

News Summary and Index

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The Major Events of the Day

International

Palestinian guerrillas and their Lebanese Moslem and leftist allies pressed their offensive in several parts of Lebanon as a high-level Syrian mediation mission arrived in Beirut. The central Government's already enfeebled authority grew even weaker as both right-wing Christian militiamen and opposing Lebanese Moslems and Palestinian guerrillas seized police stations in the capital and elsewhere. [Page 1, Column 1.]

The southern half of Angola, which forms the bulk of the area controlled by factions supported by the West, is in distress and under uncertain authority as it prepares for the onslaught from the forces in the north supported by the Soviet bloc. Its nominal capital, Huambo, scarcely exists. The real capital is nearby Silva Porto, military headquarters of Jonas M. Savimbi, leader of the National Union for the Total Independence of Angola. [1:2-3.]

Yugoslavia, once viewed by the West as one of the most liberal Communist nations, has hardened enforcement of the official Communist line in the last three years and especially in recent months. Hundreds of political dissidents have been jailed, and criticism of Yugoslav leaders has been more effectively muted than ever. [1:1-3.]

National

President Ford listed proposed reductions totaling \$20 billion in Federal programs and promised Congress additional tax reductions if it accepted his plan. He predicted it would lead to a balanced budget within three years and would improve prospects for the economy to stay on a sustainable growth path. Defense spending would rise about \$10 billion to exceed \$100 billion for the first time. About 60 Federal programs in health, education, child nutrition, and social services would be consolidated into block grants to the states. [1:5-8.]

There was bipartisan consensus among Congressional budget-makers that Congress would reduce the defense appropriation and reject the block grant plan. Democrats said that the President underestimated the unemployment that would result from his proposals and overestimated the states' ability to pick up the slack left by cuts in social

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programs. They said that his recommendations would benefit the rich. Republicans hailed it for fiscal restraint. [1:5.]

Senator Edmund S. Muskie, in remarks prepared for a television rebuttal to Mr. Ford's State of the Union Message, called the President's economic plans "penny-wise and pound-foolish." Speaking for Congressional Democrats, he said that under the President's program factories are producing only three-quarters of capacity, meaning fewer jobs and higher prices. [1:6-7.]

Twelve of the nation's 50 largest bank holding companies, widely scattered across the country, were placed on a confidential "problem" list by the staff of the Federal Reserve Board a year ago. Among those with "more serious" problems were the largest in North Carolina and Wisconsin and major companies in upstate New York, California and Pennsylvania. The list differed from that of the Comptroller of the Currency which included the First National City Bank and the Chase Manhattan Bank. The Federal Reserve list did not mention First National City's holding company; it named the Chase's company but not as one with "more serious" problems. [1:2-4.]

The Labor Department reported that the Consumer-price index rose again in December, but at a slower rate, making the 1975 over-all increase of 7 percent the smallest in three years. It was very high by earlier standards. [1:8.]

Sam A. Jaffe, a former television correspondent, has told the Senate Intelligence Committee that he reported regularly to the Federal Bureau of Investigation on Soviet delegation activities while covering the United Nations in the late 1950's and early 1960's. He confirmed in a telephone conversation that he worked as an unpaid informant at the F.B.I.'s request and was regularly derided when on leave from his later post in Moscow. [1:4.]

Metropolitan

Governor Carey hardened his demand for cutbacks in state aid to local governments, saying he would resist any attempts by the Legislature to soften the \$371 million in cuts with revenues from new taxes. Aides said he was convinced that any new taxes would hurt the state's economy too much. [1:6.]

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