

News Summary

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International

President Carter urged the North Atlantic Treaty allies to respond forcefully to a 12-year Soviet buildup in Europe creating forces "much stronger than need for any defense purpose." Speaking in London before flying back to the United States, he said the United States would prefer to reduce tensions in Europe by agreements on disarmament and force reduction but said until then military strength must be maintained. [Page A1, Column 6.]

Crown Prince Fahd of Saudi Arabia said in Jidda that he believed the Palestine Liberation Organization would agree to recognize the state of Israel in an overall Middle East settlement. Reports from Beirut said that the P.L.O. had joined Saudi Arabia, Egypt and Syria in proposing a Palestinian state in the Israeli-occupied West Bank and the Gaza Strip as part of such a settlement. [A1:5.]

Concern about human rights was expressed by President Carter in the London economic conference, but he seemed to have begun taking a more conventional, cautious and diplomatic approach to the subject well in advance of the London meeting. He decided not to answer a second letter from Andrei D. Sakharov, the Soviet human rights advocate. While reserving the right to speak out, he has not done so since March 1. [A1:5-6.]

National

A crucial vote of 261 to 149 in the House of Representatives beat back an amendment that would have scuttled a new formula intended to funnel increased aid for urban development to the older large cities. The bill would expand the Community Development Block Grant program to more than \$4 billion a year. Defeat of the California-sponsored amendment apparently cleared the way for passage of the bill today, while a slightly different version moved out of committee for debate in the Senate. [A1:4.]

A limited transfer of general Treasury funds to the Social Security system, proposed by the Carter Administration for an experimental five-year period, is something the Administration would like to make permanent, the Secretary of Health, Education and Welfare, Joseph A. Califano Jr., told Congress. He said such shifts of funds in years of high unemployment were fundamentally sound. But Representative Ullman, chairman of the Ways and Means Committee, expressed profound reservations and said it should not become a welfare program. [A1:1.]

Deadlock continued between House and Senate conferees over defense needs, threatening the legal deadline on Sunday for setting tentative spending ceilings. Symbolic needs of each chamber, rather than armaments specifics, appeared to be at issue. Another attempt at compromise will be made today. [A18:4-6.]

The White House shifted the time for President Carter's news conference on his European trip on learning that the hour tomorrow night that had been announced in London would conflict with the second in the series of taped television interviews with former President Nixon. [A14:6.]

Metropolitan

New York State's Banking Department made public its detailed study showing the extent of redlining by mortgage lenders and said it was drafting a new program to increase the flow of funds for inner-city housing. This official acknowledgment of the practice of deliberately withholding funds from deteriorating neighborhoods is expected to anger the banking industry. [A1:2-3.]

Mario M. Cuomo officially announced his candidacy for Mayor of New York City with a declaration of independence from Governor Carey, in whose cabinet he is Secretary of State and who has been working on his behalf in public and pri-

vate maneuvering for two weeks. Mr. Cuomo referred to Mr. Carey only in reply to questions. [42:1-3.]

Charged with fixing races at Garden State Park in Cherry Hill, N. J., 12 jockeys and trainers were indicted as a result of an investigation since 1975. New Jersey State Attorney General William F. Hyland said that Anthony Ciulla, now serving a prison sentence for race fixing in February 1976 at Atlantic City racetrack, was the state's chief witness in the current charges. [A1:3-4.]

Reading tests were given in 30 New York City school districts, but two districts in Queens refused to administer the tests, and use of the results remained blocked in the courts because some had circulated in advance. [38:3-4.]

Business/Finance

Personal income grew 9.1 percent in 1976 for the average American, according to Department of Commerce statistics, well above the inflation rate. In all but five states the gain exceeded the rise in consumer prices. The nationwide per capita income increased from \$5,903 to \$6,441, reaching a high of \$10,178 in Alaska and a national low of \$4,575 in Mississippi. [51:1-4.]

April retail sales totaled about \$59.4 billion, the Department of Commerce said, about the same as its revised figure for March which was 1 percent above the February level. Auto sales were down 4 percent, seasonally adjusted, from March, but 12 percent ahead of April last year. [51:6.]

The winter wheat crop will fall only 6 percent below last year's harvest despite the effects of drought and wind erosion, the Agriculture Department estimated. Because of the ample stockpile little impact on food prices is expected. [62:5-6.]

