horseback riding and wood chopping at his mountaintop ranch to attend services at a small Presbyterian church in the Santa Ynez Valley near the predominantly Danish-American village of Solvang.

An aide said the fifth anniversary of the March 30, 1981, assassination attempt by John Hinckley "had something to do with" Reagan's decision to attend church.

(Leon Daniel, UPI)

GRAMM-RUDMAN CUTS HIT THE WHITE HOUSE

With Secret Service agents doubling up in hotel rooms and reporters shuttling by van instead of helicopter, the Gramm-Rudman budget cuts have finally hit the White House.

The White House had to cut \$1.1 million from a \$24.9 million budget. It did, however, ask for a fiscal 1987 increase to \$25.1 million.

The White House Press Office is also using both sides of the page to print the daily News Summary for the President and his aides.

(UPI story, Washington Times, A3)

REGAN MAY REFEREE QUOTA FIGHT

SANTA BARBARA, Calif. -- With the Justice and Labor departments entangled like battling elks on the issue of affirmative action changes, Chief of Staff Regan is on the verge of stepping in and settling the matter.

"I have volunteered my good offices," Regan said in an interview over the weekend. The way things work at the White House, President Reagan is above the fray. "We have not surfaced the issue to him," Mr. Regan said. "The best solution may be to do nothing."

(Jeremiah O'Leary, Washington Times, A12)

EDITOR'S NOTES: "Talk Not Cheap At Wick's USIA" by John Goshko appears on page A1 of the Washington Post.

"Casey Strengthens Role Under "Reagan Doctrine" by Patrick Tyler and David Ottaway appears on page A1 of the Washington Post.

NETWORK NEWS SUMMARY

(Sunday Evening, March 30, 1986)

NICARAGUA/DANIEL ORTEGA

ABC's SAM DONALDSON: Nicaraguan President Daniel Ortega said today he wants to negotiate directly with President Reagan to end the trouble between his Sandinistas and the U.S.-backed Contra rebels. Ortega said his forces had been attacking the Contra camps, which he acknowledged are located in Honduras. But he denied there was any invasion of Honduras.

ABC's JOHN QUINONES reports that on Nicaragua's border with Honduras, the Sandinista armed forces are on full alert here, warding off U.S.-supported Contras. Today, Daniel Ortega, convinced that the U.S. Congress will soon approve more funding for the Contras, called for peace negotiations -- not with the rebels -- but with President Reagan. "We want a dialogue with the chief of the Contras, and that's President Reagan," Ortega said. "Reagan can come to Managua, or we will go to Washington -- whichever he wants." ... In its call for peace, the Catholic Church in Nicaragua has long criticized the Sandinista government for refusing to negotiate with the Contra rebels. This Easter week, perhaps because of the religious holiday, perhaps because of the wars' impact on Nicaragua's economy, the voices of dissent seemed louder than ever and it wasn't just the church that was complaining. More and more Nicaraguans are now publicly chastising their Marxist Sandinista government for not negotiating with the Contras.... For now there is no sign of peace. With more American funding expected for the Contras, there is only fear of more fighting despite all of the complaints and all the prayers. (ABC-2)

CBS's BRUCE MORTON: President Reagan went to Easter Sunday church services for the first time in three years -- a small Presbyterian Church near his California ranch. But the controversy over U.S. policy in Central America was with him every step of the way.

CBS's JACQUELINE ADAMS: On his way to Easter church services, President Reagan brushed aside reporters' questions and refused to get into a long distance shouting match with Nicaraguan leader Daniel Ortega. (TV Coverage of the Reagans arriving at church.) On the CBS News broadcast, "Face the Nation," Ortega called U.S. efforts to force him to negotiate with the Contra rebels "blackmail." Nonetheless, through an interpreter, he said there is one person he will talk with.

(Daniel Ortega: "We want a dialogue with the Contra, with the chief of the Contras, which is President Reagan.")

Assistant Secretary of State Elliot Abrams dismissed Ortega's overture and insisted that only military pressure would convince Nicaragua's ruling Sandinistas to talk.

(Elliot Abrams: "What they want is a military victory. That's why they went into Honduras. They want to crush the Contras.")

Ortega argued that his forces did not invade Honduras, although he did concede there have been a series of what he called "totally defensive operations" along the border. White House officials plan to spend this week finalizing their strategy for the next House vote on Contra aid. Officials here believe they have the votes to win, but many House Democrats worry that this April 15th vote is just the first step toward bringing U.S. troops directly into the fighting in Central America. (CBS-Lead)

SOVIET REACTION/ARMS CONTROL

MORTON: The Soviet news agency Tass today reported President Reagan's rejection of Soviet leader Gorbachev's call for a summit meeting to discuss ending nuclear tests. And the Communist newspaper Pravda accused the President of dispelling the "Spirit of Geneva" -- scene of the last summit. Secretary of State Shultz, flying home from a 10-day European trip, told reporters the stalemate on arms negotiations would continue until the U.S. and the Soviets resume the kind of private diplomacy which led to last year's Geneva meeting. (CBS-2)

NBC's CHRIS WALLACE: The U.S. is also involved in a diplomatic battle with the Soviets. Mikhail Gorbachev now promising to resume nuclear testing as soon as the U.S. explodes another nuclear device. Today, Administration officials were trying to control the diplomatic fallout.

NBC's ANDREA MITCHELL reports from Santa Barbara that the President would not respond to questions about Gorbachev's challenge for an immediate summit in Europe, limited to test ban negotiations. Mr. Reagan's foreign policy advisers have told him that Gorbachev is trying to persuade American allies in Europe that the Soviet Union is genuinely interested in stopping the arms race. But U.S. officials called it a cheap propaganda trick and advised the President to ignore it. Senior officials said if Gorbachev's offer had been serious he would have made it through diplomatic channels, not on television. Administration officials had hoped that Soviet Ambassador Anatoliy Dobrynin would have been able to set a date for the proposed summit when Dobrynin returns to Washington next week. Now, that is less likely. (NBC-2)

EASTER SERVICES

DONALDSON reports in California, President Reagan worshipped at a small Presbyterian Church near his ranch, the first time he has gone to church in 15 months. (TV Coverage of the Reagans at church.) (ABC-6)

MARCOS

MORTON reports that after the Secret Service nixed a big picnic and Honolulu officials nixed a park bash, Ferdinand and Imelda Marcos settled for a smaller Easter gathering at their rented beach front home.... Marcos said that he still considers himself the President of the Philippines. And he called Corazon Aquino a "dictator." (CBS-5; ABC-6; NBC-9)

SOUTH KOREAN PROTEST

WALLACE: Some 80,000 people marched through the streets Kwangju, South Korea today in the largest anti-government demonstration since President Chun Doo Hwan came to power six years ago. The protesters chanted down with dictatorship and demanded a change in the Constitution, calling for a direct election of the president. (NBC-4)

SENATORS/HARKIN & DOLE

DONALDSON: Democratic Sen. Tom Harkin of Iowa said today much of the U.S. aid already sent to Contras cannot be accounted for. Harkin charged it has been stolen by Contra leader Adolfo Colero, among others. But Senate Majority Leader Robert Dole said the U.S. should press on with assistance. And Dole predicted the \$100 million the President is currently requesting won't be enough -- that more money will have to be voted later.

On another subject, Sen. Dole was less outspoken, but finally clear. Asked whether the President should reappoint Federal Reserve Board Chairman Paul Volcker, when Volcker's term expires next year, Dole first replied, "I think he's been very effective." Asked the same question again, Dole replied, "It would be alright with me." Asked for a third time whether Volcker should be reappointed, Dole finally responded, "I think it would be a good idea."
(ABC-3)

AFGHANISTAN/ANGOLA

WALLACE: The Reagan Administration has quietly escalated its involvement in two other countries. In a major policy shift, the White House has started sending sophisticated American-made weapons to anti-communist rebels in Afghanistan and Angola.

NBC's JIM MIKLASZEWSKI reports that the Reagan Administration has decided to send the rebels Stinger missiles. One Administration source indicated the CIA would be responsible for training the guerrillas in their use. A key element in the decision came at a March 5 meeting between Secretary of State George Shultz and several conservative senators, including Majority Leader Robert Dole.

(Sen. Dole: "We did indicate that we felt effective weapons should be given to the Savimbi forces and the Afghans.")

So the White House decided to send hundreds of Stingers to Angola and Afghanistan.

(Sen. Jim Sasser: "We have a right to supply them with weapons that they can defend themselves with.")

Without officially confirming the deal, the Administration was talking tough.

(Michael Armacost: "The absence of a political resolution, then the military conflict will continue. The Soviets will pay a higher and higher price.")

There are also reports the U.S. may give Stinger missiles to rebels in Cambodia and Nicaragua.
(NBC-Lead)

SOUTH AFRICA

DONALDSON: In South Africa today, a conference of black school teachers, parents and students voted to end a school boycott against apartheid. But made it clear they were changing tactics -- not objectives.

ABC's JIM HICKEY reports that instead of the boycott, delegates voted for a three-day national strike in June, on the tenth anniversary of the 1976 Soweto uprising. Conference organizers insist they are not giving in to the government by ending the boycott. Instead, they believe it will be easier to mobilize students for political action if they are in the classrooms instead of roaming the streets.
(ABC-4)

POPE JOHN PAUL II

DONALDSON reports the Pope chose Christianity's holiest day to deliver a strong attack on war and terrorism -- a message with special meaning for one of the more notable worshippers in attendance.

ABC's DAVID ENSOR reports the Pope condemned both terrorism and reprisals against it. Secretary of State Shultz was among those in St. Peter's Square listening to the Pope. Italian commentators are saying the Pope's condemnation of reprisals against terrorism may have been partly aimed at the recent U.S. naval maneuvers and missile counterattacks against Libya. The Vatican routinely says, though, that the Pope does not single out anyone, he condemns violence in general. (ABC-5; NBC-7; CBS-3)

JOHN HINCKLEY/GUN CONTROL

DONALDSON: Today is the fifth anniversary of John Hinckley Jr.'s attempt to assassinate President Reagan. Last week, Hinckley lost a bid to gain more freedom from his confinement at St. Elizabeth's Hospital. (ABC-8)

MORTON reports five years ago today, John Hinckley shot and wounded President Reagan, White House Press Secretary James Brady and two others. That 1981 assassination attempt brought renewed demands for stricter laws controlling the purchase of handguns. (TV Coverage of assassination attempt.) President Reagan opposed those efforts. (President in 1983: "It's a nasty truth but those who seek to inflict harm are not phased by gun control laws. I happen to know this from personal experience.")

The federal gun control law remained unchanged. The debate now in 1986 is over a bill that would weaken that law. The National Rifle Association wants it weakened -- no surprise there. But police officers, NRA allies on other issues over the years, are fighting the association this time, even to the point of staging a demonstration at the Capitol.... And the police have another ally in their fight, Sara Brady, wife of Press Secretary James Brady, wounded in that assassination attempt five years ago. A Republican and a conservative who thinks the gun law should not be weakened.

(Sara Brady: "Say that it passed the Senate and then it stood a chance of passing the House. I realized how dangerous it was and I thought because of what did happen to Jim, I was in a position where people might listen to me. And it became very apparent to me that if we had had better laws, then Hinckley, John Hinckley, would not have been able to purchase that cheap gun.") The NRA is one of the most effective lobbies in Washington. It contributes a lot of money to congressional campaigns; its members do write and call their congressmen. Sara Brady and the police organizations know they are in a tough fight for congressional hearts and minds.

(Sara Brady: "A majority of them are back and forth. They would like to support our view but they are awfully afraid of the NRA. And those are people we are working on now. We're hoping they are going to vote their conscience and their common sense on this issue and not panic and vote with the NRA.") The House votes on April 9th. (CBS-6)

JAMES CAGNEY

MORTON: Actor James Cagney died today at his home in upstate New York. He was 86. As Terry Drinkwater reports, Cagney got his start on the streets of New York and grew up to become America's Yankee Doodle Dandy.

CBS's TERRY DRINKWATER: (President Reagan at the White House: "A citation as a giant in the world of entertainment -- James Cagney.") Toward the end, they took him to the White House to get the Presidential Medal of Freedom from an old pal. As for his epitaph, well let Cagney tell it: "I am a Yankee Doodle Dandy...." (CBS-8; NBC-3; ABC-Lead)

PHILIPPINES DEMONSTRATION

NBC's STEVE MALLORY reports from Clark Air Base main gate that bar girls, taxi drivers and businessmen protested strikers' barricades that have closed American facilities here to traffic. It has been bad for business they say. (NBC-5)

U.S. EMBASSIES/TERRORISM

WALLACE: After the Sixth Fleet showdown with Libyan forces in the Gulf of Sidra, American embassies around the world went on special alert. In case Moammar Khadafy struck back.

NBC's JOHN COCHRAN reports from Kigali, Rwanda that the U.S. Embassy is an easy target, so American officials reacted quickly to a warning that Libyan terrorists were on the way. The embassy was closed on Friday and embassy personnel were told to stay away. The embassy communication system had received a secret warning from Zaire. (NBC-6)

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ABC'S THIS WEEK WITH DAVID BRINKLEY

Moderator David Brinkley, with Sam Donaldson and George Will.

Guests: Sens. Robert Dole and James Sasser, Assistant Secretary of State Richard Murphy, and Libya expert Henry Schuler.

DAVID BRINKLEY: What did we accomplish by attacking Libya in the Gulf of Sidra?

RICHARD MURPHY: I think you have to ask yourself how to you respond to a bully. Do you just let him go on? Do you let him make a challenge -- in this case saying the Gulf of Sidra is national waters and not repond -- and let the right to freedom of navigation be eroded over the years. We have challenged him repeatedly.... I wouldn't see that blowing up our embassy, which he may well have planned long before this naval exercise, is tied to that exercise. That's an ongoing plan of Khadafy's. We have our own programs to counter those.

HENRY SCHULER: I fully agree that we have got to get tough with a bully. I think, however, that we should do it by isolating him politically and economically, and undermining the support for his regime within the country. And what I fear is that these military maneuvers are counterproductive in that regard, because they rally support in the region and within the country to him.... To be sure, it's the rhetorical Arab world that rallies to his cause, because indeed the leadership of those countries, many or his neighbors, would like to see him removed.

SAM DONALDSON: Do you think we deterred him? Do you think now we are not going to see a Khadafy-inspired terrorist attack again?

MURPHY: I think the programs we have, they're three-fold: The economic sanctions programs that was tightened up considerably in January; the continuing program of freedom of navigation; and then the whole set of other programs we have to bolster the moderate Arabs.

SCHULER: I don't think in the least. As a matter of fact, I don't think there is any way we are going to deter Khadafy. We have to encourage the Libyan people to rid themselves of him.... He obviously can't match us in conventional military force so he has to resort to unconventional, which means terrorism and support for subversion of U.S. interests.

BRINKLEY: Why did we get so excited about this (Nicaraguan incursion)?

SEN. SASSER: I think that's a good question. The cynics would say this is an effort on the part of the Administration to drum up support for their effort to get \$100 million in Contra aid.... I suspect that's the case. In other words, what we have seen in recent times, in other incursions, ...very little was said about that. There was no offer to ferry Honduran troops to the border in American helicopters as we saw this time.

SEN. DOLE: I think it did have an impact on the Senate votes. You can't look at just the last vote, you have to look at the Kennedy amendment which said no aid at all. That was defeated by a two-to-one margin. The amendment offered by Sen. Sasser -- \$30 military in humanitarian aid -- was defeated by a two-to-one margin. So I think it did have an impact.

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DAVID BRINKLEY (continued)

GEORGE WILL: It's just not the case, from what we know about the dynamic of political debate in this town, people would say it's the President's fault -- he hasn't negotiated in good faith. So all the Sandinistas have to do under your program is hold on for six months?

SASSER: No, it's because when you are pumping \$30 million into an army of 15,000 men in that very poor region of the world, they are going to stay there where that sustenance is for the six month period.

BRINKLEY: The Soviet Union is shipping help to the Sandinistas by the shipload.... How do we ever hope to win anything out of this?

DOLE: We're not going to win it with \$100 million. I think Bud McFarlane was right. If we are going to start down this road, we're going have to sustain it. And I would much rather spend a few \$100 million taking care of that beachhead in Nicaragua, than letting it move up in our direction.

SASSER: I think if we start down the road, we're going to have to have a sustainable policy. The problem is you get a \$100 million this year for a policy that the Congress and the American people have no confidence in. When you come back at the end of 18 months and ask to fund this same policy again, it's simply won't fly. And what we need is a sustainable policy in that region that the American people and the public will support.

