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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, MARCH 25, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

NATIONAL NEWS

'Lemon' Highway Bill Gets Towed Back To Congress -- President Reagan yesterday launched an all-out fight against an \$88 billion highway bill which he called "a lemon loaded with every option in the book" that Congress has parked at the White House.

(USA Today, Washington Post, Washington Times, Newhouse, UPI)

INTERNATIONAL NEWS

Dollar Stabilizes After U.S. Central Bank Intervenes -- The dollar stabilized after falling to 40-year lows yesterday when the Federal Reserve intervened in foreign exchange markets to strengthen the U.S. currency.

(Washington Post, AP, Reuter)

IRAN-NICARAGUA

Casey Is Termed The Mastermind Of Efforts To Supply The Contras -- Congressional investigators have clear indications that William Casey, the former Director of Central Intelligence, masterminded the Reagan Administration's efforts to help the Nicaraguan rebels get military supplies, according to two senators and a representative.

(New York Times)

NETWORK NEWS (Tuesday Evening)

PRESIDENT REAGAN/HIGHWAY BILL
-- President Reagan has thrown the just-passed highway bill back to Congress.

DOLLAR/YEN -- In Tokyo the dollar plunged to its lowest level against the yen since the 1940s.

U.S./IRAN -- Iran's leadership taunted the U.S. today with reminders of Americans killed in Lebanon.



NATIONAL NEWS

REAGAN AGAIN VOWS TO VETO \$87.5 BILLION HIGHWAY BILL

President Reagan, attempting to restore his political strength, vowed again yesterday to veto the \$87.5 billion, five-year highway bill as pressure continued to mount in Congress to override the veto.

Reagan denounced the legislation as "really a lemon" and said he would send it back to Congress with a note saying "stop the spending spree." But the President was facing opposition from many Republicans as well as Democrats. A senior White House official said Reagan would probably veto the bill Friday.

Sen. Robert Dole told reporters that the vote is a test of Reagan's efforts to bounce back from the Iran-contra scandal. "The stakes are very high for the President," Dole said. "...Notwithstanding the merit on his side, it's important to his leadership."

(David Hoffman & Helen Dewar, Washington Post, A1)

'Lemon' Highway Bill Gets Towed Back To Congress

President Reagan yesterday launched an all-out fight against an \$88 billion highway bill which he called "a lemon loaded with every option in the book" that Congress has parked at the White House.

House Speaker Jim Wright accused the President of putting his own "macho" and "petty" interests above the best interests of the nation. Thousands of jobs will be lost if the highway bill is delayed by a veto, Wright said. (Jeremiah O'Leary & Mary Belcher, Washington Times, A2)

Reagan Hits Brakes On 65-MPH Bill

President Reagan is so eager to veto a lemon he calls "really a lemon with a sticker price of \$88 billion" he tried to ax it Tuesday before it hit his desk.

A veto, warned Sen. Patrick Moynihan, "will throw the economy into a recession, because there is no way Congress can write a new bill" before construction season starts. (Johanna Neuman, USA Today, A1)

President Reagan/Highway Bill

Disregarding the advice of his new chief of staff and influential Republicans in Congress, President Reagan announced Tuesday his decision to veto the (highway bill) because it exceeds his spending targets.

Whether the President, politically weakened by the Iran-contra scandal, can win the fight is uncertain. He has already lost one veto battle over spending this year, that involving the Clean Water Act, another measure that had broad bipartisan support.

In making the decision, Reagan appeared to be adopting the hardline veto strategy urged by some conservatives who say he must dig in against congressional spending even if he lacks the votes to prevail.

(Miles Benson, Newhouse)

President Reagan/Highway Bill

President Reagan, committed to "an all-out fight" with Congress, vowed Tuesday to veto an \$88 billion highway bill and send it back to Capitol Hill with a challenge to "stop the spending spree; get to work."

While his decision disregarded pleas of GOP lawmakers and a warning from White House Chief of Staff Howard Baker, Reagan told business executives that the bill flies in the face of the need for fiscal restraint.

"The budget deficit is a major threat to our national competitiveness," Reagan said. "Yet, last week, congress passed a budget-busting highway bill and it is really a lemon, with a sticker price of \$88 billion and loaded with every option in the book."
(Norman Sandler, UPI)

REAGAN STUDIES NEW BUDGET PLAN

Republican senators yesterday won President Reagan's backing for another attempt to reform the federal budget process.

A proposal drafted by Sen. Pete Domenici, the Senate Budget Committee's ranking Republican, would replace the current one-year budgeting process with one in which budgets were passed for two-year periods.

"The President supports the reform," Domenici said after a White House meeting between the President and other GOP lawmakers. "He asked us to proceed with our efforts to get reform."

(Willis Witter, Washington Times, A3)

CHILES PREPARING SENATE BUDGET PLAN

Would Cut Less From Defense, More From Domestic Outlays

Sen. Lawton Chiles, chairman of the Senate Budget Committee, is preparing a fiscal 1988 budget plan that would trim the federal deficit by \$36 billion.

Half the reductions would result from new taxes and about a third would come from cuts in nondefense spending, including entitlement programs such as Medicare, according to Senate sources.

(Tom Kenworthy, Washington Post, A4)

FEDERAL LOAN MANAGEMENT FAULTED

Delinquent debts owed to the U.S. government have skyrocketed as federal lending outstripped the government's ability to manage its loans effectively, the Office of Management and Budget told President Reagan yesterday.

In its annual report on the management of the government, the OMB warned Cabinet secretaries that "we have to make a systemic analysis of the root causes of delinquencies...and be ready to make the policy and program decisions necessary to clean up our portfolios." The agency did not specify what decisions might be needed.

(Judith Havemann, Washington Post, A9)

REAGAN/GINNIE MAY

President Reagan Tuesday signed a bill limiting fees that may be charged by the Government National Mortgage Association for its guarantees of privately issued mortgage-backed securities.

In a statement, Reagan said despite his approval of the legislation he had some "serious reservations" about its provisions "that must be addressed promptly through remedial amendments." (UPI)

TEXAS INDEPENDENTS QUESTION HERRINGTON

HOUSTON -- Independent oil and gas producers Tuesday told Energy Secretary John Herrington their request for an oil import fee deserves more attention from the Reagan Administration than it has gotten so far.

Herrington emphasized President Reagan also is very concerned about the domestic oil and gas industry.

"It is almost impossible politically to see a clean import fee go through," he said while discussing the new National Energy Security Study commissioned by Reagan on the impact of last year's oil price collapse.

(Paula Dittrick, UPI)

STATES WIN DISPUTE ON MINE RULES

Environmentalists Hail Court Decision In California Case

The Supreme Court, resolving an important conflict between the states and the federal government, ruled yesterday that states have the power to impose environmental regulations on federally owned lands.

The court overturned a lower court ruling, supported by the Reagan Administration, that said the states lacked such authority.

(Al Kamen, Washington Post, A1)

BAKER TURNS OVER COMMITTEE, FUNDS TO LUGAR

Howard Baker, who gave up his 1988 presidential aspirations to become White House chief of staff, has turned over his political action committee and about \$280,000 to Sen. Richard Lugar, a former Lugar aide said Tuesday.

According to a spokesman for the committee, the organization has about \$280,000 that Baker, a former Tennessee Republican senator, had planned to use as seed money if he had decided to run for the 1988 GOP presidential nomination.

In a recent letter to key supporters, Baker insisted he will not be a candidate in 1988 and said he will remain neutral in the fight for the Republican presidential nomination. (Steve Gerstel, UPI)

SIMPSON CONTRITE FOR 'GAZOO-STICKING'

A calm and contrite Sen. Alan Simpson, calling a truce with the White House press corps, says his own "gazoo-sticking" was a "ghastly" experience.

"It's been grotesque, ghastly," Simpson said Tuesday in light-hearted response to the flap stirred by his swipe at reporters. "It was an interesting experience to have said that. I wish I'd said it differently, I really do."

(Norman Sandler, UPI)

INTERNATIONAL NEWS

CENTRAL BANKS HALT DOLLAR'S FALL Action Seen As First Test Of Recent Currency Deal

The dollar declined sharply yesterday against the Japanese yen but rebounded as the Federal Reserve System and other central banks intervened in the first test of last month's Group of Six agreement to stabilize exchange rates.

The dollar slide, which began Monday, appeared to have been triggered by Treasury Secretary James Baker's comments on a British television show Sunday that the U.S. had no target value for the dollar. The statement seemed to be a contradiction of the agreement in Paris on Feb. 22 that stability around then-current rates was desirable.

(Hobart Rowen, Washington Post, F1)

Dollar Stabilizes After U.S. Central Bank Intervenes

The dollar stabilized after falling to 40-year lows yesterday when the Federal Reserve intervened in foreign exchange markets to strengthen the U.S. currency.

In a rare move, the U.S. central bank acted to enforce a month-old monetary agreement signed by six industrial powers in Paris and designed to restore stability to exchange rates.

The Federal Reserve delivered a forceful message to currency markets that the U.S. would honor the commitment to improve international monetary cooperation.

(Kenneth Barry, Reuter)

Dollar's Plunge Reflects Escalating U.S.-Japan Trade Dispute

NEW YORK -- The escalating trade dispute between the U.S. and Japan contributed to the sudden wilting of the dollar in currency markets this week, traders and economists said Tuesday.

People tried to get rid of dollars partly because they decided the Japanese government was failing to undertake reforms that would support the value of the U.S. currency, the experts said.

On Thursday the Reagan Administration is considered likely to retaliate against Japan over alleged "dumping" of semiconductors at unfairly low prices by deciding on some kind of tariffs on Japanese goods.

(Peter Coy, AP)

HOUSE PANELS PASS TRADE MEASURES OPPOSED BY WHITE HOUSE

The White House may be getting nervous, with several House committees working their way through a sweeping trade reform bill, that the final measure's language will restrict presidential authority over trade.

Early in the day, the House Foreign Affairs Committee defied White House national security concerns and agreed that the Commerce Department, not the Defense Department, should be in charge of export licenses.

Later, the House Ways and Means Committee voted to take some authority away from the President and give it to the U.S. trade representative in cases where foreign unfair trade practices trigger mandatory retaliation by the U.S.

(Mary Beth Franklin, UPI)

HOUSE TRADE LEGISLATION

House Ways and Means Committee moderates have held off Rep. Richard Gephardt's plan to toughen up a major trade bill by requiring retaliation against unfair trade practices. But union and industries hurt by imports vow a "massive effort" to strengthen the measure on the floor.

The Ways and Means Committee is expected to finish work on the omnibus trade bill Wednesday or Thursday following a week of closed meetings during which Chairman Dan Rostenkowski tried to steer a middle ground to win broad support for the measure.

A major battle was averted Tuesday when aides to Gephardt indicated he will squirrel away an amendment that the White House considers the chief lightning rod for a veto until the bill is considered by the full House in late April. (Bob Rast, Newhouse)

SENATE AGAIN FAILS TO END FILIBUSTER Contra-Aid Foes Still 10 Votes Short

The Senate failed yesterday for the second consecutive day to choke a filibuster against House-passed legislation that would cut off aid to Nicaraguan contras until the Reagan Administration makes a full accounting of earlier funding.

The vote was 50 to 50, with contra-aid foes picking up four votes from those absent for Monday's 46-to-45 vote on the issue. Yesterday's tie was 10 short of the three-fifths required to invoke cloture on a motion to begin considering the measure. (Helen Dewar, Washington Post, A8)

AFGHAN PLANES STRIKE ANEW

ISLAMABAD, Pakistan -- Afghan warplanes killed at least 85 people in three bombing raids on Pakistani border villages yesterday, authorities said today.

Besides two raids reported yesterday on the village of Teri Mangal, authorities said a third attack took place in the south Waziristan tribal district. Six planes dropped three bombs on the village of Angur Adar, killing 20 people and injuring 22, according to an official statement by the official news agency. (Reuter story, Washington Post, A15)

IRAN WARNS OF REPRISALS IF U.S. ATTACKS IN GULF

NICOSIA, Cyprus -- Iran's parliamentary speaker, Hashemi Rafsanjani, said today that if the U.S. launched an attack in the Persian Gulf "Americans will be unsafe throughout the world."

In a Tehran radio interview, monitored here, he declared: "The events in Lebanon could be repeated for the Americans around the world." He apparently referred to the deadly bombings of the U.S. Embassy and Marine headquarters in Beirut in 1983 and the kidnappings of Americans in Lebanon. Eight Americans remain captive, most believed held by pro-Iranian Shiite Moslems. (AP story, Washington Post, A17)

Iran Flouts U.S. Warning

ATHENS -- Iran flouted a U.S. warning against using missiles to close the Strait of Hormuz, the world's gateway to Middle East oil fields, and warned that any attack on Iran will lead to "insecurity for Americans around the world."

"The Americans once tried to come to Tabas (in eastern Iran) but were stopped by a storm in the Iranian desert," Iranian parliament speaker Akbar Hashemi Rafsanjani said Tuesday, referring to a failed 1980 hostage-rescue mission to Iran that left eight Americans dead.

"The storms of the Persian Gulf are stronger than those of Tabas," Rafsanjani told Tehran radio. "We are more prepared now." (UPI)

PENTAGON: U.S.S.R ARMS CONTROL POLICIES JUST ANOTHER WEAPON IN RED ARSENAL

Pentagon policy-makers are portraying Soviet leader Gorbachev's arms control stance as just another weapon in the Soviet arsenal.

The raft of Soviet arms reduction offers since Gorbachev took power are nothing more than a sophisticated ploy to divide the West and consolidate Soviet military advantages, according to a new assessment of Soviet foreign policy in the 1987 edition of "Soviet Military Power."

(Frank Morring, Scripps Howard)

PENTAGON ANNUAL SAYS SOVIETS ABLE TO DEPLOY BLINDING LASER WEAPONS

The Pentagon said yesterday that the Soviet Union has developed and "could soon" deploy laser weapons that could blind soldiers.

The warning was contained in the Defense Department's 1987 edition of "Soviet Military Power," a 159-page magazine describing Moscow's military effort. Defense Secretary Weinberger said the report documents how the Soviets are building "far beyond legitimate requirements for defense."

(George Wilson, Washington Post, A3)

Soviets Use Lasers In Afghan Fighting, Weinberger Asserts

Defense Secretary Weinberger yesterday said Soviet forces are using laser weapons to blind pilots in the Middle East and burn guerrillas in Afghanistan.

