MACNEIL: In a moment we're going to hear both sides of the covert aid debate in the Congress. First, we hear both sides in the struggle in Nicaragua from a key member of the Sandinista leadership and a leader of the contras, or rebels. Last week, on assignment for us, Charles Krause talked in Managua with Humberto Ortega, Nicaraguan defense minister and commander in chief, about the military situation. HUMBERTO

ORTEGA (Voice of Interpreter): What we see in the coming weeks is a worsening of military factors and the real possibility of war with Honduras, to the extent that Honduras is becoming more fully and directly involved in the aggression against Nicaragua. It's no longer the counter-revolutionaries receiving help from Honduras but rather the counter-revolutionaries as part of U.S. strategy to use Honduras to distract our forces and create conditions allowing Honduras to make overwhelming attacks against our revolution, against our army.

KRAUSE: Then you're expecting war with Honduras? ORTEGA: Against Nicaragua.

KRAUSE: And the United States? ORTEGA: Of course and with the support of the United States. There are American soldiers in Honduras with full logistical and adviser support, assurance of all kinds of material for agression. Now, whether the United States is going to get directly involved in our war, that I can't predict. I'm not a fortune-telling wizard who can say exactly what will happen. But I can affirm that with the yankees and troops that are in Honduras, if there is a conflict between Bonduras and Nicaragua, arising from the activities of the Somozista counter-revolutionaries, then the possibility of the U.S. getting involved in that conflict is much greater. The real scenario I see for the coming weeks is serious. It's deteriorating because efforts toward peace, efforts at understanding are not preceding a pace with the sabotage, the build-up of the Honduran forces and the counter-revolutionaries in Honduras and in Costa Rica.

KRAUSE: What's more likely, negotiations or war? ORTEGA: If the United States has a number of points to make that they believe Nicaragua is supplying arms to El Salvador, that Nicaragua has Cuban advisers or from elsewhere, etc., if there are a number of things that they don't like about Nicaragua, there are also aspects of U.S. policy that we don't like. And we think that there can and should be analysis, talks, discussions but in a framework of mutual respect, decent framework, a civilzied framework, a framework without conditions, without abusing the strength of one over the other, without threats, without holding a gun to our head.

MACNEIL: Later, back in Washington, Charle Rrause talked with Adolfo Calero, commander in chief of one of the largest contra groups, the FDN, or Democratic Forces of Nicaragua. Rrause asked for his reading of the situation in Central America. CALERO: Well, I would say the situation is real hot and, ah, it will continue to heat up. And, ah, we will not cease in our efforts to establish democracy in Nicaragua, by whatever means it takes. At the beginning, right after the Somoza overthrow, we, political parties, private enterprise, practically all Nicaraguans gave the Sandinistas the opportunity to establish a Democratic government. In January of this year we told the Sandinistas that we were ready, ah, to put down our arms if they would fulfill the commitments that they made to the Organization of American States for democracy, pluralism, elections, respect of human rights. And since none of those commitments have been fulfilled, ah, we have been obliged to take up arms against this see of troubles that Nicaraguans are going through.

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