

News Summary

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International

In a bitter rebuke to Soviet "expansionist" strategies, China rebuffed cautious Soviet moves to resume normal diplomatic relations following the death of Mao Tse-tung. In a speech to the U.N. General Assembly, Foreign Minister Chiao Kuan-hua quoted heavily from Chairman Mao and seemed eager to stress a continuing consistency by the new Peking leadership with Mao's policies. [Page 1, Column 6.]

The Ford Administration was accused of not having used all diplomatic approaches before it launched an attack against Cambodia last year to rescue the cargo ship Mayaguez and her crew. The conclusion was reached in a Congressionally sponsored study made public by the General Accounting Office. It said that, while the Administration had undertaken some diplomatic initiatives, "little weight appears to have been given to indications that the Cambodians might be working out a political solution." [1:5.]

Lebanese leaders and western diplomats in Beirut are perplexed by American policy in Lebanon. The United States, alone among the major powers, has given up all efforts to exert direct diplomatic influence and to obtain direct political and military information there. All American diplomats have moved into their embassy in Beirut and rarely leave it. [7:1.]

National

A maximum fine of \$13,375,000 was imposed on the Allied Chemical Corporation by a Federal District judge in Richmond for polluting Virginia's historic James River for almost four years with the highly toxic insecticide Kepone. The Government charged that Allied officials in Hopewell, Va., had conspired to withhold data about the discharges that would have alerted Washington earlier to what the prosecutor called "this greatest disaster of the environmental decade." [1:1.]

Radioactive fallout from a nuclear test in China 10 days ago, sweeping across the Pacific Ocean, has been found along the East Coast, the Federal Government reported. Radiation has been detected in Pennsylvania, New Jersey and New York, including high readings in parts of Long Island and upstate. As laboratory testing continued, the Government said that "at the levels reported thus far," the radiation was far below the danger mark. [1:6.]

The strongest campaign charges to date about Watergate were made by Senator Walter F. Mondale. Speaking to students at the University of Missouri-Kansas City Law School, the Democratic Vice-Presidential candidate accused the Ford Administration of "a fundamental failure to heed the lessons of Watergate," starting with the pardon of Richard M. Nixon and continuing its present policies. [1:4.]

Preparations were being speeded for the second television debate between President Ford and Jimmy Carter. The TV confrontation will take place tonight in San Francisco's Palace of Fine Arts, an extravagant blend of romantic and classical architecture. [1:2-3.]

Metropolitan

A program to curb abuses in "Medicaid mills" was announced by Governor Carey, who said it could save the state and local governments \$50 million in the next year. The Governor learned last week that overruns in welfare and Medicaid expenses were throwing his budget out of balance. The program involves accelerated investigations of the controversial clinics, in which state health inspectors will pose as patients, and tighter controls on state reimbursements to doctors who engage in questionable practices. [1:2-3.]

Striking doctors walked out of three private nonprofit hospitals, demanding

recognition of their union, the Committee of Interns and Residents. The number of participants in the strike was smaller than had been anticipated, apparently because of fear of reprisals. Hospital administrators said they expected to continue all functions at the hospitals—Albert Einstein, Flower-Fifth Avenue and Brookdale. [48:1-2.]

A bizarre escape attempt was made by a woman awaiting trial as a major distributor of heroin and cocaine. Wearing civilian clothes, with false identification in hand and a Federal prison guard at her side, she walked out of the Metropolitan Correction Center in Manhattan's Foley Square, entered a waiting car and rode off. Moments later, Federal agents, who had known about the plan, intercepted the car as it approached the Brooklyn Bridge. [1:4.]

Business/Finance

Seven Export-Import Bank officials were accused of involvement in granting loans and guarantees totaling \$48.6 million that benefited companies in which they held financial interests. The allegations were made in a report by the General Accounting Office, the investigative arm of Congress, which did not name the officials. The bank's general counsel said that many of the holdings involved relatively few shares in large corporations and that the bank was "very tightly run" regarding conflicts of interests. [53:1.]

Some industrial countries represented at the annual meeting of the International Monetary Fund expressed forcefully some major problems they faced by floating currency exchange rates. But none of them urged a return to the old system of fixed rates. [53:2-4.]

Stock prices dropped and the Dow Jones industrial average plunged 11.22 points to 966.76. The declines occurred amid rising fears of an economic downturn and a possible rise in oil prices. [53:5-6.] The credit markets, in contrast, reflected optimism. Interest rates on state and city bonds fell as investment bankers bid aggressively to buy \$116 million of Massachusetts bonds and several other big issues. [54:3-5.] Commodities generally gained, with rises in soybean, wheat and corn futures while cocoa was down. [63:1.]

