STATE OF BUSINESS

Summer Strike?

Dave McDonald, the Steelworkers' handsome chief, put on his best scowl last week as he posed for a TV film, and essayed some rolling perorations in the inimitable manner of the master, John L. Lewis. McDonald cried that in the current negotiations the steel industry had made an "about-face" on 20 years of collective bargaining, and given his union an "ultimatum" to accept a "substandard contract." After four weeks of negotiating between McDonald and U.S. Steel's John Stephens, the industry's chief spokesman, the differences boiled down to 1) a union demand for a 28.3¢ an hour "package" deal *v.* a management offer of 14-15¢, 2) management's demand for a five-year contract instead of the usual two-year pact.

There were signs, however, that neither side had spoken the final word before this week's strike deadline: while letters from Bethlehem and Republic Steel to their employees emphasized that they stood firm on the five-year pact, the letter from U.S. Steel, the industry leader, failed noticeably to take such an adamant position. Union Leader McDonald indicated that he too would welcome a compromise "if it is a reasonable agreement we can live with." Some seasoned observers even discerned the possible shape of compromise: a three-year pact, a package increase of 20¢ an hour.

Both sides made the usual last-minute threatening gestures: the union dispatched strike rules to the locals ("There must not be any drinking on the picket lines; no elaborate meals shall be served"), and the steel companies announced that they would begin tapering off production and banking their furnaces by midweek if there was no sign of progress.

Associated Press

NEGOTIATORS McDONALD & STEPHENS
No one seemed very worried.

No one, however, seemed very worried. It was summer, and the prospect of a two or three week walkout from the mill heat during July held few terrors for most steel workers. The industry was also heading into the midsummer slack; steel production, currently scheduled at 95.7% of capacity, would probably drop to 80% before the expected snapback late in the third quarter.

Businessmen generally were concerned with the whole state of the economy rather than with the steel segment. Generally, the news was encouraging. The bottom of the Detroit slump seemed to have been reached and passed. Both Ford and G.M. were rehiring, and Ford announced it had found it necessary to increase production schedules for July.

The Commerce Department raised its estimate of total construction spending this year, forecast a new high of $44.5 billion, $1.5 billion higher than in '55. Paced by aircraft and motor issues, the stock market also continued to edge up; the Dow-Jones industrial average ended the week at 487.95, nearly 20 points above the low of the ileitis break.

RAILROADS

Welcome Aboard

Chicago's genial J. (for Joseph) Patrick Lannan has parlayed a genteel raiding technique into a corporate empire with interests ranging from nickel vending machines to high-priced dredging operations. Last week Pat Lannan and Arthur Wirtz, ice-show and boxing promoter and real-estate owner, informed directors of the Chicago, Milwaukee, St. Paul & Pacific Railroad that they had control of the 10,640-mile road, fourth largest in the U.S.

Lannan said that more than 20 unnamed friends of his had gradually bought more than 300,000 of the Milwaukee road's widely scattered 2,123,210 outstanding shares (present market price: 20¾ per share). He thought this slice large enough for effective control. Directors promised Lannan and Wirtz, who own almost 30,000 shares apiece *v.* 8,500 shares held by all other directors combined, seats on the board. Said Lannan's good friend and Milwaukee Board Chairman Leo Crowley: "We're happy to have a fellow like Pat on the board."

None of the Milwaukee's management seemed worried by the possibility that Lannan's group might take over. One of the busiest buyers and sellers of companies in the U.S., Pat Lannan, 51, specializes in buying into slow-rolling but potentially good companies and stepping up their lagging profits.

Lannan's formula is to reorganize, modernize, diversify. The Milwaukee road, weakest of the so-called "transcontinental" lines (because its lightly traveled

Arthur Siegel

RAIDER J. PATRICK LANNAN
No one seemed to be worrying.

track traverses largely underpopulated areas), is tailor-made for his touch. Extending from Chicago west to Omaha and northwest to Puget Sound, it is twelfth on the list of moneymakers; its 1955 net was $9,532,282. But Lannan is betting on a Northwest boom to boom the Milwaukee.

Much of the Milwaukee's track overlaps the Chicago & North Western Railway, which runs from Chicago to Lander, Wyo. The big hope for both lines is their long-discussed consolidation. Merger talks faltered this year when control of North Western fell to Chicago Lawyer Ben Heineman (TIME, Feb. 20). Heineman wants to strengthen his road before bargaining with its leading competitor. Since becoming North Western's boss, Heineman has cut costs and deadwood, streamlined maintenance, figures to have North Western steamed up enough to start negotiations in three years. But Lannan also plans to do a lot with the Milwaukee by that time.

COMMODITIES

Odorous Onions

On the Chicago Mercantile Exchange, the giddy fluctuations in onion prices seemed very suspicious to the Commodity Exchange Authority. Beginning at $2.75 per 50-lb. bag last August, the price skidded to 10¢ by mid-March. Last week the Commodity Exchange Authority formally charged that it had sniffed out—as it suspected—a price manipulation plot.

CEA said that the market-rigging had been directed by a New York onion grower, Vincent W. Kosuga, and a Chicago produce distributor, Sam S. Siegel, in a deal with 13 onion growers. But partway