

Economic events of 1987—A chronology

Philip A. Cummins

Jan 1 Social Security benefit payments rise by 1.3%. Taxable salary base rises to \$43,800. Tax rate remains unchanged at 7.15%. (Benefits rise 4.2%, tax base to \$45,000, and tax rate to 7.51% on January 1, 1988.)

Jan 1 Most provisions of Tax Reform Act of 1986 take effect.

Jan 4 Amtrak passenger train collides with three Conrail freight engines near Baltimore, killing 16.

Jan 5 President Reagan submits first trillion-dollar budget, for fiscal year 1988.

Jan 8 Dow Jones Industrial Stock Average (DJIA) closed at 2,002, first finish above 2,000, up from 1,896 at end of 1986. (See Aug 25, Oct 19.)

Jan 8 U.S. and British bank regulators jointly propose risk-based capital guidelines for banks and bank holding companies.

Jan 9 General Dynamics will write off two-thirds of investment in Cessna Aircraft, 15 months after buying it.

Jan 9 Yield on 30-year Treasury bonds (constant maturity index) falls to 7.29%, low for the year. (See Oct 20.)

Jan 11 Japan will continue 2.3 million unit limit on car exports to the U.S. in year starting Apr 1.

Jan 13 Oil prices rise above \$19/barrel, highest in over a year.

Jan 13 Texas Air will fold New York Air and People Express into Continental Airlines on Feb 1.

Jan 13 General Motors will sell its transit bus manufacturing business to Greyhound.

Jan 14 U.S. Supreme Court upholds right of national banks to establish interstate brokerage branches.

Jan 18 United Steelworkers and USX Corp reach a tentative agreement, ending longest steel strike ever.

Jan 19 Interest rate on VA-guaranteed mortgages cut from 9% to 8.5%

Jan 21 American Airlines will split a \$2.4 billion aircraft order between Boeing and Airbus. (Other large aircraft orders by major carriers were reported later in 1987.)

Jan 21 Reagan names Edward Kelley, Jr., to Federal Reserve Board.

Jan 22 Chrysler extends cut-rate financing and rebate programs. GM and Ford follow and offer enhanced warranties.

Jan 22 Illinois withdraws \$220 million from First National Bank of Chicago due to its refusal to lower interest rate on credit cards.

Jan 27 Tentative agreement ends 5-month strike at Deere & Co., longest in its history.

Jan 27 Labor contracts in 1986 raised wages 1.8% per year on average, smallest rise in records kept since 1968.

Jan 27 Sales of existing homes were at the highest ever seasonally adjusted rate in Dec 1986, according to National Association of Realtors.

Jan 28 Federal Reserve Board extends temporary simplified seasonal credit program through 1987.

Jan 29 General Motors increases by 3,000, to 30,000, the number of workers on indefinite layoff. Additional layoffs follow.

Jan 29 U.S. and European Community (EC) settle threatened trade war over loss of U.S. grain exports due to Spain's entry into EC.

Jan 30 Texas Air slashes fares as much as 40% below Supersaver rates.

Feb 2 United Airlines announces corporate staff cuts and wage freeze to reduce costs.

Feb 2 GE Medical will buy some diagnostic imaging system components it previously made and reduces Milwaukee-area employment by 800.

Feb 2 National Assoc of Purchasing Managers report for Jan shows strongest gain in business activity since mid-1984, and numerous items higher in price.

Feb 2 BankAmerica Corp agrees to sell discount broker Charles Schwab & Co to investors led by founder Schwab for \$230 million.

Feb 2 Administration drops plan to sell the Federal Housing Administration.

Feb 5 Ford expects to import 70,000 cars in 1987 from Korea and Mexico.

Feb 6 Eli Lilly reported international sales rose 24% in 1986, attributed to fall in the dollar.

Feb 6 Federal Reserve charges Hawkeye Bancorp with unsafe banking practices involving the closing of its State Bank of Allison, IA.

Feb 7 RCA/Ariola will close its Indianapolis phonograph record manufacturing and distribution facility, and lay off 700.

Feb 9 First Interstate Bancorp withdraws its hostile takeover bid for BankAmerica.