Index

International

- C.I.A. finds Soviet arms spending is still high 2
- A dam reflects India-Bangladesh differences 2
- Brezhnev, on TV, stresses French ties 3
- China beset by post-Mao rumors 3
- More than 100 questioned in Basque slaying 4
- Soviet explains aims of its foreign aid 5
- Free Democrats give backing to Schmidt in Bonn 6
- Indian newspaper chain fights closing by regime 9
- U.S. and British envoys complete consultations on Rhodesian parley 10
- Brzezinski briefs Carter for debate 24

Government/Politics

- Report says Callaway used improper pressure 12
- Mrs. Abzug refuses to endorse Moynihan 18
- Moynihan retorts to a Buckley charge 19
- ACORN, an unusual political force in the South 20
- Voters see known vs. unknown 22
- Butz to stay on campaign trail 22
- Election Board to enforce unenacted rules 22
- Ford assails Congress as evasive 23
- Congressman using free mass mailings 24
- Liberal Democrats in New York press Carter's campaign 24
- Northeast asks Carter support on compact 25

General

- Around the Nation 20
- Six Nazi suspects now living in U.S. 20
- Metropolitan Briefs 41
- Newsweek executive to lead city's economic recovery drive 41
- Horoscopes now available by phone 41
- Intruders slay a Brooklyn mother 41
- Lefkowitz suspends indicted aides 41

Industry/Labor

- Times and union in interim accord 71

Education/Welfare

- Peacemaking falters on feud in New York education 49
- Bill would expand college aid 49

Health/Science

- Doctors sent to study disease in Africa 8

Amusements/Arts

- Dillard's "American Talk" reviewed 35
- National Gallery of Art buys Pollock's "Lavender Mist" 42
- "Rites of Passage" shown at festival 43
- Opera managers agree to limit fees of most singers to \$8,000 47
- "Afterschool Special" on TV, show on mother's alcoholism 71

Family/Style/Food

- Recipes for Indian dishes Moguls ate 50
- Celebrities cook for fun and charity 50
- Vintage charts: Helpful to a point 51

Obituaries

- Leonid Berman, artist, is eulogized 40

Business/Finance

- Dow Chemical expects lower 3d quarter earnings 53
- Oppenheimer says riots did not affect South African economy 53
- Personal Finance: Term vs. ordinary life insurance 53
- An examination on advising investors and institutions 54
- Profits of Salomon Brothers jump 50 percent 54
- Installation expected soon on electron-beam machines 55
- Northrop defends F-18 sale plan in Iran 55
- Ford sales fell by 0.5 percent in 10-day period 57
- About Real Estate: Inequities in property taxes 66

	Page		Page
Advertising News	64	Market Indicators	56
Amer. Exchange	60	Market Place	54
Bond Sales	58	Money	63
Business Records	59	Mutual Funds	62
Commodities	63	N.Y. Stock Exch.	56
Corp. Affairs	57	Out-of-Town	63
Dividends	63	Over the Counter	62
Foreign Exchange	63	People/Business	61

Quotation of the Day

"I hope, after this sentence, that every corporate employee who has any reason to believe that pollution is going on will say to himself 'I'd better do something about this if I want to keep my company, if I want to keep my job'."—United States District Judge Robert R. Merhige Jr., in fining the Allied Chemical Corporation \$13,375,000 for polluting the James River with Kepone. [1:1.]

Sports

- Giants hope fans find new stadium 27
- Yanks' third starter still a mystery 27
- Expos pick Williams as manager 27
- Knicks will retire Reed's No. 19 27
- Nastase suspension no hardship 27
- Red Smith talks with Sam Taub 27
- Rangers open tonight with new faces 28
- Jets' tickets no longer scarce 29
- Tarkenton "saved" for Bears 29
- A drive for black tennis players 29
- Lions pick Hudspeth as coach 30
- Pacer shatters world speer mark 30
- Cup soccer strike threatened 31

Features/Notes

- Notes on People 34
- Consumer Notes 40
- Going Out Guide 46
- About New York 47
- Man in the News: Jay F. Dobkin 48

Editorials/Comment

- Editorials and Letters 38
- James Reston: Ford faces new problems with old team 39
- William Shannon sees the Nixon "gang" hanging in 39
- John Hill: How business must respond to public interest 39
- Robert Skidelsky sees Keynesian economics fading 39

CORRECTION

The National American Life Insurance Company, charged by the Securities and Exchange Commission in an alleged scheme to misappropriate corporate assets, was erroneously identified in a headline in The Times of Sept. 28 as American Life.