TAFT-HARTLEY GOES TO SUPREME COURT

The Supreme Court agreed today to hear the steel case. The Court set next Tuesday at 11 a.m. for oral argument on the validity of a Taft-Hartley Act injunction to end, for eighty days, the nation-wide strike by the United Steelworkers of America. The Justices ordered the injunction stayed until they finally decided the case. Thus the steel strike, now in its 108th day, will go on at least until the middle of next week--barring the possibility of a negotiated settlement. And the emergency injunction provision of the Taft-Hartley Act will have a definite Supreme Court test for the first time in its twelve-year history. (Lewis. N.Y. Times, 10/31 p.1)

RAIL-LABOR CONTEST BEGINS

Some time this morning, several hundred railroad executives across the nation quietly will drop bulky envelopes into the day's outgoing mail. The mailing will mark the official opening of another big labor-management battle --one which could temporarily cripple the nation's vast transportation system. Inside each envelope will be a five-page letter minutely detailing what the railroads will demand in negotiations this month on a new labor contract. In what promises to be their strongest contract stand in years, the carriers will call for a drastic overhauling of present work rules. In addition, the carriers will ask changes in present incentive pay standards, proposing that train employees be required to travel at least 160 miles to earn a day's pay instead of the present 100 miles. (Clabby. Wall St. J., 11/2 p.1)

KAISER STEEL SIGNS PACT

The Kaiser Steel Corporation and the United Steelworkers of America agreed today on a new contract that cracked the united front of major steel companies. The contract gives the union a package that is worth up to 22-1/2¢ an hour in the next twenty months. The company said it was too early to talk.
about the effect the contract would have on steel prices. The Kaiser strike, affecting about 7,500 employes at Fontana, California, was terminated immediately. (Loftus, N.Y. Times, 10/27 p.1)

AUTO OUTPUT

The automobile industry is facing its worst November production prospects in twelve years as a result of steel shortages. The auto manufacturers assembled about 503,000 cars this month. That was 143,000 below the 646,000 units scheduled before the steel strike bite was felt, according to Ward's Automotive Reports. With the operations of all Michigan plants of Oldsmobile, Pontiac and Cadillac already suspended, General Motors' car-making is virtually at a standstill. Both Chrysler and Ford are also feeling the steel shortage. As a result, the industry is scheduling only 290,000 car completions for November, Ward's said. Originally, 636,700 units had been planned for the month. (Stetson, N.Y. Times, 10/31 p.1)

CONSTRUCTION DIPS

Contracts awarded for construction work throughout the country last month amounted to $3,058,055,000, a decline of 5% from September 1958. Gains in nonresidential building were more than offset by a sharp drop in heavy engineering, according to an F.W. Dodge Corporation report. It said that residential contracts were at about the same level last month as a year ago. (N.Y. Times, 10/28 p.60)

FARM INCOME

Government figures showed today that farm income had dipped $1,000,000,000 more than expected in the third quarter of this year. The estimated drop of more than 17% in the annual rate of net farm income since the second quarter put the income figure at the lowest quarter point since 1943. It threatens to cut the total 1959 income to its lowest post-war level. While some recovery is anticipated for the fourth quarter, the Administration was faced with the prospect of a cut in net income that could be double what it had expected for this year and of more trouble in Congress and down on the farm. (Blair, N.Y. Times, 11/1 p.1)

INSTALMENT DEBT

The volume of consumer credit increased in September to another record, the Federal Reserve Board reported today. The instalment credit figure was $4.4 billion higher than it was a year ago. One-third of the increase occurred in one quarter of the year--the latest quarter. September's increase in instalment credit was $485 million after allowance was made for normal seasonal adjustment. The average monthly increases have been growing progressively larger for at least a year. (N.Y. Times, 10/31 p.29)
TREASURY REFUNDING  The Treasury today offered new one-year and four-year securities to the holders of almost $10.9 billion of outstanding issues. The rate on the one-year issue will be 4-3/4% and on the four-year issue 4-7/8%. The new issues are available to the holders of certificates and notes maturing on November 15, and to the holders of "2-1/2 by 5" bonds—an unusual issue that was sold almost two and one-half years ago with a five-year maturity, but subject to redemption in two and one-half years at the owner's choosing. The terms of this exchange offer make a concession to the general public interest that has developed in the Government securities market, particularly since the sale of a 5% security earlier this month. The concession is the Treasury's offer to register the new note in the name of the person who buys it, as it has registered securities of longer term in the past. (N.Y. Times, 10/30 p.35)

