

News Summary

NYTimes

SATURDAY, JULY 23, 1977

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International

The second day of fighting between Egypt and Libya continued with the bombing and strafing by Egypt of a Libyan air base. A military spokesman in Cairo said that the planes had struck the air base of El Adem near Tobruk in retaliation for three Libyan air raids on Egyptian troops near the Egyptian town of Salum. President Anwar el-Sadat blamed "that very strange person," Col. Muammar el-Qaddafi, the Libyan leader, for the steady decline in their countries' relations. [Page 1, Column 6.]

Israel will be permitted to divert \$107 million of \$250 million in American military aid for the production of its new heavy tank, the Chariot. The Carter Administration decision, an apparent gesture to Prime Minister Menahem Begin, was disclosed at his meeting with President Carter this week. [1:5.]

Sri Lanka's Freedom Party was all but ousted from Parliament with the defeat of its leader, Prime Minister Sirimavo Bandaranaike, in Thursday's general election. Junius Richard Jayewardene was the overwhelming victor. The latest voting count gave the Socialist United National Party 138 seats in the 168-member Parliament, leaving only 22 to all the other parties. Mr. Jayewardene said he would eventually replace the British-style parliamentary system with a presidential government, modeled on that of France, which he would lead. [1:4-5.]

China announced that the purge of the moderate leader Teng Hsiao-ping was over and that he had been returned to power. His political opponents, the Gang of Four, which includes Mao Tse-tung's widow, have been expelled from the Communist Party. Mr. Teng, who is 74 years old, spent the last 15 months in internal exile. He was restored to his posts as a party deputy chairman and Deputy Prime Minister, making him China's third-ranking leader. [4:4.]

National

Bert Lance, the director of the Office of Management and Budget, will be asked by the Senate Governmental Affairs Committee to explain circumstances in which he received a \$3.4 million loan in January from the First National Bank of Chicago. He received the loan a month after the National Bank of Georgia, which he then headed, deposited \$200,000 in a noninterest-bearing account in the Chicago bank to establish a "correspondent" banking relationship. Mr. Lance recently asked the committee to be relieved of a pledge to sell 301,000 shares in the Georgia bank. The committee deferred action on the request until he answers questions about the Chicago bank's loan. [1:1.]

After denying the Administration the power to set natural gas prices, a Senate-House conference committee agreed on legislative details dealing with the establishment of a Department of Energy that would have 20,000 employees. The conference accepted the House provision that would transfer the gas pricing authority, now with the Federal Power Commission, to a new, five-member Federal Energy Regulatory Commission. [1:4.]

Metropolitan

Seven children, their 29-year-old mother and a visiting niece were found murdered after their house in Prospect, Conn., outside Waterbury, caught fire. The hands of some of the children had been bound, the medical examiner said, and some of the family had multiple head injuries. The dead woman's husband, Frederick Beaudoin, was working on a midnight shift at the Pratt & Whitney Aircraft plant in a nearby town when the bodies were discovered. [1:2-3.]

A Queens grand jury voted to indict the Warner-Lambert Company and four employees for reckless manslaughter that allegedly led to an explosion and

fire in its chewing gum factory in Long Island City last Nov. 21 that killed six workers and burned many more. "We are confident that these allegations will not be proven in court," a Warner-Lambert spokesman said. [1:1.]

Governor Carey made a formal request to Washington to have New York City designated a "major disaster area" so that the city government could be entitled to Federal reimbursement for the financial loss suffered in last week's blackout. The loss to the city, Mayor Beame estimated, was \$14.6 million, of which \$10.7 million was the cost of overtime for police, transit police and correction employees. [20:1-2.]

Business/Finance

Bethlehem Steel announced price increases for some of its products similar to those announced Thursday by United States Steel. The new U.S. Steel prices, which would become effective Sept. 4, were denounced by the Administration. [25:6.] Bethlehem's increases were taken in Washington as an affront to the Administration and as a calculated reminder that the Administration could talk, but lacked real power over steel pricing. [27:]

Modest but steady gains moved stock prices up for the sixth consecutive session. The Dow Jones industrial average rose 1.64 points to 923.42, a gain of more than 20 points since last Friday, reflecting an improvement in recently neglected industrial stocks. [25:4-5.]

Exxon's earnings dropped 3.4 percent in the second quarter and 7.9 percent in the year's first half, primarily because of losses from foreign-exchange transactions. Excluding those losses, the company's profits would have risen 11.7 percent in the second quarter and 4.5 percent in the first half. [25:3.]

In a reorganization of its manufacturing lines, the conglomerate G.A.F. Corporation is dropping its unprofitable consumer line of cameras, films and color print papers and will concentrate instead on professional camera equipment, industrial chemicals and building materials. The company plans to shed other "unprofitable and marginal operations" and will sell its dyes and pigments business, felt and filter manufacturing and a small chemical reselling and distribution business. [25:2.]

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Quotation of the Day

"We are ready to repeat this lesson unless this maniac stops playing with fire."—Egyptian President Anwar el-Sadat, in a warning to Col. Muammar el-Qaddafi of Libya, following major military clashes between Libya and Egypt. [1:6.]

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CORRECTION

An article on the Democratic Party's finances that appeared in The Times on July 14 contained some errors. A corrective article appears on Page 17.