WILL: What will it take to get Sen. Sasser to support aid to the Contras?

SASSER: If we cannot make progress in negotiations with the Sandinista government, if it's clear that they are going to continue to try to subvert their neighbors, if they are going to continue to import Soviet military material with extensive Soviet advisers, then that is enough for me. I would support military aid for the Contras at the end of that period. But, I don't think we have exhausted the potential to negotiate in this region.

DONALDSON: The President wants about an 8% increase (in defense) to make up for what he said he didn't get because of Gramm-Rudman-Hollings cuts?

DOLE: He doesn't need that much but he liked to have it.... I think somewhere around \$301-\$305 billion would certainly be a victory for the President on defense spending. But I think also the White House has to be a part of this effort. They can't sit on the sidelines at the White House and blame the Congress for not having the budget. And they have already indicated to us that they are willing to sit down with us and we're going to do it after the Easter recess.

DONALDSON: Is there any possibility that the Senate will pass a budget that doesn't include new revenues?

SASSER: ...I think Chairman Domenici is now going for it the only way he can: with some revenues, some cuts in defense, some cuts in domestic spending -- a balanced program.... I think in the long-term we have got some deep seated economic problems that are going to come home to roost.

FREE-FOR-ALL DISCUSSION

ON AID TO NICARAGUAN CONTRAS:

WILL: I agree that this amount of money won't suffice and I think everyone agrees with that. The difference is whether or not we're going to have to put more money in. I don't think money's the issue here.... The question is the perception of the threat and I do think -- slowly but surely -- both sides are getting committed....

DONALDSON: The problem with the President's rhetoric, of course, is that he paints Armageddon right around the corner. It's this apocalyptic view of what Nicaragua can do to Harlingen, Texas -- or San Diego -- is far beyond the remedy that he proposes. So you have to ask yourself: has the man decided that the threat to the U.S. that he paints can be countered by a few Contras, which is kind of silly, or is this just another step down the road of escalation. I think it is the latter. I think the President intends to overthrow the Sandinista government by whatever means the American people will support. He's a good politician; he won't send the Marines until he has public support for it. But the moment he senses that, they're down there.

TOM WICKER: What is the end objective of what we are trying to do in Nicaragua? What's President Reagan trying to do? If it is really to make the Sandinistas change their ways, then it seems to me that's very unlikely. That's very unlikely to do that either by military force or by negotiations. If it is to overthrow the Sandinistas, then that's another set of problems entirely. And I think the Administration has made it pretty clear on one occasion or another that their object is to overthrow the Sandinistas. Now, if you are going to overthrow the Sandinistas, Sam's analysis of what's happening may very well be correct....

ON GORBACHEV'S NUCLEAR TEST BAN PROPOSAL:

WICKER: The Administration's turned that down flat. And I think in this case...this latest Gorbachev proposal, if he knows as much about American government as he appears to, it's bound to have been propagandistic to drive the point home because the Reagan Administration has made it clear time and time and time again that they are not going to enter into a nuclear test ban for reasons of their own. So when Mr. Gorbachev proposes it one more time, it seems to me he got the answer he expected and probably the propaganda advantage he wanted for whatever that may be worth.

WILL: Mr. Gorbachev is in the process, not for the first time for a Soviet leader, of reneging on a promise -- a promise made at Geneva. He was invited to come to the U.S. in June. Instead of now talking about a summit without preconditions -- regular summits without preconditions which was the agreement in Geneva -- he's now talking about something else. And it won't work.

WICKER: Talking about reneging on promises, the U.S. is committed in two treaties, a limited-test ban treaty and the non-proliferation treaty -- the law of the land -- we're committed in two treaties to pursue a comprehensive test ban treaty and this Administration simply won't do it.

CBS's FACE THE NATION

Moderator: Bob Schieffer

Guests: President Daniel Ortega of Nicaragua, Rep. Thomas Foley,
and Assistant Secretary of State Elliot Abrams.

BOB SCHIEFFER: Did your troops cross into Honduras?

PRESIDENT ORETGA (through interpreter): Let me make clear that we have lied at no point. What we have stated is that we have not invaded Honduras. We have not committed any act of aggression against Honduras. What there have been is a series of military operations that aren't new, they've been taking place for years now, all along the frontier area to attack the contra-revolutionary forces...in Honduras. They are totally defensive operations....

The mercenary forces are in Honduran territory. What's important now is U.S. forces itself are being pushed in by the Reagan Administration and as much as the Contra forces are losing rapidly. Now who do you believe? ... U.S. policy is actually interfering with the efforts of both Honduras and Nicaragua to try to hold conversations. In fact we are going to have a Central American president summit meeting late in May. Central Americans, if left to themselves, can solve their own problems. And it's U.S. policy that's blocking these efforts among Central Americans themselves.

SCHIEFFER: Even those in the Congress who say that the U.S. has no business giving aid to the Contras, were stunned that this came just after the House vote to cut off that aid and just two days before the Senate was to vote on this. Why did you chose this particular time for this operation?

ORTEGA: We didn't choose any specific moment for this. As I said before, the combat -- the operations -- have been going on for years in that area. From the day that the Contras began attacking from Honduras, there have been military operations throughout the border area. Now, of course, the Reagan Administration found it opportune, necessary and convenient to blow this all out of proportion and proceeded to do so. And the lies came from the Reagan Administration when it said that Nicaragua was invading Honduras. And this, of course, is with an eye to the Senate vote and to U.S. public opinion. In fact, when the vote took place in the House, the principle Contra camps had already been destroyed and attacked.

SCHIEFFER: Does this...90-day period, with the threat of more aid going to the Contras at the end of it, will that cause you to change your mind? Would you be willing now to talk to the Contras?

ORTEGA: All this is blackmail. All this is in violation of international law and even your own domestic law. What we are talking about is the "Vietnamization" of the Central American conflict.... So they put on this publicity stunt in order to help the Contras putting U.S. helicopters almost right on our very border. We want the dialogue with the Contra -- with the chief of the Contras, which is President Reagan. And he can come here to Managua or we're willing to go to Washington: wherever he wants to.

FACE THE NATION (continued)

SCHIEFFER: Will you or will you not talk with the Contras?

ORTEGA: But the Contras are the U.S. government, the Contra is President Reagan. Isn't it in U.S. Congress where U.S. policy is being formed against Nicaragua -- where the war is being directed and financed. What other congress in the world is discussing a policy of how to go about overthrowing another government.... The policy is decided in Washington, not anywhere else, so we have to talk to the White House....

We're willing that as a product of a U.S.-Nicaraguan agreement, all foreign military advisers be withdrawn from all of Central America. Let's make Central America a neutralized zone, free of all foreign military presence. This is something we can offer and we're willing to implement.

SCHIEFFER: What did you make of what President Ortega just said?

ELLIOT ABRAMS: A repetition of last week's lies. He still doesn't really admit that they went across and invaded Honduras. I should just mention that actually you weren't hearing Ortega -- the interpreter was actually enhancing his remarks into what, I guess, the interpreter thought he should be saying. But it's also clear that they don't want to negotiate. He said he doesn't want to sit down with the Contras. President Reagan went to the U.N. last fall and said look, the way to get all these regional disputes settled is talk -- the warring parties should talk. Now these guys don't want to go to the table. That's why we have come up with a policy of pressure to try to force them to the bargaining table.... What they want is a military victory. That's why they went into Honduras. They want to crush the Contras taking advantage of this Congressional delay.

REP. THOMAS FOLEY: I don't think the House is going to approve what the Senate approved. I think there may be a final tendency for the House to impose some real conditions, including a separate vote of the House as to whether those conditions have been met.... This is a unilateralist approach of the U.S. which we feel, many of us, inevitably draw the U.S. closer and closer into the war. I don't think there's any question that if the goal is to overthrow the Sandinista government, that U.S. forces would have to be involved to do that. The President said he doesn't want to use forces -- I take him at this word. The problem is not a deliberate policy of injecting U.S. forces, but the gradually rocking into the quagmire....

I think it is unfortunate the President suggested ... that the invasion of Honduras occurred, and I believe that they did cross the Honduran border, it occurred because of a so-called weak signal from the House....

NBC's MEET THE PRESS

Moderator Marvin Kalb, with Charles Krauthammer and R. W. Apple

Guests: Undersecretary of State Michael Armacost, Senator Joseph Biden

MARVIN KALB: On how you would treat terrorism, what would you do that's different?

SEN. BIDEN: Well, in 30 seconds what I'd do different is decide what my objective is. I'm not sure exercising the right of free passage demonstrates that we're going to be able to control terrorism. If we're going to control terrorism in Libya in that regard, we have to do much more than flex our muscles there. I think you must engage the rest of the free world in that effort. To the degree that you can, I think you have to be prepared to use some covert action and intelligence in ways that we have yet to be insightful enough to do.

CHARLES KRAUTHAMMER: You yourself stated on the floor of the Senate on Thursday that our major error in Vietnam was not trying to build a democracy there, but was putting in American troops rather than letting the South Vietnamese do their own fighting. Well, in Nicaragua that's exactly what we're trying to do, which is to support Nicaraguans who want to do their own fighting and yes -- and yet you were one of those who voted to oppose aid to these people.

BIDEN: Charles, I have the same problem with Nicaragua you have with Cambodia, and that is that although I accept the principle that we should and could be involved, the question is will it work, our involvement. And the issue seems to me that this Administration fails to discriminate is whether or not if we can -- that contra forces can gain the popular support of the Nicaraguans. I'd assume you'd agree, if it's unable to gain the control of the minds as well as the hearts of the peasant population in the country side, it can't succeed and it's a guaranteed prescription for U.S. involvement.

KALB: Mr. Gorbachev made a proposal yesterday for an immediate summit, a ban on nuclear tests. The President rejected it very quickly. What would have been your response?

BIDEN: Well, probably the same. I think it's sad that we've gotten to this point, quite frankly. We've allowed the Test Ban Treaty to be the single source of discussion of arms control, which has become a dead letter. It's been used now as a propaganda tool.... We're not going to get any because this Administration has not determined what its view is on arms control. It is still a battle -- at war with itself. It hasn't resolved the question as to whether or not it's committed to the notion of arms control; whether arms control, verifiable or otherwise, is in the interest of the U.S. That's the fundamental disagreement that goes on within this Administration. They've been debating it for six years.

KRAUTHAMMER: I'm not sure I understand that what your party's position is on Nicaragua.

BIDEN: Neither do I.

MEET THE PRESS (continued)

KRAUTHAMMER: You don't either. Can you tell us what it is in your own?

BIDEN: No, I can't because I think, in fact, my party is split all across the board.

KALB: Why is it that the U.S. feels it can use force against Libya, but against Nicaragua, described as an outlaw nation this week by a senior State Department official, why is it that we feel that we have to use our force through proxies?

MICHAEL ARMACOST: Well, I think they're different cases, Marvin. In the case of Libya, we were conducting a naval exercise in internationally recognized waters, as part of a program in which we affirm these rights in 30 or 40 places a year. American forces were involved, and were operating peacefully. They were provoked by five or six missile shots at our aircraft over six hours. And we took what we regarded as a measured and forceful response. In Nicaragua, as Mr. Krauthammer said earlier, we confront a situation in which we're trying to consolidate the democratic evolution in Honduras, El Salvador. And Honduras and Costa Rica, of course, had a long tradition. And we confront a country which proclaims a revolution without frontiers, and we're supporting some people, Nicaraguans, who would like to promote greater pluralism in their politics, and we believe that's a proper way to proceed. We're not trying to get involved ourselves. We're trying to support those Nicaraguans who are prepared to affirm their own value which we support.

KRAUTHAMMER: I'm wondering why the Administration all of a sudden has found this so unacceptable that a regime in Nicaragua would defend itself by attacking sanctuaries across another border?

ARMACOST: Well, in this case, the Honduran government made a request that we provide support, and we provided that support to them.... Hondurans could deal with the problem, but they needed logistics support. That's what we provided.

R.W. APPLE: Everybody in Washington, in your Department, in the White House, Defense Department, has made it quite clear that the White House, the Reagan Administration has been looking for a chance to give Qaddafi a black eye in repayment for his terrorism. You're not denying that, surely?

ARMACOST: No, I'm not, but in this particular case, this was part of a naval challenge program. We've operated for four or five years. As I say, we do these exercises 30 or 40 times a year.

APPLE: Is there any reason to believe that what happened in the Gulf of Sidra last week is going to discourage Mr. Qaddafi from further terrorist activities?

ARMACOST: Well, again, we were affirming maritime rights. In the process we exposed his bluff. He claimed this was a "Line of Death." It was not a "Line of Death" for Americans. These were international waters. The only people who died were Libyans.

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THE McLAUGHLIN GROUP

Moderator John McLaughlin, with Morton Kondracke, Robert Novak, Jack Germond and Michael Kinsley

McLAUGHLIN: Were the U.S. Naval maneuvers (near Libya) a good or bad idea?

KINSLEY: This had absolutely nothing to do with the Gulf of Sidra or freedom of navigation, or little with terrorism. This was Ronald Reagan looking for a Grenada type fix, he very cleverly figured out a way to entice Khadafy into this trap where we got to kill a bunch of Libyans. We did in a way that caused very little risk to ourselves and also, in a way where we couldn't be blamed very much.

NOVAK: It showed that the U.S. is not to be trifled with. I think it was an effective use of military power and most Americans are very happy about it.

GERMOND: It was justified, obviously. Was it wise? We don't know the answer to that. I don't see any rationale for doing it beyond the showing that we can drop some bombs on some Libyans.

KONDRACKE: If this is all there is, this kind of taunting of Khadafy, then it's counterproductive, because it probably will give him an excuse to go for new terrorist activities. But, if this part of a strategy that leads to eventually overthrowing Khadafy or inflicting real damage on Khadafy or stopping his terrorist activities elsewhere, then I'm for it.

McLAUGHLIN: How do you rate President Reagan's performance in the Libyan-U.S. exchange?

KINSLEY: C, who cares? NOVAK: A+ GERMOND: Performance A, policy D.
KONDRACKE: It's an easy A, this was a gut course on this one. I want to see the next test. McLAUGHLIN: On a policy basis, he flunked.

ON HONDURAS:

McLAUGHLIN: Did the Reaganites exaggerate what was in reality little more than another crossed border skirmish?

KONDRACKE: A very large force came over the border and tried to knock out two training bases. What's missing in all the argument that has been going on here is the factor that caused this thing was the delay, both Reagan's fault and Congress's fault, all of these measures to get aid to the Contras have built into them, both Reagan and the Congress have a 90-day delay. This is a time before the Contras are up to speed militarily, so the Cubans advise the Contras to hit them during that period.

KINSLEY: Every day down there are soldiers crossing the border from Honduras into Nicaragua as part of a guerrilla war which we are promoting.... Ronald Reagan is doing it for propaganda reasons, but the Democrats in Congress look like complete idiots saying they are shocked to discover that the Nicaraguans are fighting back.

McLAUGHLIN GROUP (continued)

NOVAK: We are in world struggle against communism. All intelligence information authenticated indicates that something in excess of 1,000 troops got in there and they were cut up by the Contras.

GERMOND: Nobody in their right mind accepts the Nicaraguan version of this thing. All we really know is that they have been going in there regularly over a long period of time.

McLAUGHLIN: Will OPEC come back or is it dead forever or for as far as the eye can see?

KONDRACKE: I think it will be back. REST: Dead forever.

McLAUGHLIN: Is Richard Gephardt ready for the big leagues of national politics or is he a bright young, but still unready figure on the American presidential scene?

NOVAK: He is very much like a conventional Democrat right now. Secondly, I think this abortion problem is enormous for him.

KINSLEY: He's a computer designed candidate. He's what people say they want but no one can remember anything about him. He's so moderate. I don't think moderation is what the Democrats need.

KONDRACKE: What he's trying to do is pull the Jimmy Carter routine again by visiting practically every voter in Iowa.

McLAUGHLIN: On a scale of 0 to 100, how do you rate his probability of getting the nomination?

KINSLEY: 1% NOVAK: 1.2% GERMOND, KONDRACKE, McLAUGHLIN: 10%

PREDICTIONS:

KINSLEY: Justice William Brennan of the Supreme Court is going to celebrate his 80th birthday with a lot of very liberal decisions coming out of that court this term.