STEEL STRIKE AFFECTS CORPORATE PROFITS  The steel strike, which sharply slowed the upward rush of corporate profits in 1959's third quarter, could halt it in the current three months—even if the strike ends in the next few days. That is the key finding of the Wall Street Journal's quarterly survey of corporate earnings, past and prospective. It is bad news for stockholders, whose year-end dividends in many cases are likely to be affected. And it is disappointing to the Federal Government, because it dims hopes for a budget surplus in the current fiscal year ending next June 30. These prospects suggest fewer dividend increases and extra dividends in the weeks ahead—and probably some dividend cuts. So far in October, dividend increases of one kind or another have exceeded decreases by a margin of 68 to six. In October 1958, there were 40 increases and eight cuts. (Wall St. J., 10/29 p.1)

MORTGAGE RATES GOING HIGHER  Interest rates on conventional mortgages across the nation average 6.10% on October 1, up from 5.65% a year ago, the Federal Housing Administration said. The FHA report, based on statistics from directors of insuring offices in 73 cities on trends in their local areas, said that interest rates being paid by home buyers on conventional mortgages on October 1 ranged from 5.85% in the Northeast section of the country to 6.5% on the West Coast. Officials said the increase in interest rates reflects the growing scarcity of money available for mortgage lending. Private housing officials have indicated that they expect the average interest rate on conventional mortgages to go somewhat higher before reaching its peak. Government and private housing officials say they have no idea of just when the peak will be reached. Conventional mortgages are loans not guaranteed or insured by the Government. (Wall St. J., 10/29 p.2)
U.S. EXPORTS

U.S. exports last month rebounded to the highest level in more than a year. Commercial shipments overseas topped $1.4 billion, the Department of Commerce estimated. This was 10% above August, and 15% above September 1958. It carried sales of American goods abroad to the largest total since May 1958. The showing bore out Government officials' recent statements that the downtrend in U.S. foreign trade had been reversed. (Wall St. J., 10/27 p.1)

SEAWAY TOLL

Unless a miracle wipes out the cargo deficit on the St. Lawrence Seaway by the end of November—and the prospects for one are far from bright—the shipper's bill for using the international waterway next year is going to go up. Behind the concern being felt in official U.S. and Canadian Seaway circles is the fact that tonnage in and out of the Seaway this year will drop almost 40% below the estimate for the first year on which the toll structure was based last spring. Much of the clatter for a toll increase is coming from the Canadian side of the Seaway at the present time, and possibly with reason. Canada has the biggest stake in the multi-million waterway which must be debt-cleared within 50 years. (Mantrop. J. of Comm., 10/29 p.1)

SEAWAY PROMPTS

The Eastern railroads, in a new move to meet the economic challenge to the lines posed by the St. Lawrence Seaway, are putting the finishing touches on a new round of proposed rate cuts that would reduce the cost of moving freight to and from the Atlantic Coast by as much as 50%. Arthur E. Baylis, New York Central Railroad vice president, said that 15 new rate cuts are planned to help the railroads preserve their business to and from the seaports. These reductions would be in addition to cuts made by the Western railroads after the Seaway opened last April. (Mantrop. J. of Comm., 10/27 p.1)

BRITISH PAY

Great Britain presented the United States with a pleasant surprise—payment of a $250 million loan, plus $5.5 million interest, five and a half years ahead of schedule. The advance payment wipes out Britain's Suez crisis debt to this country. Still owing, as a result of Britain's 1956 borrowings, is $333 million to the International Monetary Fund. Britain told the IMF last December, when it paid back $200 million on its original Fund drawing of $562 million that it would pay off the balance at least by the end of 1961. (J. of Comm., 10/30 p.2)