"We think that by better understanding the Soviet military power...and the threats that it poses on all of us, we will be better able to secure our transcendent goals of peace and freedom and security," Weinberger said in releasing the 159-page glossy booklet "Soviet Military Power 1987."

(Bill Gertz, Washington Times, A1)

SECOND MARINE ARRESTED ON SUSPICION OF ESPIONAGE

A second former Marine guard at the U.S. Embassy in Moscow is in custody at a Virginia Marine base on suspicion of espionage, a corps spokesman says.

Cpl. Arnold Bracy, 21, of Woodside Queens, New York City, was transferred from the Marine base at Twentynine Palms, California, to Quantico late Tuesday, said spokesman Lt. Col. John Shotwell.

"He has not been formally charged as yet," Shotwell said. "But he is suspected of espionage and related charges. He will appear before a military magistrate who will determine whether his continued confinement is justified." (AP)

IRA CLAIMS BLAST AT BRITISH HEADQUARTERS

Bomb At Base In West Germany Was To Be 'Devastating Blow'

LONDON -- The Irish Republican Army claimed responsibility today for a bomb that exploded on a British military base in West Germany last night. An IRA statement issued in Belfast said that the bomb, which injured 31 people, was intended to inflict a "devastating blow" against British forces.

If the claim of responsibility is confirmed, the explosion would mark the first time in several years years that the IRA was known to have engaged in terrorist actions outside Britain or Northern Ireland. In 1978-80, a series of IRA-claimed explosions and shootings took place at British installations in continental Europe.

(Karen DeYoung, Washington Post, A15)

IRAN — NICARAGUA

FUND-RAISERS FOR CONTRAS CAPITALIZED ON ACCESS North Wrote Donor On NSC Stationary

In early 1986, at a time when the Reagan Administration was desperately seeking a source of new cash for the Nicaraguan contras, conservative fund-raisers capitalized on direct access to the White House and its officials -- including President Reagan -- to raise millions of dollars, according to documents obtained yesterday.

The strategy, which had the full backing of the White House, paid off as a small number of wealthy conservatives gave more than \$3 million during this critical period, the documents show.

The money went to the National Endowment for the Preservation of Liberty (NEPL), a tax-exempt foundation run by Carl (Spitz) Channel. In 1985 and 1986, according to other NEPL documents, NEPL sent \$1.7 million to a Swiss bank account controlled by Lt. Col. Oliver North, the National Security Council aide fired last November.

(Ted Gup & Thomas Edsall, Washington Post, A1)

CASEY IS TERMED THE MASTERMIND OF EFFORTS TO SUPPLY THE CONTRAS

Congressional investigators have clear indications that William Casey, the former Director of Central Intelligence, masterminded the Reagan Administration's efforts to help the Nicaraguan rebels get military supplies, according to two senators and a representative.

The lawmakers, members of the special committees investigating the Iran-contra affair, did not say what specific evidence they had. But other legislators and staff assistants said actions taken by Mr. Casey, who is critically ill with a brain tumor, had become a central focus of the committees' investigations.

The lawmakers and staff assistants, who spoke on condition that they not be identified, said they believed Casey had encouraged Lt. Col. Oliver North, then on President Reagan's National Security Council staff, to organize the (contra) supply operation. Casey, they said, had probably told Col. North that the President wanted him to do it.

(David Rosenbaum, New York Times, A1)

CASEY'S ILL HEALTH LEAVES BIG GAP IN IRAN PROBE Reagan Confidant Played Key Role

The probability that former CIA Director William Casey's health will keep him from testifying before Congress and the independent counsel leaves a major gap in the probes into the Iran-contra affair, according to investigators.

He was a confidant to [President Reagan] and that long relationship gave him access...to events at key points," said a source who helped draw up the Tower Board's report on the matter.

"We felt [Casey] knew what was going on more than anyone else except [John] Poindexter and [Oliver] North," former secretary of state Edmund Muskie, a Tower Board member, said recently. "That was our very strong feeling."

(Walter Pincus, Washington Post, A1)

SENATE SLEUTH TRACES ARMS SHIPMENTS TO COPENHAGEN

An investigator for the Senate committee probing the Iran-contra affair traveled to Copenhagen recently in an effort to solve the mystery of how the Israelis shipped tons of arms to Tehran, according to a Danish union official.

Joel Lisker, assistant counsel for the Senate Select Committee, met with Danish Seaman Union Vice President Henrik Berlau for several hours "about 14 days ago," Berlau told The Washington Times.

Berlau said he sent a telegram to President Reagan requesting an apology for using Danish sailors in U.S.-Israeli arms deals. He said the President had not responded. (Michael Hodges, Washington Times, A1)

IRAN-CONTRA PANEL/COSTA RICA

The special House panel on the Iran-contra scandal will send an investigator to Costa Rica to interview members of a globe-spanning network that supplies the Nicaraguan rebels, a spokesman said Tuesday.

Committee spokesman Robert Havel said the panel has turned up important evidence on the private supply network and the money trail from the sale of arms to Iran -- its principal focus since the Tower commission's Feb. 26 report that dealt almost exclusively with the arms sales.

(Dana Walker, UPI)

SAUDI AMBASSADOR REPORTEDLY QUERIED

Independent counsel Lawrence Walsh has asked the Saudi ambassador in Washington to voluntarily answer questions about the Iran-contra affair, according to informed sources, and discussions are under way to determine if the ambassador can supply information without waiving his diplomatic immunity.

Walsh is also attempting to obtain testimony from key Israeli officials and citizens, the sources said, and there is some indication the prosecutor will soon seek cooperation from Taiwan and South Korea.

(Bob Woodward, Washington Post, A1)

SENATOR ADMITS REAGAN REMARK

Sen. Dave Durenberger reversed himself Monday and acknowledged that he said last week that President Reagan "doesn't know what the hell is going on" in the Iran-contra affair.

But Durenberger said that the quote, which has caused strong negative reactions among the GOP in Minnesota, was taken out of context.

(David Phelps, Washington Times, A2)

NETWORK NEWS SUMMARY

(Tuesday Evening, March 24, 1987)

THE PRESIDENT/HIGHWAY BILL

ABC's Peter Jennings: President Reagan mounted a full-scale campaign today to sustain an action he hasn't even taken yet: his promised veto of the highway construction bill. That's the bill that allows the speed limit to be raised to 65 m.p.h. But it also calls for spending \$88 billion over the next five years to build and repair roads. Mr. Reagan says that's too much.

ABC's Sam Donaldson: Highway and mass transit construction not only mean roads and rail beds, but jobs. That's why this bill passed the Congress with only 34 dissenting votes. But to the President this bill also means too much red ink.

(The President: "Last week Congress passed a budget-busting highway bill and it is really a lemon.")

Actually, gasoline tax money in the highway fund pays for most of the bill's cost, not money from general tax funds. But the bill does contain almost a billion dollars worth of demonstration projects the White House can argue are primarily pork barrel make-work projects. Today, a spokesman for the construction industry delivered a petition to the White House claiming a veto would cost 800,000 jobs. And Democrats warned of recession.

(Sen. Moynihan: "If this bill is vetoed and the veto is sustained, there will be a shock-recession.")

Although some Republicans who met with the President today don't want to veto either, they are keenly aware that given his Iran scandal buffeting, their party leader desperately needs their support in the effort to sustain one.

(Sen. Dole: "Not withstanding the merit on his side, it's important for his leadership. And I made the point that particularly those of us in the Senate had a special responsibility to belly up to the bar and vote with the President on this even though it's gonna hurt a bit.")

The President's new Chief of Staff Howard Baker suggested to him a veto fight might not be worth it, but Mr. Reagan feels strongly about it. And if enough Senate Republicans do "belly up to the bar" for him, he just might win it. (ABC-Lead)

CBS's Dan Rather: President Reagan has thrown the just-passed highway bill back in Congress' face and dared Congress to override his veto. Mr. Reagan says the bill is chock full of boondoggles, pork barrel and budget-busting. Some in Congress shoot back that he is risking recession, doesn't understand how terrible the nation's transportation infrastructure has become, is hopelessly out of touch, and looking for trouble.

CBS's Bill Plante: President Reagan, trying to prove his renewed political muscle, squared off with Congress over the big highway spending bill.

Plante continues:

(The President: "Yet last week Congress passed a budget-busting highway bill and it is really a lemon. I think I will have it towed back and dropped at Congress' door with a note on it that says 'Stop the spending spree.'")

Mr. Reagan doesn't object to the bill's provision allowing states to raise the speed limit to 65 m.p.h., but at \$88 billion the bill is \$10 billion too expensive for the White House which calls it the worst kind of pork barrelling. It appropriates twice as much as the Administration wanted for mass transit. Example: Congress wants to increase assistance to Miami's metrorail system by 4½ million in spite of the fact that few riders use the system. The bill contains 152 so-called "pet projects" of members. Example: replacing an interstate highway access ramp in Cleveland which the state of Ohio thinks is good for the next 10 years. Price tag: \$8 million. Members of Congress from both parties want to spend this money in their districts, and Democrats say killing the projects would hurt the economy.

(Sen. Moynihan: "If this bill is vetoed and the veto is sustained, there will be a sharp recession.")

(Sen. Mitchell: "We again say to the President, 'This is the wrong issue and the wrong time to pick a fight with Congress.'")

The Senate Republican leader says it's time for party members to "belly up to the bar" and support the President. But even some loyalists are worried.

(Sen. Stafford: "I hope he has the votes to sustain the veto because I think it's critical to his reemergence as an active and powerful president.")

The President's advisers say he didn't pick this fight, Congress did, and that Mr. Reagan won't give in. All well and good. But the bill passed by huge margins. This is a test of the President's strength which he could very well use. His advisers admit he's got a lot of arms to twist. (CBS-Lead)

NBC's Tom Brokaw: President Reagan today called a highway spending bill passed by Congress "a real lemon," with a sticker price of \$88 billion. Mr. Reagan is expected to veto the measure Friday. Among other things, this bill lets the states raise the speed limit, and the White House is making it a test of Mr. Reagan's political strength. It is urging Republicans to rally around the President to prevent his veto from being overridden. (NBC-5)

DOLLAR/YEN

Brokaw: In Japan, Great Britain, West Germany, the Netherlands, even in Italy, the American dollar was worth a lot less today and that is a classic case of good news and bad news. What's more, this slide could continue. It is having an especially dramatic effect on our economic relations with Japan.

ABC's Mike Jensen: In Tokyo the dollar plunged to its lowest level against the yen since modern exchange rates were set in the 1940s. Japan's Finance Minister appealed to the Western allies to intervene in foreign currency markets....

-more-

Jensen continues:

(Alan Greenspan: "We're beginning to see the very early signs of Americans shifting from purchasing foreign goods to their domestic counterparts."... "It's the most important thing for American manufacturing if we wish to see that whole area of our economy start to accelerate.")

...By the end of the day the dollar had steadied, even recovered a bit, after the Japanese and U.S. central banks reportedly intervened buying billions worth of dollars on currency markets.... Many experts believe the dollar will continue to weaken for another 3-5 years, declining perhaps 10-20%, helping U.S. manufacturers become more competitive in world markets. (NBC-Lead)

Jennings: The Federal Reserve Board apparently feels the dollar has fallen far enough. After letting it slide for the past year the board has intervened to stop the dollar getting any weaker. (ABC-10)

Rather: The U.S. dollar sank to its lowest level against the Japanese yen since World War II today. The bank of Japan is reported to have bought close to \$2 billion in an attempt to keep the exchange rate from falling even lower. In Washington the U.S. Federal Reserve Board today took unspecified actions trying to buttress the dollar. (CBS-8)

CARTER/HOSTAGES

Brokaw: In Damascus today, former President Jimmy Carter said that after three meetings with President Assad he is convinced the Syrians are working for the release of the American hostages in Lebanon. Referring to an offer by one group to exchange hostage Alan Steen...for Arab prisoners in Israel, Carter said, "The Syrians agree that yielding to blackmail will only lead to more kidnappings."... (ABC-6, CBS-2, NBC-9)

U.S./IRAN

Jennings: The Iranians have answered a warning from the United States with one of their own. The speaker of the Iranian parliament, Rafsanjani, said today that no American anywhere will be safe if the United States takes military action in the Persian Gulf. (APC-7)

Rather: Iran's religious leadership taunted the United States today with reminders of Marines and other Americans killed in Lebanon. Iranian Parliament speaker Rafsanjani said, "The incidents of Lebanon can be repeated for the U.S. everywhere." The threat was made on Tehran radio in reference to announcements the United States was prepared to use force if necessary to protect Persian Gulf shipping from Iranian attacks. (CBS-3)

SOVIET MILITARY

Jennings: The Defense Department has issued its annual report on the state of the Soviet military. As it has for the past five years the report warns of a Soviet Union which is more technologically advanced. But the report has also been produced this year at a time when the Reagan Administration is looking to reach agreement with the Soviets on reducing arms.

ABC's John McWethy: In releasing the Pentagon's annual summary of Soviet military power Caspar Weinberger said the Kremlin has been unrelenting in its military buildup, experimenting with new lasers, developing a whole new generation of nuclear missiles. All that, Weinberger says, shows that the Soviets plan to continue their buildup.

(Secretary Weinberger: "No matter who is general secretary, no matter what proposals are made, no matter what public relations activities are undertaken.")

Yet even Weinberger, one of the toughest anti-Soviet voices in the Reagan Administration, had to admit that in arms control talks, prospects for reaching agreement are, in his words, pretty good. In fact, the United States and Soviet Union, despite huge differences, are now in a period of unusual harmony. Both sides are now talking about their differences in a way that state department officials say would have been unimaginable just a year ago....

(Charles Redman: "This represents some progress, but there's still a long way to go.")

...Why all the progress now?

(Michael Krepon, Carnegie Institute: "Neither leader can claim a real foreign policy success and both leaders can use one.")

Whatever the reasons, contacts at all levels between the superpowers are increasing. Secretary Shultz is heading for Moscow next month and there may well be both an arms control agreement and a summit by the end of the year. (ABC-5)

Rather: The Soviet Union's military might is growing unchecked. This according to the U.S. government's official annual assessment.

CBS's David Martin: ...Secretary Weinberger warned today that an agreement to scrap intermediate-range nuclear missiles like these Soviet SS-20s might actually cost the taxpayer more money. With a whole class of nuclear weapons eliminated from Europe, the U.S. would have to build up its conventional forces to ward off a Soviet invasion.

(Secretary Weinberger: "To maintain deterrence we will have to do some addition. Because the sad fact is that conventional strength is much more expensive than nuclear strength.")

