CONSUMER PRICES

The United States Consumer Price Index rose 0.3% to another record in mid-September, the Bureau of Labor Statistics reported today. The new figure is 125.2. This means that it is 25.2% above the 1947-49 average. In one year the index has risen 1.2%. It has risen in five of the last six months. There was a slight dip in August from a July record of 124.9. Automatic wage rate increases will go to about 1,236 million workers as a result of the rise in the price index. (Loftus. N.Y. Times, 10/24 p.1)

STRIKE SETS BACK

The drain on steel inventories during the steel strike has made the first post-recession dent in the nation's output of goods and services. The Government estimates that the total—the gross national product—for the July-September quarter of this year was at a rate of $481 billion a year. That was $3.5 billion below the record that had been set in the April-June quarter. That record, of course, had received an extra impetus from the vigorous build-up of steel inventories before the strike. A sharp drop in business inventories was the only negative factor in the whole range of components that constitute the GNP. The other components—personal consumption, foreign trade, Government spending and construction—improved or held steady. (Mooney. N.Y. Times, 10/24 p.26)

PERSONAL INCOME

Personal income since mid-July has been hit harder by the steel strike than the Government previously estimated. Instead of reaching a record seasonally adjusted annual rate in July, as originally reported, the Department of Commerce now figures that the rate went down to $383.4 billion, leaving June's $383.8 billion as the record. According to present
calculations, the rate slipped to $380 billion yearly in August and a further decline to $379.6 billion took place in September. (Wall St. J., 10/20 p.1)

STOCK MARKET Wall Street, acting hypnotized by developments in the steel strike, mostly shrugged off satisfactory earnings and dividend news last week. The net result was prices continued to work lower although some strength made an appearance Friday. Action by the Philadelphia Circuit Court of Appeals in delaying until this week a decision on a strike injunction drew mixed comments from brokers. However, many said they would rather see the wage dispute settled once and for all rather than have mills re-open under Taft-Hartley action only to close again in 80 days. (Gingold. Wall St. J., 10/26 p.25)

LAY-OFFS AT G.M. The General Motors Corporation disclosed today that more than a third of its 320,000 hourly rated workers had been laid off because of the steel shortage. The total laid off was 115,000, compared with 60,000 a week ago. The situation is expected to become progressively worse next week. By the end of next week, it was indicated, virtually all General Motors assembly plants will be closed down. But the company said it would continue to operate individual plants as long as supplies and steel were available. The other auto companies have not yet reported any major lay-offs, although the Chrysler Corporation has sent home about 1,400 workers. The output of automobiles this week dropped to a total of 111,487 units, about 16% below last week's total of 133,430, according to Ward's Automotive Reports. (N.Y. Times, 10/24 p.9)

STRIKERS APPROVE SWIFT & CO. PACT Some 17,000 packinghouse workers, on strike since September 4, have ratified a new two-year contract with Swift & Co. and will return to work today, according to officials of the two unions involved. The new contract calls for an immediate 8-1/2-cent-an-hour increase in the company's northern plants. In seven southern plants Swift granted and 8-1/2-cent-an-hour increase over two years. The cost-of-living escalator clause was continued in all contracts. Swift originally had opposed any wage increase in the southern plants, asserting it was the only major packer with plants in the South, where it already was paying much higher wages than its non-unionized competitors. (Wall St. J., 10/26 p.4)
SPACE PROGRAM

President Eisenhower decided today that the Army
should surrender all its space activities to the re-
cently created National Aeronautics and Space Admin-
istration. The intended effect of the transfer is to concentrate the
full efforts of the Army ballistic-missile team on the development of
bigger and heavier space vehicles. (Belair, Jr. N.Y. Times, 10/22
p.1)

TREASURY TO
SWAP MORTGAGES

The Treasury and the Federal National Mortgage As-
sociation announced a plan to offer $150 million of
Government-backed mortgages in exchange for certain
outstanding Treasury bonds through competitive bidding. This is the
first step in the Administration's program to trade $335 million or
more of U.S.-insured mortgages held by Fannie Mae for Treasury obli-
gations. It is designed to help balance the budget for the fiscal
year ending next June 30. (Wall St. J., 10/21 p.1)

FUND ASKS END OF CURBS
ON U.S. EXPORTS

The International Monetary Fund gave a timely
push to the U.S. campaign to end foreign
discrimination against goods made in America.
Executive directors of the 68-nation Fund unanimously called on the
Free World's main trading and industrial countries to remove "with
all feasible speed" discriminatory restrictions which have hurt U.S.
exports. The Fund action was timed so it reinforces a U.S. campaign
in Tokyo opening today. The U.S. delegation to the meeting of the
General Agreement on Tariffs and Trade in the Japanese capital is
going to push for an end to discrimination for balance of payments
and any other reason. (Wall St. J., 10/26 p.7)

DEVELOPMENT LOAN
FUND INNOVATION

The Development Loan Fund, in a major policy in-
novation, announced today that in the future its
loans to underdeveloped countries must normally
be spent on American goods. Up to now the Fund has allowed borrowing
nations to spend the money anywhere in the world. Nearly half of the
resulting procurement has gone to Europe and Japan, rather than the
United States. Vance Brand, managing director of the Fund, said that
the new policy had been adopted "in view of the growth in the eco-
nomic strength of the industrialized countries of the free world and
their steadily increasing ability to assist the less developed coun-
tries, and taking into account the changes which have taken place in
the world payments situation." The latest reference was presumably
to the big deficit in the United States balance of international pay-
ments, with its resulting outflow of gold and build-up of foreign
assets in New York. (N.Y. Times, 10/20 p.1)
WEST GERMAN BANK RATE The West German central bank raised its rediscount rate today to 4%. The 1-point increase in the cost of German Federal Bank loans to commercial banks was the largest rise since March 1956, when West Germany was in the grip of an inflationary surge. Financial sources said the increase was a precautionary move, made because of upward pressure on prices in the West German economy. In a parallel anti-inflationary measure, the central bank also ordered a 10% increase in the minimum reserves commercial banks are required to keep on deposit with the Federal Bank. (Olsen. N.Y. Times, 10/23 p.39)

BRITAIN LIBERALIZES TRAVEL ALLOWANCE British travelers abroad are to be allowed unlimited foreign currency starting November 1, the Treasury announced. Britons presently are restricted to 100 pounds ($280) for pleasure travel abroad. (J. of Comm., 10/20 p.13)