

basic
business

NEWS

Published Weekly by the FEDERAL RESERVE BANK of CLEVELAND

September 29, 1959 to October 5, 1959

TREASURY TO PAY 5% FOR NEW LOAN The Treasury set a 5% interest rate on a new borrowing today for the first time since 1929. It did so in order to assure the sale of \$2 billion of notes due in four years and ten months. A note of this duration was offered because the Treasury felt strongly that it had to break free of the recent practice of selling very short-term issues almost exclusively. In a drive to obtain subscriptions from individuals and other small investors--who do not usually take part in Treasury financing operations--the Treasury guaranteed that subscriptions up to \$25,000 would be allotted in full if the subscriber would pay in cash. As part of the same financing operation, the Treasury offered \$2 billion in tax anticipation bills due next June. These will be sold at auction. Officials said the Treasury would raise another \$2 billion to \$3 billion in late November and would raise additional funds, the amount of which was unspecified, in January. (Dale, Jr. N.Y. Times, 10/2 p.1)

STEEL OFFER REJECTED The Steelworkers' 33-man executive committee, at a meeting in Pittsburgh late yesterday, is believed to have rejected the first cash offer made by the Big 12 steel producers since the steel strike began 83 days ago. The sticking point seemed to be that the proposal was tied to industry's demands for greater freedom to change working rules. The union's 171-member Wage Policy Committee will vote on the offer today. But it rarely, if ever, fails to follow the executive board's lead. With the stalemate continuing in contract negotiations, the dispute moved toward a Taft-Hartley injunction, which President Eisenhower has warned he will seek unless a settlement is reached by Thursday. (Wall St. J., 10/5 p.1)

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nor agreement with the views expressed.

A MILLION ARE IDLE THROUGH STRIKES The number of workers on strike or made idle by strikes is estimated to have passed 1 million. Official figures were lacking, but reliable sources said that a surprise walkout of 85,000 dockworkers in East and Gulf Coast ports had sent the manpower loss past the million mark by a conservative count. Major strikes were under way in the steel, meat-packing, ship repair, glass and nonferrous metal industries. About 500,000 workers are idle in the basic steel industry, as well as 200,000 in industries dependent on steel. (N.Y. Times, 10/2 p.21)

EXPERTS WEIGH STRIKE'S EFFECT If the striking steelworkers go back to their jobs within the next week or so, the strike's effects on the over-all economy will be slight and largely forgotten six months from now. Otherwise, economic dislocations will multiply rapidly. This was the consensus of several leading economists asked last week to sit back and take a long view of the strike's impact on the nation as a whole. Their appraisals differed in important details, but most agreed that the effects of the eighty-one-day strike could be likened to those of a major hurricane: the people and the companies directly involved have been hit hard and it will be months before the damage is repaired--but the economy has the vitality to take the repairs in stride after a temporary surge of inflation caused by steel shortages. (Ryan. N.Y. Times, 10/4 III p.1)

WORLD INFLATION NEAR END - PER JACOBSSON With the possible exception of the United States, where the monetary measures to combat the 1957-58 recession produced an increase in liquidity, "in all likelihood, world inflation is over," Per Jacobsson, managing director of the International Monetary Fund, told the annual meeting of the Fund's board of governors. He also voiced what amounted to an endorsement of U.S. credit restraining policies and defense of interest rates. "Stiffer monetary policies are, of course, not intended to initiate a period of deflation, but represent simply an adjustment to a particular phase of the business cycle. By avoiding the twin dangers of inflation and ex-deflation, the basis should be laid for a vigorous expansion in production and trade." (Amer. Bkr., 9/29 p.1)

NEW WORLD LOAN AGENCY APPROVED The sixty-eight member nations of the World Bank and International Monetary Fund approved establishment of a new lending agency, the International Development Association. Hard bargaining remains to be done on the details of the new institution's charter. The size of the new agency is not in question. Its capital will be \$1 billion, with contribution to be made in general in the same proportion as subscrip-

tion to the World Bank. This would come to \$330 million for the United States, possibly spread over five years. It was also agreed that the association would make its development loans on considerably "softer" and easier terms than its parent, the World Bank. (N.Y. Times, 10/2 p.1)