...The Russians continue to build more of everything than the U.S., even during the Reagan years of record Defense budgets.

(Secretary Weinberger: "In fighter aircraft they outproduced us more than 2-1, in tanks they outproduced us more than 3-1.")

...Even conservative estimates of what it would take to balance the Soviets are intimidating.... (CBS-4)

MARINE SPY SUSPECT

Rather: A second U.S. Marine who once guarded the American embassy in Moscow has been arrested in a continuing spy investigation. The new suspect is identified as 21-year-old Corporal Arnold Bracey. He served in Moscow at the same time as a Marine Sergeant already accused of trading information for sexual favors from Russian women.
(ABC-4, CBS-10)

KHADAFY/SOVIETS

Brokaw: The Kremlin today dismissed a suggestion by Moammar Khadafy that Libya might be willing to join the Warsaw Pact and base Soviet missiles in Libya. A spokesman said the Soviet government has not issued any proposal of this kind and called Khaday's offer of Soviet nuclear missiles hypothetical.
(NBC-10)

AIDS/KOOP

Brokaw: Surgeon General C. Everett Koop said today that any woman who wants to have a baby should be tested for AIDS before getting pregnant. Koop, who opposes abortion, was then asked whether that should be an option for a pregnant woman who discovers she has the AIDS virus. And Koop said, "If you wanted to give her all the possibilities, you would have to mention abortion."
(NBC-6)

Jennings: Virtually everyone seems to agree that education must play a crucial part in fighting AIDS. But there is plenty of disagreement about how to approach the job. Adults are debating what should children know, and when should they know it?

ABC's George Strait reports education is said to be the only solution to the AIDS epidemic. But teaching AIDS means teaching sex and that's a problem because some people don't think it should be done.
(ABC-8)

Rather: The United States Surgeon General today said that abortion would have to be mentioned as an option for pregnant women with AIDS. That conclusion came along with controversy over the cost of the new AIDS drug AZT, and over availability of other AIDS treatments....
(CBS-7)

CATASTROPHIC HEALTH

Brokaw: For many sick, elderly people in this country the golden years are a financial nightmare. They must use all of their own money before the government pays their health cost. While the White House and Congress support the idea of catastrophic health coverage, there still is a great controversy over the coverage most needed by the elderly: custodial nursing home care.

NBC's John Dancy: ...Now Congress is considering a bill to pay for catastrophic health care, but it does not cover nursing home stays. The Reagan Administration's Secretary of Health and Human Services, Dr. Otis Bowen, says that is just not possible yet.

(Sec. Bowen: "It would be my judgment that Congress should be very cautious about going too far. You have to take it a little bit at a time.")

...Americans spend \$18 billion on custodial nursing home care every year. One of the sponsors of catastrophic health care says that is too much for the government to take on.

(Sen. Kennedy: "Given the financial limitations in the budget and the size of the deficit I think it's unrealistic to expect that we're going to be able to make a very serious dent in that problem.")... (NBC-7)

COMMENTARY/COMMUNISM

NBC's John Chancellor: A man died in Paris the other day.... He was the great grandson of Karl Marx.... He believed that today's communism is a false communism that doesn't work. And his great grandfather would be astonished at the state of communism in the world today, especially in the two biggest communist countries.... In Moscow, Mikhail Gorbachev is battling the bureaucracy in an all-out effort to reform Russia's communist system. In Beijing, Deng Xiaoping is trying a little capitalism here, a little free market philosophy there to make China more efficient. A man I know asked Deng Xiaoping if China and Russia might become friends again. Deng said, "What have we got to learn from them? They have nothing to teach us." Indeed. Does communist Poland, flat broke, have anything to teach communist Vietnam also flat broke? When you think about it, the failure of communist philosophy around the world is a very big story. Not too many years ago communism proclaimed itself to be the wave of the future. Not today. Karl Marx's great grandson got it right -- it doesn't work. (NBC-11)

HAIG CANDIDACY

Brokaw: Alexander Haig, who was a professional soldier before he entered public life, took a line from comedian Mort Sahl today and said he was throwing his helmet into the ring announcing that he was a Republican presidential candidate.... He was President Reagan's first secretary of state....

NBC's Ken Bode: ...He spent a stormy 18 months as Ronald Reagan's first secretary of state, best remembered for what he said the day the President was shot.

(TV coverage: The President and Mr. Haig sitting in the Oval Office.)

(Mr. Haig: "As of now I am in control here in the White House.")

Haig intended that remark to be reassuring. It was widely viewed as a grab for power. Haig eventually resigned and wrote a book that depicted the President as dangerously out of touch, long before the Iran arms scandal. Campaigning, Haig is more critical of Reagan than are other Republicans.... (ABC-3, CBS-5, NBC-8)

EDITORIALS/COLUMNISTS

THE PRESIDENT'S NEWS CONFERENCE

An Encounter That Dramatized Challenges Facing Mr. Reagan -- "The President, who is 76, demonstrated once again that he is alive and well, that he can answer old questions put to him by young reporters, that he absorbs information, has an eye on the world, can master columns of statistics, and still retains his famous charm."

(Providence Journal-Bulletin, 3/21)

The President Passes A Test -- "Other issues deserve attention -- issues that get ignored when a president meets with the press so infrequently. The American people need to hear the President's views on budget questions, arms control, Costa Rica's new treaty proposal for Central America, trade, welfare reform, relations with the Soviets -- the list could go on. The presidential press conference ought to be a regular report, not a rare performance."

(San Diego Tribune, 3/20)

Reagan: Move To Other Issues -- "Until new facts or damaging allegations are put in the public domain by a joint congressional investigative committee and a special counsel, Mr. Reagan is now free to concentrate on other important issues facing the government, including the deficit, the trade imbalance and preparations for a possible nuclear arms treaty.... Overall, the news conference was a plus for Mr. Reagan. He demonstrated he has not lost his confidence as chief executive or his ability to address tough issues. His performance should convince him to make himself more available to the media during his remaining time in office."

(Dallas Times Herald, 3/21)

Yoo-Hoo, Mr. President -- "When Ted Koppel suggested that the upcoming press conference 'could well be a classic Washington confrontation,' he was expressing the proper hope. Alas, neither the questions nor the answers filled the bill. To the contrary, they only reinforced vague feelings of disdain for Washington's media puppets and their glib White House manipulators. Confrontation? Only in our dreams."

(Cleveland Plain Dealer, 3/21)

CONTRA AID

The Contra Issue -- "We simply cannot afford to sit idly by while the Cubans and Russians build a new stronghold in the Western Hemisphere. If congressional Democrats do not like Reagan's contra aid program, then it is time for them to come up with an alternative in the national interest."

(Fort Worth Star-Telegram, 3/13)

The Contra Crawl -- "One reason the Contras are an unviable force in Nicaragua is their fragmented hierarchy. Arturo Cruz, the one rebel with credibility on Capitol Hill, quit the United Nicaraguan Opposition last week citing the Contras' undemocratic leadership as the reason for his departure.... President Reagan is in the process now of cleaning the White House of its Iranian arms-deal merchants. Perhaps now it is time for him to examine the dusty and skeleton-ridden attic of his Central American policy, and clean that out too."

(Shreveport Journal, 3/16)

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How To Help The Contras Blow It -- "There is something fundamentally wrong with the Central Intelligence Agency's plan to help the contras blow up bridges, dams and telephone lines in Nicaragua. It won't win support for the contras among ordinary Nicaraguan citizens. In fact, it may further alienate the average citizen from the contra cause."

(Atlanta Constitution, 3/20)

Contra Policy In Shambles, GOP Can Still Recite A Line -- "The Sandinistas are getting worse, the contras are failing to gain support in Nicaragua, and there are serious doubts about how usefully American funds have been spent. In short, the policy is in shambles."

(Dayton Daily News, 3/19)

Ortega Offers An Opening On Central American Peace -- "Nicaragua's president, Daniel Ortega, may be starting to see clearly through the filters of his designer sunglasses. His riposte this week to the latest shift in congressional sentiment toward his nation represented a meaningful step toward regional security in Central America.... With the will of Congress moving away from support of the armed contra effort, the regional plan offered by Costa Rica seems worthy of exploration."

(Atlanta Journal, 3/19)

No Comfort -- "Because Reagan is either unwilling to change his mind on Nicaragua or incapable of doing so, the responsibility for setting a new course for the United States in Central America rests with Congress. The stage has been set for peace talks in Central America for some time, if only because the nations and the people involved are exhausted after years of fruitless fighting. But, as the Arias peace plan itself says, the negotiating process cannot begin until outside support for insurgents in the region ends -- and that includes Reagan's support for the Contras."

(Los Angeles Times, 3/22)

Give Peace A Chance -- "Increasingly the Administration's justification for continuing the war in Nicaragua, and the tactics it is using, communicate a horrible message to the world. The point cannot be to free Nicaraguans from an oppressive government; they were not free under Somoza. The United States says it wants peace in Central America. For that to happen, the Administration must end its policy of aggression."

(Cleveland Plain Dealer, 3/21)

ACID RAIN

America's Acid Rain Effort Ought To Match Canada's -- "While Mr. Mulroney described Mr. Reagan's announcement as 'welcome news,' in reality it amounts to little more than making good on past promises to the Canadians. Even though Mr. Reagan pledged last year to fund a major acid-rain control effort, his budget didn't contain the necessary appropriations.... Thus, the Reagan offer for more funding is a step -- albeit a small one -- in the right direction. It, however, must not be the only U.S. response to this truly international problem."

(Philadelphia Inquirer, 3/21)

Evidence Mounts Against Acid Rain -- "Along with a cleanup, the nation needs more study of acid rain. That's right, study. Unfortunately, the Reagan Administration has made this word a synonym for delay. It shouldn't be."

(Atlanta Constitution, 3/23)



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, MARCH 25, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

NATIONAL NEWS

'Lemon' Highway Bill Gets Towed Back To Congress -- President Reagan yesterday launched an all-out fight against an \$88 billion highway bill which he called "a lemon loaded with every option in the book" that Congress has parked at the White House.

(USA Today, Washington Post, Washington Times, Newhouse, UPI)

INTERNATIONAL NEWS

Dollar Stabilizes After U.S. Central Bank Intervenes -- The dollar stabilized after falling to 40-year lows yesterday when the Federal Reserve intervened in foreign exchange markets to strengthen the U.S. currency.

(Washington Post, AP, Reuter)

IRAN-NICARAGUA

Casey Is Termed The Mastermind Of Efforts To Supply The Contras -- Congressional investigators have clear indications that William Casey, the former Director of Central Intelligence, masterminded the Reagan Administration's efforts to help the Nicaraguan rebels get military supplies, according to two senators and a representative.

(New York Times)

NETWORK NEWS (Tuesday Evening)

PRESIDENT REAGAN/HIGHWAY BILL
-- President Reagan has thrown the just-passed highway bill back to Congress.

DOLLAR/YEN -- In Tokyo the dollar plunged to its lowest level against the yen since the 1940s.

U.S./IRAN -- Iran's leadership taunted the U.S. today with reminders of Americans killed in Lebanon.



NATIONAL NEWS

REAGAN AGAIN VOWS TO VETO \$87.5 BILLION HIGHWAY BILL

President Reagan, attempting to restore his political strength, vowed again yesterday to veto the \$87.5 billion, five-year highway bill as pressure continued to mount in Congress to override the veto.

Reagan denounced the legislation as "really a lemon" and said he would send it back to Congress with a note saying "stop the spending spree." But the President was facing opposition from many Republicans as well as Democrats. A senior White House official said Reagan would probably veto the bill Friday.

Sen. Robert Dole told reporters that the vote is a test of Reagan's efforts to bounce back from the Iran-contra scandal. "The stakes are very high for the President," Dole said. "...Notwithstanding the merit on his side, it's important to his leadership."

(David Hoffman & Helen Dewar, Washington Post, A1)

'Lemon' Highway Bill Gets Towed Back To Congress

President Reagan yesterday launched an all-out fight against an \$88 billion highway bill which he called "a lemon loaded with every option in the book" that Congress has parked at the White House.

House Speaker Jim Wright accused the President of putting his own "macho" and "petty" interests above the best interests of the nation. Thousands of jobs will be lost if the highway bill is delayed by a veto, Wright said. (Jeremiah O'Leary & Mary Belcher, Washington Times, A2)

Reagan Hits Brakes On 65-MPH Bill

President Reagan is so eager to veto a lemon he calls "really a lemon with a sticker price of \$88 billion" he tried to ax it Tuesday before it hit his desk.

A veto, warned Sen. Patrick Moynihan, "will throw the economy into a recession, because there is no way Congress can write a new bill" before construction season starts. (Johanna Neuman, USA Today, A1)

President Reagan/Highway Bill

Disregarding the advice of his new chief of staff and influential Republicans in Congress, President Reagan announced Tuesday his decision to veto the (highway bill) because it exceeds his spending targets.

Whether the President, politically weakened by the Iran-contra scandal, can win the fight is uncertain. He has already lost one veto battle over spending this year, that involving the Clean Water Act, another measure that had broad bipartisan support.

In making the decision, Reagan appeared to be adopting the hardline veto strategy urged by some conservatives who say he must dig in against congressional spending even if he lacks the votes to prevail.

(Miles Benson, Newhouse)

President Reagan/Highway Bill

President Reagan, committed to "an all-out fight" with Congress, vowed Tuesday to veto an \$88 billion highway bill and send it back to Capitol Hill with a challenge to "stop the spending spree; get to work."

While his decision disregarded pleas of GOP lawmakers and a warning from White House Chief of Staff Howard Baker, Reagan told business executives that the bill flies in the face of the need for fiscal restraint.

"The budget deficit is a major threat to our national competitiveness," Reagan said. "Yet, last week, congress passed a budget-busting highway bill and it is really a lemon, with a sticker price of \$88 billion and loaded with every option in the book." (Norman Sandler, UPI)

REAGAN STUDIES NEW BUDGET PLAN

Republican senators yesterday won President Reagan's backing for another attempt to reform the federal budget process.

A proposal drafted by Sen. Pete Domenici, the Senate Budget Committee's ranking Republican, would replace the current one-year budgeting process with one in which budgets were passed for two-year periods.

"The President supports the reform," Domenici said after a White House meeting between the President and other GOP lawmakers. "He asked us to proceed with our efforts to get reform."

(Willis Witter, Washington Times, A3)

CHILES PREPARING SENATE BUDGET PLAN

Would Cut Less From Defense, More From Domestic Outlays

Sen. Lawton Chiles, chairman of the Senate Budget Committee, is preparing a fiscal 1988 budget plan that would trim the federal deficit by \$36 billion.

