

News Summary and Index

NYTimes SATURDAY, OCTOBER 18, 1975 OCT 18 1975

The Major Events of the Day

International

Five scientists will receive the 1975 Nobel Prize in Physics and Chemistry. The physics award will be shared by James Rainwater, an American; Aage N. Bohr, a Dane, and Ben R. Mottelson, a Chicago-born scientist who is now a Danish citizen. The chemistry prize will be shared by John W. Cornforth, a Briton, and Vladimir Prelog, who was born in Yugoslavia and is now a Swiss citizen. [Page 1, Columns 1-2.]

Moroccans crowded recruiting stations in response to a call by King Hassan II for a march of 350,000 unarmed people to take possession of the Spanish Sahara. Both the public and the diplomatic community in Rabat believed that the Sahara dispute was closer to armed conflict than ever. [1:1-2.]

Thirteen American Representatives and 57 aides to Representatives and Senators have received all expense-paid trips to Taiwan from a foundation that apparently has close ties to the Chinese Nationalists. [3:3-8.]

National

The Department of Housing and Urban Development, under the pressure of a lawsuit challenging its impoundment practices, announced it would release \$264.1-million in the next two years to help moderate-income families buy housing. The housing assistance program is designed to provide 250,000 new and rehabilitated dwellings for families with earnings of \$9,000 to \$11,000 a year at a subsidized interest rate of 5 per cent. [1:3.]

At the same time, the Commerce Department reported a 2 per cent decline in housing starts in September from August figures. Industry specialists predicted sluggish growth for this year and next. [39:1-3.]

Defense Secretary James R. Schlesinger has ordered what his department termed "a broad inquiry" on the entertainment of Pentagon officials by defense contractors. [13:3.]

The Government filed civil suits against the six largest cigarette makers, accusing them of inadequately displaying Federal health warnings in their advertising. The companies were Philip Morris, American Brands, Brown & Williamson, R. J. Reynolds, Liggett & Myers and Lorillard. [1:4.]

William and Emily Harris pleaded not guilty to 11 criminal charges, including kidnapping, robbery and assault, and their trial

The Other News

International

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Metropolitan

New York City escaped financial default by hours when the teachers' union, in a dramatic shift, agreed to provide \$150-million from its pension funds for the city's borrowing needs yesterday and in the weeks ahead. In the most tense episode of the city's fiscal problems, Albert Shanker, president of the teachers' union, announced that the union would reverse its opposition to using its retirement reserves to buy \$150-million worth of new city bonds. Minutes later, the bond sale was pressed and \$95-million in loans were speeded to the city treasury for payment of the day's expenses, which included the redemption of \$453.1-million in short-term notes. A major bank stayed open late to complete the whirlwind transaction. [1:4-8.]

For nearly half a year, high-ranking politicians and financial specialists had wrestled with the city's fiscal plight. But, ironically, three obscure former schoolteachers seemed to hold the fate of the city in their grasp. The votes of the three were critical in responding to the views of Mr. Shanker to commit funds to aid the city. [1:5-7.]

The financial markets gave investors a taste of what default by the city might mean. As the day started, stock prices on major exchanges declined sharply in sluggish trading, and bond trading all but vanished. Currency trading in Europe virtually halted and world gold prices rose in anticipation of a city default. Then, in mid-afternoon, after word was flashed that default had been averted, pent-up pressure on the New York Stock Exchange triggered a sharp rally, and within minutes the day's losses had been erased. [1:4.]

As New York City had hovered on the brink of default, President Ford firmly denied Federal aid to rescue the city. At 12:25 A.M. Mayor Beame had made a futile telephone call to Mr. Ford for help. Treasury Secretary William E. Simon said in an interview that the Administration had an open mind on any Congressional action. [1:7.]

Barring unforeseen future events, according to the office of City Controller Harrison J. Goldin, the city will have no new cash-flow crisis until early December. [16:6.]

Quotations of the Day

"This is not a natural disaster or an act of God. It is a self-inflicted act by the people who have been running New York City."—Ron Nessen, the White House press secretary, commenting when default by the city seemed imminent. [16:1.]

"We need not a bailout, not a handout, but the recognition by the Federal Government that we are part of this country, and that we are suffering because of the economic distress in this country."—Governor Carey, speaking after default had been averted. [16:2.]

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CORRECTION

In an article in The New York Times last Wednesday, it was incorrectly reported that employees at Simon & Schuster, Inc., had voted against being represented by Local 153 of the Office and Professional Workers Union. District 65 of the Distributive Workers of America was the union involved.