NOVAK: Vice Admiral Frank Kelso is said to leap frog over several more senior admirals to become the next Chief of Naval Operations.

GERMOND: Jim Thompson is now going to win big enough in Illinois to be a presidential candidate in 1988.

KONDRACKE: President Reagan is going to mothball a nuclear submarine and thereby technically violate Salt 11.

McLAUGHLIN: The Supreme Court will uphold the lower court decision with regard to Gramm-Rudman-Hollings, declare it unconstitutional. Also, the vote will be 7-2, the two dissenting justices will be O'Connor and Rehnquist.

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AGRONSKY & COMPANY

Moderator Martin Agronsky, with Tom Oliphant, James Kilpatrick, Charles Krauthammer and Hugh Sidey

AGRONSKY: All things considered, were we wise to hit Khadafy?

KILPATRICK: Yes, I wish we could have hit him twice as hard. If he would have been just cooperative, we would have.

OLIPHANT: They were justified, but our fixation with Libya is both foolish and myopic and injurious to more important American interests in the region.

KRAUTHAMMER: Absolutely, we were wise. Khadafy had to be sent a message. The message is, this is what happens at a time when you're aren't killing Americans. Imagine what's going to happen after you do.

SIDEY: The worst possible decision except for all of the other alternatives. It is a time when you had to choose and it wasn't very pleasant.

OLIPHANT: We have made Khadafy stronger in his own country for now. In addition, we have undermined the position of more moderate Arab leaders in the Middle East whom we really ought to be getting to focus on more important concerns like the Iran-Iraq war....

KRAUTHAMMER: The fact is we have a policy here. The President realized after the attack on Vienna and Rome he had to do something. Step one was to get Americans out of Libya. Step two was the message, this is what we can do. We can knock out patrol boats and a radar station. Step three will happen if there is a resumption of terror and that, I hope, will be knocking out all of the oil ports which Libya has.

SIDEY: We have heard a lot about if we get tough, Khadafy will be made a hero and then we will have terrorism. There isn't a bit of correlation to suggest that.

OLIPHANT: It is not really just Libya that is responsible for international terrorism. Syria is truly a sponsor of terrorism in this world.

KRAUTHAMMER: Economic sanctions are totally useless. We have tried it a dozen times and the Europeans never joined us.

SIDEY: Ronald Reagan couldn't have avoided this. The political environment would not have allowed him not to conduct those maneuvers and go across that line.

ON NICARAGUA/HONDURAS:

AGRONSKY: What's going to happen in the Congress?

KILPATRICK: I believe the President will get most of what he wants when the Congress returns.

KRAUTHAMMER: We support the one side that I think can help bring democracy in Nicaragua or we don't. We should support them.

AGRONSKY & COMPANY (continued)

OLIPHANT: The real significance down there of what happened is that the Honduran government is very nervous about being used as base camp for this war.

KRAUTHAMMER: It showed exactly what the strategy and thinking of Ortega and Sandinistas is. The strategy is to win on a military victory.

OLIPHANT: The biggest threat to Ortega is peace. The one thing that regime cannot stand is the light of democratic day. We are working to the strengths of the Sandinistas as the war widens.

ON THE ECONOMY:

AGRONSKY: The trade deficit has lessened, inflation keeps going down, interest rates keep going down, the stock market keeps going up. What goes on here? Is it going to continue?

SIDEY: It isn't a bubble and will not explode. The economy sits on a fairly firm foundation.

KRAUTHAMMER: There has been a fundamental change in the world economy. The crash in the price of oil -- which is now undoing all of the damage that was done to Western economies in the 1970's.

OLIPHANT: The major feature of the American economy right now is it's tremendously imbalanced. If you look at the signs so far this year, what you see is the continuing inability of the economy to grow vigorously.

AGRONSKY: How much credit for the extraordinarily good state of the economy would you give to Mr. Reagan? Was he lucky?

OLIPHANT: The financial success is due the stability and strength of his leadership. On a policy basis, that one's kudos should go to Paul Volcker.

KILPATRICK: The serenity and confidence of Ronald Reagan is contagious, infectious. It gives people a sense of confidence in the market and in the whole economy.

SIDEY: The President has set certain goals and has never deviated.

KRAUTHAMMER: He has provided very strong leadership.

AGRONSKY: Would you share in the optimism that we find at the White House among the President's advisers that he has now arrived at a point where he's no longer in jeopardy in any way?

KILPATRICK: Yes and no, he's back in the saddle again.

AGRONSKY: No prospect of being a lame duck president?

KILPATRICK: No, he's a fighter. He's no lame duck who's crippled.



News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, MARCH 31, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

SHULTZ WANTS U.S. AND SOVIET TO END PUBLIC DIPLOMACY -- Secretary Shultz said today that "we're not going anywhere" in Soviet-American relations until Moscow and Washington agree to stop conducting their diplomacy in public. He called on both sides to resume regular, secret contacts.

(New York Times, Washington Post, AP)

SOVIET ARMS OUTLAY STEADY, CIA ASSERTS -- The CIA now estimates that Soviet spending on weapons procurement has been almost flat for a decade and is likely to grow little, or even decline, during the next five years, according to congressional testimony made available yesterday.

(Washington Post)

NATIONAL NEWS

STAR WARS -- U.S. scientists have not gotten very far in making President Reagan's dream of a high-tech shield against nuclear attack become a reality, a Senate report says.

(Wall Street Journal, AP)

NETWORK NEWS (Sunday Evening)

NICARAGUA -- Daniel Ortega said today he wants to negotiate directly with President Reagan.

SOVIETS -- Tass reported today President Reagan's rejection of Gorbachev's call for a summit to discuss ending nuclear tests.

EASTER SERVICES -- President Reagan worshipped at a church near his ranch.

INTERNATIONAL NEWS....A-2

NATIONAL NEWS.....A-5

NETWORK NEWS.....B-1

SUNDAY TALK SHOWS.....B-6

INTERNATIONAL NEWS

SHULTZ ASKS RETURN TO QUIET DIPLOMACY

SHANNON, Ireland -- Arms control talks with the Soviet Union "are never going to get anywhere" until they return to the private diplomacy that led up to the Geneva summit last November, Secretary Shultz said today.

"If we're going to see a return to the kind of progress we were making in the period before the Geneva meeting," Shultz said, "We're going to have to be settling into some conversations that are directed between the Soviets and ourselves."

(Joanne Omang, Washington Post, A3)

U.S./Soviet Union

Secretary Shultz has notified the Soviet Union that only private diplomacy -- not public proposals for summit meetings -- will break the stalemate in U.S.-Soviet arms control talks.

"Until that happens, we're not going anywhere," Shultz said after the Administration rejected a proposal by Mikhail Gorbachev to meet with President Reagan in Europe to negotiate a ban on all nuclear weapons tests.

Shultz complained that U.S. and Soviet proposals on weapons reductions had been aired publicly. He said he wanted "to get somewhere in our relations with the Soviets where we're able to have some discussions that are relatively quiet and direct."

(Barry Schweid, AP)

Shultz Wants U.S. And Soviet To End Public Diplomacy

Secretary Shultz said today that "we're not going anywhere" in Soviet-American relations until Moscow and Washington agree to stop conducting their diplomacy in public. He called on both sides to resume regular, secret contacts.

He expressed dismay about the recent pattern of Soviet-American public statements, including the latest exchange on Saturday in which Mikhail Gorbachev proposed a summit meeting in Europe to negotiate a ban on nuclear tests, which was immediately rejected by the White House.

(Bernard Gwertzman, New York Times, A1)

REAGAN SHUNS SINGLE-ISSUE SUMMIT OFFER

SANTA BARBARA, Calif. -- The White House has sidestepped Mikhail Gorbachev's offer to meet President Reagan in Europe to negotiate a nuclear test ban.

Peter Roussel said in a curt weekend statement that the vacationing President has "taken note" of Mr. Gorbachev's speech, broadcast on Soviet radio and television Saturday.

(Jeremiah O'Leary, Washington Times, A1)

SOVIET ARMS OUTLAY STEADY, CIA ASSERTS

The CIA now estimates that Soviet spending on weapons procurement has been almost flat for a decade and is likely to grow little, or even decline, during the next five years, according to congressional testimony made available yesterday.

The CIA's Pentagon counterpart, the Defense Intelligence Agency, supports most of the agency's conclusions after arguing for several years that the CIA was underestimating Soviet spending. Past differences "have been narrowed greatly," the agencies said, although the DIA still asserts that Soviet procurement spending increased by 3 percent to 4 percent annually from 1982 to 1984.

(Fred Hiatt, Washington Post, A3)

Defense Spending Seen Limit To Soviet Goals For Economy

Mikhail Gorbachev has made a good start at reviving the troubled Soviet economy, but two U.S. intelligence agencies say he may not be able to achieve a high growth if military spending continues unabated.

Cloudy long-term prospects for the Soviet economy were detailed in a joint report submitted by the CIA and the DIA March 19 in a classified meeting with the congressional Joint Economic Committee.

(Roger Fontaine, Washington Times, A1)

U.S./NICARAGUA

Nicaragua President Daniel Ortega justified last week's government attacks against rebel bases across the Honduran-Nicaraguan border as "totally defensive operations" in response to rebel forays from Honduran sanctuaries.

Ortega also reiterated his government's willingness to negotiate with the United States, but refused to say whether his government would meet American demands to negotiate with the U.S.-backed rebels. "We want a dialogue with the Contras, with the chief of the Contras, which is President Reagan," Ortega said.

(Brian Barger, AP)

Ortega Says He Won't Talk To Contras

President Ortega took a slap yesterday at members of Congress who want to put a restriction on U.S. aid to his enemies, the anti-Sandinista resistance fighters in Nicaragua.

Ortega said, in effect, that the condition put on the aid package was meaningless and that congressional approval of the Administration-backed bill would amount to freeing \$100 million in military help for the anti-government rebels.

(Ralph Hallow, Washington Times, A7)

STATE DEPARTMENT ASKING \$150 MILLION MORE IN AID

State Department officials, expressing growing confidence in the leadership of President Aquino, are seeking a substantial increase in economic and military aid to the Philippines even though the OMB says no funds are available.

A team of American experts led by M. Peter McPherson, head of the Agency for International Development, had recommended an even larger increase when it returned from the Philippines recently, but the OMB said it was impossible due to budgetary restraints.

(Bill Kritzberg, Washington Times, A1)

JAPAN IS LIKELY TO JOIN U.S. "STAR WARS" PROGRAM

TOKYO -- With the lure of a financial and diplomatic bonanza growing, Japan is edging toward participation in President Reagan's SDI. But it is likely to take place through individual firms rather than through the government itself.

Joining SDI is especially controversial for Japan, which is restrained by a peace constitution, a ban on arms exports and nuclear weapons research and a 1969 parliamentary resolution against military uses of space.

(UPI story, Washington Times, A6)

LIBYAN NEWSPAPER REPORTS START OF ANTI-AMERICAN OPERATIONS

TRIPOLI, Libya -- The Libyan capital's sole daily newspaper claimed that "revenge operations" against American targets had begun in Italy, but an American diplomat in Rome denied knowledge of any attacks.

Under its Sunday headline, Tripoli's Arabic-language newspaper al-Fajer al-Jadid quoted from what it described as an Italian news agency dispatch reporting assaults on American interests in Italy.

(A U.S. Embassy spokesman in Rome, speaking on condition of anonymity, told the AP on Sunday he knew of no such "revenge operations" against U.S. targets.)

(Scheherez Faramarzi, AP)

MURPHY SAYS WE'LL SAIL AGAIN IF LIBYA KEEPS UP GULF CLAIM

Col. Qaddafi can expect further Navy maneuvers in the disputed Gulf of Sidra, despite the threat of terrorist attacks against Americans and U.S. military bases abroad, a senior Administration official said yesterday.

Richard Murphy said the 6th Fleet would sail into the gulf again if Col. Qaddafi continues to claim it as Libyan territory.

(Jeremiah O'Leary, Washington Times, A12)

ADMINISTRATION OFFICIALS REFUSE TO RULE OUT STINGER MISSILE

Reagan Administration officials aren't denying reports that sophisticated anti-aircraft weapons have been sent to U.S.-backed rebels in Angola and Afghanistan, but aren't confirming the reports either.

Michael Armacost said Sunday he would not comment "on those kinds of intelligence matters." But Armacost, appearing on NBC-TV's "Meet the Press," said Administration policy was "to furnish support for indigenous sources of resistance to outposts of Soviet influence."

(AP)

NATIONAL NEWS

STAR WARS

U.S. scientists have not gotten very far in making President Reagan's dream of a high-tech shield against nuclear attack become a reality, a Senate report says.

Rather, research on the SDI over the past three years has highlighted the nearly insurmountable problems of basing a comprehensive anti-missile system in space, the study says.

"While some significant progress has been achieved in each of the five major programs of the SDI, none of it could be described as amazing," said the report, which was circulated on Capitol Hill last week. A declassified version was released Sunday.

(AP)

Star Wars Scientists Aren't As Hopeful On Project As White House, Report Says

Scientists working on the SDI are far more skeptical about the prospects of the proposed antimissile system than senior Reagan Administration officials, according to a senate staff report.

The study, conducted over the past four months by aides to the three ranking Democratic senators, warns that the crash research program still has "intractable problems" that cast doubt on whether any strategic defense system could accomplish President Reagan's goal of rendering nuclear missiles "impotent and obsolete." The Senate paper calls for continued research and funding for the project but urges that "Congress should maintain a certain degree of skepticism."

(Tim Carrington, Wall Street Journal)

ACTION SET ON LIABILITY INSURANCE

SANTA BARBARA, Calif. -- President Reagan has endorsed in full the recommendations of an Administration task force on the liability insurance crisis, and will announce this week that he plans to submit legislation to Congress, according to White House officials.

Among the recommendations Reagan has accepted are limits on attorney's fees and restrictions on damages and damage awards for "pain and suffering," the officials said.

(David Hoffman, Washington Post, A1)

REAGAN ATTENDS EASTER SERVICES, REMEMBERS "DEAR FRIEND"

SANTA BARBARA, Calif. -- President Reagan celebrated Easter Sunday -- the fifth anniversary of the assassination attempt against him -- by attending church services and remembering his "dear friend," actor James Cagney.

The President interrupted a vacation routine of horseback riding and wood chopping at his mountaintop ranch to attend services at a small Presbyterian church in the Santa Ynez Valley near the predominantly Danish-American village of Solvang.

An aide said the fifth anniversary of the March 30, 1981, assassination attempt by John Hinckley "had something to do with" Reagan's decision to attend church.

(Leon Daniel, UPI)

GRAMM-RUDMAN CUTS HIT THE WHITE HOUSE

With Secret Service agents doubling up in hotel rooms and reporters shuttling by van instead of helicopter, the Gramm-Rudman budget cuts have finally hit the White House.

The White House had to cut \$1.1 million from a \$24.9 million budget. It did, however, ask for a fiscal 1987 increase to \$25.1 million.

The White House Press Office is also using both sides of the page to print the daily News Summary for the President and his aides.

(UPI story, Washington Times, A3)

REGAN MAY REFEREE QUOTA FIGHT

SANTA BARBARA, Calif. -- With the Justice and Labor departments entangled like battling elks on the issue of affirmative action changes, Chief of Staff Regan is on the verge of stepping in and settling the matter.

"I have volunteered my good offices," Regan said in an interview over the weekend. The way things work at the White House, President Reagan is above the fray. "We have not surfaced the issue to him," Mr. Regan said. "The best solution may be to do nothing."

(Jeremiah O'Leary, Washington Times, A12)

EDITOR'S NOTES: "Talk Not Cheap At Wick's USIA" by John Goshko appears on page A1 of the Washington Post.

"Casey Strengthens Role Under "Reagan Doctrine" by Patrick Tyler and David Ottaway appears on page A1 of the Washington Post.

NETWORK NEWS SUMMARY

(Sunday Evening, March 30, 1986)

NICARAGUA/DANIEL ORTEGA

ABC's SAM DONALDSON: Nicaraguan President Daniel Ortega said today he wants to negotiate directly with President Reagan to end the trouble between his Sandinistas and the U.S.-backed Contra rebels. Ortega said his forces had been attacking the Contra camps, which he acknowledged are located in Honduras. But he denied there was any invasion of Honduras.

