

News Summary

NY Times

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International

Mexican coffee-growers in impoverished villages are beginning to benefit from high American prices for their product, earning six or seven times more than in 1974. The increase in world coffee prices is important, but for them the action of the state-run Coffee Institute in reducing profit margins of middlemen may be almost as significant. [Page A1, Column 3.]

Paul C. Warnke won an overwhelming vote in the Senate Foreign Relations Committee recommending his confirmation as President Carter's chief arms control negotiator and director of the Arms Control and Disarmament Agency. At the same moment he was undergoing a grueling and wide-ranging interrogation by the Senate Armed Services Committee, whose members seemed intent on finding inconsistencies between his present and past statements about arms control. Senator Henry M. Jackson, Democrat of Washington, said he was questioning his credibility and viability as a negotiator. [A9:1.]

An Italian researcher's finding that the main chemical used in plastic food wraps can cause cancer in mice prompted Drs. E. Cuyler Hammond and Irving J. Selikoff to call for closer scrutiny of the ingredient, vinylidene chloride, and related chemicals. The researcher, Dr. Cesare Maltoni, earlier did pioneer work pointing to another plastics chemical, vinyl chloride, later proved to be a cancer hazard to man. Dow Chemical Company, the leading maker of saran, questioned the significance of his new finding. [A10:1-2.]

National

President Carter's budget proposal for the fiscal year 1978 projected a \$57.7 billion deficit to make room for his economic stimulus package and a greater emphasis on energy and do-

mestic social programs than in President Ford's budget, which envisaged a \$47 billion deficit. [A1:5-6.]

Four men arrested in the Watergate break-in have accepted a \$200,000 out-of-court settlement from former President Nixon's 1972 campaign fund. The four, members of the Cuban exile community in Miami, had brought suit charging they had been misled into thinking they were acting with Government sanction. [A1:3-4.]

The Supreme Court agreed to decide the constitutionality of state university admissions programs giving special preferences to increased minority-group enrollment, called "affirmative action" by proponents and "reverse discrimination" by critics. [A12:5-6.]

Metropolitan

A timetable for tolls on the East and Harlem River bridges was set in a Federal court order under a transportation control plan to curtail air pollution in New York City. They must be imposed by Aug. 31, 1978, and the net revenues used to aid mass transit in the New York area. The city has asked a new hearing on this and other rulings affecting city traffic. [A1:1.]

Critical negotiations on the eve of a strike deadline set by 2,500 maintenance workers and helpers in the New York City public schools began in a gloomy atmosphere. They have been working without a contract since June 30 and are pressing for higher pay. A state mediator said he did not see how a strike could be averted. [A1:2.]

Indictment of a deputy inspector of the New York City Police Department, Daniel F. McMahon, on charges of perjury, was announced by Special State Prosecutor John F. Keenan. The indictment alleges he falsely denied receiving money from lower officers while working in the Harlem area in 1970 and 1971. [A1:4.]

A June 7 primary date won agreement from New York State legislative leaders of both houses and both parties, with a runoff to follow on June 21 for any of the elections for the top three offices in New York City for which no candidate gets at least 40 percent of the primary vote. The last-minute agreement in Albany was a victory for Mayor Beame, who wanted to keep the runoff and avoid a later September primary. [A1:1-2.]

Business/Finance

The Carter budget proposal would cut \$200 million from the Government's controversial fast breeder reactor program. Its suggested revisions showed a shift away from developing nuclear energy and toward conservation of energy, coal, and a faster build-up of a strategic reserve of crude oil to protect the country against possible future foreign embargoes. [A1:5-6.]

A guilty plea to 19 criminal fraud counts in land sales at its Pueblo West subdivision was entered in a Colorado court by McCulloch Properties, a land-development subsidiary of McCulloch Oil. It agreed to pay \$16 million in money and land for water lines, roads, sewers and other improvements. The land company accepted responsibility for promises made by its salesmen about improvements. [D1:3.]

Major New York banks are divided on the chances of a significant upturn in business loan demand during recovery, according to the president of Manufacturers Hanover Trust Company. His bank, Citibank and Chase Manhattan all stayed out of the current Swedish and recent British government loans, feeling other loans later would offer more attractive terms, while Morgan Guaranty Trust Company, Bankers Trust Company and Chemical Bank did subscribe to those loans. [D1:6.]

Stock prices closed slightly lower in slow trading, with Dow Jones industrials down 0.33 points to end the session at 939.91. [D1:3-4.] **Credit markets** declined again sharply and the Federal funds rate rose as high as 4 7/8 percent. [D2:3-5.] **Gold and silver futures** rose sharply both in New York and Chicago. [D15:3-6.]

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PARKING RULES

Enforcement of alternate-side-of-the-street parking regulations will be resumed this morning following a two-day suspension because of the snow.

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Quotation of the Day

"We feel this proves that we were right in saying the men were tricked into taking part in the break-in. You don't agree to pay \$200,000 unless you're concerned about the outcome."
—Daniel E. Schultz, an attorney for four of the men arrested in the Water-gate break-in, after they agreed to an out-of-court settlement of a suit against former President Nixon's 1972 campaign committee. [A13.]

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CORRECTION

A news analysis that appeared in The Times last Friday was edited to ascribe to House Speaker Thomas P. O'Neill Jr. a statement that was the writer's: that, as Governor of Georgia, Jimmy Carter had a reputation of appealing over the head of the legislature when a pet program was blocked.

Weekend
FRIDAY IN
The New York Times