Half the reductions would result from new taxes and about a third would come from cuts in nondefense spending, including entitlement programs such as Medicare, according to Senate sources.

(Tom Kenworthy, Washington Post, A4)

FEDERAL LOAN MANAGEMENT FAULTED

Delinquent debts owed to the U.S. government have skyrocketed as federal lending outstripped the government's ability to manage its loans effectively, the Office of Management and Budget told President Reagan yesterday.

In its annual report on the management of the government, the OMB warned Cabinet secretaries that "we have to make a systemic analysis of the root causes of delinquencies...and be ready to make the policy and program decisions necessary to clean up our portfolios." The agency did not specify what decisions might be needed.

(Judith Havemann, Washington Post, A9)

REAGAN/GINNIE MAY

President Reagan Tuesday signed a bill limiting fees that may be charged by the Government National Mortgage Association for its guarantees of privately issued mortgage-backed securities.

In a statement, Reagan said despite his approval of the legislation he had some "serious reservations" about its provisions "that must be addressed promptly through remedial amendments." (UPI)

TEXAS INDEPENDENTS QUESTION HERRINGTON

HOUSTON -- Independent oil and gas producers Tuesday told Energy Secretary John Herrington their request for an oil import fee deserves more attention from the Reagan Administration than it has gotten so far.

Herrington emphasized President Reagan also is very concerned about the domestic oil and gas industry.

"It is almost impossible politically to see a clean import fee go through," he said while discussing the new National Energy Security Study commissioned by Reagan on the impact of last year's oil price collapse.

(Paula Dittrick, UPI)

STATES WIN DISPUTE ON MINE RULES

Environmentalists Hail Court Decision In California Case

The Supreme Court, resolving an important conflict between the states and the federal government, ruled yesterday that states have the power to impose environmental regulations on federally owned lands.

The court overturned a lower court ruling, supported by the Reagan Administration, that said the states lacked such authority.

(Al Kamen, Washington Post, A1)

BAKER TURNS OVER COMMITTEE, FUNDS TO LUGAR

Howard Baker, who gave up his 1988 presidential aspirations to become White House chief of staff, has turned over his political action committee and about \$280,000 to Sen. Richard Lugar, a former Lugar aide said Tuesday.

According to a spokesman for the committee, the organization has about \$280,000 that Baker, a former Tennessee Republican senator, had planned to use as seed money if he had decided to run for the 1988 GOP presidential nomination.

In a recent letter to key supporters, Baker insisted he will not be a candidate in 1988 and said he will remain neutral in the fight for the Republican presidential nomination. (Steve Gerstel, UPI)

SIMPSON CONTRITE FOR 'GAZOO-STICKING'

A calm and contrite Sen. Alan Simpson, calling a truce with the White House press corps, says his own "gazoo-sticking" was a "ghastly" experience.

"It's been grotesque, ghastly," Simpson said Tuesday in light-hearted response to the flap stirred by his swipe at reporters. "It was an interesting experience to have said that. I wish I'd said it differently, I really do."

(Norman Sandler, UPI)

INTERNATIONAL NEWS

CENTRAL BANKS HALT DOLLAR'S FALL Action Seen As First Test Of Recent Currency Deal

The dollar declined sharply yesterday against the Japanese yen but rebounded as the Federal Reserve System and other central banks intervened in the first test of last month's Group of Six agreement to stabilize exchange rates.

The dollar slide, which began Monday, appeared to have been triggered by Treasury Secretary James Baker's comments on a British television show Sunday that the U.S. had no target value for the dollar. The statement seemed to be a contradiction of the agreement in Paris on Feb. 22 that stability around then-current rates was desirable.

(Hobart Rowen, Washington Post, F1)

Dollar Stabilizes After U.S. Central Bank Intervenes

The dollar stabilized after falling to 40-year lows yesterday when the Federal Reserve intervened in foreign exchange markets to strengthen the U.S. currency.

In a rare move, the U.S. central bank acted to enforce a month-old monetary agreement signed by six industrial powers in Paris and designed to restore stability to exchange rates.

The Federal Reserve delivered a forceful message to currency markets that the U.S. would honor the commitment to improve international monetary cooperation.

(Kenneth Barry, Reuter)

Dollar's Plunge Reflects Escalating U.S.-Japan Trade Dispute

NEW YORK -- The escalating trade dispute between the U.S. and Japan contributed to the sudden wilting of the dollar in currency markets this week, traders and economists said Tuesday.

People tried to get rid of dollars partly because they decided the Japanese government was failing to undertake reforms that would support the value of the U.S. currency, the experts said.

On Thursday the Reagan Administration is considered likely to retaliate against Japan over alleged "dumping" of semiconductors at unfairly low prices by deciding on some kind of tariffs on Japanese goods.

(Peter Coy, AP)

HOUSE PANELS PASS TRADE MEASURES OPPOSED BY WHITE HOUSE

The White House may be getting nervous, with several House committees working their way through a sweeping trade reform bill, that the final measure's language will restrict presidential authority over trade.

Early in the day, the House Foreign Affairs Committee defied White House national security concerns and agreed that the Commerce Department, not the Defense Department, should be in charge of export licenses.

Later, the House Ways and Means Committee voted to take some authority away from the President and give it to the U.S. trade representative in cases where foreign unfair trade practices trigger mandatory retaliation by the U.S.

(Mary Beth Franklin, UPI)

HOUSE TRADE LEGISLATION

House Ways and Means Committee moderates have held off Rep. Richard Gephardt's plan to toughen up a major trade bill by requiring retaliation against unfair trade practices. But union and industries hurt by imports vow a "massive effort" to strengthen the measure on the floor.

The Ways and Means Committee is expected to finish work on the omnibus trade bill Wednesday or Thursday following a week of closed meetings during which Chairman Dan Rostenkowski tried to steer a middle ground to win broad support for the measure.

A major battle was averted Tuesday when aides to Gephardt indicated he will squirrel away an amendment that the White House considers the chief lightening rod for a veto until the bill is considered by the full House in late April. (Bob Rast, Newhouse)

SENATE AGAIN FAILS TO END FILIBUSTER Contra-Aid Foes Still 10 Votes Short

The Senate failed yesterday for the second consecutive day to choke a filibuster against House-passed legislation that would cut off aid to Nicaraguan contras until the Reagan Administration makes a full accounting of earlier funding.

The vote was 50 to 50, with contra-aid foes picking up four votes from those absent for Monday's 46-to-45 vote on the issue. Yesterday's tie was 10 short of the three-fifths required to invoke cloture on a motion to begin considering the measure. (Helen Dewar, Washington Post, A8)

AFGHAN PLANES STRIKE ANEW

ISLAMABAD, Pakistan -- Afghan warplanes killed at least 85 people in three bombing raids on Pakistani border villages yesterday, authorities said today.

Besides two raids reported yesterday on the village of Teri Mangal, authorities said a third attack took place in the south Waziristan tribal district. Six planes dropped three bombs on the village of Angur Adar, killing 20 people and injuring 22, according to an official statement by the official news agency. (Reuter story, Washington Post, A15)

IRAN WARNS OF REPRISALS IF U.S. ATTACKS IN GULF

NICOSIA, Cyprus -- Iran's parliamentary speaker, Hashemi Rafsanjani, said today that if the U.S. launched an attack in the Persian Gulf "Americans will be unsafe throughout the world."

In a Tehran radio interview, monitored here, he declared: "The events in Lebanon could be repeated for the Americans around the world." He apparently referred to the deadly bombings of the U.S. Embassy and Marine headquarters in Beirut in 1983 and the kidnappings of Americans in Lebanon. Eight Americans remain captive, most believed held by pro-Iranian Shiite Moslems. (AP story, Washington Post, A17)

Iran Flouts U.S. Warning

ATHENS -- Iran flouted a U.S. warning against using missiles to close the Strait of Hormuz, the world's gateway to Middle East oil fields, and warned that any attack on Iran will lead to "insecurity for Americans around the world."

"The Americans once tried to come to Tabas (in eastern Iran) but were stopped by a storm in the Iranian desert," Iranian parliament speaker Akbar Hashemi Rafsanjani said Tuesday, referring to a failed 1980 hostage-rescue mission to Iran that left eight Americans dead.

"The storms of the Persian Gulf are stronger than those of Tabas," Rafsanjani told Tehran radio. "We are more prepared now." (UPI)

PENTAGON: U.S.S.R ARMS CONTROL POLICIES JUST ANOTHER WEAPON IN RED ARSENAL

Pentagon policy-makers are portraying Soviet leader Gorbachev's arms control stance as just another weapon in the Soviet arsenal.

The raft of Soviet arms reduction offers since Gorbachev took power are nothing more than a sophisticated ploy to divide the West and consolidate Soviet military advantages, according to a new assessment of Soviet foreign policy in the 1987 edition of "Soviet Military Power."

(Frank Morring, Scripps Howard)

PENTAGON ANNUAL SAYS SOVIETS ABLE TO DEPLOY BLINDING LASER WEAPONS

The Pentagon said yesterday that the Soviet Union has developed and "could soon" deploy laser weapons that could blind soldiers.

The warning was contained in the Defense Department's 1987 edition of "Soviet Military Power," a 159-page magazine describing Moscow's military effort. Defense Secretary Weinberger said the report documents how the Soviets are building "far beyond legitimate requirements for defense."

(George Wilson, Washington Post, A3)

Soviets Use Lasers In Afghan Fighting, Weinberger Asserts

Defense Secretary Weinberger yesterday said Soviet forces are using laser weapons to blind pilots in the Middle East and burn guerrillas in Afghanistan.

"We think that by better understanding the Soviet military power...and the threats that it poses on all of us, we will be better able to secure our transcendent goals of peace and freedom and security," Weinberger said in releasing the 159-page glossy booklet "Soviet Military Power 1987."

(Bill Gertz, Washington Times, A1)

SECOND MARINE ARRESTED ON SUSPICION OF ESPIONAGE

A second former Marine guard at the U.S. Embassy in Moscow is in custody at a Virginia Marine base on suspicion of espionage, a corps spokesman says.

Cpl. Arnold Bracy, 21, of Woodside Queens, New York City, was transferred from the Marine base at Twentynine Palms, California, to Quantico late Tuesday, said spokesman Lt. Col. John Shotwell.

"He has not been formally charged as yet," Shotwell said. "But he is suspected of espionage and related charges. He will appear before a military magistrate who will determine whether his continued confinement is justified." (AP)

IRA CLAIMS BLAST AT BRITISH HEADQUARTERS

Bomb At Base In West Germany Was To Be 'Devastating Blow'

LONDON -- The Irish Republican Army claimed responsibility today for a bomb that exploded on a British military base in West Germany last night. An IRA statement issued in Belfast said that the bomb, which injured 31 people, was intended to inflict a "devastating blow" against British forces.

If the claim of responsibility is confirmed, the explosion would mark the first time in several years years that the IRA was known to have engaged in terrorist actions outside Britain or Northern Ireland. In 1978-80, a series of IRA-claimed explosions and shootings took place at British installations in continental Europe.

(Karen DeYoung, Washington Post, A15)

IRAN — NICARAGUA

FUND-RAISERS FOR CONTRAS CAPITALIZED ON ACCESS North Wrote Donor On NSC Stationary

In early 1986, at a time when the Reagan Administration was desperately seeking a source of new cash for the Nicaraguan contras, conservative fund-raisers capitalized on direct access to the White House and its officials -- including President Reagan -- to raise millions of dollars, according to documents obtained yesterday.

The strategy, which had the full backing of the White House, paid off as a small number of wealthy conservatives gave more than \$3 million during this critical period, the documents show.

The money went to the National Endowment for the Preservation of Liberty (NEPL), a tax-exempt foundation run by Carl (Spitz) Channel. In 1985 and 1986, according to other NEPL documents, NEPL sent \$1.7 million to a Swiss bank account controlled by Lt. Col. Oliver North, the National Security Council aide fired last November.

(Ted Gup & Thomas Edsall, Washington Post, A1)

CASEY IS TERMED THE MASTERMIND OF EFFORTS TO SUPPLY THE CONTRAS

Congressional investigators have clear indications that William Casey, the former Director of Central Intelligence, masterminded the Reagan Administration's efforts to help the Nicaraguan rebels get military supplies, according to two senators and a representative.

The lawmakers, members of the special committees investigating the Iran-contra affair, did not say what specific evidence they had. But other legislators and staff assistants said actions taken by Mr. Casey, who is critically ill with a brain tumor, had become a central focus of the committees' investigations.

The lawmakers and staff assistants, who spoke on condition that they not be identified, said they believed Casey had encouraged Lt. Col. Oliver North, then on President Reagan's National Security Council staff, to organize the (contra) supply operation. Casey, they said, had probably told Col. North that the President wanted him to do it.

(David Rosenbaum, New York Times, A1)

CASEY'S ILL HEALTH LEAVES BIG GAP IN IRAN PROBE Reagan Confidant Played Key Role

The probability that former CIA Director William Casey's health will keep him from testifying before Congress and the independent counsel leaves a major gap in the probes into the Iran-contra affair, according to investigators.

He was a confidant to [President Reagan] and that long relationship gave him access...to events at key points," said a source who helped draw up the Tower Board's report on the matter.

"We felt [Casey] knew what was going on more than anyone else except [John] Poindexter and [Oliver] North," former secretary of state Edmund Muskie, a Tower Board member, said recently. "That was our very strong feeling."

(Walter Pincus, Washington Post, A1)

SENATE SLEUTH TRACES ARMS SHIPMENTS TO COPENHAGEN

An investigator for the Senate committee probing the Iran-contra affair traveled to Copenhagen recently in an effort to solve the mystery of how the Israelis shipped tons of arms to Tehran, according to a Danish union official.

Joel Lisker, assistant counsel for the Senate Select Committee, met with Danish Seaman Union Vice President Henrik Berlau for several hours "about 14 days ago," Berlau told The Washington Times.

Berlau said he sent a telegram to President Reagan requesting an apology for using Danish sailors in U.S.-Israeli arms deals. He said the President had not responded. (Michael Hodges, Washington Times, A1)

IRAN-CONTRA PANEL/COSTA RICA

The special House panel on the Iran-contra scandal will send an investigator to Costa Rica to interview members of a globe-spanning network that supplies the Nicaraguan rebels, a spokesman said Tuesday.

Committee spokesman Robert Havel said the panel has turned up important evidence on the private supply network and the money trail from the sale of arms to Iran -- its principal focus since the Tower commission's Feb. 26 report that dealt almost exclusively with the arms sales.