ABC's JOHN QUINONES reports that on Nicaragua's border with Honduras, the Sandinista armed forces are on full alert here, warding off U.S.-supported Contras. Today, Daniel Ortega, convinced that the U.S. Congress will soon approve more funding for the Contras, called for peace negotiations -- not with the rebels -- but with President Reagan. "We want a dialogue with the chief of the Contras, and that's President Reagan," Ortega said. "Reagan can come to Managua, or we will go to Washington -- whichever he wants." ... In its call for peace, the Catholic Church in Nicaragua has long criticized the Sandinista government for refusing to negotiate with the Contra rebels. This Easter week, perhaps because of the religious holiday, perhaps because of the wars' impact on Nicaragua's economy, the voices of dissent seemed louder than ever and it wasn't just the church that was complaining. More and more Nicaraguans are now publicly chastising their Marxist Sandinista government for not negotiating with the Contras.... For now there is no sign of peace. With more American funding expected for the Contras, there is only fear of more fighting despite all of the complaints and all the prayers. (ABC-2)

CBS's BRUCE MORTON: President Reagan went to Easter Sunday church services for the first time in three years -- a small Presbyterian Church near his California ranch. But the controversy over U.S. policy in Central America was with him every step of the way.

CBS's JACQUELINE ADAMS: On his way to Easter church services, President Reagan brushed aside reporters' questions and refused to get into a long distance shouting match with Nicaraguan leader Daniel Ortega. (TV Coverage of the Reagans arriving at church.) On the CBS News broadcast, "Face the Nation," Ortega called U.S. efforts to force him to negotiate with the Contra rebels "blackmail." Nonetheless, through an interpreter, he said there is one person he will talk with.

(Daniel Ortega: "We want a dialogue with the Contra, with the chief of the Contras, which is President Reagan.")

Assistant Secretary of State Elliot Abrams dismissed Ortega's overture and insisted that only military pressure would convince Nicaragua's ruling Sandinistas to talk.

(Elliot Abrams: "What they want is a military victory. That's why they went into Honduras. They want to crush the Contras.")

Ortega argued that his forces did not invade Honduras, although he did concede there have been a series of what he called "totally defensive operations" along the border. White House officials plan to spend this week finalizing their strategy for the next House vote on Contra aid. Officials here believe they have the votes to win, but many House Democrats worry that this April 15th vote is just the first step toward bringing U.S. troops directly into the fighting in Central America. (CBS-Lead)

SOVIET REACTION/ARMS CONTROL

MORTON: The Soviet news agency Tass today reported President Reagan's rejection of Soviet leader Gorbachev's call for a summit meeting to discuss ending nuclear tests. And the Communist newspaper Pravda accused the President of dispelling the "Spirit of Geneva" -- scene of the last summit. Secretary of State Shultz, flying home from a 10-day European trip, told reporters the stalemate on arms negotiations would continue until the U.S. and the Soviets resume the kind of private diplomacy which led to last year's Geneva meeting. (CBS-2)

NBC's CHRIS WALLACE: The U.S. is also involved in a diplomatic battle with the Soviets. Mikhail Gorbachev now promising to resume nuclear testing as soon as the U.S. explodes another nuclear device. Today, Administration officials were trying to control the diplomatic fallout.

NBC's ANDREA MITCHELL reports from Santa Barbara that the President would not respond to questions about Gorbachev's challenge for an immediate summit in Europe, limited to test ban negotiations. Mr. Reagan's foreign policy advisers have told him that Gorbachev is trying to persuade American allies in Europe that the Soviet Union is genuinely interested in stopping the arms race. But U.S. officials called it a cheap propaganda trick and advised the President to ignore it. Senior officials said if Gorbachev's offer had been serious he would have made it through diplomatic channels, not on television. Administration officials had hoped that Soviet Ambassador Anatoliy Dobrynin would have been able to set a date for the proposed summit when Dobrynin returns to Washington next week. Now, that is less likely. (NBC-2)

EASTER SERVICES

DONALDSON reports in California, President Reagan worshipped at a small Presbyterian Church near his ranch, the first time he has gone to church in 15 months. (TV Coverage of the Reagans at church.) (ABC-6)

MARCOS

MORTON reports that after the Secret Service nixed a big picnic and Honolulu officials nixed a park bash, Ferdinand and Imelda Marcos settled for a smaller Easter gathering at their rented beach front home.... Marcos said that he still considers himself the President of the Philippines. And he called Corazon Aquino a "dictator." (CBS-5; ABC-6; NBC-9)

SOUTH KOREAN PROTEST

WALLACE: Some 80,000 people marched through the streets Kwangju, South Korea today in the largest anti-government demonstration since President Chun Doo Hwan came to power six years ago. The protesters chanted down with dictatorship and demanded a change in the Constitution, calling for a direct election of the president. (NBC-4)

SENATORS/HARKIN & DOLE

DONALDSON: Democratic Sen. Tom Harkin of Iowa said today much of the U.S. aid already sent to Contras cannot be accounted for. Harkin charged it has been stolen by Contra leader Adolfo Colero, among others. But Senate Majority Leader Robert Dole said the U.S. should press on with assistance. And Dole predicted the \$100 million the President is currently requesting won't be enough -- that more money will have to be voted later.

On another subject, Sen. Dole was less outspoken, but finally clear. Asked whether the President should reappoint Federal Reserve Board Chairman Paul Volcker, when Volcker's term expires next year, Dole first replied, "I think he's been very effective." Asked the same question again, Dole replied, "It would be alright with me." Asked for a third time whether Volcker should be reappointed, Dole finally responded, "I think it would be a good idea."
(ABC-3)

AFGHANISTAN/ANGOLA

WALLACE: The Reagan Administration has quietly escalated its involvement in two other countries. In a major policy shift, the White House has started sending sophisticated American-made weapons to anti-communist rebels in Afghanistan and Angola.

NBC's JIM MIKLASZEWSKI reports that the Reagan Administration has decided to send the rebels Stinger missiles. One Administration source indicated the CIA would be responsible for training the guerrillas in their use. A key element in the decision came at a March 5 meeting between Secretary of State George Shultz and several conservative senators, including Majority Leader Robert Dole.

(Sen. Dole: "We did indicate that we felt effective weapons should be given to the Savimbi forces and the Afghans.")

So the White House decided to send hundreds of Stingers to Angola and Afghanistan.

(Sen. Jim Sasser: "We have a right to supply them with weapons that they can defend themselves with.")

Without officially confirming the deal, the Administration was talking tough.

(Michael Armacost: "The absence of a political resolution, then the military conflict will continue. The Soviets will pay a higher and higher price.")

There are also reports the U.S. may give Stinger missiles to rebels in Cambodia and Nicaragua.
(NBC-Lead)

SOUTH AFRICA

DONALDSON: In South Africa today, a conference of black school teachers, parents and students voted to end a school boycott against apartheid. But made it clear they were changing tactics -- not objectives.

ABC's JIM HICKEY reports that instead of the boycott, delegates voted for a three-day national strike in June, on the tenth anniversary of the 1976 Soweto uprising. Conference organizers insist they are not giving in to the government by ending the boycott. Instead, they believe it will be easier to mobilize students for political action if they are in the classrooms instead of roaming the streets.
(ABC-4)

POPE JOHN PAUL II

DONALDSON reports the Pope chose Christianity's holiest day to deliver a strong attack on war and terrorism -- a message with special meaning for one of the more notable worshippers in attendance.

ABC's DAVID ENSOR reports the Pope condemned both terrorism and reprisals against it. Secretary of State Shultz was among those in St. Peter's Square listening to the Pope. Italian commentators are saying the Pope's condemnation of reprisals against terrorism may have been partly aimed at the recent U.S. naval maneuvers and missile counterattacks against Libya. The Vatican routinely says, though, that the Pope does not single out anyone, he condemns violence in general. (ABC-5; NBC-7; CBS-3)

JOHN HINCKLEY/GUN CONTROL

DONALDSON: Today is the fifth anniversary of John Hinckley Jr.'s attempt to assassinate President Reagan. Last week, Hinckley lost a bid to gain more freedom from his confinement at St. Elizabeth's Hospital. (ABC-8)

MORTON reports five years ago today, John Hinckley shot and wounded President Reagan, White House Press Secretary James Brady and two others. That 1981 assassination attempt brought renewed demands for stricter laws controlling the purchase of handguns. (TV Coverage of assassination attempt.) President Reagan opposed those efforts.

(President in 1983: "It's a nasty truth but those who seek to inflict harm are not phased by gun control laws. I happen to know this from personal experience.")

The federal gun control law remained unchanged. The debate now in 1986 is over a bill that would weaken that law. The National Rifle Association wants it weakened -- no surprise there. But police officers, NRA allies on other issues over the years, are fighting the association this time, even to the point of staging a demonstration at the Capitol.... And the police have another ally in their fight, Sara Brady, wife of Press Secretary James Brady, wounded in that assassination attempt five years ago. A Republican and a conservative who thinks the gun law should not be weakened.

(Sara Brady: "Say that it passed the Senate and then it stood a chance of passing the House. I realized how dangerous it was and I thought because of what did happen to Jim, I was in a position where people might listen to me. And it became very apparent to me that if we had had better laws, then Hinckley, John Hinckley, would not have been able to purchase that cheap gun.") The NRA is one of the most effective lobbies in Washington. It contributes a lot of money to congressional campaigns; its members do write and call their congressmen. Sara Brady and the police organizations know they are in a tough fight for congressional hearts and minds.

(Sara Brady: "A majority of them are back and forth. They would like to support our view but they are awfully afraid of the NRA. And those are people we are working on now. We're hoping they are going to vote their conscience and their common sense on this issue and not panic and vote with the NRA.") The House votes on April 9th. (CBS-6)

JAMES CAGNEY

MORTON: Actor James Cagney died today at his home in upstate New York. He was 86. As Terry Drinkwater reports, Cagney got his start on the streets of New York and grew up to become America's Yankee Doodle Dandy.

CBS's TERRY DRINKWATER: (President Reagan at the White House: "A citation as a giant in the world of entertainment -- James Cagney.") Toward the end, they took him to the White House to get the Presidential Medal of Freedom from an old pal. As for his epitaph, well let Cagney tell it: "I am a Yankee Doodle Dandy...." (CBS-8; NBC-3; ABC-Lead)

PHILIPPINES DEMONSTRATION

NBC's STEVE MALLORY reports from Clark Air Base main gate that bar girls, taxi drivers and businessmen protested strikers' barricades that have closed American facilities here to traffic. It has been bad for business they say. (NBC-5)

U.S. EMBASSIES/TERRORISM

WALLACE: After the Sixth Fleet showdown with Libyan forces in the Gulf of Sidra, American embassies around the world went on special alert. In case Moammar Khadafy struck back.

NBC's JOHN COCHRAN reports from Kigali, Rwanda that the U.S. Embassy is an easy target, so American officials reacted quickly to a warning that Libyan terrorists were on the way. The embassy was closed on Friday and embassy personnel were told to stay away. The embassy communication system had received a secret warning from Zaire. (NBC-6)

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ABC'S THIS WEEK WITH DAVID BRINKLEY

Moderator David Brinkley, with Sam Donaldson and George Will.

Guests: Sens. Robert Dole and James Sasser, Assistant Secretary of State Richard Murphy, and Libya expert Henry Schuler.

DAVID BRINKLEY: What did we accomplish by attacking Libya in the Gulf of Sidra?

RICHARD MURPHY: I think you have to ask yourself how to you respond to a bully. Do you just let him go on? Do you let him make a challenge -- in this case saying the Gulf of Sidra is national waters and not repond -- and let the right to freedom of navigation be eroded over the years. We have challenged him repeatedly.... I wouldn't see that blowing up our embassy, which he may well have planned long before this naval exercise, is tied to that exercise. That's an ongoing plan of Khadafy's. We have our own programs to counter those.

HENRY SCHULER: I fully agree that we have got to get tough with a bully. I think, however, that we should do it by isolating him politically and economically, and undermining the support for his regime within the country. And what I fear is that these military maneuvers are counterproductive in that regard, because they rally support in the region and within the country to him.... To be sure, it's the rhetorical Arab world that rallies to his cause, because indeed the leadership of those countries, many or his neighbors, would like to see him removed.

SAM DONALDSON: Do you think we deterred him? Do you think now we are not going to see a Khadafy-inspired terrorist attack again?

MURPHY: I think the programs we have, they're three-fold: The economic sanctions programs that was tightened up considerably in January; the continuing program of freedom of navigation; and then the whole set of other programs we have to bolster the moderate Arabs.

SCHULER: I don't think in the least. As a matter of fact, I don't think there is any way we are going to deter Khadafy. We have to encourage the Libyan people to rid themselves of him.... He obviously can't match us in conventional military force so he has to resort to unconventional, which means terrorism and support for subversion of U.S. interests.

BRINKLEY: Why did we get so excited about this (Nicaraguan incursion)?

SEN. SASSER: I think that's a good question. The cynics would say this is an effort on the part of the Administration to drum up support for their effort to get \$100 million in Contra aid.... I suspect that's the case. In other words, what we have seen in recent times, in other incursions, ...very little was said about that. There was no offer to ferry Honduran troops to the border in American helicopters as we saw this time.

SEN. DOLE: I think it did have an impact on the Senate votes. You can't look at just the last vote, you have to look at the Kennedy amendment which said no aid at all. That was defeated by a two-to-one margin. The amendment offered by Sen. Sasser -- \$30 military in humanitarian aid -- was defeated by a two-to-one margin. So I think it did have an impact.

-more-

DAVID BRINKLEY (continued)

GEORGE WILL: It's just not the case, from what we know about the dynamic of political debate in this town, people would say it's the President's fault -- he hasn't negotiated in good faith. So all the Sandinistas have to do under your program is hold on for six months?

SASSER: No, it's because when you are pumping \$30 million into an army of 15,000 men in that very poor region of the world, they are going to stay there where that sustenance is for the six month period.

BRINKLEY: The Soviet Union is shipping help to the Sandinistas by the shipload.... How do we ever hope to win anything out of this?

DOLE: We're not going to win it with \$100 million. I think Bud McFarlane was right. If we are going to start down this road, we're going have to sustain it. And I would much rather spend a few \$100 million taking care of that beachhead in Nicaragua, than letting it move up in our direction.

SASSER: I think if we start down the road, we're going to have to have a sustainable policy. The problem is you get a \$100 million this year for a policy that the Congress and the American people have no confidence in. When you come back at the end of 18 months and ask to fund this same policy again, it's simply won't fly. And what we need is a sustainable policy in that region that the American people and the public will support.

WILL: What will it take to get Sen. Sasser to support aid to the Contras?

SASSER: If we cannot make progress in negotiations with the Sandinista government, if it's clear that they are going to continue to try to subvert their neighbors, if they are going to continue to import Soviet military material with extensive Soviet advisers, then that is enough for me. I would support military aid for the Contras at the end of that period. But, I don't think we have exhausted the potential to negotiate in this region.

DONALDSON: The President wants about an 8% increase (in defense) to make up for what he said he didn't get because of Gramm-Rudman-Hollings cuts?

DOLE: He doesn't need that much but he liked to have it.... I think somewhere around \$301-\$305 billion would certainly be a victory for the President on defense spending. But I think also the White House has to be a part of this effort. They can't sit on the sidelines at the White House and blame the Congress for not having the budget. And they have already indicated to us that they are willing to sit down with us and we're going to do it after the Easter recess.

DONALDSON: Is there any possibility that the Senate will pass a budget that doesn't include new revenues?

SASSER: ...I think Chairman Domenici is now going for it the only way he can: with some revenues, some cuts in defense, some cuts in domestic spending -- a balanced program.... I think in the long-term we have got some deep seated economic problems that are going to come home to roost.

FREE-FOR-ALL DISCUSSION

ON AID TO NICARAGUAN CONTRAS:

WILL: I agree that this amount of money won't suffice and I think everyone agrees with that. The difference is whether or not we're going to have to put more money in. I don't think money's the issue here.... The question is the perception of the threat and I do think -- slowly but surely -- both sides are getting committed....

DONALDSON: The problem with the President's rhetoric, of course, is that he paints Armageddon right around the corner. It's this apocalyptic view of what Nicaragua can do to Harlingen, Texas -- or San Diego -- is far beyond the remedy that he proposes. So you have to ask yourself: has the man decided that the threat to the U.S. that he paints can be countered by a few Contras, which is kind of silly, or is this just another step down the road of escalation. I think it is the latter. I think the President intends to overthrow the Sandinista government by whatever means the American people will support. He's a good politician; he won't send the Marines until he has public support for it. But the moment he senses that, they're down there.