Stock prices moved up in spite of recent concern over rising interest rates, with Dow Jones industrials closing at 936.14, a gain of 3.05 points, and an 8-to-5 ratio of winners to losers. An analyst linked the advance to the United States Steel announcement that it was holding its price increases to 6 percent, compared with the 7 to 9 percent posted earlier by smaller steel companies. [D1:1-2.]

Index

International

Nuclear parley debates public attitudes and risk assessment	A2
Protestant leader is arrested in Ulster strike	A3
Huang's deputy takes over as chief Chinese delegate to U.N.	A4
World News Briefs	A5
U.S. plan to curb arms sales upsets Israel	A6
Israel concerned over U.S. comments on Middle East	A7

Government/Politics

Senate whip to discontinue press briefings	A8
Beame, criticized by Lindsay, returns compliment	42
Accord reached in Albany to extend police-fire arbitration	67

General

Around the Nation	A16
Luxury car led to arrests in widow's death	A16
Patricia Hearst to work for Good Housekeeping	A16
California gets rain, but not enough	A16
Southern New England disrupted by snowstorm	A16
Connecticut's major utility agrees to refund and rate cut	38
Metropolitan Briefs	39
Youth arrested in rock-throwing	39
Judge visits special "600" schools	39
Two more say their testimony was false in Wilmington 10 trial	41
Couple guilty of rape flee Westchester courthouse	41

Education/Welfare

Law forcing changes in public education for handicapped	40
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Health/Science

New step taken in worldwide cancer surveillance	A13
Breast X-rays for women under 50 curbed	A16

The Living Section

The artichoke is in season	19
Mail that's junk	19
Living with a kidney transplant	19
60-Minute Gourmet	20
Wine Talk: '73 Bordeaux	22
Notes on People	22
Stage: "Mummenschanz," a children's delight	23
"Women of Thursday," first-rate theater in Paris	23
"Annie" garners 10 nominations for Tony Awards	24
Screen: "Tokkan," a Japanese tale of ancient war	24
Going Out Guide	25
Music: Behrman and Mumma, old avant-gardists	27
Books: Two volumes on working women are reviewed	29
TV: Dickens's "Hard Times" is on Channel 13 tonight	30
ABC, CBS, NBC lose audiences to special TV networks	30

Obituaries

Joan Crawford, the film star	A1
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Business/Finance

National Steel's 6% price rise echoes U.S. Steel move	51
Negative gas-pipeline report stirs furor in Canada	51
Careers: Guiding corporations in the arts	63
About Real Estate: A prescription for the Woolworth Building	65
Page	
Advt. News.....61	Exchange Rates ..62
Amer. Stocks.....58	Highs and Lows...52
Bond Sales.....56	Market Place.....52
Business Records.64	Market Profile...51
Commodities ..62	Money ..62
Corp. Affairs ..57	Mutual Funds...60
Counter List.....60	N.Y. Stocks.....54
Dividends ..56	Out-of-Town ..62

Sports

Detroit to be recommended as new president of N.H.L.	46
Cosmos suspend Smith, fine goalie	46

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Quotation of the Day

"Our humane vision leads us to seek broad cooperation with Communist states for the good of mankind. Our sense of history teaches us that we and the Soviet Union will continue to compete. Yet if we manage this dual relationship properly, we can hope that cooperation will eventually overshadow competition, leading to an increasingly stable relationship between our countries and the Soviet Union."—President Carter. [A14:1.]

Wind, rain greet start of Dodge golf	46
Matlack joins Met revolt, seeks trade	47
Bobick faces biggest test tonight	47
Todd begins role as No. 1 Jet quarterback	47
Bruins, Canadiens clash in final	47
Tennis gets 4-star rating this weekend in Central Park	48
Seattle Slew returns in the pink	49

News Analysis

Hedrick Smith on Carter's success in London	A14
David E. Rosenbaum discusses Social Security crisis	A18
A. H. Raskin: U.A.W.'s next chief and energy problem	55

Editorials/Comment

Editorials and Letters	32
James Reston on problem of expediting summit decisions	33
C. L. Sulzberger on need to recharge NATO alliance	33
Fred Ikle examines some SALT negotiating positions	33
Elizabeth Raum parallels N.Y.C. and N.D. 8th-grade problems	33

CORRECTION

Because of an editing error, the possible loss for the Swiss Credit Bank was incorrectly given in The Times yesterday. The bank said in Geneva it could give no estimate of the final loss until an audit was completed. A headline in some editions mistakenly implied that the bank had failed.