(Dana Walker, UPI)

SAUDI AMBASSADOR REPORTEDLY QUERIED

Independent counsel Lawrence Walsh has asked the Saudi ambassador in Washington to voluntarily answer questions about the Iran-contra affair, according to informed sources, and discussions are under way to determine if the ambassador can supply information without waiving his diplomatic immunity.

Walsh is also attempting to obtain testimony from key Israeli officials and citizens, the sources said, and there is some indication the prosecutor will soon seek cooperation from Taiwan and South Korea.

(Bob Woodward, Washington Post, A1)

SENATOR ADMITS REAGAN REMARK

Sen. Dave Durenberger reversed himself Monday and acknowledged that he said last week that President Reagan "doesn't know what the hell is going on" in the Iran-contra affair.

But Durenberger said that the quote, which has caused strong negative reactions among the GOP in Minnesota, was taken out of context.

(David Phelps, Washington Times, A2)

NETWORK NEWS SUMMARY

(Tuesday Evening, March 24, 1987)

THE PRESIDENT/HIGHWAY BILL

ABC's Peter Jennings: President Reagan mounted a full-scale campaign today to sustain an action he hasn't even taken yet: his promised veto of the highway construction bill. That's the bill that allows the speed limit to be raised to 65 m.p.h. But it also calls for spending \$88 billion over the next five years to build and repair roads. Mr. Reagan says that's too much.

ABC's Sam Donaldson: Highway and mass transit construction not only mean roads and rail beds, but jobs. That's why this bill passed the Congress with only 34 dissenting votes. But to the President this bill also means too much red ink.

(The President: "Last week Congress passed a budget-busting highway bill and it is really a lemon.")

Actually, gasoline tax money in the highway fund pays for most of the bill's cost, not money from general tax funds. But the bill does contain almost a billion dollars worth of demonstration projects the White House can argue are primarily pork barrel make-work projects. Today, a spokesman for the construction industry delivered a petition to the White House claiming a veto would cost 800,000 jobs. And Democrats warned of recession.

(Sen. Moynihan: "If this bill is vetoed and the veto is sustained, there will be a shock-recession.")

Although some Republicans who met with the President today don't want to veto either, they are keenly aware that given his Iran scandal buffeting, their party leader desperately needs their support in the effort to sustain one.

(Sen. Dole: "Not withstanding the merit on his side, it's important for his leadership. And I made the point that particularly those of us in the Senate had a special responsibility to belly up to the bar and vote with the President on this even though it's gonna hurt a bit.")

The President's new Chief of Staff Howard Baker suggested to him a veto fight might not be worth it, but Mr. Reagan feels strongly about it. And if enough Senate Republicans do "belly up to the bar" for him, he just might win it.

(ABC-Lead)

CBS's Dan Rather: President Reagan has thrown the just-passed highway bill back in Congress' face and dared Congress to override his veto. Mr. Reagan says the bill is chock full of boondoggles, pork barrel and budget-busting. Some in Congress shoot back that he is risking recession, doesn't understand how terrible the nation's transportation infrastructure has become, is hopelessly out of touch, and looking for trouble.

CBS's Bill Plante: President Reagan, trying to prove his renewed political muscle, squared off with Congress over the big highway spending bill.

Plante continues:

(The President: "Yet last week Congress passed a budget-busting highway bill and it is really a lemon. I think I will have it towed back and dropped at Congress' door with a note on it that says 'Stop the spending spree.'")

Mr. Reagan doesn't object to the bill's provision allowing states to raise the speed limit to 65 m.p.h., but at \$88 billion the bill is \$10 billion too expensive for the White House which calls it the worst kind of pork barrelling. It appropriates twice as much as the Administration wanted for mass transit. Example: Congress wants to increase assistance to Miami's metrorail system by 4½ million in spite of the fact that few riders use the system. The bill contains 152 so-called "pet projects" of members. Example: replacing an interstate highway access ramp in Cleveland which the state of Ohio thinks is good for the next 10 years. Price tag: \$8 million. Members of Congress from both parties want to spend this money in their districts, and Democrats say killing the projects would hurt the economy.

(Sen. Moynihan: "If this bill is vetoed and the veto is sustained, there will be a sharp recession.")

(Sen. Mitchell: "We again say to the President, 'This is the wrong issue and the wrong time to pick a fight with Congress.'")

The Senate Republican leader says it's time for party members to "belly up to the bar" and support the President. But even some loyalists are worried.

(Sen. Stafford: "I hope he has the votes to sustain the veto because I think it's critical to his reemergence as an active and powerful president.")

The President's advisers say he didn't pick this fight, Congress did, and that Mr. Reagan won't give in. All well and good. But the bill passed by huge margins. This is a test of the President's strength which he could very well use. His advisers admit he's got a lot of arms to twist. (CBS-Lead)

NBC's Tom Brokaw: President Reagan today called a highway spending bill passed by Congress "a real lemon," with a sticker price of \$88 billion. Mr. Reagan is expected to veto the measure Friday. Among other things, this bill lets the states raise the speed limit, and the White House is making it a test of Mr. Reagan's political strength. It is urging Republicans to rally around the President to prevent his veto from being overridden. (NBC-5)

DOLLAR/YEN

Brokaw: In Japan, Great Britain, West Germany, the Netherlands, even in Italy, the American dollar was worth a lot less today and that is a classic case of good news and bad news. What's more, this slide could continue. It is having an especially dramatic effect on our economic relations with Japan.

ABC's Mike Jensen: In Tokyo the dollar plunged to its lowest level against the yen since modern exchange rates were set in the 1940s. Japan's Finance Minister appealed to the Western allies to intervene in foreign currency markets....

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Jensen continues:

(Alan Greenspan: "We're beginning to see the very early signs of Americans shifting from purchasing foreign goods to their domestic counterparts."... "It's the most important thing for American manufacturing if we wish to see that whole area of our economy start to accelerate.")

...By the end of the day the dollar had steadied, even recovered a bit, after the Japanese and U.S. central banks reportedly intervened buying billions worth of dollars on currency markets.... Many experts believe the dollar will continue to weaken for another 3-5 years, declining perhaps 10-20%, helping U.S. manufacturers become more competitive in world markets. (NBC-Lead)

Jennings: The Federal Reserve Board apparently feels the dollar has fallen far enough. After letting it slide for the past year the board has intervened to stop the dollar getting any weaker. (ABC-10)

Rather: The U.S. dollar sank to its lowest level against the Japanese yen since World War II today. The bank of Japan is reported to have bought close to \$2 billion in an attempt to keep the exchange rate from falling even lower. In Washington the U.S. Federal Reserve Board today took unspecified actions trying to buttress the dollar. (CBS-8)

CARTER/HOSTAGES

Brokaw: In Damascus today, former President Jimmy Carter said that after three meetings with President Assad he is convinced the Syrians are working for the release of the American hostages in Lebanon. Referring to an offer by one group to exchange hostage Alan Steen...for Arab prisoners in Israel, Carter said, "The Syrians agree that yielding to blackmail will only lead to more kidnappings."... (ABC-6, CBS-2, NBC-9)

U.S./IRAN

Jennings: The Iranians have answered a warning from the United States with one of their own. The speaker of the Iranian parliament, Rafsanjani, said today that no American anywhere will be safe if the United States takes military action in the Persian Gulf. (ABC-7)

Rather: Iran's religious leadership taunted the United States today with reminders of Marines and other Americans killed in Lebanon. Iranian Parliament speaker Rafsanjani said, "The incidents of Lebanon can be repeated for the U.S. everywhere." The threat was made on Tehran radio in reference to announcements the United States was prepared to use force if necessary to protect Persian Gulf shipping from Iranian attacks. (CBS-3)

SOVIET MILITARY

Jennings: The Defense Department has issued its annual report on the state of the Soviet military. As it has for the past five years the report warns of a Soviet Union which is more technologically advanced. But the report has also been produced this year at a time when the Reagan Administration is looking to reach agreement with the Soviets on reducing arms.

ABC's John McWethy: In releasing the Pentagon's annual summary of Soviet military power Caspar Weinberger said the Kremlin has been unrelenting in its military buildup, experimenting with new lasers, developing a whole new generation of nuclear missiles. All that, Weinberger says, shows that the Soviets plan to continue their buildup.

(Secretary Weinberger: "No matter who is general secretary, no matter what proposals are made, no matter what public relations activities are undertaken.")

Yet even Weinberger, one of the toughest anti-Soviet voices in the Reagan Administration, had to admit that in arms control talks, prospects for reaching agreement are, in his words, pretty good. In fact, the United States and Soviet Union, despite huge differences, are now in a period of unusual harmony. Both sides are now talking about their differences in a way that state department officials say would have been unimaginable just a year ago....

(Charles Redman: "This represents some progress, but there's still a long way to go.")

...Why all the progress now?

(Michael Krepon, Carnegie Institute: "Neither leader can claim a real foreign policy success and both leaders can use one.")

Whatever the reasons, contacts at all levels between the superpowers are increasing. Secretary Shultz is heading for Moscow next month and there may well be both an arms control agreement and a summit by the end of the year. (ABC-5)

Rather: The Soviet Union's military might is growing unchecked. This according to the U.S. government's official annual assessment.

CBS's David Martin: ...Secretary Weinberger warned today that an agreement to scrap intermediate-range nuclear missiles like these Soviet SS-20s might actually cost the taxpayer more money. With a whole class of nuclear weapons eliminated from Europe, the U.S. would have to build up its conventional forces to ward off a Soviet invasion.

(Secretary Weinberger: "To maintain deterrence we will have to do some addition. Because the sad fact is that conventional strength is much more expensive than nuclear strength.")

...The Russians continue to build more of everything than the U.S., even during the Reagan years of record Defense budgets.

(Secretary Weinberger: "In fighter aircraft they outproduced us more than 2-1, in tanks they outproduced us more than 3-1.")

...Even conservative estimates of what it would take to balance the Soviets are intimidating.... (CBS-4)

MARINE SPY SUSPECT

Rather: A second U.S. Marine who once guarded the American embassy in Moscow has been arrested in a continuing spy investigation. The new suspect is identified as 21-year-old Corporal Arnold Bracey. He served in Moscow at the same time as a Marine Sergeant already accused of trading information for sexual favors from Russian women.
(ABC-4, CBS-10)

KHADAFY/SOVIETS

Brokaw: The Kremlin today dismissed a suggestion by Moammar Khadafy that Libya might be willing to join the Warsaw Pact and base Soviet missiles in Libya. A spokesman said the Soviet government has not issued any proposal of this kind and called Khadafy's offer of Soviet nuclear missiles hypothetical.
(NBC-10)

AIDS/KOOP

Brokaw: Surgeon General C. Everett Koop said today that any woman who wants to have a baby should be tested for AIDS before getting pregnant. Koop, who opposes abortion, was then asked whether that should be an option for a pregnant woman who discovers she has the AIDS virus. And Koop said, "If you wanted to give her all the possibilities, you would have to mention abortion."
(NBC-6)

Jennings: Virtually everyone seems to agree that education must play a crucial part in fighting AIDS. But there is plenty of disagreement about how to approach the job. Adults are debating what should children know, and when should they know it?

ABC's George Strait reports education is said to be the only solution to the AIDS epidemic. But teaching AIDS means teaching sex and that's a problem because some people don't think it should be done.
(ABC-8)

Rather: The United States Surgeon General today said that abortion would have to be mentioned as an option for pregnant women with AIDS. That conclusion came along with controversy over the cost of the new AIDS drug AZT, and over availability of other AIDS treatments....
(CBS-7)

CATASTROPHIC HEALTH

Brokaw: For many sick, elderly people in this country the golden years are a financial nightmare. They must use all of their own money before the government pays their health cost. While the White House and Congress support the idea of catastrophic health coverage, there still is a great controversy over the coverage most needed by the elderly: custodial nursing home care.

NBC's John Dancy: ...Now Congress is considering a bill to pay for catastrophic health care, but it does not cover nursing home stays. The Reagan Administration's Secretary of Health and Human Services, Dr. Otis Bowen, says that is just not possible yet.

(Sec. Bowen: "It would be my judgment that Congress should be very cautious about going too far. You have to take it a little bit at a time.")

...Americans spend \$18 billion on custodial nursing home care every year. One of the sponsors of catastrophic health care says that is too much for the government to take on.

(Sen. Kennedy: "Given the financial limitations in the budget and the size of the deficit I think it's unrealistic to expect that we're going to be able to make a very serious dent in that problem.")... (NBC-7)

COMMENTARY/COMMUNISM

NBC's John Chancellor: A man died in Paris the other day.... He was the great grandson of Karl Marx.... He believed that today's communism is a false communism that doesn't work. And his great grandfather would be astonished at the state of communism in the world today, especially in the two biggest communist countries.... In Moscow, Mikhail Gorbachev is battling the bureaucracy in an all-out effort to reform Russia's communist system. In Beijing, Deng Xiaoping is trying a little capitalism here, a little free market philosophy there to make China more efficient. A man I know asked Deng Xiaoping if China and Russia might become friends again. Deng said, "What have we got to learn from them? They have nothing to teach us." Indeed. Does communist Poland, flat broke, have anything to teach communist Vietnam also flat broke? When you think about it, the failure of communist philosophy around the world is a very big story. Not too many years ago communism proclaimed itself to be the wave of the future. Not today. Karl Marx's great grandson got it right -- it doesn't work. (NBC-11)

HAIG CANDIDACY

Brokaw: Alexander Haig, who was a professional soldier before he entered public life, took a line from comedian Mort Sahl today and said he was throwing his helmet into the ring announcing that he was a Republican presidential candidate.... He was President Reagan's first secretary of state....

NBC's Ken Bode: ...He spent a stormy 18 months as Ronald Reagan's first secretary of state, best remembered for what he said the day the President was shot.

(TV coverage: The President and Mr. Haig sitting in the Oval Office.)

(Mr. Haig: "As of now I am in control here in the White House.")

Haig intended that remark to be reassuring. It was widely viewed as a grab for power. Haig eventually resigned and wrote a book that depicted the President as dangerously out of touch, long before the Iran arms scandal. Campaigning, Haig is more critical of Reagan than are other Republicans.... (ABC-3, CBS-5, NBC-8)

-End of B-Section-

EDITORIALS/COLUMNISTS

THE PRESIDENT'S NEWS CONFERENCE

An Encounter That Dramatized Challenges Facing Mr. Reagan -- "The President, who is 76, demonstrated once again that he is alive and well, that he can answer old questions put to him by young reporters, that he absorbs information, has an eye on the world, can master columns of statistics, and still retains his famous charm."