Feb 10 Owens-Illinois agrees to be acquired for \$3.6 billion by Kohlberg, Kravis, Roberts.

Feb 16 GMF Robotics, expecting lower sales, cuts its workforce 13%. (25% were cut in Aug 1986.)

Feb 17 Ford reports 1986 profits of \$3.3 billion, exceeding GM's profits for first time since the 1920s.

Feb 17 Federal judge voids regulations requiring healthy Farm Credit System institutions to aid counterparts in financial distress. On Feb 18, Farm Credit System reports net loss of \$1.9 billion in 1986.

Feb 17 Ernst & Whinney is sued by the FDIC and Continental shareholders for alleged inadequacies in 1981 Continental Illinois audit prior to Penn Square Bank collapse. (Acquitted Jul 2.)

Feb 19 UAL Inc—parent of United Airlines, Hertz, and Westin Hotels—is changing its name to Allegis Corp. (See Jun 9.)

Feb 19 US Air offers \$1.65 billion for Piedmont Aviation.

Feb 19 Federal Reserve Chairman Voicker testifies on monetary targets for 1987: M2 and M3, 5.5%-8.5%; no range set for M1. (See Jul 21.)

Feb 20 Brazil announces suspension of interest payments on its commercial foreign debt.

Feb 20 Dennis Levine is sentenced to two years in prison and fined \$362,000 for role in insider-trading scandal.

Feb 22 U.S. and major allies, in Louvre accord, agree to stabilize the dollar exchange rate. (See Apr 8.)

Feb 24 Security Pacific Corp, Los Angeles, will acquire Rainier Bancorp, Seattle, for \$1.15 billion.

Feb 25 Murphy Motor Freight, one of oldest trucking firms, files for liquidation following losses resulting from rate discounting.

Feb 26 Brazil orders its commercial banks not to repay the principal on about \$15 billion of short-term loans and deposits from foreign banks.

Feb 26 Tower Commission report on Iran-Contra affair finds White House sought aid for Nicaraguan rebels from several countries.

Feb 27 Donald Regan resigns as White House chief of staff. Reagan names former Senate Majority Leader Howard Baker to succeed him.

Mar 4 Reagan acknowledges that the U.S. swapped arms for hostages and concludes it was a "mistake."

Mar 5 Allis-Chalmers plans major restructuring, will sell most of its businesses.

Mar 6 Canada upholds a duty on imports of U.S. corn to counteract subsidies. U.S. threatens retaliation.

Mar 9 Chrysler agrees to buy Renault's 46% stake in AMC and proposes to buy the rest. (See Aug 5.)

Mar 9 Chrysler will phase out plant in Indianapolis, employing 975, by 1989.

Mar 10 Canada estimates the U.S. overstated its 1986 trade deficit by \$12 billion because truckers were not required to declare their cargoes when crossing into Canada.

Mar 12 Prudential Inc plans national network of residential real estate brokers to compete with Sears' Coldwell Banker and Metropolitan Life's Century 21.

Mar 12 Antitrust immunity granted to airlines serving Chicago's O'Hare and Atlanta's Hartsfield airports so they can coordinate flight schedules to cut delays.

Mar 18 Chase Manhattan Corp. will sell certificates of deposit with interest tied to increases in the Standard & Poor's 500 index.

Mar 19 Fleet Financial Group, Inc, Providence, RI, and Norstar Bancorp, Albany, NY, will combine, in the largest bank merger on record at \$1.25 billion.

Mar 23 American Can Co, which no longer makes cans, is renamed Primerica.

Mar 26 Underwriters price government's sale of Conrail to raise \$1.65 billion, largest initial public offering on record.

Mar 27 Administration announces 100 percent tariffs on three categories of imports from Japan in retaliation for dumping of computer chips by Japanese companies. (Dollar, stock, and bond prices fall in U.S. and foreign markets in response.)

Apr 1 GM will close one-fifth of its North American plants for one week starting Apr 6 and lay off 18,000 to cut inventories.

Apr 1 Prime rate increases from 7.5% to 7.75%.

