

News Digest

By The Associated Press

Reagan reluctantly agrees to debt-limit bill

WASHINGTON — President Reagan said he will sign legislation restoring the automatic deficit-reduction provisions of the Gramm-Rudman Act, but he charged that Congress managed to "force my

hand" by bringing government "to the edge of default."

In his weekly radio address to the nation Saturday, Reagan said his decision to sign the measure was an agonizing one. But he said that because

the bill increases the government's borrowing authority to \$2.8 trillion, it was needed to protect the market stability and maintain American "reliability and credibility."

Reagan warned that under the Gramm-Rudman amendment, he eventually would be forced either to "sign a tax bill or to accept massive cuts in national defense — or both. This decision is not easy. I have no choice but to sign this bill, to guarantee the United States government's credit."

Sen. Carl Levin, D-Mich., said Saturday he was pleased that Reagan had decided to sign the measure.

"The fact is that Congress, on a bipartisan basis, won this round," Levin said. "The country and the American people won this round."

"It will force the president and his people to sit down with the leaders of Congress and talk rationally about how we're going to reduce this deficit. Hollow rhetoric like the president uses isn't going to do it anymore," Levin added. "It's going to take some action, some deeds, not some more words."

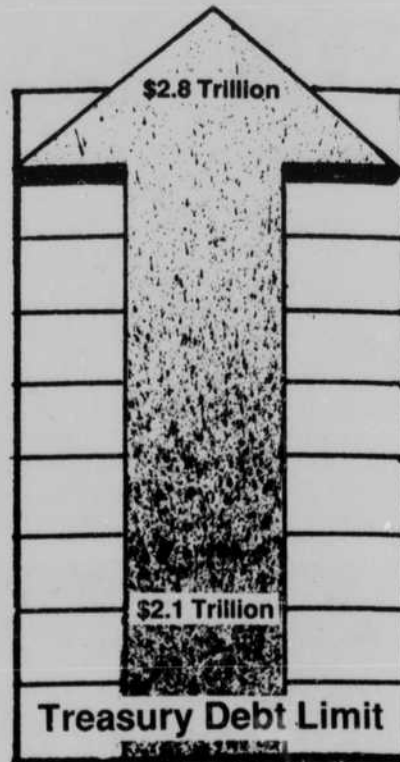
The Gramm-Rudman amendment was attached to urgently needed legislation to increase the Treasury's debt limit so it can continue to finance the deficit.

A temporary debt bill expired at 12:01 a.m. Thursday, forcing the Treasury to begin using up its cash reserves. Without legislation allowing the Treasury to resume its borrowing by Oct. 1, the government could default for the first time in its history.

Reagan requested the bill's increase of the debt limit to \$2.8 trillion, the largest single boost in the statutory debt in history, up from the current limit of \$2.111 trillion. That boost would carry the Treasury's borrowing needs until May 1989, past the end of Reagan's term.

The debt was less than \$1 trillion when Reagan took office.

The revised Gramm-Rudman law would bring back the threat of automatic, across-the-board spending cuts if Congress and the president fail to reduce the deficit. It would require \$23 billion in deficit reduction in fiscal 1988, which begins Oct. 1.



Brian Barber/Daily Nebraskan

Fund gives optimistic outlook

WASHINGTON — Treasury Secretary James A. Baker III gave an optimistic view of the world economy Sunday after a gloomier one from the International Monetary Fund.

The fund's "World Economic Outlook" said sluggishness early this year roused concern that activity would slow down this year and next.

It added that this concern was increased by large surpluses and deficits in trade and growing fiction on the issue, fears of a further decline of the dollar in Europe and Japan, low prices for goods produced in the Third World and the decline of bank lending to the area.

"In the United States we expect real growth in excess of 3 percent for both 1987 and 1988," Baker told the fund's Interim Committee, which makes its major decisions.

"Other countries are also putting into place policies to promote global growth and a reduction of external imbalances. Japan, for example, is moving to implement a stimulative fiscal package an tax reform, both of which should support domestic demand."

The IMF, meanwhile, issued a report saying the U.S. budget deficit would shrink significantly this year but will rise through 1990, despite predictions to the contrary by the Reagan administration.

Fiji may become a republic

SUVA, Fiji — Army commander Sitiveni Rabuka met Sunday with the man whose executive powers he seized in a coup two days earlier to discuss a future government for this ethnically divided island nation, an army spokesman said.

Col. Rabuka and Governor-General Sir Penaia Ganilau, both ethnic Fijians, met hours after a bomb exploded in a car during the army-imposed 8 p.m. to 5 a.m. curfew, killing one man and injuring two companions.

It was the first known violence since Friday's apparently bloodless coup, Rabuka's second. He staged the first coup on May 14, after the defeat of the ethnic Fijian-dominated Alliance Party in parliamentary elections.

Officials refused to comment on the bomb blast. The Australian Associated Press said the explosion oc-

curred late Saturday when three men, all staff members of the University of the South Pacific, were caught by a security guard violating the curfew.

The explosive device apparently was being held by one of the men in the car when it went off as they drove away, AAP said.

Rabuka, 39, told the Australian newspaper Times that he plans to declare Fiji a republic on Oct. 10, the 17th anniversary of independence from Britain, and make Ganilau the nation's first president.

He also called for a constitution under which Fiji's ethnic Melanesians, who are indigenous to the South Pacific nation, would dominate Parliament.

In an interview with Radio Australia, broadcast by the British Broadcasting Corp. on Sunday, Rabuka hinted that an interim military government will be established.

"I intend to have a Council of Ministers similar to the one I had after the May 14 coup but this time leaving out all politicians altogether," he said.