(Providence Journal-Bulletin, 3/21)

The President Passes A Test -- "Other issues deserve attention -- issues that get ignored when a president meets with the press so infrequently. The American people need to hear the President's views on budget questions, arms control, Costa Rica's new treaty proposal for Central America, trade, welfare reform, relations with the Soviets -- the list could go on. The presidential press conference ought to be a regular report, not a rare performance."

(San Diego Tribune, 3/20)

Reagan: Move To Other Issues -- "Until new facts or damaging allegations are put in the public domain by a joint congressional investigative committee and a special counsel, Mr. Reagan is now free to concentrate on other important issues facing the government, including the deficit, the trade imbalance and preparations for a possible nuclear arms treaty.... Overall, the news conference was a plus for Mr. Reagan. He demonstrated he has not lost his confidence as chief executive or his ability to address tough issues. His performance should convince him to make himself more available to the media during his remaining time in office."

(Dallas Times Herald, 3/21)

Yoo-Hoo, Mr. President -- "When Ted Koppel suggested that the upcoming press conference 'could well be a classic Washington confrontation,' he was expressing the proper hope. Alas, neither the questions nor the answers filled the bill. To the contrary, they only reinforced vague feelings of disdain for Washington's media puppets and their glib White House manipulators. Confrontation? Only in our dreams."

(Cleveland Plain Dealer, 3/21)

CONTRA AID

The Contra Issue -- "We simply cannot afford to sit idly by while the Cubans and Russians build a new stronghold in the Western Hemisphere. If congressional Democrats do not like Reagan's contra aid program, then it is time for them to come up with an alternative in the national interest."

(Fort Worth Star-Telegram, 3/13)

The Contra Crawl -- "One reason the Contras are an unviable force in Nicaragua is their fragmented hierarchy. Arturo Cruz, the one rebel with credibility on Capitol Hill, quit the United Nicaraguan Opposition last week citing the Contras' undemocratic leadership as the reason for his departure.... President Reagan is in the process now of cleaning the White House of its Iranian arms-deal merchants. Perhaps now it is time for him to examine the dusty and skeleton-ridden attic of his Central American policy, and clean that out too."

(Shreveport Journal, 3/16)

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How To Help The Contras Blow It -- "There is something fundamentally wrong with the Central Intelligence Agency's plan to help the contras blow up bridges, dams and telephone lines in Nicaragua. It won't win support for the contras among ordinary Nicaraguan citizens. In fact, it may further alienate the average citizen from the contra cause."

(Atlanta Constitution, 3/20)

Contra Policy In Shambles, GOP Can Still Recite A Line -- "The Sandinistas are getting worse, the contras are failing to gain support in Nicaragua, and there are serious doubts about how usefully American funds have been spent. In short, the policy is in shambles."

(Dayton Daily News, 3/19)

Ortega Offers An Opening On Central American Peace -- "Nicaragua's president, Daniel Ortega, may be starting to see clearly through the filters of his designer sunglasses. His riposte this week to the latest shift in congressional sentiment toward his nation represented a meaningful step toward regional security in Central America.... With the will of Congress moving away from support of the armed contra effort, the regional plan offered by Costa Rica seems worthy of exploration."

(Atlanta Journal, 3/19)

No Comfort -- "Because Reagan is either unwilling to change his mind on Nicaragua or incapable of doing so, the responsibility for setting a new course for the United States in Central America rests with Congress. The stage has been set for peace talks in Central America for some time, if only because the nations and the people involved are exhausted after years of fruitless fighting. But, as the Arias peace plan itself says, the negotiating process cannot begin until outside support for insurgents in the region ends -- and that includes Reagan's support for the Contras."

(Los Angeles Times, 3/22)

Give Peace A Chance -- "Increasingly the Administration's justification for continuing the war in Nicaragua, and the tactics it is using, communicate a horrible message to the world. The point cannot be to free Nicaraguans from an oppressive government; they were not free under Somoza. The United States says it wants peace in Central America. For that to happen, the Administration must end its policy of aggression."

(Cleveland Plain Dealer, 3/21)

ACID RAIN

America's Acid Rain Effort Ought To Match Canada's -- "While Mr. Mulroney described Mr. Reagan's announcement as 'welcome news,' in reality it amounts to little more than making good on past promises to the Canadians. Even though Mr. Reagan pledged last year to fund a major acid-rain control effort, his budget didn't contain the necessary appropriations.... Thus, the Reagan offer for more funding is a step -- albeit a small one -- in the right direction. It, however, must not be the only U.S. response to this truly international problem."

(Philadelphia Inquirer, 3/21)

Evidence Mounts Against Acid Rain -- "Along with a cleanup, the nation needs more study of acid rain. That's right, study. Unfortunately, the Reagan Administration has made this word a synonym for delay. It shouldn't be."

(Atlanta Constitution, 3/23)



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, MARCH 25, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

NATIONAL NEWS

'Lemon' Highway Bill Gets Towed Back To Congress -- President Reagan yesterday launched an all-out fight against an \$88 billion highway bill which he called "a lemon loaded with every option in the book" that Congress has parked at the White House.

(USA Today, Washington Post, Washington Times, Newhouse, UPI)

INTERNATIONAL NEWS

Dollar Stabilizes After U.S. Central Bank Intervenes -- The dollar stabilized after falling to 40-year lows yesterday when the Federal Reserve intervened in foreign exchange markets to strengthen the U.S. currency.

(Washington Post, AP, Reuter)

IRAN-NICARAGUA

Casey Is Termed The Mastermind Of Efforts To Supply The Contras -- Congressional investigators have clear indications that William Casey, the former Director of Central Intelligence, masterminded the Reagan Administration's efforts to help the Nicaraguan rebels get military supplies, according to two senators and a representative.

(New York Times)

NETWORK NEWS (Tuesday Evening)

PRESIDENT REAGAN/HIGHWAY BILL -- President Reagan has thrown the just-passed highway bill back to Congress.

DOLLAR/YEN -- In Tokyo the dollar plunged to its lowest level against the yen since the 1940s.

U.S./IRAN -- Iran's leadership taunted the U.S. today with reminders of Americans killed in Lebanon.



NATIONAL NEWS

REAGAN AGAIN VOWS TO VETO \$87.5 BILLION HIGHWAY BILL

President Reagan, attempting to restore his political strength, vowed again yesterday to veto the \$87.5 billion, five-year highway bill as pressure continued to mount in Congress to override the veto.

Reagan denounced the legislation as "really a lemon" and said he would send it back to Congress with a note saying "stop the spending spree." But the President was facing opposition from many Republicans as well as Democrats. A senior White House official said Reagan would probably veto the bill Friday.

Sen. Robert Dole told reporters that the vote is a test of Reagan's efforts to bounce back from the Iran-contra scandal. "The stakes are very high for the President," Dole said. "...Notwithstanding the merit on his side, it's important to his leadership."

(David Hoffman & Helen Dewar, Washington Post, A1)

'Lemon' Highway Bill Gets Towed Back To Congress

President Reagan yesterday launched an all-out fight against an \$88 billion highway bill which he called "a lemon loaded with every option in the book" that Congress has parked at the White House.

House Speaker Jim Wright accused the President of putting his own "macho" and "petty" interests above the best interests of the nation. Thousands of jobs will be lost if the highway bill is delayed by a veto, Wright said. (Jeremiah O'Leary & Mary Belcher, Washington Times, A2)

Reagan Hits Brakes On 65-MPH Bill

President Reagan is so eager to veto a lemon he calls "really a lemon with a sticker price of \$88 billion" he tried to ax it Tuesday before it hit his desk.

A veto, warned Sen. Patrick Moynihan, "will throw the economy into a recession, because there is no way Congress can write a new bill" before construction season starts. (Johanna Neuman, USA Today, A1)

President Reagan/Highway Bill

Disregarding the advice of his new chief of staff and influential Republicans in Congress, President Reagan announced Tuesday his decision to veto the (highway bill) because it exceeds his spending targets.

Whether the President, politically weakened by the Iran-contra scandal, can win the fight is uncertain. He has already lost one veto battle over spending this year, that involving the Clean Water Act, another measure that had broad bipartisan support.

In making the decision, Reagan appeared to be adopting the hardline veto strategy urged by some conservatives who say he must dig in against congressional spending even if he lacks the votes to prevail.

(Miles Benson, Newhouse)

President Reagan/Highway Bill

President Reagan, committed to "an all-out fight" with Congress, vowed Tuesday to veto an \$88 billion highway bill and send it back to Capitol Hill with a challenge to "stop the spending spree; get to work."

While his decision disregarded pleas of GOP lawmakers and a warning from White House Chief of Staff Howard Baker, Reagan told business executives that the bill flies in the face of the need for fiscal restraint.

"The budget deficit is a major threat to our national competitiveness," Reagan said. "Yet, last week, congress passed a budget-busting highway bill and it is really a lemon, with a sticker price of \$88 billion and loaded with every option in the book." (Norman Sandler, UPI)

REAGAN STUDIES NEW BUDGET PLAN

Republican senators yesterday won President Reagan's backing for another attempt to reform the federal budget process.

A proposal drafted by Sen. Pete Domenici, the Senate Budget Committee's ranking Republican, would replace the current one-year budgeting process with one in which budgets were passed for two-year periods.

"The President supports the reform," Domenici said after a White House meeting between the President and other GOP lawmakers. "He asked us to proceed with our efforts to get reform."

(Willis Witter, Washington Times, A3)

CHILES PREPARING SENATE BUDGET PLAN

Would Cut Less From Defense, More From Domestic Outlays

Sen. Lawton Chiles, chairman of the Senate Budget Committee, is preparing a fiscal 1988 budget plan that would trim the federal deficit by \$36 billion.

Half the reductions would result from new taxes and about a third would come from cuts in nondefense spending, including entitlement programs such as Medicare, according to Senate sources.

(Tom Kenworthy, Washington Post, A4)

FEDERAL LOAN MANAGEMENT FAULTED

Delinquent debts owed to the U.S. government have skyrocketed as federal lending outstripped the government's ability to manage its loans effectively, the Office of Management and Budget told President Reagan yesterday.

In its annual report on the management of the government, the OMB warned Cabinet secretaries that "we have to make a systemic analysis of the root causes of delinquencies...and be ready to make the policy and program decisions necessary to clean up our portfolios." The agency did not specify what decisions might be needed.

(Judith Havemann, Washington Post, A9)

REAGAN/GINNIE MAY

President Reagan Tuesday signed a bill limiting fees that may be charged by the Government National Mortgage Association for its guarantees of privately issued mortgage-backed securities.

In a statement, Reagan said despite his approval of the legislation he had some "serious reservations" about its provisions "that must be addressed promptly through remedial amendments." (UPI)

TEXAS INDEPENDENTS QUESTION HERRINGTON

HOUSTON -- Independent oil and gas producers Tuesday told Energy Secretary John Herrington their request for an oil import fee deserves more attention from the Reagan Administration than it has gotten so far.

Herrington emphasized President Reagan also is very concerned about the domestic oil and gas industry.

"It is almost impossible politically to see a clean import fee go through," he said while discussing the new National Energy Security Study commissioned by Reagan on the impact of last year's oil price collapse.

(Paula Dittrick, UPI)

STATES WIN DISPUTE ON MINE RULES

Environmentalists Hail Court Decision In California Case

The Supreme Court, resolving an important conflict between the states and the federal government, ruled yesterday that states have the power to impose environmental regulations on federally owned lands.

The court overturned a lower court ruling, supported by the Reagan Administration, that said the states lacked such authority.

(Al Kamen, Washington Post, A1)

BAKER TURNS OVER COMMITTEE, FUNDS TO LUGAR

Howard Baker, who gave up his 1988 presidential aspirations to become White House chief of staff, has turned over his political action committee and about \$280,000 to Sen. Richard Lugar, a former Lugar aide said Tuesday.

According to a spokesman for the committee, the organization has about \$280,000 that Baker, a former Tennessee Republican senator, had planned to use as seed money if he had decided to run for the 1988 GOP presidential nomination.

In a recent letter to key supporters, Baker insisted he will not be a candidate in 1988 and said he will remain neutral in the fight for the Republican presidential nomination. (Steve Gerstel, UPI)

SIMPSON CONTRITE FOR 'GAZOO-STICKING'

A calm and contrite Sen. Alan Simpson, calling a truce with the White House press corps, says his own "gazoo-sticking" was a "ghastly" experience.

"It's been grotesque, ghastly," Simpson said Tuesday in light-hearted response to the flap stirred by his swipe at reporters. "It was an interesting experience to have said that. I wish I'd said it differently, I really do."

(Norman Sandler, UPI)

INTERNATIONAL NEWS

CENTRAL BANKS HALT DOLLAR'S FALL Action Seen As First Test Of Recent Currency Deal

The dollar declined sharply yesterday against the Japanese yen but rebounded as the Federal Reserve System and other central banks intervened in the first test of last month's Group of Six agreement to stabilize exchange rates.

The dollar slide, which began Monday, appeared to have been triggered by Treasury Secretary James Baker's comments on a British television show Sunday that the U.S. had no target value for the dollar. The statement seemed to be a contradiction of the agreement in Paris on Feb. 22 that stability around then-current rates was desirable.

(Hobart Rowen, Washington Post, F1)

Dollar Stabilizes After U.S. Central Bank Intervenes

The dollar stabilized after falling to 40-year lows yesterday when the Federal Reserve intervened in foreign exchange markets to strengthen the U.S. currency.

In a rare move, the U.S. central bank acted to enforce a month-old monetary agreement signed by six industrial powers in Paris and designed to restore stability to exchange rates.

The Federal Reserve delivered a forceful message to currency markets that the U.S. would honor the commitment to improve international monetary cooperation.

(Kenneth Barry, Reuter)

Dollar's Plunge Reflects Escalating U.S.-Japan Trade Dispute

NEW YORK -- The escalating trade dispute between the U.S. and Japan contributed to the sudden wilting of the dollar in currency markets this week, traders and economists said Tuesday.

People tried to get rid of dollars partly because they decided the Japanese government was failing to undertake reforms that would support the value of the U.S. currency, the experts said.

On Thursday the Reagan Administration is considered likely to retaliate against Japan over alleged "dumping" of semiconductors at unfairly low prices by deciding on some kind of tariffs on Japanese goods.

(Peter Coy, AP)

HOUSE PANELS PASS TRADE MEASURES OPPOSED BY WHITE HOUSE

The White House may be getting nervous, with several House committees working their way through a sweeping trade reform bill, that the final measure's language will restrict presidential authority over trade.