Apr 1 Delta Airlines acquires Western Air, becoming fourth largest after Texas Air, United, and American.

Apr 2 IBM unveils PS/2 line of faster, more powerful personal computers.

Apr 2 Corporate securities issuance in first quarter totaled \$88 billion, highest ever.

Apr 2 Congress overrides Reagan's veto of \$87.5 billion highway and mass transit bill. The bill allows states to raise speed limit on rural interstate highways to 65 mph.

Apr 2 Chemical New York Corp and Mellon Bank Corp put their Brazilian loans on nonaccrual status, joining BankAmerica Corp, Manufacturers Hanover Corp, and J.P. Morgan & Co.

Apr 2 Wharton Econometrics will merge with Chase Econometrics.

Apr 4 Kmart announces plans to sell its Kresge stores.

Apr 6 Residential mortgage interest rates rise sharply from March levels, lowest in 9 years.

Apr 6 United Airlines' pilots offer to buy the airline for \$4.5 billion. (Directors term bid "grossly inadequate.")

Apr 7 Appeals Court rules that state-chartered banks that are not Federal Reserve members may operate securities subsidiaries.

Apr 7 GenCorp plans to sell its tire business and buy up to 54% of its shares to block takeover. (See Jun 30.)

Apr 8 U.S. and major allies reaffirm Louvre accord and reinforce it with pledges to cut their trade imbalances. (See Feb 22.)

Apr 10 Capital spending by 1,000 largest manufacturers will grow 10% in 1987, Conference Board says.

Apr 11 Ford plans to buy PMI Mortgage Insurance from Sears' Allstate subsidiary.

Apr 12 Texaco files for bankruptcy.

Apr 12 Borg-Warner will be taken private by investor group led by Merrill Lynch, in \$4.2 billion buyout.

Apr 13 VA mortgage rate rises from 8.5% to 9.5%

Apr 20 Sharon Steel files for bankruptcy.

Apr 20 Amoco will buy Dome Petroleum for \$3.9 billion.

Apr 21 U.S. Supreme Court upholds Indiana law giving firms more power to fight hostile bidders.

Apr 23 Ivan Boesky pleads guilty to charge of conspiracy in the insider-trading scandal. (On Dec 19, he is sentenced to 3 years in prison.)

Apr 29 Standard Oil (Ohio) accepts British Petroleum offer to acquire rest of company for \$7.6 billion.

Apr 30 Merrill Lynch reports loss of \$260 million when mortgage-backed securities prices fell sharply early in month. (Other firms also suffered large losses.)

May 1 Firestone will move its headquarters, and 200-250 jobs, from Akron to Chicago in second half of year.

May 1 Prime rate increases from 7.75% to 8%.

May 1 Federal Reserve approves some securities underwriting powers for 4 major banks.

May 5 GM will close 6 assembly plants for part of May and June, and lay off 30,000 temporarily.

May 5 Federal Home Loan Bank Board (FHLBB) rules that thrifts in 1988 must use generally accepted accounting principles, rather than regulatory accounting rules. (On Nov 4, ruling delayed until 1989, in response to industry complaints.)

May 5 Joint congressional public hearings on the Iran-Contra affair begin. (Hearings end Aug 4.)

May 6 National Assoc of Purchasing Managers finds members more optimistic about 1987 growth than in earlier surveys.

May 6 Beatrice will be split into a publicly-traded nonfood and a private food company.

May 6 William Casey, who resigned as CIA Director Feb 2, dies.

May 6 Farm Credit System asks Congress for \$6 billion in financial assistance.

May 8 Last tractor produced at Ford's Michigan plant.

May 8 Business Council forecasts U.S., European, and Japanese economic growth of 2-3% in 1987 and 1988.

May 8 JMB Realty agrees to acquire Toronto-based Cadillac Fairview for \$2 billion (U.S.), thought to be the largest real estate transaction in history.

May 11 VA residential mortgage rate rises from 9.5% to 10%.

May 14 FHLBB says that FSLIC secondary reserves are wiped out, following GAO finding that FSLIC was insolvent at the end of 1986.

