

The Major Events of the Day

The Economy

President Ford, declaring that "the state of the union is not good," urged the Democratic Congress to enact speedily his new plan for stimulating the economy and to approve a sweeping program aimed at achieving energy independence. He also asked Congress to refrain from tying his hands in the conduct of foreign policy. It was the gloomiest State of the Union Message delivered by a President since the Great Depression of the nineteen-thirties in terms of his description of the domestic scene. [Page 1, Columns 5-8.]

The Administration said it expected the budget deficit to go as high as \$34-billion this fiscal year and \$47-billion in fiscal year 1976, assuming that Congress enacted the entire Ford economic program. It appeared almost certain the deficits would go considerably higher, however, because the program included some proposed restraints on spending that Congress seemed determined to set aside. [25:1-2.]

The President proposed a many-sided plan to achieve national independence in energy, with higher energy prices for all consumers as its central feature. He held out the prospect that the plan would move the country toward becoming an important exporter of energy and energy technology by the end of the century. [1:6-8.]

Influential Senators and House members were sharply critical of many of the President's proposals to conserve energy and invigorate the economy, and there appeared to be little chance that the proposals would be approved intact. Among those objecting were members of Congress from the oil-producing and oil-consuming states, as well as liberals who would limit tax rebates to persons with low incomes and conservatives who objected to budget deficits. [1:7.]

The nation got encouraging news on the inflation front when the wholesale price index for December after seasonal adjustment declined by half of 1 per cent—the first drop since October, 1973. But deepening recession was strongly confirmed when the Federal Reserve Board showed a huge 2.8 per cent drop that month in industrial production, the largest since August, 1959. [1:4.]

International

Soviet Jews who want to emigrate were described by a spokesman for the Jewish activist movement in Moscow as disappointed by the Soviet Union's renunciation

of the 1972 trade agreement with the United States. He said efforts to emigrate would persist. Several American businessmen in Moscow felt the impasse was temporary. They said their firms would stay. [18:1-2.]

The Portuguese Government and representatives of three rival movements for the liberation of Angola signed an agreement at Alvor in Portugal granting independence next Nov. 11. The accord virtually liquidating the last colonial empire was designed to maintain peace in the rich African territory during the 10-month transition. [1:2.]

National

William E. Colby, director of the Central Intelligence Agency, publicly acknowledged that it has infiltrated agents into antiwar and dissident political groups within the United States as part of a counterintelligence program started in 1967. He said it had led to the accumulation of files on 10,000 American citizens. But in his statement, released after he appeared before a Senate subcommittee on intelligence, he denied an allegation in The New York Times that the agency engaged a "massive, illegal, domestic intelligence operation." [1:1.]

The 24-member Democratic Steering and Policy Committee in the House voted to unseat Representative Wright Patman of Texas as chairman of the Banking and Currency Committee and Representative Wayne L. Hays of Ohio as chairman of the Administration Committee in a stunning victory for reformers over the House seniority system. The decision must be ratified by the full Democratic caucus today. [1:5-6.]

Metropolitan

Mayor Beame announced his third and most severe round of budget-reducing cutbacks—the dismissal next month of an additional 4,050 city employees, including policemen, firemen, sanitationmen and teachers. The Mayor said this would reduce the budget deficit by \$15-million. Leaders of municipal unions reacted with shock and anger at the impact of this new blow on their membership. [1:2-3.]

Controller Harrison J. Goldin predicted a record increase of \$1.09 in the city's basic real-estate tax over the current level of \$7.35. His estimated 14.8 per cent rise, which he called conservative, was based on his calculation of the cost of servicing the city's debt, projected at \$2.01-billion in the fiscal year beginning July 1. [1:3.]

The Other News

International

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Israelis debate tactics for peace with Arabs. Page 2

In besieged Cambodian city, hunger and death. Page 3

West Germans say nine spilled on I.B.M. Page 5

I.R.A. Provisionals denounce peace gesture. Page 6

Heart attack fells French Communist chief. Page 7

Miki sends envoys to Soviet and China. Page 9

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U.S.-Soviet trade has been soaring. Page 18

Voiding of U.S.-Soviet accord dismays Israelis. Page 18

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Ruth drops an action against Ehrlichman. Page 28

Goldwater enlists aid for Buckley's '76 drive. Page 29

G.O.P. sees Albany budget surplus this year. Page 34

City to drop 460 policemen by Feb. 14. Page 35

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Boy slays parents, then commits suicide. Page 43

Last four plead guilty in Campt case. Page 43

Brookhaven G.O.P. leader will stay on. Page 43

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Going Out Guide

Family/Style specialize in honey desserts. Page 36

Supermarket tries food discounts for elderly. Page 36

Quotation of the Day

"Now, I want to speak very bluntly. I've got bad news, and I don't expect much, if any, applause. The American people want action and it will take both the Congress and the President to give them what they want. Progress and solutions can be achieved. And they will be achieved."—President Ford, in his State of the Union Message. [24:4.]

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News Analysis

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CORRECTIONS

In the obituary of former State Senator Alexander A. Falk in The New York Times on Tuesday, the name of his widow, the former Edith Flavelle, was given incorrectly.

An article in The Times yesterday incorrectly reported the earnings for the Good-year Tire and Rubber Company after its changeover to the last-in, first-out method of inventory accounting. The earnings for 1974 were \$150 million, not \$155 million.

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