MANUFACTURERS' SALES, ORDERS, FELL IN AUGUST Manufacturers' sales, orders and inventories dropped in August because of the steel strike, the Department of Commerce reported. The inventory reduction--the first this year--amounted to a seasonally adjusted \$200 million for the month, with all of the drop in durable goods. New orders placed with manufacturers in August dropped 6% from the July seasonally adjusted level to \$29.1 billion. In the durable goods industries, new orders were down 10% from July. (Wall St. J., 10/5 p.5)

INSTALMENT DEBT SETS RECORD FOR AUGUST Consumer instalment credit in August increased by a seasonally adjusted \$502 million, slightly above the \$500 million adjusted boost registered in July, the Federal Reserve Board reported. This increase raised the total instalment debt outstanding at the end of the month to a record of more than \$37 billion. Extensions of new credit in August totaled a seasonally adjusted \$4.103 billion and repayments amounted to an adjusted \$3.601 billion. Both figures approximated the July totals, officials said. The total instalment debt outstanding August 31, 1958, was \$33.2 billion. The willingness of consumers to take on an increasing amount of instalment debt is a prime factor in the business boom, Government economists say. (Wall St. J., 10/5 p.5)

DU PONT MAY KEEP G.M. STOCK Du Pont Company may keep its 63 million General Motors Corporation shares, although it must pass the voting rights of a majority of the stock on to public Du Pont shareholders, Federal District Judge Walter J. LaBuy ruled in Chicago. The judge's decision marked another phase of the ten-year-old attempt by the Government to strip Du Pont of its 23% interest in G.M. under the Clayton antitrust law. This interest works out to 1.38 shares of G.M. for each Du Pont share. A final decision in the case, however, appears to hinge on what the Justice Department, the Supreme Court and Congress do or don't do. Judge LaBuy himself gave Congress a role in the case. In his 101-page decision issued Friday, he stated his ruling would be subject to review if its terms were violated or if the tax laws were changed so as to "significantly alter the tax consequences of a distribution of the General Motors stock owned by Du Pont." (Wall St. J., 10/5 p.2)

HOG PRICES**LOWEST SINCE 1941**

Hog prices drifted lower again yesterday, with the top price of \$13.50 a hundred pounds, the lowest for a September market since 1941. It was also the lowest for any day since March 1956. Heavy marketings and a break in the price of fresh pork at wholesale were blamed for the decline, which sent most hogs down 25¢ to 50¢ for the day. With hog prices already down more than \$5 a hundred pounds from the 1959 high set in January and almost an equal amount under last year's low, prospects are for still lower prices. The reason is that marketings have not reached their heaviest point. Livestock men figure that farmers will continue heavy shipments for the rest of the year, with the high point coming late in October or November. (Wall St. J., 10/1 p.14)

**CONTRACT RAIL RATE
DUE TO TAKE EFFECT**

The first "contract" rate for railroad transportation may become operative this week. Unless the Interstate Commerce Commission steps in, a tariff of the New York Central Railroad will become effective tomorrow, under which a rug and carpet shipper at Amsterdam, N.Y., will enjoy a lower rate so long as the railroad is tendered 80% of the total traffic moving between Amsterdam and Chicago. Only one other such contract rate has been published in this country. Contract, or agreed rates, is the accepted practice in Canada. (J. of Comm., 9/29 p.4)

**TVA PLANS HUGE
STEAM POWER PLANT**

The directors of the Tennessee Valley Authority announced yesterday that it planned to build a plant to house the world's largest steam turbine-generator. The group also said, that it had awarded the world's largest coal contract to provide fuel for the giant power producer. This will be the first TVA project to be financed under the public sale of revenue bonds as approved recently by Congress. Congress authorized the power authority to issue up to \$750 million in revenue bonds to finance its electric power projects. (N.Y. Times, 10/2 p.39)

**CHILE TO ADOPT NEW
MONETARY UNIT**

Chile, a land where prices are measured in the thousands, will adopt a new monetary unit January 1, 1960. It will be known as the escudo and will be worth 1,000 of the present pesos. The Chilean pesos has suffered one of the world's worst depreciations in the last 10 years. It is now worth only one-twentieth of what it was then. (J. of Comm., 9/30 p.9)