International

President Hafez-al-Assad of Syria was said to have told Secretary of State Cyrus R. Vance that prospects for a Middle East settlement this year were not good unless the United States was prepared to put pressure on Israel to make major concessions after the Israeli elections in May. Mr. Vance and President Assad had a three-hour meeting in Damascus as the Secretary neared the end of his Middle East trip. [Page 1, Column 5.]

- The physical scars of the 30-month civil war that ended seven years ago in the former secessionist region of Biafra in eastern Nigeria have mostly healed and the area is in an economic resurgence. The Ibo's who led the rebellion have turned away from politics and are concentrating on making economic gains with a resilience that astounds other Nigerians. [1:3-4.]

National

The $120.3 billion defense budget approved by President Carter for the next fiscal year, which will go to Congress Tuesday, is $2.75 billion smaller than $123.1 billion budget proposed by former President Ford, Administration sources said. It also is an increase of more than $10 billion over the $110 billion budget for fiscal 1977, which ends Sept. 30. In his campaign, the President had pledged to reduce defense spending by $5 billion to $7 billion. Both he and his spokesmen have since maintained that he meant a cutback not from the present Ford budget but from the new and higher Ford budget. This was impossible, the sources acknowledged. [1:6.]

- The Administration's proposed cut of funds for 18 major water projects was strongly opposed by officials of 18 Western states at a meeting in Denver with Secretary of the Interior Cecil D. Andrus, which was called to discuss the drought in the West. Top officials of the states expressed shock, anger and astonishment. None of the governors or Congressmen from the states involved, it was said, had been consulted about the cuts. The meeting, however, resulted in a promise of the appointment of a "drought chief" to deal with the worst drought in Western American history. [1:3-4.]

- One of the goals of Federal energy researchers is to use the wind to generate about 1 percent of the nation's power needs by the end of this century. Six windmills have been erected on the Great Plains in an experiment to determine whether they can economically supplement conventional oil-powered and coal-powered electrical generators. Whether American industry can mass-produce cheaper replicas is a question the Federal Energy Research and Development Administration will attempt to answer. [1:3-4.]

Metropolitan

Police morale in New York City is apparently worsening, along with absenteeism and job performance, as internal dissension has risen after almost two years of budget and personnel cuts. The malaise seems to be spreading from the lower ranks to the lieutenants, captains and inspectors, troubled by a freeze on promotions and discouragement about future advancement. These problems and their possible effects on crime control may become an issue in this year's mayoral race. [1:1-2.]

- Dr. Bernard R. Gifford said that had "all but decided" to quit his $56,000-a-year post as deputy chancellor of the New York City school system because he believed the Board of Education had failed to cooperate with his efforts to fight corruption and make needed changes in the system. [1:1.]

Snow, sleet and hail, punctuated by occasional claps of thunder, fell on the Metropolitan area. Anthony Vaccarello, the New York City Sanitation Commissioner, called in 700 men on Sunday and holiday overtime, put 125 salt-spreaders to work on parkways and had plows working in the North Bronx. Very windy, cloudy and cold weather was forecast for the rest of the holiday weekend. [1:2.]

Business/Finance

Businessmen are unhappy with the House Ways and Means Committee's deletion of a tax incentive for investment in plant and equipment from President Carter's economic stimulus program and they hope the Senate will restore the incentive. "The Ways and Means package does not address this country's long-term need for more productive investment," said Robert C. Holland, president of the Committee for Economic Development. "It represents many large companies. The Chamber of Commerce of the United States, which has a membership of about 65,000 companies, also does not agree with the change." [3:5-6.]

- Energy planners for the Carter Administration are thinking and talking informally about broader—and possibly mandatory—changes in the way Americans use energy at home, on the road and at work. "We're going to get the Government into areas they haven't been before," a key official said. Words like "sacrifice" and "mandatory" are being used to attract public attention and create a climate of opinion that will be receptive to the Administration's proposals. [4:1.]

- Puerto Rico's Banco Economias is being taken over on an emergency basis by the Banco Central of Madrid, Spain's second-largest bank. Banco Economias, Puerto Rico's fourth-largest bank—with 11 offices and $183 million in deposits—got into trouble because of bad real estate loans and the effects of a severe recession. The Federal Deposit Insurance Corporation in Washington has agreed to take over $15 million of the assets of Banco Economias at book value. [3:5-6.]

- A worldwide surplus of grains, the first in five years, is expected to result from the 1976-77 planting season. The amount of carryover stocks this season, about 58 million metric tons, should equal almost a three-week supply world-wide, excluding grain in the marketing pipeline. The carryover reflects the Soviet 150-million-ton rice in Soviet production. [5:1.1]
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WASHINGTON'S BIRTHDAY
Today is the observance of Wash-
ington's Birthday. Public and parochial
schools, libraries, post offices, banks,
security and commodity markets, gov-
ernment offices, and nearly all busi-
ess offices will be closed. Most large
department and specialty stores will
be open. Alternate side of the street
parking regulations are suspended for
the day in New York City, but all
other regulations—including those
covering parking meters—are in effect.

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Quotation of the Day
"It is a biological fact that I am in
my 50's and that people my age tend
to be less protective and less tolerant
than older people of what they regard
as wrong. Everybody tells me that the
condition will pass. In the meantime,
I intend to do what I think is right."
—Dr. Bernard R. Gifford, who has "all
but decided" to quit as deputy chancel-
or of the New York City school
system because he believes the Board
of Education has failed to give proper
support to his efforts to fight corrup-
tion. [3/8/51]

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CORRECTIONS
A dispatch in The Times of Jan. 19
from the Panama Canal Zone incor-
rectly attributed to Louis J. Fattoros,
an official of the A.F.L.-C.I.O., a state-
ment that the integration of children
of West Indian descent into the school
system was the reason for the high
resignation rate of canal pilots.
The statement was made by Leonard
Bell, a pilot.

A photograph published in Satur-
day's Times was incorrectly identified
as that of Mayor Jesse F. Miller of
Highland Park, Mich. The photo-
graph actually showed Sylvester Bosi, the
director of human relations for High-
land Park.