

News Summary

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International

Arabs are "ready for the first time to accept Israel as a Middle Eastern country to live in peace in this area," Egypt's Foreign minister said in one of the most explicit statements ever made by an Arab government official about coexistence with Israel. The statement by Ismail Fahmy increased a growing impression in Washington of an improvement in the prospects for at least a procedural breakthrough in the efforts to reconvene a Geneva conference by the end of the year. [Page A1, Column 1.]

The British-American proposals for bringing about a black majority government in Rhodesia were denounced by Prime Minister Ian D. Smith as "an attempt to appease the Russian-oriented terrorists who are operating from Zambia and Mozambique." Mr. Smith said in an interview that his country had become "reconciled" to majority rule and that he was ready to compromise if the proposals were modified. "We've genuinely come to the conclusion that we've got to get away from discrimination based on color," he said. [A1:2.]

An arms agreement limiting strategic weapons will continue to be observed by the United States after it expires Oct. 3, the Administration told Congress, so long as the Soviet Union also adheres to the accord. The Administration also told the Soviet Union that it would issue a unilateral statement "not to take any action inconsistent" with the 1972 accord. [A1:2.]

China will resume the scientific research that was disrupted by a decade of political upheaval. Peking announced that scientists are to be given more time, money and freedom to pursue their work, and that a national science conference would be held next spring. China must be thoroughly modernized by the end of the century, the party announcement said. [A3:4-6.]

National

A plan for immediate deregulation of prices of new supplies of natural gas was kept alive when the Senate by a vote of 52 to 45, defeated a move to kill it. The Administration's energy program thus suffered another setback. The proposal still faced the prospect of a filibuster from opponents of deregulation. The vote came on a motion by Senator Henry M. Jackson, Washington Democrat. [A1:6.]

Bert Lance returned home to Calhoun, Ga., to a hero's welcome following his resignation as budget director. He told a crowd of 1,500 about a third of the population, that he had "tried to do what's right" and that "we hope in some small way we have made a contribution to government and made you proud." The crowd broke into rebellious yells. [A1:4-5.]

Metropolitan

Governor Carey was urged by Senator William Proxmire to call a special session of the Legislature to enact legislation that would enable New York City to re-enter the public credit market before the end of the year. Mr. Proxmire, chairman of the Senate Banking Committee, which oversees the Government's seasonal loans to the city, reminded the Governor that he had told the committee last May "that the city would probably be able to go to market sometime in the fall." [A1:5.]

Teachers were assigned on the basis of race for the first time in New York City's school system. Minority teachers were sent to districts where the proportion of black and Hispanic teachers was less than 10 percent and white teachers were sent to districts where the proportion of minority teachers was more than 20 percent. All those teachers affected were ones who had been laid off and then rehired. School officials are attempting to comply with

an order from the Federal Office of Civil Rights to equalize the number of minority teachers in the city's 32 school districts. [A1:3-4.]

Natural gas supplies are up in the metropolitan area. The Consolidated Edison Company has been authorized by the New York State Public Service Commission to offer gas to new customers in New York and Westchester for the first time in nearly three years. New Jersey's Public Service Electric and Gas Company said it has asked state permission to offer gas to new customers and Northeast Utilities in Connecticut said its supplies were adequate and had new customers. [A17:1.]

Mario M. Cuomo set the theme for his mayoral campaign in New York City by attacking his rival, Edward I. Koch, the Democratic candidate, as being "no longer a traditional Democrat" and as a candidate who has made "deals" with various politicians. "This guy's a conservative," said Mr. Cuomo as he reiterated his intention to campaign "vigorously" as an "independent candidate with Liberal endorsement." [B9:1-6.]

Business/Finance

A 3.3 percent rise in August factory orders for durable goods, the biggest increase since March, was reported by the Commerce Department. These orders, which indicate future production, totaled a seasonally adjusted \$57.9 billion last month, mainly because of gains in the machinery, fabricated metals and primary metals. [D1:1-2.]

A jittery stock market, fearful that the Federal Reserve will again raise short-term interest rates following a \$2 billion surge in the nation's money supply, declined in much slower trading. The Dow Jones average, which had a series of minor losses closed down 1.82 points at 839.14. [D1:5-6.]

Bert Lance's departure from the Administration may cause the relationship between Government and business to deteriorate, according to many of the nation's business leaders who were generally sympathetic to him. They believe that without Mr. Lance as budget director, the business community will be deprived of an especially effective conduit for industry views. [D1:4.]

