

CBS EVENING NEWS
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Defense Budget

DAN RATHER: Also slated for a knockdown, drag-out Senate floor fight, next year's defense budget, as approved today by the Senate Armed Services Committee. It actually calls for limiting the total Pentagon spending to three percent above the inflation rate. It calls for new nerve gas weapons. It takes the first tentative steps toward finally closing some military bases the Pentagon says are not needed.

Central American Developments

RATHER: President Reagan today unveiled what he called a plan for peace in Central America, with the focus on Nicaragua. The plan contains some new things, some old, and a compromise offer to Congress. We have reports from Bill Plante at the White House and David Martin at the Pentagon.

BILL PLANTE: President Reagan today proposed a cease-fire and new peace talks for Nicaragua, in return for which he wants \$14 million in humanitarian aid for the U.S. Contra rebels, money which Congress has been reluctant to vote as secret military aid.

PRESIDENT REAGAN: While the cease-fire offer is on the table, I pledge these funds will not be used for arms or munitions.

PLANTE: But there's a catch. If the Sandinistas don't cooperate, the \$14 million could then be used for weapons.

PRESIDENT REAGAN: If there is no agreement after 60 days of negotiations, I will lift these restrictions unless both

sides ask me not to.

PLANTE: The peace proposal Mr. Reagan is endorsing calls for a cease-fire and talks mediated by the Catholic Church. Sandinista leader Daniel Ortega would remain as President of Nicaragua until there are new elections. The Sandinistas have already rejected this entire package.

The President suggested that communism might spread northward from Nicaragua if Congress failed to release the money he seeks.

PRESIDENT REAGAN: We face the risk that a hundred million people, from Panama to our open Southern border, could come under the control of pro-Soviet regimes and threaten the United States with violence, economic chaos, and a human tidal wave of refugees.

PLANTE: Some Democrats were quick to charge that Mr. Reagan really doesn't want peace at all.

REP. O'NEILL: In my opinion, the President of the United States will not be satisfied or happy until the United States troops are in there.

REP. MICHAEL BARNES: The only new wrinkle in this is that he is saying that he will not spend the money on bullets for 60 days.

PLANTE: There was an equal lack of enthusiasm among Sandinista leaders.

MIGUEL D'ESCOTO: We are all for a peace plan. But, of course, we are not making war on anyone. It is Mr. Reagan who is making war against the Nicaragua people. If he's really interested in peace, he should immediately stop this illegal and immoral war.

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DAVID MARTIN: Nicaragua has a war on its hands, battling an estimated 15,000 Contras operating out of bases in

Honduras. As many as 5000 Contras are actually inside Nicaragua.

As intense as the fighting seems, Nicaragua appears to have most of the weapons it needs to fend off the Contras. According to U.S. intelligence reports, Soviet Bloc arms shipments to Nicaragua in the first three months of this year have fallen by a third compared to the same period last year. One Central American expert who once worked for the Joint Chiefs of Staff thinks the Nicaraguan military buildup has tapered off.

COL. EDWARD KING: Most of the tanks, armored personnel carriers, artillery, etcetera has come in. So what you have coming in now are the follow-on items.

MARTIN: One other possible explanation: Informed sources say that late last year the U.S. warned Bulgaria about its arms shipments to Nicaragua. Bulgaria had been Nicaragua's primary source of weapons.

At the same time arms shipments to Nicaragua have nosedived, there has been an equally sharp drop in weapons going from Nicaragua to the guerrillas in El Salvador.

COL. KING: I believe the Nicaraguans, because of the need for the weapons in Nicaragua, are keeping a lot of the weapons that generally, or may have gone down there earlier in the country, as well as the ammunition.

MARTIN: Administration officials say one other explanation may be that the Nicaraguans are temporarily on their good behavior, hoping to influence Congress not to resume funding for the Contras.

General Dynamics Overbilling

RATHER: The Defense Department said today a team of

Pentagon auditors finds that General Dynamics overbilled the government by a total of \$244 million. And one way or another, a Pentagon spokesman now promises, the nation's largest defense contractor will be made to pay it back, even if it means getting the money by withholding Pentagon payments to General Dynamics.

The following transcripts are available to read or reproduce on the premises, SAF-AAR 4C 881.

Government Spending Priorities
President Reagan's Weekly
Address, WTOP Radio
March 23, 12:06 P.M. TR-17

Representative Les Aspin
Interview
McLaughlin One-on-One, WRC-TV
March 24, 11:30 A.M. TR-18

Home-porting of Nuclear-armed
Ships
All Things Considered, WETA
Radio
March 29, 5:00 P.M. TR-19

Government Security
ABC World News Sunday, WJZ-TV
March 31, 6:00 P.M. TR-20

Interview with President Jimmy
Carter
Good Morning America, WJLA-TV
April 1, 7:00 A.M. TR-21

Honor Code at the Military
Academies
Newsline, CNN-TV
April 1, 4:00 P.M. TR-22

Star Wars
Mutual News, WGMS Radio
April 1, 6:00 P.M. TR-23

Report on Soviet Military
Strength
The Today Show, WRC-TV
April 2, 7:00 A.M. TR-24