Early in the day, the House Foreign Affairs Committee defied White House national security concerns and agreed that the Commerce Department, not the Defense Department, should be in charge of export licenses.

Later, the House Ways and Means Committee voted to take some authority away from the President and give it to the U.S. trade representative in cases where foreign unfair trade practices trigger mandatory retaliation by the U.S.

(Mary Beth Franklin, UPI)

HOUSE TRADE LEGISLATION

House Ways and Means Committee moderates have held off Rep. Richard Gephardt's plan to toughen up a major trade bill by requiring retaliation against unfair trade practices. But union and industries hurt by imports vow a "massive effort" to strengthen the measure on the floor.

The Ways and Means Committee is expected to finish work on the omnibus trade bill Wednesday or Thursday following a week of closed meetings during which Chairman Dan Rostenkowski tried to steer a middle ground to win broad support for the measure.

A major battle was averted Tuesday when aides to Gephardt indicated he will squirrel away an amendment that the White House considers the chief lightening rod for a veto until the bill is considered by the full House in late April. (Bob Rast, Newhouse)

SENATE AGAIN FAILS TO END FILIBUSTER Contra-Aid Foes Still 10 Votes Short

The Senate failed yesterday for the second consecutive day to choke a filibuster against House-passed legislation that would cut off aid to Nicaraguan contras until the Reagan Administration makes a full accounting of earlier funding.

The vote was 50 to 50, with contra-aid foes picking up four votes from those absent for Monday's 46-to-45 vote on the issue. Yesterday's tie was 10 short of the three-fifths required to invoke cloture on a motion to begin considering the measure. (Helen Dewar, Washington Post, A8)

AFGHAN PLANES STRIKE ANEW

ISLAMABAD, Pakistan -- Afghan warplanes killed at least 85 people in three bombing raids on Pakistani border villages yesterday, authorities said today.

Besides two raids reported yesterday on the village of Teri Mangal, authorities said a third attack took place in the south Waziristan tribal district. Six planes dropped three bombs on the village of Angur Adar, killing 20 people and injuring 22, according to an official statement by the official news agency. (Reuter story, Washington Post, A15)

IRAN WARNS OF REPRISALS IF U.S. ATTACKS IN GULF

NICOSIA, Cyprus -- Iran's parliamentary speaker, Hashemi Rafsanjani, said today that if the U.S. launched an attack in the Persian Gulf "Americans will be unsafe throughout the world."

In a Tehran radio interview, monitored here, he declared: "The events in Lebanon could be repeated for the Americans around the world." He apparently referred to the deadly bombings of the U.S. Embassy and Marine headquarters in Beirut in 1983 and the kidnappings of Americans in Lebanon. Eight Americans remain captive, most believed held by pro-Iranian Shiite Moslems. (AP story, Washington Post, A17)

Iran Flouts U.S. Warning

ATHENS -- Iran flouted a U.S. warning against using missiles to close the Strait of Hormuz, the world's gateway to Middle East oil fields, and warned that any attack on Iran will lead to "insecurity for Americans around the world."

"The Americans once tried to come to Tabas (in eastern Iran) but were stopped by a storm in the Iranian desert," Iranian parliament speaker Akbar Hashemi Rafsanjani said Tuesday, referring to a failed 1980 hostage-rescue mission to Iran that left eight Americans dead.

"The storms of the Persian Gulf are stronger than those of Tabas," Rafsanjani told Tehran radio. "We are more prepared now." (UPI)

PENTAGON: U.S.S.R ARMS CONTROL POLICIES JUST ANOTHER WEAPON IN RED ARSENAL

Pentagon policy-makers are portraying Soviet leader Gorbachev's arms control stance as just another weapon in the Soviet arsenal.

The raft of Soviet arms reduction offers since Gorbachev took power are nothing more than a sophisticated ploy to divide the West and consolidate Soviet military advantages, according to a new assessment of Soviet foreign policy in the 1987 edition of "Soviet Military Power."

(Frank Morring, Scripps Howard)

PENTAGON ANNUAL SAYS SOVIETS ABLE TO DEPLOY BLINDING LASER WEAPONS

The Pentagon said yesterday that the Soviet Union has developed and "could soon" deploy laser weapons that could blind soldiers.

The warning was contained in the Defense Department's 1987 edition of "Soviet Military Power," a 159-page magazine describing Moscow's military effort. Defense Secretary Weinberger said the report documents how the Soviets are building "far beyond legitimate requirements for defense."

(George Wilson, Washington Post, A3)

Soviets Use Lasers In Afghan Fighting, Weinberger Asserts

Defense Secretary Weinberger yesterday said Soviet forces are using laser weapons to blind pilots in the Middle East and burn guerrillas in Afghanistan.

"We think that by better understanding the Soviet military power...and the threats that it poses on all of us, we will be better able to secure our transcendent goals of peace and freedom and security," Weinberger said in releasing the 159-page glossy booklet "Soviet Military Power 1987."

(Bill Gertz, Washington Times, A1)

SECOND MARINE ARRESTED ON SUSPICION OF ESPIONAGE

A second former Marine guard at the U.S. Embassy in Moscow is in custody at a Virginia Marine base on suspicion of espionage, a corps spokesman says.

Cpl. Arnold Bracy, 21, of Woodside Queens, New York City, was transferred from the Marine base at Twentynine Palms, California, to Quantico late Tuesday, said spokesman Lt. Col. John Shotwell.

"He has not been formally charged as yet," Shotwell said. "But he is suspected of espionage and related charges. He will appear before a military magistrate who will determine whether his continued confinement is justified."
(AP)

IRA CLAIMS BLAST AT BRITISH HEADQUARTERS

Bomb At Base In West Germany Was To Be 'Devastating Blow'

LONDON -- The Irish Republican Army claimed responsibility today for a bomb that exploded on a British military base in West Germany last night. An IRA statement issued in Belfast said that the bomb, which injured 31 people, was intended to inflict a "devastating blow" against British forces.

If the claim of responsibility is confirmed, the explosion would mark the first time in several years years that the IRA was known to have engaged in terrorist actions outside Britain or Northern Ireland. In 1978-80, a series of IRA-claimed explosions and shootings took place at British installations in continental Europe.

(Karen DeYoung, Washington Post, A15)

IRAN — NICARAGUA

FUND-RAISERS FOR CONTRAS CAPITALIZED ON ACCESS North Wrote Donor On NSC Stationary

In early 1986, at a time when the Reagan Administration was desperately seeking a source of new cash for the Nicaraguan contras, conservative fund-raisers capitalized on direct access to the White House and its officials -- including President Reagan -- to raise millions of dollars, according to documents obtained yesterday.

The strategy, which had the full backing of the White House, paid off as a small number of wealthy conservatives gave more than \$3 million during this critical period, the documents show.

The money went to the National Endowment for the Preservation of Liberty (NEPL), a tax-exempt foundation run by Carl (Spitz) Channel. In 1985 and 1986, according to other NEPL documents, NEPL sent \$1.7 million to a Swiss bank account controlled by Lt. Col. Oliver North, the National Security Council aide fired last November.

(Ted Gup & Thomas Edsall, Washington Post, A1)

CASEY IS TERMED THE MASTERMIND OF EFFORTS TO SUPPLY THE CONTRAS

Congressional investigators have clear indications that William Casey, the former Director of Central Intelligence, masterminded the Reagan Administration's efforts to help the Nicaraguan rebels get military supplies, according to two senators and a representative.

The lawmakers, members of the special committees investigating the Iran-contra affair, did not say what specific evidence they had. But other legislators and staff assistants said actions taken by Mr. Casey, who is critically ill with a brain tumor, had become a central focus of the committees' investigations.

The lawmakers and staff assistants, who spoke on condition that they not be identified, said they believed Casey had encouraged Lt. Col. Oliver North, then on President Reagan's National Security Council staff, to organize the (contra) supply operation. Casey, they said, had probably told Col. North that the President wanted him to do it.

(David Rosenbaum, New York Times, A1)

CASEY'S ILL HEALTH LEAVES BIG GAP IN IRAN PROBE Reagan Confidant Played Key Role

The probability that former CIA Director William Casey's health will keep him from testifying before Congress and the independent counsel leaves a major gap in the probes into the Iran-contra affair, according to investigators.

He was a confidant to [President Reagan] and that long relationship gave him access...to events at key points," said a source who helped draw up the Tower Board's report on the matter.

"We felt [Casey] knew what was going on more than anyone else except [John] Poindexter and [Oliver] North," former secretary of state Edmund Muskie, a Tower Board member, said recently. "That was our very strong feeling."

(Walter Pincus, Washington Post, A1)

SENATE SLEUTH TRACES ARMS SHIPMENTS TO COPENHAGEN

An investigator for the Senate committee probing the Iran-contra affair traveled to Copenhagen recently in an effort to solve the mystery of how the Israelis shipped tons of arms to Tehran, according to a Danish union official.

Joel Lisker, assistant counsel for the Senate Select Committee, met with Danish Seaman Union Vice President Henrik Berlau for several hours "about 14 days ago," Berlau told The Washington Times.

Berlau said he sent a telegram to President Reagan requesting an apology for using Danish sailors in U.S.-Israeli arms deals. He said the President had not responded. (Michael Hodges, Washington Times, A1)

IRAN-CONTRA PANEL/COSTA RICA

The special House panel on the Iran-contra scandal will send an investigator to Costa Rica to interview members of a globe-spanning network that supplies the Nicaraguan rebels, a spokesman said Tuesday.

Committee spokesman Robert Havel said the panel has turned up important evidence on the private supply network and the money trail from the sale of arms to Iran -- its principal focus since the Tower commission's Feb. 26 report that dealt almost exclusively with the arms sales.

(Dana Walker, UPI)

SAUDI AMBASSADOR REPORTEDLY QUERIED

Independent counsel Lawrence Walsh has asked the Saudi ambassador in Washington to voluntarily answer questions about the Iran-contra affair, according to informed sources, and discussions are under way to determine if the ambassador can supply information without waiving his diplomatic immunity.

Walsh is also attempting to obtain testimony from key Israeli officials and citizens, the sources said, and there is some indication the prosecutor will soon seek cooperation from Taiwan and South Korea.

(Bob Woodward, Washington Post, A1)

SENATOR ADMITS REAGAN REMARK

Sen. Dave Durenberger reversed himself Monday and acknowledged that he said last week that President Reagan "doesn't know what the hell is going on" in the Iran-contra affair.

But Durenberger said that the quote, which has caused strong negative reactions among the GOP in Minnesota, was taken out of context.

(David Phelps, Washington Times, A2)

NETWORK NEWS SUMMARY

(Tuesday Evening, March 24, 1987)

THE PRESIDENT/HIGHWAY BILL

ABC's Peter Jennings: President Reagan mounted a full-scale campaign today to sustain an action he hasn't even taken yet: his promised veto of the highway construction bill. That's the bill that allows the speed limit to be raised to 65 m.p.h. But it also calls for spending \$88 billion over the next five years to build and repair roads. Mr. Reagan says that's too much.

ABC's Sam Donaldson: Highway and mass transit construction not only mean roads and rail beds, but jobs. That's why this bill passed the Congress with only 34 dissenting votes. But to the President this bill also means too much red ink.

(The President: "Last week Congress passed a budget-busting highway bill and it is really a lemon.")

Actually, gasoline tax money in the highway fund pays for most of the bill's cost, not money from general tax funds. But the bill does contain almost a billion dollars worth of demonstration projects the White House can argue are primarily pork barrel make-work projects. Today, a spokesman for the construction industry delivered a petition to the White House claiming a veto would cost 800,000 jobs. And Democrats warned of recession.

(Sen. Moynihan: "If this bill is vetoed and the veto is sustained, there will be a shock-recession.")

Although some Republicans who met with the President today don't want to veto either, they are keenly aware that given his Iran scandal buffeting, their party leader desperately needs their support in the effort to sustain one.

(Sen. Dole: "Not withstanding the merit on his side, it's important for his leadership. And I made the point that particularly those of us in the Senate had a special responsibility to belly up to the bar and vote with the President on this even though it's gonna hurt a bit.")

The President's new Chief of Staff Howard Baker suggested to him a veto fight might not be worth it, but Mr. Reagan feels strongly about it. And if enough Senate Republicans do "belly up to the bar" for him, he just might win it.

(ABC-Lead)

CBS's Dan Rather: President Reagan has thrown the just-passed highway bill back in Congress' face and dared Congress to override his veto. Mr. Reagan says the bill is chock full of boondoggles, pork barrel and budget-busting. Some in Congress shoot back that he is risking recession, doesn't understand how terrible the nation's transportation infrastructure has become, is hopelessly out of touch, and looking for trouble.

CBS's Bill Plante: President Reagan, trying to prove his renewed political muscle, squared off with Congress over the big highway spending bill.

Plante continues:

(The President: "Yet last week Congress passed a budget-busting highway bill and it is really a lemon. I think I will have it towed back and dropped at Congress' door with a note on it that says 'Stop the spending spree.'")

Mr. Reagan doesn't object to the bill's provision allowing states to raise the speed limit to 65 m.p.h., but at \$88 billion the bill is \$10 billion too expensive for the White House which calls it the worst kind of pork barrelling. It appropriates twice as much as the Administration wanted for mass transit. Example: Congress wants to increase assistance to Miami's metrorail system by 4½ million in spite of the fact that few riders use the system. The bill contains 152 so-called "pet projects" of members. Example: replacing an interstate highway access ramp in Cleveland which the state of Ohio thinks is good for the next 10 years. Price tag: \$8 million. Members of Congress from both parties want to spend this money in their districts, and Democrats say killing the projects would hurt the economy.

(Sen. Moynihan: "If this bill is vetoed and the veto is sustained, there will be a sharp recession.")

(Sen. Mitchell: "We again say to the President, 'This is the wrong issue and the wrong time to pick a fight with Congress.'")

The Senate Republican leader says it's time for party members to "belly up to the bar" and support the President. But even some loyalists are worried.

(Sen. Stafford: "I hope he has the votes to sustain the veto because I think it's critical to his reemergence as an active and powerful president.")