Index

International

- Barriers between Gibraltar and Spain are being eased A2
- Heavy artillery fire continues in south Lebanon A3
- U.N. study calls tempo of arms race alarming A5
- World News Briefs A6
- Panamanian leader to visit Israel in cause of canal treaties A8
- High Cuban official to visit Washington to discuss trade A9
- Rhodesia expels an American nun A16

Government/Politics

- Korean church council asks Park to yield A9
- Jersey Congressmen worried about Byrne's campaign B3
- Carter faces problems in choosing Lance successor B5
- A portrait of LoCicero, Koch's campaign manager B8
- Woman is a leading contender for job of Tammany Hall chief B8

General

- Around the Nation A18
- 29 Americans and 26 Cuban relatives arrive in U.S. A18
- Wide-scale prostitution system is under investigation B3
- New phone number for correct time B3
- Nassau losing \$1 million in police funds B3
- About Real Estate: Monmouth County continues to grow B7

Education/Welfare

- California medical school facing new challenge A11
- New York pupil losses rank low in U.S. A20

Health/Science

- Fallout to begin passing over region tonight A10
- Fire delays space-shuttle engine test A19

Weekend

- Events: Weekender Guide C1
- East Side Festival for upper Third Avenue C19
- A pictorial salute to working women C22
- Theater: Broadway C2
- New Face: Laurie Beechman C3
- What's doing Off Broadway C5
- Screen: New York Film Festival opens at Lincoln Center C1
- At the Movies C6
- "One Sings, the Other Doesn't" at festival C10
- Dance: "Nutcracker" by Ballet Theater C15
- Yatran, Ukrainian dancers at Music Hall C16
- Music: The return of Conway Twitty C3
- Michael Sedgwick at Cleo's C10
- The Pop Life C19
- Jerome Rosen, the complete violinist C23
- Art: The Japan of James A. Michener C14
- Paintings of Ree Morton C15
- Art People C16
- Antiques roadmap of the countryside C18
- Books: "Members of the Tribe," by Richard Kluger, reviewed C21
- Publishing: Dinesen in Chicago C20
- Restaurants C12
- TV Weekend C24

Family/Style

- Starting a family after the age of 30 B6
- Geoffrey Beene conquers Rome B6

Obituaries

- Dr. C. B. Powell, publisher emeritus of Amsterdam News B2

Business/Finance

- Basic money supply rose sharply in week D1
- Accounting board moves to drop a disclosure requirement D1

	Page		Page
Advt. News	D7	Market Place	D2
Amer. Stocks	D8	Market Profile	D1
Bond Sales	D6	Money	D9
Commodities	D9	Mutual Funds	D10
Corp. Affairs	D7	N.Y. Stocks	D4
Counter List	D10	Out-of-Town	D9
Exchange Rates	D9	People/Business	D9

Quotation of the Day

"If they are wise, they should grab the hands extended by the Arab countries to have a permanent and just peace."—Foreign Minister Ismail Fahmy of Egypt, speaking of Israel. [A1:1.]

Sports

- Goldin urges "fairer deal" for bettors D11
- Pressure intensifies for Orioles and Red Sox D11
- Governor Skipper is winner of Little Brown Jug D11
- Van Horn unsung hero for Giants D11
- Beckman leads Mallory Cup Sail D12
- Daveport lost to Harvard with neck injury D14

Features/Notes

- Man in the News: James T. McIntyre Jr. B5
- Notes on People B11

News Analysis

- Thomas E. Mullaney on the business view on Lance D1

Editorials/Comment

- Editorials and Letters A24
- Tom Wicker on way to avoid another Lance case A25
- James Reston focuses on problems facing U.N. General Assembly A25
- Jane Doe: the mother's side of her son's life out of wedlock A25
- John Oakes: a new concept of peace in the Mideast A25

CORRECTIONS

An obituary in The Times Sunday of Marion K. Sanders, contributing editor of Harper's magazine and biographer of the late Dorothy Thompson, failed to report that at the time of her death she was managing editor of Atlas World Press Review, a position she had held since 1974.

The obituary of Dr. Paul Z. Frisch yesterday inadvertently omitted the name of a daughter, Melissa, among the survivors. Dr. Frisch, a psychologist, died Sunday at his home in Great Neck, L.I.