TOM WICKER: What is the end objective of what we are trying to do in Nicaragua? What's President Reagan trying to do? If it is really to make the Sandinistas change their ways, then it seems to me that's very unlikely. That's very unlikely to do that either by military force or by negotiations. If it is to overthrow the Sandinistas, then that's another set of problems entirely. And I think the Administration has made it pretty clear on one occasion or another that their object is to overthrow the Sandinistas. Now, if you are going to overthrow the Sandinistas, Sam's analysis of what's happening may very well be correct....

ON GORBACHEV'S NUCLEAR TEST BAN PROPOSAL:

WICKER: The Administration's turned that down flat. And I think in this case...this latest Gorbachev proposal, if he knows as much about American government as he appears to, it's bound to have been propagandistic to drive the point home because the Reagan Administration has made it clear time and time and time again that they are not going to enter into a nuclear test ban for reasons of their own. So when Mr. Gorbachev proposes it one more time, it seems to me he got the answer he expected and probably the propaganda advantage he wanted for whatever that may be worth.

WILL: Mr. Gorbachev is in the process, not for the first time for a Soviet leader, of reneging on a promise -- a promise made at Geneva. He was invited to come to the U.S. in June. Instead of now talking about a summit without preconditions -- regular summits without preconditions which was the agreement in Geneva -- he's now talking about something else. And it won't work.

WICKER: Talking about reneging on promises, the U.S. is committed in two treaties, a limited-test ban treaty and the non-proliferation treaty -- the law of the land -- we're committed in two treaties to pursue a comprehensive test ban treaty and this Administration simply won't do it.

CBS's FACE THE NATION

Moderator: Bob Schieffer

Guests: President Daniel Ortega of Nicaragua, Rep. Thomas Foley,
and Assistant Secretary of State Elliot Abrams.

BOB SCHIEFFER: Did your troops cross into Honduras?

PRESIDENT ORTEGA (through interpreter): Let me make clear that we have lied at no point. What we have stated is that we have not invaded Honduras. We have not committed any act of aggression against Honduras. What there have been is a series of military operations that aren't new, they've been taking place for years now, all along the frontier area to attack the contra-revolutionary forces...in Honduras. They are totally defensive operations....

The mercenary forces are in Honduran territory. What's important now is U.S. forces itself are being pushed in by the Reagan Administration and as much as the Contra forces are losing rapidly. Now who do you believe? ... U.S. policy is actually interfering with the efforts of both Honduras and Nicaragua to try to hold conversations. In fact we are going to have a Central American president summit meeting late in May. Central Americans, if left to themselves, can solve their own problems. And it's U.S. policy that's blocking these efforts among Central Americans themselves.

SCHIEFFER: Even those in the Congress who say that the U.S. has no business giving aid to the Contras, were stunned that this came just after the House vote to cut off that aid and just two days before the Senate was to vote on this. Why did you chose this particular time for this operation?

ORTEGA: We didn't choose any specific moment for this. As I said before, the combat -- the operations -- have been going on for years in that area. From the day that the Contras began attacking from Honduras, there have been military operations throughout the border area. Now, of course, the Reagan Administration found it opportune, necessary and convenient to blow this all out of proportion and proceeded to do so. And the lies came from the Reagan Administration when it said that Nicaragua was invading Honduras. And this, of course, is with an eye to the Senate vote and to U.S. public opinion. In fact, when the vote took place in the House, the principle Contra camps had already been destroyed and attacked.

SCHIEFFER: Does this...90-day period, with the threat of more aid going to the Contras at the end of it, will that cause you to change your mind? Would you be willing now to talk to the Contras?

ORTEGA: All this is blackmail. All this is in violation of international law and even your own domestic law. What we are talking about is the "Vietnamization" of the Central American conflict.... So they put on this publicity stunt in order to help the Contras putting U.S. helicopters almost right on our very border. We want the dialogue with the Contra -- with the chief of the Contras, which is President Reagan. And he can come here to Managua or we're willing to go to Washington: wherever he wants to.

FACE THE NATION (continued)

SCHIEFFER: Will you or will you not talk with the Contras?

ORTEGA: But the Contras are the U.S. government, the Contra is President Reagan. Isn't it in U.S. Congress where U.S. policy is being formed against Nicaragua -- where the war is being directed and financed. What other congress in the world is discussing a policy of how to go about overthrowing another government.... The policy is decided in Washington, not anywhere else, so we have to talk to the White House....

We're willing that as a product of a U.S.-Nicaraguan agreement, all foreign military advisers be withdrawn from all of Central America. Let's make Central America a neutralized zone, free of all foreign military presence. This is something we can offer and we're willing to implement.

SCHIEFFER: What did you make of what President Ortega just said?

ELLIOT ABRAMS: A repetition of last week's lies. He still doesn't really admit that they went across and invaded Honduras. I should just mention that actually you weren't hearing Ortega -- the interpreter was actually enhancing his remarks into what, I guess, the interpreter thought he should be saying. But it's also clear that they don't want to negotiate. He said he doesn't want to sit down with the Contras. President Reagan went to the U.N. last fall and said look, the way to get all these regional disputes settled is talk -- the warring parties should talk. Now these guys don't want to go to the table. That's why we have come up with a policy of pressure to try to force them to the bargaining table.... What they want is a military victory. That's why they went into Honduras. They want to crush the Contras taking advantage of this Congressional delay.

REP. THOMAS FOLEY: I don't think the House is going to approve what the Senate approved. I think there may be a final tendency for the House to impose some real conditions, including a separate vote of the House as to whether those conditions have been met.... This is a unilateralist approach of the U.S. which we feel, many of us, inevitably draw the U.S. closer and closer into the war. I don't think there's any question that if the goal is to overthrow the Sandinista government, that U.S. forces would have to be involved to do that. The President said he doesn't want to use forces -- I take him at this word. The problem is not a deliberate policy of injecting U.S. forces, but the gradually rocking into the quagmire....

I think it is unfortunate the President suggested ... that the invasion of Honduras occurred, and I believe that they did cross the Honduran border, it occurred because of a so-called weak signal from the House....

NBC's MEET THE PRESS

Moderator Marvin Kalb, with Charles Krauthammer and R. W. Apple
Guests: Undersecretary of State Michael Armacost, Senator Joseph Biden

MARVIN KALB: On how you would treat terrorism, what would you do that's different?

SEN. BIDEN: Well, in 30 seconds what I'd do different is decide what my objective is. I'm not sure exercising the right of free passage demonstrates that we're going to be able to control terrorism. If we're going to control terrorism in Libya in that regard, we have to do much more than flex our muscles there. I think you must engage the rest of the free world in that effort. To the degree that you can, I think you have to be prepared to use some covert action and intelligence in ways that we have yet to be insightful enough to do.

CHARLES KRAUTHAMMER: You yourself stated on the floor of the Senate on Thursday that our major error in Vietnam was not trying to build a democracy there, but was putting in American troops rather than letting the South Vietnamese do their own fighting. Well, in Nicaragua that's exactly what we're trying to do, which is to support Nicaraguans who want to do their own fighting and yes -- and yet you were one of those who voted to oppose aid to these people.

BIDEN: Charles, I have the same problem with Nicaragua you have with Cambodia, and that is that although I accept the principle that we should and could be involved, the question is will it work, our involvement. And the issue seems to me that this Administration fails to discriminate is whether or not if we can -- that contra forces can gain the popular support of the Nicaraguans. I'd assume you'd agree, if it's unable to gain the control of the minds as well as the hearts of the peasant population in the country side, it can't succeed and it's a guaranteed prescription for U.S. involvement.

KALB: Mr. Gorbachev made a proposal yesterday for an immediate summit, a ban on nuclear tests. The President rejected it very quickly. What would have been your response?

BIDEN: Well, probably the same. I think it's sad that we've gotten to this point, quite frankly. We've allowed the Test Ban Treaty to be the single source of discussion of arms control, which has become a dead letter. It's been used now as a propaganda tool.... We're not going to get any because this Administration has not determined what its view is on arms control. It is still a battle -- at war with itself. It hasn't resolved the question as to whether or not it's committed to the notion of arms control; whether arms control, verifiable or otherwise, is in the interest of the U.S. That's the fundamental disagreement that goes on within this Administration. They've been debating it for six years.

KRAUTHAMMER: I'm not sure I understand that what your party's position is on Nicaragua.

BIDEN: Neither do I.

MEET THE PRESS (continued)

KRAUTHAMMER: You don't either. Can you tell us what it is in your own?

BIDEN: No, I can't because I think, in fact, my party is split all across the board.

KALB: Why is it that the U.S. feels it can use force against Libya, but against Nicaragua, described as an outlaw nation this week by a senior State Department official, why is it that we feel that we have to use our force through proxies?

MICHAEL ARMACOST: Well, I think they're different cases, Marvin. In the case of Libya, we were conducting a naval exercise in internationally recognized waters, as part of a program in which we affirm these rights in 30 or 40 places a year. American forces were involved, and were operating peacefully. They were provoked by five or six missile shots at our aircraft over six hours. And we took what we regarded as a measured and forceful response. In Nicaragua, as Mr. Krauthammer said earlier, we confront a situation in which we're trying to consolidate the democratic evolution in Honduras, El Salvador. And Honduras and Costa Rica, of course, had a long tradition. And we confront a country which proclaims a revolution without frontiers, and we're supporting some people, Nicaraguans, who would like to promote greater pluralism in their politics, and we believe that's a proper way to proceed. We're not trying to get involved ourselves. We're trying to support those Nicaraguans who are prepared to affirm their own value which we support.

KRAUTHAMMER: I'm wondering why the Administration all of a sudden has found this so unacceptable that a regime in Nicaragua would defend itself by attacking sanctuaries across another border?

ARMACOST: Well, in this case, the Honduran government made a request that we provide support, and we provided that support to them.... Hondurans could deal with the problem, but they needed logistics support. That's what we provided.

R.W. APPLE: Everybody in Washington, in your Department, in the White House, Defense Department, has made it quite clear that the White House, the Reagan Administration has been looking for a chance to give Qaddafi a black eye in repayment for his terrorism. You're not denying that, surely?

ARMACOST: No, I'm not, but in this particular case, this was part of a naval challenge program. We've operated for four or five years. As I say, we do these exercises 30 or 40 times a year.

APPLE: Is there any reason to believe that what happened in the Gulf of Sidra last week is going to discourage Mr. Qaddafi from further terrorist activities?

ARMACOST: Well, again, we were affirming maritime rights. In the process we exposed his bluff. He claimed this was a "Line of Death." It was not a "Line of Death" for Americans. These were international waters. The only people who died were Libyans.

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THE McLAUGHLIN GROUP

Moderator John McLaughlin, with Morton Kondracke, Robert Novak, Jack Germond and Michael Kinsley

McLAUGHLIN: Were the U.S. Naval maneuvers (near Libya) a good or bad idea?

KINSLEY: This had absolutely nothing to do with the Gulf of Sidra or freedom of navigation, or little with terrorism. This was Ronald Reagan looking for a Grenada type fix, he very cleverly figured out a way to entice Khadafy into this trap where we got to kill a bunch of Libyans. We did in a way that caused very little risk to ourselves and also, in a way where we couldn't be blamed very much.

NOVAK: It showed that the U.S. is not to be trifled with. I think it was an effective use of military power and most Americans are very happy about it.

GERMOND: It was justified, obviously. Was it wise? We don't know the answer to that. I don't see any rationale for doing it beyond the showing that we can drop some bombs on some Libyans.

KONDRACKE: If this is all there is, this kind of taunting of Khadafy, then it's counterproductive, because it probably will give him an excuse to go for new terrorist activities. But, if this part of a strategy that leads to eventually overthrowing Khadafy or inflicting real damage on Khadafy or stopping his terrorist activities elsewhere, then I'm for it.

McLAUGHLIN: How do you rate President Reagan's performance in the Libyan-U.S. exchange?

KINSLEY: C, who cares? NOVAK: A+ GERMOND: Performance A, policy D. KONDRACKE: It's an easy A, this was a gut course on this one. I want to see the next test. McLAUGHLIN: On a policy basis, he flunked.

ON HONDURAS:

McLAUGHLIN: Did the Reaganites exaggerate what was in reality little more than another crossed border skirmish?

KONDRACKE: A very large force came over the border and tried to knock out two training bases. What's missing in all the argument that has been going on here is the factor that caused this thing was the delay, both Reagan's fault and Congress's fault, all of these measures to get aid to the Contras have built into them, both Reagan and the Congress have a 90-day delay. This is a time before the Contras are up to speed militarily, so the Cubans advise the Contras to hit them during that period.

KINSLEY: Every day down there are soldiers crossing the border from Honduras into Nicaragua as part of a guerrilla war which we are promoting.... Ronald Reagan is doing it for propaganda reasons, but the Democrats in Congress look like complete idiots saying they are shocked to discover that the Nicaraguans are fighting back.

McLAUGHLIN GROUP (continued)

NOVAK: We are in world struggle against communism. All intelligence information authenticated indicates that something in excess of 1,000 troops got in there and they were cut up by the Contras.

GERMOND: Nobody in their right mind accepts the Nicaraguan version of this thing. All we really know is that they have been going in there regularly over a long period of time.

McLAUGHLIN: Will OPEC come back or is it dead forever or for as far as the eye can see?

KONDRACKE: I think it will be back. REST: Dead forever.

McLAUGHLIN: Is Richard Gephardt ready for the big leagues of national politics or is he a bright young, but still unready figure on the American presidential scene?

NOVAK: He is very much like a conventional Democrat right now. Secondly, I think this abortion problem is enormous for him.

KINSLEY: He's a computer designed candidate. He's what people say they want but no one can remember anything about him. He's so moderate. I don't think moderation is what the Democrats need.

KONDRACKE: What he's trying to do is pull the Jimmy Carter routine again by visiting practically every voter in Iowa.

McLAUGHLIN: On a scale of 0 to 100, how do you rate his probability of getting the nomination?

KINSLEY: 1% NOVAK: 1.2% GERMOND, KONDRACKE, McLAUGHLIN: 10%

PREDICTIONS:

KINSLEY: Justice William Brennan of the Supreme Court is going to celebrate his 80th birthday with a lot of very liberal decisions coming out of that court this term.

NOVAK: Vice Admiral Frank Kelso is said to leap frog over several more senior admirals to become the next Chief of Naval Operations.

GERMOND: Jim Thompson is now going to win big enough in Illinois to be a presidential candidate in 1988.

KONDRACKE: President Reagan is going to mothball a nuclear submarine and thereby technically violate Salt 11.

McLAUGHLIN: The Supreme Court will uphold the lower court decision with regard to Gramm-Rudman-Hollings, declare it unconstitutional. Also, the vote will be 7-2, the two dissenting justices will be O'Connor and Rehnquist.

AGRONSKY & COMPANY

Moderator Martin Agronsky, with Tom Oliphant, James Kilpatrick, Charles Krauthammer and Hugh Sidey

AGRONSKY: All things considered, were we wise to hit Khadafy?

KILPATRICK: Yes, I wish we could have hit him twice as hard. If he would have been just cooperative, we would have.

OLIPHANT: They were justified, but our fixation with Libya is both foolish and myopic and injurious to more important American interests in the region.

KRAUTHAMMER: Absolutely, we were wise. Khadafy had to be sent a message. The message is, this is what happens at a time when you're aren't killing Americans. Imagine what's going to happen after you do.

SIDEY: The worst possible decision except for all of the other alternatives. It is a time when you had to choose and it wasn't very pleasant.

OLIPHANT: We have made Khadafy stronger in his own country for now. In addition, we have undermined the position of more moderate Arab leaders in the Middle East whom we really ought to be getting to focus on more important concerns like the Iran-Iraq war....

KRAUTHAMMER: The fact is we have a policy here. The President realized after the attack on Vienna and Rome he had to do something. Step one was to get Americans out of Libya. Step two was the message, this is what we can do. We can knock out patrol boats and a radar station. Step three will happen if there is a resumption of terror and that, I hope, will be knocking out all of the oil ports which Libya has.

SIDEY: We have heard a lot about if we get tough, Khadafy will be made a hero and then we will have terrorism. There isn't a bit of correlation to suggest that.

OLIPHANT: It is not really just Libya that is responsible for international terrorism. Syria is truly a sponsor of terrorism in this world.

KRAUTHAMMER: Economic sanctions are totally useless. We have tried it a dozen times and the Europeans never joined us.