"I intend to do this for as short a period as possible, to try and work out the new constitution and get it adopted so that we can go back to ordinary soldiering and leave the running of the country to the politicians."

Asked if Fiji will be declared a republic, Rabuka said: "Well, as the Great Council of Chiefs decided in deliberations a few weeks back, if a republic is the only solution, well, so be it."

The Great Council of Chiefs represents the traditional authority among Melanesians, who comprise 47 percent of Fiji's 715,000 people.

Higher oil prices lead to activity in Nebraska's fields

Oil prices are up again and that means activity in Nebraska's oil fields, industry officials said.

"It definitely has picked up slightly. This is no big boom, but we're seeing more wells," said Sonny Eatmon, head of Eatmon Oil Service of Kimball and a member of the Nebraska Oil and Gas Commission.

"It's almost all because of the oil prices," he said.

Prices are at about \$18 for a 42-gallon barrel of Nebraska crude oil. Prices dipped below \$10 per barrel last year, and oil companies slowed their exploration and production.

Rod Coubrough, a geologist with

the oil commission's office in Sidney, said there are five drilling rigs active in the Panhandle, two in Cheyenne County, and one each in Morrill, Kimball and Sioux counties.

Last year, there were times when no one was drilling, he said.

In July and August, companies applied for 54 drilling permits in the state. A year ago, the state issued only seven permits in those two months.

Coubrough said the earlier success of relatively deep oil wells in Nebraska, extending 7,000 to 9,000 feet versus the 2,500 feet of less normally drilled in Nebraska, has encouraged drillers.

Book details Casey confessions

WASHINGTON — The late CIA Director William Casey turned to the Saudi Arabian government for money and help when it became clear that his own effort to create a secret anti-terrorist force was not going to work, according to excerpts published Sunday of a forthcoming book by Bob Woodward.

The book describes Casey as an

action-oriented man who was "struck by the overall passivity of the president." Woodward also provides details of what he says was Casey's deathbed confession of his knowledge of the diversion of Iran arms profits to the Nicaraguan Contra rebels.

Casey's impatience with the CIA's emphasis on intelligence gathering rather than covert action reached a peak in 1985, when the administration was anxious to assert itself in the Middle East after terrorists had bombed U.S. buildings in Beirut, the book says.

Woodward wrote: "After four

years of frustration with his agency and Congress, Casey had reached the breaking point. He decided to go outside of normal CIA channels and turn instead to King Fand of Saudi Arabia. ... Fand pledged \$3 million of Saudi money for the operation, enabling Casey and the Reagan administration to circumvent both the CIA and Congress, which normally would provide funds for covert operations."

Excerpts from Woodward's book, "Veil: The Secret Wars of the CIA, 1981-1987," appeared in Sunday editions of The Washington Post and the newspaper's magazine supplement.

Arms summit must be in U.S., diplomat says

MOSCOW — President Reagan will meet this year with Soviet leader Mikhail S. Gorbachev only if the summit takes place in the United States, a senior western diplomat said today.

The source, familiar with recent talks in Washington between U.S. Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze, said the Soviets informally agreed on a U.S. venue and that no other site was under discussion.

Speaking to reporters on condition that he not be identified, the source said Reagan "won't go anywhere else" to meet General Secretary Gor-

bachev.

"Obviously, there will not be a summit meeting unless it's in the United States," the diplomat said. "The president's made it clear that if there is another one, it's in the U.S."

On Thursday, a Soviet Foreign Ministry spokesman told reporters that the site had not been determined and was still subject to negotiation.

The issue is sensitive from the U.S. point of view because American officials consider the Soviets overdue for a summit meeting in the United States.

Of the last five summit meetings, two were held in the Soviet Union and none in the United States.

In Brief

U.N. agency appeals for Ethiopia food aid

NAIROBI, Kenya — The U.N. Food and Agriculture Organization said that Ethiopia will experience severe food shortages in 1988 and appealed for immediate international aid to avoid famine deaths.

In a statement released in Nairobi, the U.N. agency said "it was now inevitable that there would be a serious failure of main cereal harvests" in most of Ethiopia.

Early snowfall blankets northeastern China

BEIJING — An unusually early snowfall blanketed areas of northeastern China, freezing crops and creating havoc for traffic, the Chinese news media reported Saturday.

The region has had unusually low temperatures over the past two days, and more than 3.2 inches of rain and snow have fallen on most of central and eastern Heilongjiang, according to provincial weather officials.

Report says Raisa Gorbachev was seriously ill

STOCKHOLM, Sweden — Soviet leader Mikhail Gorbachev has not been seen in public since the beginning of August because his wife Raisa became seriously ill following an appendectomy, a Swedish newspaper reported Saturday.

The daily Expressen newspaper said Mrs. Gorbachev, 53, had been seriously ill for 14 days and that Gorbachev decided to prolong his vacation to stay with her. The paper's report followed speculation in the West that something may have happened to the Soviet leader, who has not been seen in public since Aug. 7.

Residents bathe Tinseltown for birthday

HOLLYWOOD — Los Angeles City Councilman Mike Woo and 100 volunteers have taken it upon themselves to spruce up Tinseltown streets in honor of Hollywood's 100th birthday.

Woo put some muscle behind a broom on Vine Street on Saturday to kick off the "Give Hollywood a Bath" campaign, which will continue over the next two weekends.

Czech rats, Soviets, to aid U.S. space research

STATE COLLEGE, Pa. — American scientists who want to study weightlessness while the space shuttle is grounded are receiving help from the Soviets and a few Czechoslovakian rats. They will study how weightlessness affects bones, muscles and growth hormone production in rats flown in a Soviet satellite, said Richard Grindeland, a NASA researcher.

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