

The Major Events of the Day

Indochina

Under the cover of aerial and naval gunfire, 200 marines were lifted by helicopters yesterday off an island in the Gulf of Siam, completing the military rescue of the merchant ship Mayaguez and her crew that had been seized by Cambodian forces. There was no immediate information from the Defense Department on casualties suffered in the 14-hour rescue operation. [Page 1, Column 8.]

The attack by United States forces in the Gulf of Siam was already in progress when President Ford received word that the Cambodian Government was willing to release the merchant ship Mayaguez and her crew of 39. There is considerable confusion as to why air strikes were carried out on the Cambodian mainland at almost the exact moment when the Mayaguez crew members were approaching a United States destroyer in a fishing boat. [1:7.]

The Cambodian Government said that it had decided to let the Mayaguez go because "our country cannot have a confrontation with the U.S.A." Information Minister Hou Nim accused the United States of systematic spying on Cambodia since the Communist takeover and he said the Mayaguez had been one of several spy vessels that had been seized in the Gulf of Siam. [1:4.] The text of the statement is on Page 15.

Laotian student demonstrators who seized three American aid officials Wednesday in Savannakhet, a city in central Laos, have reportedly allowed them to go to their homes under voluntary house arrest. But they are demanding that the Americans testify against Laotian officials at a hearing into corruption charges. [16:7-8.]

International

Armed thieves entered the Gallery of Modern Art in Milant's Municipal Villa for the second time in three months and escaped with 38 paintings, including many of the famous Impressionist works stolen in the previous raid and that were only recently recovered. [3:5-8.]

National

The Federal Reserve Board announced a reduction in its discount rate to 6 per cent from 6 1/2 per cent—its first overt move toward easier money since early March. The announcement was made after the board

reported that industrial production continued to decline in April, but much less sharply than in the preceding months. [1:3.]

Metropolitan

The New York State Senate Republican leaders rejected a renewed plea by Mayor Beame for a \$640-million package of aid and taxes to finance next year's municipal budget. Warren M. Anderson, the Senate majority leader, said the city's "real problem" was a loss of investor confidence that was the legacy of "trick-or-treat municipal budgetry." To restore that confidence, he said, the city must balance its budget with existing revenues, cut costs and "stop trying to deliver more services than it can afford to give." Mayor Beame and Governor Carey replied that the cutbacks would "seriously jeopardize the social stability of eight million people." [1:1-2.]

Two groups of banks—one led by the Chase Manhattan Bank and the other by the Morgan Guaranty Trust Company—tried to determine how much investment bankers were interested in bidding for the \$280-million worth of notes the city has scheduled for sale Monday. Underwriters said they doubted that they would bid in view of the severe disruption of the market for the city's securities. [18:5.]

Treasury Secretary William F. Simon said that he had conducted an "analysis" of what the effect would be if New York City defaulted on its obligations and had concluded that the impact on the national economy would be "negligible." [1:1-2.]

As an alternative to layoffs of 400 telephone operators, the New York Telephone Company is planning to put 2,000 of its 5,800 operators on a four-day work week at four days' pay beginning July 6 because of a drop in business. [1:1-2.]

Governor Carey and legislative leaders of both parties announced that they had reached agreement on legislation intended to resolve the state's medical malpractice insurance crisis brought about by the decision of the major malpractice insurer here to cut off coverage after June 30. Under the legislation, a medical malpractice underwriting association of the approximately 300 private insurance companies offering personal liability insurance would also offer malpractice insurance. [1:3.]

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Quotation of the Day

"It worked. I'm glad it worked. It's certainly a plus for the country. It will strengthen our prestige throughout the world."—Senator Robert C. Byrd of West Virginia, the Senate Democratic whip, commenting on the Mayaguez operation. [1:5.]

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