

News Summary and Index

NYTimes

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The Major Events of the Day

The Economy

President Ford, in an unexpected television address, announced a drastic turn in his economic policies last night. He proposed a \$16-billion income tax cut that would provide a rebate to individuals of up to \$1,000 from payments on income in 1974. He also called for higher taxes on oil and natural gas that would raise the price of gasoline an unspecified amount, but less than 23 cents a gallon. "We are in trouble," the President said, "but we are not on the brink of another great depression." [Page 1, Column 8.]

On the eve of the formal convening of the 94th Congress, which their party will dominate, Congressional Democratic leaders pledged to take decisive action, with or without President Ford's guidance and cooperation, to revive the nation's economy. A news conference was called to report on an "emergency" economic program drafted by a Democratic party study group. [1:5.]

Lynn Townsend, chairman of the Chrysler Corporation, said that his company had begun a long-range reorganization that would leave it considerably smaller but able to operate profitably in a declining market. He said in Detroit, "We are making no assumptions here, in controlling and operating our company, that the market is going to ever get better than 6 million cars." This was one of most pessimistic assessments of the auto industry's future ever to come from one of its officials. [1:7.]

The Morgan Guaranty Trust Company of New York, the nation's fifth largest commercial bank, became the first major bank since last April to lower its prime lending rate below the double-digit level that has been blamed in part for hobbling business expansion. It cut its prime rate—the rate charged to its most credit worthy customers—to 9 3/4 percent from 10 1/4 percent. A number of other banks, including the Chase Manhattan Bank, have reduced their prime rates to 10 percent. [1:7.]

International

In a strong note issued by the State Department, the United States charged North Vietnam with "flagrant violation" of the Vietnam cease-fire agreements and urged the Soviet Union, China and other countries, all guarantors of the Vietnam accords of 1973 to persuade Hanoi to resume the political talks with Saigon that were broken off last year. [1:1.]

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Quotations of the Day

"The danger of doing nothing is great; the danger of doing too much is just as great."—President Ford, addressing nation on economic and energy problems. [1:8.]
"We mean business. We intend to act."—House Speaker Carl Albert, discussing the Democrats' "emergency" economic program. [1:5.]

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CORRECTION

In an article on earthquakes in The New York Times yesterday, it was incorrectly stated that an earthquake in China in 1956 took as many as a million lives. The year was 1956.