SIDEY: Ronald Reagan couldn't have avoided this. The political environment would not have allowed him not to conduct those maneuvers and go across that line.

ON NICARAGUA/HONDURAS:

AGRONSKY: What's going to happen in the Congress?

KILPATRICK: I believe the President will get most of what he wants when the Congress returns.

KRAUTHAMMER: We support the one side that I think can help bring democracy in Nicaragua or we don't. We should support them.

AGRONSKY & COMPANY (continued)

OLIPHANT: The real significance down there of what happened is that the Honduran government is very nervous about being used as base camp for this war.

KRAUTHAMMER: It showed exactly what the strategy and thinking of Ortega and Sandinistas is. The strategy is to win on a military victory.

OLIPHANT: The biggest threat to Ortega is peace. The one thing that regime cannot stand is the light of democratic day. We are working to the strengths of the Sandinistas as the war widens.

ON THE ECONOMY:

AGRONSKY: The trade deficit has lessened, inflation keeps going down, interest rates keep going down, the stock market keeps going up. What goes on here? Is it going to continue?

SIDEY: It isn't a bubble and will not explode. The economy sits on a fairly firm foundation.

KRAUTHAMMER: There has been a fundamental change in the world economy. The crash in the price of oil -- which is now undoing all of the damage that was done to Western economies in the 1970's.

OLIPHANT: The major feature of the American economy right now is it's tremendously imbalanced. If you look at the signs so far this year, what you see is the continuing inability of the economy to grow vigorously.

AGRONSKY: How much credit for the extraordinarily good state of the economy would you give to Mr. Reagan? Was he lucky?

OLIPHANT: The financial success is due the stability and strength of his leadership. On a policy basis, that one's kudos should go to Paul Volcker.

KILPATRICK: The serenity and confidence of Ronald Reagan is contagious, infectious. It gives people a sense of confidence in the market and in the whole economy.

SIDEY: The President has set certain goals and has never deviated.

KRAUTHAMMER: He has provided very strong leadership.

AGRONSKY: Would you share in the optimism that we find at the White House among the President's advisers that he has now arrived at a point where he's no longer in jeopardy in any way?

KILPATRICK: Yes and no, he's back in the saddle again.

AGRONSKY: No prospect of being a lame duck president?

KILPATRICK: No, he's a fighter. He's no lame duck who's crippled.



News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, MARCH 31, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

SHULTZ WANTS U.S. AND SOVIET TO END PUBLIC DIPLOMACY -- Secretary Shultz said today that "we're not going anywhere" in Soviet-American relations until Moscow and Washington agree to stop conducting their diplomacy in public. He called on both sides to resume regular, secret contacts.

(New York Times, Washington Post, AP)

SOVIET ARMS OUTLAY STEADY, CIA ASSERTS -- The CIA now estimates that Soviet spending on weapons procurement has been almost flat for a decade and is likely to grow little, or even decline, during the next five years, according to congressional testimony made available yesterday.

(Washington Post)

NATIONAL NEWS

STAR WARS -- U.S. scientists have not gotten very far in making President Reagan's dream of a high-tech shield against nuclear attack become a reality, a Senate report says.

(Wall Street Journal, AP)

NETWORK NEWS (Sunday Evening)

NICARAGUA -- Daniel Ortega said today he wants to negotiate directly with President Reagan.

SOVIETS -- Tass reported today President Reagan's rejection of Gorbachev's call for a summit to discuss ending nuclear tests.

EASTER SERVICES -- President Reagan worshipped at a church near his ranch.

INTERNATIONAL NEWS....A-2

NATIONAL NEWS.....A-5

NETWORK NEWS.....B-1

SUNDAY TALK SHOWS.....B-6

INTERNATIONAL NEWS

SHULTZ ASKS RETURN TO QUIET DIPLOMACY

SHANNON, Ireland -- Arms control talks with the Soviet Union "are never going to get anywhere" until they return to the private diplomacy that led up to the Geneva summit last November, Secretary Shultz said today.

"If we're going to see a return to the kind of progress we were making in the period before the Geneva meeting," Shultz said, "We're going to have to be settling into some conversations that are directed between the Soviets and ourselves."

(Joanne Omang, Washington Post, A3)

U.S./Soviet Union

Secretary Shultz has notified the Soviet Union that only private diplomacy -- not public proposals for summit meetings -- will break the stalemate in U.S.-Soviet arms control talks.

"Until that happens, we're not going anywhere," Shultz said after the Administration rejected a proposal by Mikhail Gorbachev to meet with President Reagan in Europe to negotiate a ban on all nuclear weapons tests.

Shultz complained that U.S. and Soviet proposals on weapons reductions had been aired publicly. He said he wanted "to get somewhere in our relations with the Soviets where we're able to have some discussions that are relatively quiet and direct."

(Barry Schweid, AP)

Shultz Wants U.S. And Soviet To End Public Diplomacy

Secretary Shultz said today that "we're not going anywhere" in Soviet-American relations until Moscow and Washington agree to stop conducting their diplomacy in public. He called on both sides to resume regular, secret contacts.

He expressed dismay about the recent pattern of Soviet-American public statements, including the latest exchange on Saturday in which Mikhail Gorbachev proposed a summit meeting in Europe to negotiate a ban on nuclear tests, which was immediately rejected by the White House.

(Bernard Gwertzman, New York Times, A1)

REAGAN SHUNS SINGLE-ISSUE SUMMIT OFFER

SANTA BARBARA, Calif. -- The White House has sidestepped Mikhail Gorbachev's offer to meet President Reagan in Europe to negotiate a nuclear test ban.

Peter Roussel said in a curt weekend statement that the vacationing President has "taken note" of Mr. Gorbachev's speech, broadcast on Soviet radio and television Saturday.

(Jeremiah O'Leary, Washington Times, A1)

SOVIET ARMS OUTLAY STEADY, CIA ASSERTS

The CIA now estimates that Soviet spending on weapons procurement has been almost flat for a decade and is likely to grow little, or even decline, during the next five years, according to congressional testimony made available yesterday.

The CIA's Pentagon counterpart, the Defense Intelligence Agency, supports most of the agency's conclusions after arguing for several years that the CIA was underestimating Soviet spending. Past differences "have been narrowed greatly," the agencies said, although the DIA still asserts that Soviet procurement spending increased by 3 percent to 4 percent annually from 1982 to 1984.

(Fred Hiatt, Washington Post, A3)

Defense Spending Seen Limit To Soviet Goals For Economy

Mikhail Gorbachev has made a good start at reviving the troubled Soviet economy, but two U.S. intelligence agencies say he may not be able to achieve a high growth if military spending continues unabated.

Cloudy long-term prospects for the Soviet economy were detailed in a joint report submitted by the CIA and the DIA March 19 in a classified meeting with the congressional Joint Economic Committee.

(Roger Fontaine, Washington Times, A1)

U.S./NICARAGUA

Nicaragua President Daniel Ortega justified last week's government attacks against rebel bases across the Honduran-Nicaraguan border as "totally defensive operations" in response to rebel forays from Honduran sanctuaries.

Ortega also reiterated his government's willingness to negotiate with the United States, but refused to say whether his government would meet American demands to negotiate with the U.S.-backed rebels. "We want a dialogue with the Contras, with the chief of the Contras, which is President Reagan," Ortega said.

(Brian Barger, AP)

Ortega Says He Won't Talk To Contras

President Ortega took a slap yesterday at members of Congress who want to put a restriction on U.S. aid to his enemies, the anti-Sandinista resistance fighters in Nicaragua.

Ortega said, in effect, that the condition put on the aid package was meaningless and that congressional approval of the Administration-backed bill would amount to freeing \$100 million in military help for the anti-government rebels.

(Ralph Hallow, Washington Times, A7)

STATE DEPARTMENT ASKING \$150 MILLION MORE IN AID

State Department officials, expressing growing confidence in the leadership of President Aquino, are seeking a substantial increase in economic and military aid to the Philippines even though the OMB says no funds are available.

A team of American experts led by M. Peter McPherson, head of the Agency for International Development, had recommended an even larger increase when it returned from the Philippines recently, but the OMB said it was impossible due to budgetary restraints.

(Bill Kritzberg, Washington Times, A1)

JAPAN IS LIKELY TO JOIN U.S. "STAR WARS" PROGRAM

TOKYO -- With the lure of a financial and diplomatic bonanza growing, Japan is edging toward participation in President Reagan's SDI. But it is likely to take place through individual firms rather than through the government itself.

Joining SDI is especially controversial for Japan, which is restrained by a peace constitution, a ban on arms exports and nuclear weapons research and a 1969 parliamentary resolution against military uses of space.

(UPI story, Washington Times, A6)

LIBYAN NEWSPAPER REPORTS START OF ANTI-AMERICAN OPERATIONS

TRIPOLI, Libya -- The Libyan capital's sole daily newspaper claimed that "revenge operations" against American targets had begun in Italy, but an American diplomat in Rome denied knowledge of any attacks.

Under its Sunday headline, Tripoli's Arabic-language newspaper al-Fajer al-Jadid quoted from what it described as an Italian news agency dispatch reporting assaults on American interests in Italy.

(A U.S. Embassy spokesman in Rome, speaking on condition of anonymity, told the AP on Sunday he knew of no such "revenge operations" against U.S. targets.)

(Scheherez Faramarzi, AP)

MURPHY SAYS WE'LL SAIL AGAIN IF LIBYA KEEPS UP GULF CLAIM

Col. Qaddafi can expect further Navy maneuvers in the disputed Gulf of Sidra, despite the threat of terrorist attacks against Americans and U.S. military bases abroad, a senior Administration official said yesterday.

Richard Murphy said the 6th Fleet would sail into the gulf again if Col. Qaddafi continues to claim it as Libyan territory.

(Jeremiah O'Leary, Washington Times, A12)

ADMINISTRATION OFFICIALS REFUSE TO RULE OUT STINGER MISSILE

Reagan Administration officials aren't denying reports that sophisticated anti-aircraft weapons have been sent to U.S.-backed rebels in Angola and Afghanistan, but aren't confirming the reports either.

Michael Armacost said Sunday he would not comment "on those kinds of intelligence matters." But Armacost, appearing on NBC-TV's "Meet the Press," said Administration policy was "to furnish support for indigenous sources of resistance to outposts of Soviet influence."

(AP)

NATIONAL NEWS

STAR WARS

U.S. scientists have not gotten very far in making President Reagan's dream of a high-tech shield against nuclear attack become a reality, a Senate report says.

Rather, research on the SDI over the past three years has highlighted the nearly insurmountable problems of basing a comprehensive anti-missile system in space, the study says.

"While some significant progress has been achieved in each of the five major programs of the SDI, none of it could be described as amazing," said the report, which was circulated on Capitol Hill last week. A declassified version was released Sunday.

(AP)

Star Wars Scientists Aren't As Hopeful On Project As White House, Report Says

Scientists working on the SDI are far more skeptical about the prospects of the proposed antimissile system than senior Reagan Administration officials, according to a senate staff report.

The study, conducted over the past four months by aides to the three ranking Democratic senators, warns that the crash research program still has "intractable problems" that cast doubt on whether any strategic defense system could accomplish President Reagan's goal of rendering nuclear missiles "impotent and obsolete." The Senate paper calls for continued research and funding for the project but urges that "Congress should maintain a certain degree of skepticism."

(Tim Carrington, Wall Street Journal)

ACTION SET ON LIABILITY INSURANCE

SANTA BARBARA, Calif. -- President Reagan has endorsed in full the recommendations of an Administration task force on the liability insurance crisis, and will announce this week that he plans to submit legislation to Congress, according to White House officials.

Among the recommendations Reagan has accepted are limits on attorney's fees and restrictions on damages and damage awards for "pain and suffering," the officials said.

(David Hoffman, Washington Post, A1)

REAGAN ATTENDS EASTER SERVICES, REMEMBERS "DEAR FRIEND"

SANTA, BARBARA, Calif. -- President Reagan celebrated Easter Sunday -- the fifth anniversary of the assassination attempt against him -- by attending church services and remembering his "dear friend," actor James Cagney.

The President interrupted a vacation routine of horseback riding and wood chopping at his mountaintop ranch to attend services at a small Presbyterian church in the Santa Ynez Valley near the predominantly Danish-American village of Solvang.

An aide said the fifth anniversary of the March 30, 1981, assassination attempt by John Hinckley "had something to do with" Reagan's decision to attend church.

(Leon Daniel, UPI)

GRAMM-RUDMAN CUTS HIT THE WHITE HOUSE

With Secret Service agents doubling up in hotel rooms and reporters shuttling by van instead of helicopter, the Gramm-Rudman budget cuts have finally hit the White House.

The White House had to cut \$1.1 million from a \$24.9 million budget. It did, however, ask for a fiscal 1987 increase to \$25.1 million.

The White House Press Office is also using both sides of the page to print the daily News Summary for the President and his aides.

(UPI story, Washington Times, A3)

REGAN MAY REFEREE QUOTA FIGHT

SANTA BARBARA, Calif. -- With the Justice and Labor departments entangled like battling elks on the issue of affirmative action changes, Chief of Staff Regan is on the verge of stepping in and settling the matter.

"I have volunteered my good offices," Regan said in an interview over the weekend. The way things work at the White House, President Reagan is above the fray. "We have not surfaced the issue to him," Mr. Regan said. "The best solution may be to do nothing."

(Jeremiah O'Leary, Washington Times, A12)

EDITOR'S NOTES: "Talk Not Cheap At Wick's USIA" by John Goshko appears on page A1 of the Washington Post.

"Casey Strengthens Role Under "Reagan Doctrine" by Patrick Tyler and David Ottaway appears on page A1 of the Washington Post.

NETWORK NEWS SUMMARY

(Sunday Evening, March 30, 1986)

NICARAGUA/DANIEL ORTEGA

ABC's SAM DONALDSON: Nicaraguan President Daniel Ortega said today he wants to negotiate directly with President Reagan to end the trouble between his Sandinistas and the U.S.-backed Contra rebels. Ortega said his forces had been attacking the Contra camps, which he acknowledged are located in Honduras. But he denied there was any invasion of Honduras.

ABC's JOHN QUINONES reports that on Nicaragua's border with Honduras, the Sandinista armed forces are on full alert here, warding off U.S.-supported Contras. Today, Daniel Ortega, convinced that the U.S. Congress will soon approve more funding for the Contras, called for peace negotiations -- not with the rebels -- but with President Reagan. "We want a dialogue with the chief of the Contras, and that's President Reagan," Ortega said. "Reagan can come to Managua, or we will go to Washington -- whichever he wants." ... In its call for peace, the Catholic Church in Nicaragua has long criticized the Sandinista government for refusing to negotiate with the Contra rebels. This Easter week, perhaps because of the religious holiday, perhaps because of the wars' impact on Nicaragua's economy, the voices of dissent seemed louder than ever and it wasn't just the church that was complaining. More and more Nicaraguans are now publicly chastising their Marxist Sandinista government for not negotiating with the Contras.... For now there is no sign of peace. With more American funding expected for the Contras, there is only fear of more fighting despite all of the complaints and all the prayers. (ABC-2)

CBS's BRUCE MORTON: President Reagan went to Easter Sunday church services for the first time in three years -- a small Presbyterian Church near his California ranch. But the controversy over U.S. policy in Central America was with him every step of the way.

CBS's JACQUELINE ADAMS: On his way to Easter church services, President Reagan brushed aside reporters' questions and refused to get into a long distance shouting match with Nicaraguan leader Daniel Ortega. (TV Coverage of the Reagans arriving at church.) On the CBS News broadcast, "Face the Nation," Ortega called U.S. efforts to force him to negotiate with the Contra rebels "blackmail." Nonetheless, through an interpreter, he said there is one person he will talk with.

(Daniel Ortega: "We want a dialogue with the Contra, with the chief of the Contras, which is President Reagan.")

Assistant Secretary of State Elliot Abrams dismissed Ortega's overture and insisted that only military pressure would convince Nicaragua's ruling Sandinistas to talk.

(Elliot Abrams: "What they want is a military victory. That's why they went into Honduras. They want to crush the Contras.")

