

News Summary

NYTimes

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International

Most of the American combat troops now in Korea will remain there until the final year of the planned withdrawal, in response to a plea by the South Korean Government, according to a joint statement in Seoul. The headquarters of the Second Infantry Division and two of its brigades will stay until the final phase of the pullout of four to five years. Defense Secretary Harold Brown gave this word to President Park Chung Hee, who was said to be pleased. [Page A1, Column 8.]

Prime Minister Menahem Begin officially approved three controversial Israeli settlements on the West Bank of the Jordan River, and touched off a swift negative reaction from the Carter Administration, clouding the friendly atmosphere of his recent Washington talks. The State Department expressed "deep disappointment" at the decision, which it saw as "an obstacle to the peacemaking process." [A1:5.]

In a show of support for President Anwar el-Sadat, the Carter Administration privately told key members of Congress that it would like to sell Egypt more than \$200 million in military reconnaissance and transport planes. The United States also showed willingness to join other nations in providing military assistance to Somalia. [A1:5-6.]

Southern Taiwan was struck by a hurricane that killed 28 persons and destroyed 20,000 homes, officials said. Winds up to 120 miles an hour knocked out power and badly damaged industry in the port city of Kaohsiung. The main entrance to the port was closed by the sinking of 28 vessels. [A3:1-3.]

England's cricket lovers are shocked at more than 50 leading players who have been barred from participation in major matches for signing to appear in a bar-storming series organized by an

Australian television promoter. Feelings of chauvinism have burst into flame over the crisis. [A1:3-4.]

National

The disability program of the Social Security Administration, one of the Government's biggest but least understood public assistance activities, has become in the view of its critics one of the most arbitrary, with poor people in similar circumstances often getting vastly different treatment. [A1:2-3.]

Amending the Clean Air Act in advance of the August recess was urged on Congressional leaders by President Carter to prevent a possible shutdown of auto assembly lines this fall. After a White House meeting, the Speaker of the House, Thomas P. O'Neill Jr., said he had promised to continue the session beyond the scheduled recess Aug. 6 if necessary to push the legislation through. But Senator Edmund S. Muskie said the Administration could find ways of keeping the lines moving if the deadlock continued. [A10:1.]

Metropolitan

Mayor Beame lashed out at President Carter in a City Hall news conference, charging that his program to revise welfare would not include a Federal takeover of local welfare costs to which the Mayor said Mr. Carter had pledged himself. He announced a local—and perhaps national—petition campaign to put community pressure on the White House. [A1:1.]

The National Endowment for the Arts will give nearly \$8 million to 18 cultural institutions in New York City, granting each of them \$1 for each \$3 that they raise on their own. Money earmarked for New York represents more than one-fourth of the national commitment of \$27 million to 75 organizations in 23 states and the District of Columbia. The largest single grant

here is \$1.5 million for the Metropolitan Opera, whose executive director said it would save the season. [A1:4.]

Huge profits are customary for New York's sex industry, according to law enforcement authorities and some who have been involved in their operations. A single "massage parlor" in an Eighth Avenue loft will collect fees of more than \$1 million this year. Several adult and peep-show shops should produce profits of \$50,000 a week. On an average day most of the more than 20 topless bars in Manhattan will ring up over \$2,000 each, most of it profit. [A1:2-4.]

The New York Nets will move to New Jersey under an agreement with the other local National Basketball Association team, the Knicks, which won approval in Federal Court. The Nets will pay the Knicks an additional indemnification of \$4 million, bringing the total to \$8 million. [A1:1.]

Business/Finance

Favorable profits appeared in earnings reports from the petroleum industry, chemical producers, office equipment and computer companies. But in steel the prospect of poor earnings loomed large. United States Steel's second-quarter net income fell by 36.2 percent although sales ran 8.3 percent higher. Its chairman cited the continuing lag of demand in the capital goods sector and the lagging recovery of steel markets in other nations leading to what he called attempts to "usurp" the steel market in America. [39:1.]

Arthur F. Burns, chairman of the Federal Reserve, took issue with the Treasury Department in testimony before the House Banking Committee that the United States should be protecting the value of the dollar, which has been slipping in the international exchange markets. He said a weak dollar generated inflation by increasing prices of imports. [39:5-6.]

Stock prices fell again, depressed by disappointing profits for Exxon and United States Steel. The Dow Jones industrial average dropped 6.06 points to 908.18, bringing the two-day setback to more than 15 points. Investor fears ranging from inflation and higher interest rates to a possible economic slowdown, nipped any buying enthusiasm for stocks. [39:2-3.]

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Quotation of the Day

"What matters to me in this situa-
tion is not Carter or the reputation of
his Administration. What matters to me
is that Bert Lance is a damned good
friend."—Jackson T. Stephens, an Ar-
kansas financier who arranged the
pending sale of Mr. Lance's stock in
the National Bank of Georgia to an
Atlanta businessman. [50:1.]

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CORRECTION

An article on Pan American World
Airways Inc. earnings in yesterday's
editions of The New York Times was
incorrect in one respect. A corrective
article on Pan Am's earnings appears
on Page 46.

Weekend
FRIDAY IN
The New York Times