basic business
NEWS

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CONSUMER PRICES MATCH JULY HIGH

Consumer prices rose again in November after three months' respite, matching July's record 123.9% of the 1947-49 average, the Department of Labor reported. The 0.2% increase exactly offsets the August decline. Ewan Clague, the Labor Department's Commissioner of Statistics, declared, "inflationary factors are not strong in the index" and predicted prices were entering "an era of stability." Almost all the November increase, Mr. Clague said, was caused by higher prices for 1959 model cars. (Wall St. J., 12/24 p.3)

BALANCED '60 BUDGET OF $77 BILLION SEEN

President Eisenhower plans a balanced budget "in the general area of $77 billion" for the fiscal year starting next July 1. But Congressional leaders predicted the Government probably would be in the red again before the year is out. The President said he would ask Congress to cut 1959-60 spending about $3 billion from the current fiscal year's $80 billion or more. He estimated revenues about $9 billion higher than fiscal 1959's total of around $68 billion. (Wall St. J., 12/23 p.1)

REVENUE ESTIMATE FOR FISCAL 1960

Administration estimates that Federal revenues in 1959-60 will amount to about $77 billion are based on the assumption of big gains in corporate profits and personal income in the calendar year 1959, officials disclosed. The $77 billion of revenues would mean an increase of $9 billion over Uncle Sam's estimated take in the fiscal year ending next June 30. To support its revenue forecast, the Administration predicts corporate profits will climb above $48 billion in the calendar year 1959, from $36 billion counted on for 1958. Personal income will jump to about $366 billion next year from $353 billion this year. (Wall St. J., 12/24 p.1)

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PLANS $3.6 BILLION FOREIGN AID

Total Government outlays on all types of foreign aid will run just about the same in fiscal 1960 as they have this year. The military program will be reduced slightly and Development Loan Fund dispersals will increase slightly. The Administration will ask Congress for foreign aid appropriations for next year totaling about $3.6 billion, which will be less than the $3.9 billion the Administration asked for the current year, but more than the $3.3 billion Congress actually appropriated. (J. of Comm., 12/24 p.1)

BALANCE OF TRADE CONTINUES DOWN

A Department of Commerce analysis of third quarter balance of payments shows no end in sight yet to the decline in U.S. exports, and that, thus far, there has been no acceleration of U.S. direct investments in Europe in anticipation of the forming common market. The analysis, appearing in the December Survey of Current Business made by Commerce's Office of Business Economics, also points out that the "relatively large excess" this year of U.S. payments over receipts raises the question "whether the recent changes in the balance of payments indicate a weakening of our competitive position." The third quarter outflow of private U.S. capital was "substantially" less than in the second quarter. The Survey attributes this decline "in part" to "seasonal" factors involving tax payments to Venezuela by oil companies. U.S. exports did rise slightly in the third quarter. However, this increase "was not sufficient...to indicate that the end of the low in the export cycle has been passed and the upswing has started." The overall balance of payments during the third quarter did not change significantly from the pattern of the previous quarter. (J. of Comm., 12/23 p.9)

BUSINESS BORROWING

Business borrowing at banks remains at a fairly low ebb compared with a year ago as 1958 draws to a close. Although borrowings to pay income taxes pushed commercial loans $382 million higher for the week of December 17, much of the gain being in New York, the total of all member bank business loans then were only $711 million above the midyear period and were $1.3 billion lower than at the same date a year ago. (J. of Comm., 12/26 p.1)

INDUSTRY TO FEEL LABOR UNREST IN '59

Labor disputes appear to be shaping up next year in several key industries. If strikes occur, the tempo of the business recovery will be slowed down, and the second half of 1959 may see a leveling off or even a decline from the indicated production rate for the first half. Almost every month during 1959 will bring new problems for management in the field of labor relations. The most important contract expiring

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next year is that of the United Steel Workers with individual steel companies. Both labor and management in steel are not optimistic about the chances of avoiding a strike. Other industries facing key negotiations are anthracite coal, next month; rubber and textiles in April; women's clothing, oil, and West Coast docks in June; meat packing in September; and railroads (operating and non-operating unions) in November. (Fish. J. of Comm., 12/26 p.1)

MACHINE TOOL ORDERS FELL IN NOVEMBER Machine tool orders declined to $20.7 million in November--down 27% from both the preceding month and November 1957. For the first 11 months, the industry's incoming business fell to $248 million--off more than 50% from the like 1957 period. Several tool building concerns reported, however, that December was producing some encouraging bookings. And for next year as a whole, industry authorities look for a rise of 20% to 25% in order volume over 1958's poor showing. (Wall St. J., 12/24 p.1)

VENEZUELA OIL TAX HIKE DUE TO HAVE WIDE IMPACT Venezuela's sudden unilateral decision to boost oil company taxes marked a turning point in the country's 15-year good neighbor policy with the United States oil industry. The impact of the move may be felt as far away as the Middle East where Arab State-oil company relations are still governed by the traditional profits split pioneered by Venezuela in 1943. Most oil companies operating in Venezuela have been paying a few percentage points more than the 50-50 minimum profits split. This ratio is now expected to go up about 10 percentage points. (Bley. J. of Comm., 12/23 p.1)

LOWER FARM PRICES PREDICTED Farm prices in many instances will fall below year-earlier levels in the months ahead, the Department of Agriculture predicted. Officially forecasting a 13% rise in the 1959 spring pig crop, the Department asserted hog prices would lead the downward parade. Eggs, poultry, citrus fruit, and fresh vegetables were listed as other items for which lower prices are in prospect. Consumer demand for food continues strong, but heavier supplies of major food commodities are expected to offset this factor. (Wall St. J., 12/24 p.1)

FARM LOAN RATE AT NEW HIGH The Department of Agriculture boosted to a record 4% the interest rate on Government-insured loans negotiated by the Farmers Home Administration. The old rate was 3-1/2%. Farmers Home Administration officials said the increase is needed to attract more private lenders, who started backing away from the program when the money market tightened last summer. (Wall St. J., 12/24 p.10)

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