Ortega argued that his forces did not invade Honduras, although he did concede there have been a series of what he called "totally defensive operations" along the border. White House officials plan to spend this week finalizing their strategy for the next House vote on Contra aid. Officials here believe they have the votes to win, but many House Democrats worry that this April 15th vote is just the first step toward bringing U.S. troops directly into the fighting in Central America. (CBS-Lead)

SOVIET REACTION/ARMS CONTROL

MORTON: The Soviet news agency Tass today reported President Reagan's rejection of Soviet leader Gorbachev's call for a summit meeting to discuss ending nuclear tests. And the Communist newspaper Pravda accused the President of dispelling the "Spirit of Geneva" -- scene of the last summit. Secretary of State Shultz, flying home from a 10-day European trip, told reporters the stalemate on arms negotiations would continue until the U.S. and the Soviets resume the kind of private diplomacy which led to last year's Geneva meeting. (CBS-2)

NBC's CHRIS WALLACE: The U.S. is also involved in a diplomatic battle with the Soviets. Mikhail Gorbachev now promising to resume nuclear testing as soon as the U.S. explodes another nuclear device. Today, Administration officials were trying to control the diplomatic fallout.

NBC's ANDREA MITCHELL reports from Santa Barbara that the President would not respond to questions about Gorbachev's challenge for an immediate summit in Europe, limited to test ban negotiations. Mr. Reagan's foreign policy advisers have told him that Gorbachev is trying to persuade American allies in Europe that the Soviet Union is genuinely interested in stopping the arms race. But U.S. officials called it a cheap propaganda trick and advised the President to ignore it. Senior officials said if Gorbachev's offer had been serious he would have made it through diplomatic channels, not on television. Administration officials had hoped that Soviet Ambassador Anatoliy Dobrynin would have been able to set a date for the proposed summit when Dobrynin returns to Washington next week. Now, that is less likely. (NBC-2)

EASTER SERVICES

DONALDSON reports in California, President Reagan worshipped at a small Presbyterian Church near his ranch, the first time he has gone to church in 15 months. (TV Coverage of the Reagans at church.) (ABC-6)

MARCOS

MORTON reports that after the Secret Service nixed a big picnic and Honolulu officials nixed a park bash, Ferdinand and Imelda Marcos settled for a smaller Easter gathering at their rented beach front home.... Marcos said that he still considers himself the President of the Philippines. And he called Corazon Aquino a "dictator." (CBS-5; ABC-6; NBC-9)

SOUTH KOREAN PROTEST

WALLACE: Some 80,000 people marched through the streets Kwangju, South Korea today in the largest anti-government demonstration since President Chun Doo Hwan came to power six years ago. The protesters chanted down with dictatorship and demanded a change in the Constitution, calling for a direct election of the president. (NBC-4)

SENATORS/HARKIN & DOLE

DONALDSON: Democratic Sen. Tom Harkin of Iowa said today much of the U.S. aid already sent to Contras cannot be accounted for. Harkin charged it has been stolen by Contra leader Adolfo Colero, among others. But Senate Majority Leader Robert Dole said the U.S. should press on with assistance. And Dole predicted the \$100 million the President is currently requesting won't be enough -- that more money will have to be voted later.

On another subject, Sen. Dole was less outspoken, but finally clear. Asked whether the President should reappoint Federal Reserve Board Chairman Paul Volcker, when Volcker's term expires next year, Dole first replied, "I think he's been very effective." Asked the same question again, Dole replied, "It would be alright with me." Asked for a third time whether Volcker should be reappointed, Dole finally responded, "I think it would be a good idea."
(ABC-3)

AFGHANISTAN/ANGOLA

WALLACE: The Reagan Administration has quietly escalated its involvement in two other countries. In a major policy shift, the White House has started sending sophisticated American-made weapons to anti-communist rebels in Afghanistan and Angola.

NBC's JIM MIKLASZEWSKI reports that the Reagan Administration has decided to send the rebels Stinger missiles. One Administration source indicated the CIA would be responsible for training the guerrillas in their use. A key element in the decision came at a March 5 meeting between Secretary of State George Shultz and several conservative senators, including Majority Leader Robert Dole.

(Sen. Dole: "We did indicate that we felt effective weapons should be given to the Savimbi forces and the Afghans.")

So the White House decided to send hundreds of Stingers to Angola and Afghanistan.

(Sen. Jim Sasser: "We have a right to supply them with weapons that they can defend themselves with.")

Without officially confirming the deal, the Administration was talking tough.

(Michael Armacost: "The absence of a political resolution, then the military conflict will continue. The Soviets will pay a higher and higher price.")

There are also reports the U.S. may give Stinger missiles to rebels in Cambodia and Nicaragua.
(NBC-Lead)

SOUTH AFRICA

DONALDSON: In South Africa today, a conference of black school teachers, parents and students voted to end a school boycott against apartheid. But made it clear they were changing tactics -- not objectives.

ABC's JIM HICKEY reports that instead of the boycott, delegates voted for a three-day national strike in June, on the tenth anniversary of the 1976 Soweto uprising. Conference organizers insist they are not giving in to the government by ending the boycott. Instead, they believe it will be easier to mobilize students for political action if they are in the classrooms instead of roaming the streets.
(ABC-4)

POPE JOHN PAUL II

DONALDSON reports the Pope chose Christianity's holiest day to deliver a strong attack on war and terrorism -- a message with special meaning for one of the more notable worshippers in attendance.

ABC's DAVID ENSOR reports the Pope condemned both terrorism and reprisals against it. Secretary of State Shultz was among those in St. Peter's Square listening to the Pope. Italian commentators are saying the Pope's condemnation of reprisals against terrorism may have been partly aimed at the recent U.S. naval maneuvers and missile counterattacks against Libya. The Vatican routinely says, though, that the Pope does not single out anyone, he condemns violence in general. (ABC-5; NBC-7; CBS-3)

JOHN HINCKLEY/GUN CONTROL

DONALDSON: Today is the fifth anniversary of John Hinckley Jr.'s attempt to assassinate President Reagan. Last week, Hinckley lost a bid to gain more freedom from his confinement at St. Elizabeth's Hospital. (ABC-8)

MORTON reports five years ago today, John Hinckley shot and wounded President Reagan, White House Press Secretary James Brady and two others. That 1981 assassination attempt brought renewed demands for stricter laws controlling the purchase of handguns. (TV Coverage of assassination attempt.) President Reagan opposed those efforts. (President in 1983: "It's a nasty truth but those who seek to inflict harm are not phased by gun control laws. I happen to know this from personal experience.")

The federal gun control law remained unchanged. The debate now in 1986 is over a bill that would weaken that law. The National Rifle Association wants it weakened -- no surprise there. But police officers, NRA allies on other issues over the years, are fighting the association this time, even to the point of staging a demonstration at the Capitol... And the police have another ally in their fight, Sara Brady, wife of Press Secretary James Brady, wounded in that assassination attempt five years ago. A Republican and a conservative who thinks the gun law should not be weakened.

(Sara Brady: "Say that it passed the Senate and then it stood a chance of passing the House. I realized how dangerous it was and I thought because of what did happen to Jim, I was in a position where people might listen to me. And it became very apparent to me that if we had had better laws, then Hinckley, John Hinckley, would not have been able to purchase that cheap gun.") The NRA is one of the most effective lobbies in Washington. It contributes a lot of money to congressional campaigns; its members do write and call their congressmen. Sara Brady and the police organizations know they are in a tough fight for congressional hearts and minds.

(Sara Brady: "A majority of them are back and forth. They would like to support our view but they are awfully afraid of the NRA. And those are people we are working on now. We're hoping they are going to vote their conscience and their common sense on this issue and not panic and vote with the NRA.") The House votes on April 9th. (CBS-6)

JAMES CAGNEY

MORTON: Actor James Cagney died today at his home in upstate New York. He was 86. As Terry Drinkwater reports, Cagney got his start on the streets of New York and grew up to become America's Yankee Doodle Dandy.

CBS's TERRY DRINKWATER: (President Reagan at the White House: "A citation as a giant in the world of entertainment -- James Cagney.") Toward the end, they took him to the White House to get the Presidential Medal of Freedom from an old pal. As for his epitaph, well let Cagney tell it: "I am a Yankee Doodle Dandy...." (CBS-8; NBC-3; ABC-Lead)

PHILIPPINES DEMONSTRATION

NBC's STEVE MALLORY reports from Clark Air Base main gate that bar girls, taxi drivers and businessmen protested strikers' barricades that have closed American facilities here to traffic. It has been bad for business they say. (NBC-5)

U.S. EMBASSIES/TERRORISM

WALLACE: After the Sixth Fleet showdown with Libyan forces in the Gulf of Sidra, American embassies around the world went on special alert. In case Moammar Khadafy struck back.

NBC's JOHN COCHRAN reports from Kigali, Rwanda that the U.S. Embassy is an easy target, so American officials reacted quickly to a warning that Libyan terrorists were on the way. The embassy was closed on Friday and embassy personnel were told to stay away. The embassy communication system had received a secret warning from Zaire. (NBC-6)

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ABC'S THIS WEEK WITH DAVID BRINKLEY

Moderator David Brinkley, with Sam Donaldson and George Will.

Guests: Sens. Robert Dole and James Sasser, Assistant Secretary of State Richard Murphy, and Libya expert Henry Schuler.

DAVID BRINKLEY: What did we accomplish by attacking Libya in the Gulf of Sidra?

RICHARD MURPHY: I think you have to ask yourself how to you respond to a bully. Do you just let him go on? Do you let him make a challenge -- in this case saying the Gulf of Sidra is national waters and not repond -- and let the right to freedom of navigation be eroded over the years. We have challenged him repeatedly.... I wouldn't see that blowing up our embassy, which he may well have planned long before this naval exercise, is tied to that exercise. That's an ongoing plan of Khadafy's. We have our own programs to counter those.

HENRY SCHULER: I fully agree that we have got to get tough with a bully. I think, however, that we should do it by isolating him politically and economically, and undermining the support for his regime within the country. And what I fear is that these military maneuvers are counterproductive in that regard, because they rally support in the region and within the country to him.... To be sure, it's the rhetorical Arab world that rallies to his cause, because indeed the leadership of those countries, many or his neighbors, would like to see him removed.

SAM DONALDSON: Do you think we deterred him? Do you think now we are not going to see a Khadafy-inspired terrorist attack again?

MURPHY: I think the programs we have, they're three-fold: The economic sanctions programs that was tightened up considerably in January; the continuing program of freedom of navigation; and then the whole set of other programs we have to bolster the moderate Arabs.

SCHULER: I don't think in the least. As a matter of fact, I don't think there is any way we are going to deter Khadafy. We have to encourage the Libyan people to rid themselves of him.... He obviously can't match us in conventional military force so he has to resort to unconventional, which means terrorism and support for subversion of U.S. interests.

BRINKLEY: Why did we get so excited about this (Nicaraguan incursion)?

SEN. SASSER: I think that's a good question. The cynics would say this is an effort on the part of the Administration to drum up support for their effort to get \$100 million in Contra aid.... I suspect that's the case. In other words, what we have seen in recent times, in other incursions, ...very little was said about that. There was no offer to ferry Honduran troops to the border in American helicopters as we saw this time.

SEN. DOLE: I think it did have an impact on the Senate votes. You can't look at just the last vote, you have to look at the Kennedy amendment which said no aid at all. That was defeated by a two-to-one margin. The amendment offered by Sen. Sasser -- \$30 military in humanitarian aid -- was defeated by a two-to-one margin. So I think it did have an impact.

-more-

DAVID BRINKLEY (continued)

GEORGE WILL: It's just not the case, from what we know about the dynamic of political debate in this town, people would say it's the President's fault -- he hasn't negotiated in good faith. So all the Sandinistas have to do under your program is hold on for six months?

SASSER: No, it's because when you are pumping \$30 million into an army of 15,000 men in that very poor region of the world, they are going to stay there where that sustenance is for the six month period.

BRINKLEY: The Soviet Union is shipping help to the Sandinistas by the shipload.... How do we ever hope to win anything out of this?

DOLE: We're not going to win it with \$100 million. I think Bud McFarlane was right. If we are going to start down this road, we're going have to sustain it. And I would much rather spend a few \$100 million taking care of that beachhead in Nicaragua, than letting it move up in our direction.

SASSER: I think if we start down the road, we're going to have to have a sustainable policy. The problem is you get a \$100 million this year for a policy that the Congress and the American people have no confidence in. When you come back at the end of 18 months and ask to fund this same policy again, it's simply won't fly. And what we need is a sustainable policy in that region that the American people and the public will support.

WILL: What will it take to get Sen. Sasser to support aid to the Contras?

SASSER: If we cannot make progress in negotiations with the Sandinista government, if it's clear that they are going to continue to try to subvert their neighbors, if they are going to continue to import Soviet military material with extensive Soviet advisers, then that is enough for me. I would support military aid for the Contras at the end of that period. But, I don't think we have exhausted the potential to negotiate in this region.

DONALDSON: The President wants about an 8% increase (in defense) to make up for what he said he didn't get because of Gramm-Rudman-Hollings cuts?

DOLE: He doesn't need that much but he liked to have it.... I think somewhere around \$301-\$305 billion would certainly be a victory for the President on defense spending. But I think also the White House has to be a part of this effort. They can't sit on the sidelines at the White House and blame the Congress for not having the budget. And they have already indicated to us that they are willing to sit down with us and we're going to do it after the Easter recess.

DONALDSON: Is there any possibility that the Senate will pass a budget that doesn't include new revenues?

SASSER: ...I think Chairman Domenici is now going for it the only way he can: with some revenues, some cuts in defense, some cuts in domestic spending -- a balanced program.... I think in the long-term we have got some deep seated economic problems that are going to come home to roost.

FREE-FOR-ALL DISCUSSION

ON AID TO NICARAGUAN CONTRAS:

WILL: I agree that this amount of money won't suffice and I think everyone agrees with that. The difference is whether or not we're going to have to put more money in. I don't think money's the issue here.... The question is the perception of the threat and I do think -- slowly but surely -- both sides are getting committed....

DONALDSON: The problem with the President's rhetoric, of course, is that he paints Armageddon right around the corner. It's this apocalyptic view of what Nicaragua can do to Harlingen, Texas -- or San Diego -- is far beyond the remedy that he proposes. So you have to ask yourself: has the man decided that the threat to the U.S. that he paints can be countered by a few Contras, which is kind of silly, or is this just another step down the road of escalation. I think it is the latter. I think the President intends to overthrow the Sandinista government by whatever means the American people will support. He's a good politician; he won't send the Marines until he has public support for it. But the moment he senses that, they're down there.

TOM WICKER: What is the end objective of what we are trying to do in Nicaragua? What's President Reagan trying to do? If it is really to make the Sandinistas change their ways, then it seems to me that's very unlikely. That's very unlikely to do that either by military force or by negotiations. If it is to overthrow the Sandinistas, then that's another set of problems entirely. And I think the Administration has made it pretty clear on one occasion or another that their object is to overthrow the Sandinistas. Now, if you are going to overthrow the Sandinistas, Sam's analysis of what's happening may very well be correct....

ON GORBACHEV'S NUCLEAR TEST BAN PROPOSAL:

WICKER: The Administration's turned that down flat. And I think in this case...this latest Gorbachev proposal, if he knows as much about American government as he appears to, it's bound to have been propagandistic to drive the point home because the Reagan Administration has made it clear time and time and time again that they are not going to enter into a nuclear test ban for reasons of their own. So when Mr. Gorbachev proposes it one more time, it seems to me he got the answer he expected and probably the propaganda advantage he wanted for whatever that may be worth.

WILL: Mr. Gorbachev is in the process, not for the first time for a Soviet leader, of reneging on a promise -- a promise made at Geneva. He was invited to come to the U.S. in June. Instead of now talking about a summit without preconditions -- regular summits without preconditions which was the agreement in Geneva -- he's now talking about something else. And it won't work.

WICKER: Talking about reneging on promises, the U.S. is committed in two treaties, a limited-test ban treaty and the non-proliferation treaty -- the law of the land -- we're committed in two treaties to pursue a comprehensive test ban treaty and this Administration simply won't do it.

CBS's FACE THE NATION

Moderator: Bob Schieffer

Guests: President Daniel Ortega of Nicaragua, Rep. Thomas Foley,
and Assistant Secretary of State Elliot Abrams.

BOB SCHIEFFER: Did your troops cross into Honduras?

PRESIDENT ORTEGA (through interpreter): Let me make clear that we have lied at no point. What we have stated is that we have not invaded Honduras. We have not committed any act of aggression against Honduras. What there have been is a series of military operations that aren't new, they've been taking place for years now, all along the frontier area to attack the contra-revolutionary forces...in Honduras. They are totally defensive operations....