The President's advisers say he didn't pick this fight, Congress did, and that Mr. Reagan won't give in. All well and good. But the bill passed by huge margins. This is a test of the President's strength which he could very well use. His advisers admit he's got a lot of arms to twist.
(CBS-Lead)

NBC's Tom Brokaw: President Reagan today called a highway spending bill passed by Congress "a real lemon," with a sticker price of \$88 billion. Mr. Reagan is expected to veto the measure Friday. Among other things, this bill lets the states raise the speed limit, and the White House is making it a test of Mr. Reagan's political strength. It is urging Republicans to rally around the President to prevent his veto from being overridden.
(NBC-5)

DOLLAR/YEN

Brokaw: In Japan, Great Britain, West Germany, the Netherlands, even in Italy, the American dollar was worth a lot less today and that is a classic case of good news and bad news. What's more, this slide could continue. It is having an especially dramatic effect on our economic relations with Japan.

ABC's Mike Jensen: In Tokyo the dollar plunged to its lowest level against the yen since modern exchange rates were set in the 1940s. Japan's Finance Minister appealed to the Western allies to intervene in foreign currency markets....

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Jensen continues:

(Alan Greenspan: "We're beginning to see the very early signs of Americans shifting from purchasing foreign goods to their domestic counterparts."... "It's the most important thing for American manufacturing if we wish to see that whole area of our economy start to accelerate.")

...By the end of the day the dollar had steadied, even recovered a bit, after the Japanese and U.S. central banks reportedly intervened buying billions worth of dollars on currency markets.... Many experts believe the dollar will continue to weaken for another 3-5 years, declining perhaps 10-20%, helping U.S. manufacturers become more competitive in world markets. (NBC-Lead)

Jennings: The Federal Reserve Board apparently feels the dollar has fallen far enough. After letting it slide for the past year the board has intervened to stop the dollar getting any weaker. (ABC-10)

Rather: The U.S. dollar sank to its lowest level against the Japanese yen since World War II today. The bank of Japan is reported to have bought close to \$2 billion in an attempt to keep the exchange rate from falling even lower. In Washington the U.S. Federal Reserve Board today took unspecified actions trying to buttress the dollar. (CBS-8)

CARTER/HOSTAGES

Brokaw: In Damascus today, former President Jimmy Carter said that after three meetings with President Assad he is convinced the Syrians are working for the release of the American hostages in Lebanon. Referring to an offer by one group to exchange hostage Alan Steen...for Arab prisoners in Israel, Carter said, "The Syrians agree that yielding to blackmail will only lead to more kidnappings."... (ABC-6, CBS-2, NBC-9)

U.S./IRAN

Jennings: The Iranians have answered a warning from the United States with one of their own. The speaker of the Iranian parliament, Rafsanjani, said today that no American anywhere will be safe if the United States takes military action in the Persian Gulf. (ABC-7)

Rather: Iran's religious leadership taunted the United States today with reminders of Marines and other Americans killed in Lebanon. Iranian Parliament speaker Rafsanjani said, "The incidents of Lebanon can be repeated for the U.S. everywhere." The threat was made on Tehran radio in reference to announcements the United States was prepared to use force if necessary to protect Persian Gulf shipping from Iranian attacks. (CBS-3)

SOVIET MILITARY

Jennings: The Defense Department has issued its annual report on the state of the Soviet military. As it has for the past five years the report warns of a Soviet Union which is more technologically advanced. But the report has also been produced this year at a time when the Reagan Administration is looking to reach agreement with the Soviets on reducing arms.

ABC's John McWethy: In releasing the Pentagon's annual summary of Soviet military power Caspar Weinberger said the Kremlin has been unrelenting in its military buildup, experimenting with new lasers, developing a whole new generation of nuclear missiles. All that, Weinberger says, shows that the Soviets plan to continue their buildup.

(Secretary Weinberger: "No matter who is general secretary, no matter what proposals are made, no matter what public relations activities are undertaken.")

Yet even Weinberger, one of the toughest anti-Soviet voices in the Reagan Administration, had to admit that in arms control talks, prospects for reaching agreement are, in his words, pretty good. In fact, the United States and Soviet Union, despite huge differences, are now in a period of unusual harmony. Both sides are now talking about their differences in a way that state department officials say would have been unimaginable just a year ago....

(Charles Redman: "This represents some progress, but there's still a long way to go.")

...Why all the progress now?

(Michael Krepon, Carnegie Institute: "Neither leader can claim a real foreign policy success and both leaders can use one.")

Whatever the reasons, contacts at all levels between the superpowers are increasing. Secretary Shultz is heading for Moscow next month and there may well be both an arms control agreement and a summit by the end of the year. (ABC-5)

Rather: The Soviet Union's military might is growing unchecked. This according to the U.S. government's official annual assessment.

CBS's David Martin: ...Secretary Weinberger warned today that an agreement to scrap intermediate-range nuclear missiles like these Soviet SS-20s might actually cost the taxpayer more money. With a whole class of nuclear weapons eliminated from Europe, the U.S. would have to build up its conventional forces to ward off a Soviet invasion.

(Secretary Weinberger: "To maintain deterrence we will have to do some addition. Because the sad fact is that conventional strength is much more expensive than nuclear strength.")

...The Russians continue to build more of everything than the U.S., even during the Reagan years of record Defense budgets.

(Secretary Weinberger: "In fighter aircraft they outproduced us more than 2-1, in tanks they outproduced us more than 3-1.")

...Even conservative estimates of what it would take to balance the Soviets are intimidating.... (CBS-4)

MARINE SPY SUSPECT

Rather: A second U.S. Marine who once guarded the American embassy in Moscow has been arrested in a continuing spy investigation. The new suspect is identified as 21-year-old Corporal Arnold Bracey. He served in Moscow at the same time as a Marine Sergeant already accused of trading information for sexual favors from Russian women.
(ABC-4, CBS-10)

KHADAFY/SOVIETS

Brokaw: The Kremlin today dismissed a suggestion by Moammar Khadafy that Libya might be willing to join the Warsaw Pact and base Soviet missiles in Libya. A spokesman said the Soviet government has not issued any proposal of this kind and called Khadafy's offer of Soviet nuclear missiles hypothetical.
(NBC-10)

AIDS/KOOP

Brokaw: Surgeon General C. Everett Koop said today that any woman who wants to have a baby should be tested for AIDS before getting pregnant. Koop, who opposes abortion, was then asked whether that should be an option for a pregnant woman who discovers she has the AIDS virus. And Koop said, "If you wanted to give her all the possibilities, you would have to mention abortion."
(NBC-6)

Jennings: Virtually everyone seems to agree that education must play a crucial part in fighting AIDS. But there is plenty of disagreement about how to approach the job. Adults are debating what should children know, and when should they know it?

ABC's George Strait reports education is said to be the only solution to the AIDS epidemic. But teaching AIDS means teaching sex and that's a problem because some people don't think it should be done.
(ABC-8)

Rather: The United States Surgeon General today said that abortion would have to be mentioned as an option for pregnant women with AIDS. That conclusion came along with controversy over the cost of the new AIDS drug AZT, and over availability of other AIDS treatments....
(CBS-7)

CATASTROPHIC HEALTH

Brokaw: For many sick, elderly people in this country the golden years are a financial nightmare. They must use all of their own money before the government pays their health cost. While the White House and Congress support the idea of catastrophic health coverage, there still is a great controversy over the coverage most needed by the elderly: custodial nursing home care.

NBC's John Dancy: ...Now Congress is considering a bill to pay for catastrophic health care, but it does not cover nursing home stays. The Reagan Administration's Secretary of Health and Human Services, Dr. Otis Bowen, says that is just not possible yet.

(Sec. Bowen: "It would be my judgment that Congress should be very cautious about going too far. You have to take it a little bit at a time.")

...Americans spend \$18 billion on custodial nursing home care every year. One of the sponsors of catastrophic health care says that is too much for the government to take on.

(Sen. Kennedy: "Given the financial limitations in the budget and the size of the deficit I think it's unrealistic to expect that we're going to be able to make a very serious dent in that problem.")... (NBC-7)

COMMENTARY/COMMUNISM

NBC's John Chancellor: A man died in Paris the other day.... He was the great grandson of Karl Marx.... He believed that today's communism is a false communism that doesn't work. And his great grandfather would be astonished at the state of communism in the world today, especially in the two biggest communist countries.... In Moscow, Mikhail Gorbachev is battling the bureaucracy in an all-out effort to reform Russia's communist system. In Beijing, Deng Xiaoping is trying a little capitalism here, a little free market philosophy there to make China more efficient. A man I know asked Deng Xiaoping if China and Russia might become friends again. Deng said, "What have we got to learn from them? They have nothing to teach us." Indeed. Does communist Poland, flat broke, have anything to teach communist Vietnam also flat broke? When you think about it, the failure of communist philosophy around the world is a very big story. Not too many years ago communism proclaimed itself to be the wave of the future. Not today. Karl Marx's great grandson got it right -- it doesn't work. (NBC-11)

HAIG CANDIDACY

Brokaw: Alexander Haig, who was a professional soldier before he entered public life, took a line from comedian Mort Sahl today and said he was throwing his helmet into the ring announcing that he was a Republican presidential candidate.... He was President Reagan's first secretary of state....

NBC's Ken Bode: ...He spent a stormy 18 months as Ronald Reagan's first secretary of state, best remembered for what he said the day the President was shot.

(TV coverage: The President and Mr. Haig sitting in the Oval Office.)

(Mr. Haig: "As of now I am in control here in the White House.") Haig intended that remark to be reassuring. It was widely viewed as a grab for power. Haig eventually resigned and wrote a book that depicted the President as dangerously out of touch, long before the Iran arms scandal. Campaigning, Haig is more critical of Reagan than are other Republicans.... (ABC-3, CBS-5, NBC-8)

-End of B-Section-

EDITORIALS/COLUMNISTS

THE PRESIDENT'S NEWS CONFERENCE

An Encounter That Dramatized Challenges Facing Mr. Reagan -- "The President, who is 76, demonstrated once again that he is alive and well, that he can answer old questions put to him by young reporters, that he absorbs information, has an eye on the world, can master columns of statistics, and still retains his famous charm."

(Providence Journal-Bulletin, 3/21)

The President Passes A Test -- "Other issues deserve attention -- issues that get ignored when a president meets with the press so infrequently. The American people need to hear the President's views on budget questions, arms control, Costa Rica's new treaty proposal for Central America, trade, welfare reform, relations with the Soviets -- the list could go on. The presidential press conference ought to be a regular report, not a rare performance."

(San Diego Tribune, 3/20)

Reagan: Move To Other Issues -- "Until new facts or damaging allegations are put in the public domain by a joint congressional investigative committee and a special counsel, Mr. Reagan is now free to concentrate on other important issues facing the government, including the deficit, the trade imbalance and preparations for a possible nuclear arms treaty.... Overall, the news conference was a plus for Mr. Reagan. He demonstrated he has not lost his confidence as chief executive or his ability to address tough issues. His performance should convince him to make himself more available to the media during his remaining time in office."

(Dallas Times Herald, 3/21)

Yoo-Hoo, Mr. President -- "When Ted Koppel suggested that the upcoming press conference 'could well be a classic Washington confrontation,' he was expressing the proper hope. Alas, neither the questions nor the answers filled the bill. To the contrary, they only reinforced vague feelings of disdain for Washington's media puppets and their glib White House manipulators. Confrontation? Only in our dreams."

(Cleveland Plain Dealer, 3/21)

CONTRA AID

The Contra Issue -- "We simply cannot afford to sit idly by while the Cubans and Russians build a new stronghold in the Western Hemisphere. If congressional Democrats do not like Reagan's contra aid program, then it is time for them to come up with an alternative in the national interest."

(Fort Worth Star-Telegram, 3/13)

The Contra Crawl -- "One reason the Contras are an unviable force in Nicaragua is their fragmented hierarchy. Arturo Cruz, the one rebel with credibility on Capitol Hill, quit the United Nicaraguan Opposition last week citing the Contras' undemocratic leadership as the reason for his departure.... President Reagan is in the process now of cleaning the White House of its Iranian arms-deal merchants. Perhaps now it is time for him to examine the dusty and skeleton-ridden attic of his Central American policy, and clean that out too."

(Shreveport Journal, 3/16)

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How To Help The Contras Blow It -- "There is something fundamentally wrong with the Central Intelligence Agency's plan to help the contras blow up bridges, dams and telephone lines in Nicaragua. It won't win support for the contras among ordinary Nicaraguan citizens. In fact, it may further alienate the average citizen from the contra cause."

(Atlanta Constitution, 3/20)

Contra Policy In Shambles, GOP Can Still Recite A Line -- "The Sandinistas are getting worse, the contras are failing to gain support in Nicaragua, and there are serious doubts about how usefully American funds have been spent. In short, the policy is in shambles."

(Dayton Daily News, 3/19)

Ortega Offers An Opening On Central American Peace -- "Nicaragua's president, Daniel Ortega, may be starting to see clearly through the filters of his designer sunglasses. His riposte this week to the latest shift in congressional sentiment toward his nation represented a meaningful step toward regional security in Central America.... With the will of Congress moving away from support of the armed contra effort, the regional plan offered by Costa Rica seems worthy of exploration."

(Atlanta Journal, 3/19)

No Comfort -- "Because Reagan is either unwilling to change his mind on Nicaragua or incapable of doing so, the responsibility for setting a new course for the United States in Central America rests with Congress. The stage has been set for peace talks in Central America for some time, if only because the nations and the people involved are exhausted after years of fruitless fighting. But, as the Arias peace plan itself says, the negotiating process cannot begin until outside support for insurgents in the region ends -- and that includes Reagan's support for the Contras."

(Los Angeles Times, 3/22)

Give Peace A Chance -- "Increasingly the Administration's justification for continuing the war in Nicaragua, and the tactics it is using, communicate a horrible message to the world. The point cannot be to free Nicaraguans from an oppressive government; they were not free under Somoza. The United States says it wants peace in Central America. For that to happen, the Administration must end its policy of aggression."

(Cleveland Plain Dealer, 3/21)

ACID RAIN

America's Acid Rain Effort Ought To Match Canada's -- "While Mr. Mulroney described Mr. Reagan's announcement as 'welcome news,' in reality it amounts to little more than making good on past promises to the Canadians. Even though Mr. Reagan pledged last year to fund a major acid-rain control effort, his budget didn't contain the necessary appropriations.... Thus, the Reagan offer for more funding is a step -- albeit a small one -- in the right direction. It, however, must not be the only U.S. response to this truly international problem."

(Philadelphia Inquirer, 3/21)

Evidence Mounts Against Acid Rain -- "Along with a cleanup, the nation needs more study of acid rain. That's right, study. Unfortunately, the Reagan Administration has made this word a synonym for delay. It shouldn't be."

(Atlanta Constitution, 3/23)