The mercenary forces are in Honduran territory. What's important now is U.S. forces itself are being pushed in by the Reagan Administration and as much as the Contra forces are losing rapidly. Now who do you believe? ... U.S. policy is actually interfering with the efforts of both Honduras and Nicaragua to try to hold conversations. In fact we are going to have a Central American president summit meeting late in May. Central Americans, if left to themselves, can solve their own problems. And it's U.S. policy that's blocking these efforts among Central Americans themselves.

SCHIEFFER: Even those in the Congress who say that the U.S. has no business giving aid to the Contras, were stunned that this came just after the House vote to cut off that aid and just two days before the Senate was to vote on this. Why did you chose this particular time for this operation?

ORTEGA: We didn't choose any specific moment for this. As I said before, the combat -- the operations -- have been going on for years in that area. From the day that the Contras began attacking from Honduras, there have been military operations throughout the border area. Now, of course, the Reagan Administration found it opportune, necessary and convenient to blow this all out of proportion and proceeded to do so. And the lies came from the Reagan Administration when it said that Nicaragua was invading Honduras. And this, of course, is with an eye to the Senate vote and to U.S. public opinion. In fact, when the vote took place in the House, the principle Contra camps had already been destroyed and attacked.

SCHIEFFER: Does this...90-day period, with the threat of more aid going to the Contras at the end of it, will that cause you to change your mind? Would you be willing now to talk to the Contras?

ORTEGA: All this is blackmail. All this is in violation of international law and even your own domestic law. What we are talking about is the "Vietnamization" of the Central American conflict.... So they put on this publicity stunt in order to help the Contras putting U.S. helicopters almost right on our very border. We want the dialogue with the Contra -- with the chief of the Contras, which is President Reagan. And he can come here to Managua or we're willing to go to Washington: wherever he wants to.

FACE THE NATION (continued)

SCHIEFFER: Will you or will you not talk with the Contras?

ORTEGA: But the Contras are the U.S. government, the Contra is President Reagan. Isn't it in U.S. Congress where U.S. policy is being formed against Nicaragua -- where the war is being directed and financed. What other congress in the world is discussing a policy of how to go about overthrowing another government.... The policy is decided in Washington, not anywhere else, so we have to talk to the White House....

We're willing that as a product of a U.S.-Nicaraguan agreement, all foreign military advisers be withdrawn from all of Central America. Let's make Central America a neutralized zone, free of all foreign military presence. This is something we can offer and we're willing to implement.

SCHIEFFER: What did you make of what President Ortega just said?

ELLIOT ABRAMS: A repetition of last week's lies. He still doesn't really admit that they went across and invaded Honduras. I should just mention that actually you weren't hearing Ortega -- the interpreter was actually enhancing his remarks into what, I guess, the interpreter thought he should be saying. But it's also clear that they don't want to negotiate. He said he doesn't want to sit down with the Contras. President Reagan went to the U.N. last fall and said look, the way to get all these regional disputes settled is talk -- the warring parties should talk. Now these guys don't want to go to the table. That's why we have come up with a policy of pressure to try to force them to the bargaining table.... What they want is a military victory. That's why they went into Honduras. They want to crush the Contras taking advantage of this Congressional delay.

REP. THOMAS FOLEY: I don't think the House is going to approve what the Senate approved. I think there may be a final tendency for the House to impose some real conditions, including a separate vote of the House as to whether those conditions have been met.... This is a unilateralist approach of the U.S. which we feel, many of us, inevitably draw the U.S. closer and closer into the war. I don't think there's any question that if the goal is to overthrow the Sandinista government, that U.S. forces would have to be involved to do that. The President said he doesn't want to use forces -- I take him at this word. The problem is not a deliberate policy of injecting U.S. forces, but the gradually rocking into the quagmire....

I think it is unfortunate the President suggested ... that the invasion of Honduras occurred, and I believe that they did cross the Honduran border, it occurred because of a so-called weak signal from the House....

NBC's MEET THE PRESS

Moderator Marvin Kalb, with Charles Krauthammer and R. W. Apple

Guests: Undersecretary of State Michael Armacost, Senator Joseph Biden

MARVIN KALB: On how you would treat terrorism, what would you do that's different?

SEN. BIDEN: Well, in 30 seconds what I'd do different is decide what my objective is. I'm not sure exercising the right of free passage demonstrates that we're going to be able to control terrorism. If we're going to control terrorism in Libya in that regard, we have to do much more than flex our muscles there. I think you must engage the rest of the free world in that effort. To the degree that you can, I think you have to be prepared to use some covert action and intelligence in ways that we have yet to be insightful enough to do.

CHARLES KRAUTHAMMER: You yourself stated on the floor of the Senate on Thursday that our major error in Vietnam was not trying to build a democracy there, but was putting in American troops rather than letting the South Vietnamese do their own fighting. Well, in Nicaragua that's exactly what we're trying to do, which is to support Nicaraguans who want to do their own fighting and yes -- and yet you were one of those who voted to oppose aid to these people.

BIDEN: Charles, I have the same problem with Nicaragua you have with Cambodia, and that is that although I accept the principle that we should and could be involved, the question is will it work, our involvement. And the issue seems to me that this Administration fails to discriminate is whether or not if we can -- that contra forces can gain the popular support of the Nicaraguans. I'd assume you'd agree, if it's unable to gain the control of the minds as well as the hearts of the peasant population in the country side, it can't succeed and it's a guaranteed prescription for U.S. involvement.

KALB: Mr. Gorbachev made a proposal yesterday for an immediate summit, a ban on nuclear tests. The President rejected it very quickly. What would have been your response?

BIDEN: Well, probably the same. I think it's sad that we've gotten to this point, quite frankly. We've allowed the Test Ban Treaty to be the single source of discussion of arms control, which has become a dead letter. It's been used now as a propaganda tool.... We're not going to get any because this Administration has not determined what its view is on arms control. It is still a battle -- at war with itself. It hasn't resolved the question as to whether or not it's committed to the notion of arms control; whether arms control, verifiable or otherwise, is in the interest of the U.S. That's the fundamental disagreement that goes on within this Administration. They've been debating it for six years.

KRAUTHAMMER: I'm not sure I understand that what your party's position is on Nicaragua.

BIDEN: Neither do I.

MEET THE PRESS (continued)

KRAUTHAMMER: You don't either. Can you tell us what it is in your own?

BIDEN: No, I can't because I think, in fact, my party is split all across the board.

KALB: Why is it that the U.S. feels it can use force against Libya, but against Nicaragua, described as an outlaw nation this week by a senior State Department official, why is it that we feel that we have to use our force through proxies?

MICHAEL ARMACOST: Well, I think they're different cases, Marvin. In the case of Libya, we were conducting a naval exercise in internationally recognized waters, as part of a program in which we affirm these rights in 30 or 40 places a year. American forces were involved, and were operating peacefully. They were provoked by five or six missile shots at our aircraft over six hours. And we took what we regarded as a measured and forceful response. In Nicaragua, as Mr. Krauthammer said earlier, we confront a situation in which we're trying to consolidate the democratic evolution in Honduras, El Salvador. And Honduras and Costa Rica, of course, had a long tradition. And we confront a country which proclaims a revolution without frontiers, and we're supporting some people, Nicaraguans, who would like to promote greater pluralism in their politics, and we believe that's a proper way to proceed. We're not trying to get involved ourselves. We're trying to support those Nicaraguans who are prepared to affirm their own value which we support.

KRAUTHAMMER: I'm wondering why the Administration all of a sudden has found this so unacceptable that a regime in Nicaragua would defend itself by attacking sanctuaries across another border?

ARMACOST: Well, in this case, the Honduran government made a request that we provide support, and we provided that support to them.... Hondurans could deal with the problem, but they needed logistics support. That's what we provided.

R.W. APPLE: Everybody in Washington, in your Department, in the White House, Defense Department, has made it quite clear that the White House, the Reagan Administration has been looking for a chance to give Qaddafi a black eye in repayment for his terrorism. You're not denying that, surely?

ARMACOST: No, I'm not, but in this particular case, this was part of a naval challenge program. We've operated for four or five years. As I say, we do these exercises 30 or 40 times a year.

APPLE: Is there any reason to believe that what happened in the Gulf of Sidra last week is going to discourage Mr. Qaddafi from further terrorist activities?

ARMACOST: Well, again, we were affirming maritime rights. In the process we exposed his bluff. He claimed this was a "Line of Death." It was not a "Line of Death" for Americans. These were international waters. The only people who died were Libyans.

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THE McLAUGHLIN GROUP

Moderator John McLaughlin, with Morton Kondracke, Robert Novak, Jack Germond and Michael Kinsley

McLAUGHLIN: Were the U.S. Naval maneuvers (near Libya) a good or bad idea?

KINSLEY: This had absolutely nothing to do with the Gulf of Sidra or freedom of navigation, or little with terrorism. This was Ronald Reagan looking for a Grenada type fix, he very cleverly figured out a way to entice Khadafy into this trap where we got to kill a bunch of Libyans. We did in a way that caused very little risk to ourselves and also, in a way where we couldn't be blamed very much.

NOVAK: It showed that the U.S. is not to be trifled with. I think it was an effective use of military power and most Americans are very happy about it.

GERMOND: It was justified, obviously. Was it wise? We don't know the answer to that. I don't see any rationale for doing it beyond the showing that we can drop some bombs on some Libyans.

KONDRACKE: If this is all there is, this kind of taunting of Khadafy, then it's counter productive, because it probably will give him an excuse to go for new terrorist activities. But, if this part of a strategy that leads to eventually overthrowing Khadafy or inflicting real damage on Khadafy or stopping his terrorist activities elsewhere, then I'm for it.

McLAUGHLIN: How do you rate President Reagan's performance in the Libyan-U.S. exchange?

KINSLEY: C, who cares? NOVAK: A+ GERMOND: Performance A, policy D.
KONDRACKE: It's an easy A, this was a gut course on this one. I want to see the next test. McLAUGHLIN: On a policy basis, he flunked.

ON HONDURAS:

McLAUGHLIN: Did the Reaganites exaggerate what was in reality little more than another crossed border skirmish?

KONDRACKE: A very large force came over the border and tried to knock out two training bases. What's missing in all the argument that has been going on here is the factor that caused this thing was the delay, both Reagan's fault and Congress's fault, all of these measures to get aid to the Contras have built into them, both Reagan and the Congress have a 90-day delay. This is a time before the Contras are up to speed militarily, so the Cubans advise the Contras to hit them during that period.

KINSLEY: Every day down there are soldiers crossing the border from Honduras into Nicaragua as part of a guerrilla war which we are promoting.... Ronald Reagan is doing it for propaganda reasons, but the Democrats in Congress look like complete idiots saying they are shocked to discover that the Nicaraguans are fighting back.

McLAUGHLIN GROUP (continued)

NOVAK: We are in world struggle against communism. All intelligence information authenticated indicates that something in excess of 1,000 troops got in there and they were cut up by the Contras.

GERMOND: Nobody in their right mind accepts the Nicaraguan version of this thing. All we really know is that they have been going in there regularly over a long period of time.

McLAUGHLIN: Will OPEC come back or is it dead forever or for as far as the eye can see?

KONDRACKE: I think it will be back. REST: Dead forever.

McLAUGHLIN: Is Richard Gephardt ready for the big leagues of national politics or is he a bright young, but still unready figure on the American presidential scene?

NOVAK: He is very much like a conventional Democrat right now. Secondly, I think this abortion problem is enormous for him.

KINSLEY: He's a computer designed candidate. He's what people say they want but no one can remember anything about him. He's so moderate. I don't think moderation is what the Democrats need.

KONDRACKE: What he's trying to do is pull the Jimmy Carter routine again by visiting practically every voter in Iowa.

McLAUGHLIN: On a scale of 0 to 100, how do you rate his probability of getting the nomination?

KINSLEY: 1% NOVAK: 1.2% GERMOND, KONDRACKE, McLAUGHLIN: 10%

PREDICTIONS:

KINSLEY: Justice William Brennan of the Supreme Court is going to celebrate his 80th birthday with a lot of very liberal decisions coming out of that court this term.

NOVAK: Vice Admiral Frank Kelso is said to leap frog over several more senior admirals to become the next Chief of Naval Operations.

GERMOND: Jim Thompson is now going to win big enough in Illinois to be a presidential candidate in 1988.

KONDRACKE: President Reagan is going to mothball a nuclear submarine and thereby technically violate Salt 11.

McLAUGHLIN: The Supreme Court will uphold the lower court decision with regard to Gramm-Rudman-Hollings, declare it unconstitutional. Also, the vote will be 7-2, the two dissenting justices will be O'Connor and Rehnquist.

AGRONSKY & COMPANY

Moderator Martin Agronsky, with Tom Oliphant, James Kilpatrick, Charles Krauthammer and Hugh Sidey

AGRONSKY: All things considered, were we wise to hit Khadafy?

KILPATRICK: Yes, I wish we could have hit him twice as hard. If he would have been just cooperative, we would have.

OLIPHANT: They were justified, but our fixation with Libya is both foolish and myopic and injurious to more important American interests in the region.

KRAUTHAMMER: Absolutely, we were wise. Khadafy had to be sent a message. The message is, this is what happens at a time when you're aren't killing Americans. Imagine what's going to happen after you do.

SIDEY: The worst possible decision except for all of the other alternatives. It is a time when you had to choose and it wasn't very pleasant.

OLIPHANT: We have made Khadafy stronger in his own country for now. In addition, we have undermined the position of more moderate Arab leaders in the Middle East whom we really ought to be getting to focus on more important concerns like the Iran-Iraq war....

KRAUTHAMMER: The fact is we have a policy here. The President realized after the attack on Vienna and Rome he had to do something. Step one was to get Americans out of Libya. Step two was the message, this is what we can do. We can knock out patrol boats and a radar station. Step three will happen if there is a resumption of terror and that, I hope, will be knocking out all of the oil ports which Libya has.

SIDEY: We have heard a lot about if we get tough, Khadafy will be made a hero and then we will have terrorism. There isn't a bit of correlation to suggest that.

OLIPHANT: It is not really just Libya that is responsible for international terrorism. Syria is truly a sponsor of terrorism in this world.

KRAUTHAMMER: Economic sanctions are totally useless. We have tried it a dozen times and the Europeans never joined us.

SIDEY: Ronald Reagan couldn't have avoided this. The political environment would not have allowed him not to conduct those maneuvers and go across that line.

ON NICARAGUA/HONDURAS:

AGRONSKY: What's going to happen in the Congress?

KILPATRICK: I believe the President will get most of what he wants when the Congress returns.

KRAUTHAMMER: We support the one side that I think can help bring democracy in Nicaragua or we don't. We should support them.

AGRONSKY & COMPANY (continued)

OLIPHANT: The real significance down there of what happened is that the Honduran government is very nervous about being used as base camp for this war.

KRAUTHAMMER: It showed exactly what the strategy and thinking of Ortega and Sandinistas is. The strategy is to win on a military victory.

OLIPHANT: The biggest threat to Ortega is peace. The one thing that regime cannot stand is the light of democratic day. We are working to the strengths of the Sandinistas as the war widens.

ON THE ECONOMY:

AGRONSKY: The trade deficit has lessened, inflation keeps going down, interest rates keep going down, the stock market keeps going up. What goes on here? Is it going to continue?

SIDEY: It isn't a bubble and will not explode. The economy sits on a fairly firm foundation.

KRAUTHAMMER: There has been a fundamental change in the world economy. The crash in the price of oil -- which is now undoing all of the damage that was done to Western economies in the 1970's.

OLIPHANT: The major feature of the American economy right now is it's tremendously imbalanced. If you look at the signs so far this year, what you see is the continuing inability of the economy to grow vigorously.

AGRONSKY: How much credit for the extraordinarily good state of the economy would you give to Mr. Reagan? Was he lucky?

OLIPHANT: The financial success is due the stability and strength of his leadership. On a policy basis, that one's kudos should go to Paul Volcker.

KILPATRICK: The serenity and confidence of Ronald Reagan is contagious, infectious. It gives people a sense of confidence in the market and in the whole economy.

SIDEY: The President has set certain goals and has never deviated.

KRAUTHAMMER: He has provided very strong leadership.

AGRONSKY: Would you share in the optimism that we find at the White House among the President's advisers that he has now arrived at a point where he's no longer in jeopardy in any way?

KILPATRICK: Yes and no, he's back in the saddle again.

AGRONSKY: No prospect of being a lame duck president?

KILPATRICK: No, he's a fighter. He's no lame duck who's crippled.