May 15 Firestone's Des Moines tire plant will remain open following labor concessions.

May 15 Prime rate rises from 8% to 8.25%.

May 15 Federal debt limit raised to \$2.32 trillion through Jul 17. (See Jul 30, Aug 10, Sep 29.)

May 17 USS Stark is struck by Iraqi missile in the Persian Gulf.

May 19 National Assoc of Business Economists predicts 2.9% GNP growth in 1987 and 1988.

May 19 Federal Reserve approves some securities powers for 4 more banks, but appeals court stays powers granted earlier to 3 banks.

May 19 Citicorp will add \$3 billion to loan-loss reserves for bad foreign loans. (Other major banks follow.)

May 21 Burlington Industries agrees to \$2.1 billion leveraged buyout.

May 21 FDIC sues Ernst & Whinney for faulty audit of 4 failed Tennessee banks.

May 28 Primerica will buy Smith Barney for \$750 million. (See Mar 23)

May 29 Allegis approves \$3 billion recapitalization to fight takeover.

May 30 Federal Reserve reports that G-10 foreign exchange market intervention during Feb-Apr was largest since floating began in 1973.

Jun 1 Japan announces \$43 billion fiscal stimulus package.

Jun 1 Chemical New York Corp sues to overturn Florida's law banning acquisition of limited-service banks by bank holding companies.

Jun 2 Korea lowers import tariffs on 50 products in effort to ease trade tensions.

Jun 2 Reagan announces that Paul Volcker will resign as Fed Chairman, and nominates Alan Greenspan as replacement. (Greenspan sworn in Aug 11.)

Jun 3 World Health Organization official warns that spread of AIDS could lead to political and economic upheaval in Third World countries, especially in Africa.

Jun 4 Japan will allow 10 banks (4 U.S.) to apply to open securities units in Tokyo.

Jun 5 SEC will impose 1 share, 1 vote rule.

Jun 5 Taiwan announces tariff cuts to boost imports and ease trade tensions.

Jun 5 GE subsidiary Kidder Peabody is fined \$25 million by the SEC to settle insider trading and other charges.

Jun 9 Allegis may sell Hertz and Westin subsidiaries and change name back to UAL Inc. Chairman resigns. (See Feb 19.)

Jun 12 Margaret Thatcher wins third term as British Prime Minister.

Jun 16 Delaware decides against adopting a law restricting hostile takeovers. (Other states adopt laws in 1987 curbing takeovers.)

Jun 16 Citicorp will sell South African subsidiary.

Jun 17 David S. Ruder is nominated as SEC chairman.

Jun 19 OECD forecasts 2-1/4% growth in economies of 24 industrialized countries in 1987 and 1988, revised down from 2-3/4%. (Forecast for 1988 is unchanged in December.)

Jun 19 Violent protests demand the ouster of Korean President Chun and direct presidential elections. (Election held in December.)

Jun 19 Greyhound will buy Trailways, for \$80 million.

Jun 26 U.S. Supreme Court Justice Lewis F. Powell, Jr., retires. (See Nov 11.)

Jun 26 Net withdrawals from beleaguered Texas S&Ls totaled \$527 million in April.

Jun 26 Former Federal Reserve Chairman Arthur Burns dies.

Jun 29 OPEC meeting sets quotas aimed at maintaining benchmark price of \$18/barrel, but Iraq refuses to sign.

Jun 30 Allis-Chalmers files for bankruptcy.

Jun 30 GenCorp will sell General Tire to German firm for \$650 million. (See Apr 7.)

Jul 1 Honda plans to export to Japan motorcycles made in Ohio.

Jul 1 ICC reaffirms 1986 rejection of Santa Fe-Southern Pacific merger. (See Dec 29.)

Jul 1 Regional banking agreements go into effect in five states, reducing barriers to interstate banking.

Jul 1 M. Danny Wall becomes chairman of the Federal Home Loan Bank Board.

Jul 1 Toshiba's top officers resign, taking responsibility for sale of militarily-sensitive technology to the Soviets.

Jul 3 Only 204,000 of an estimated 3 million eligible had applied for temporary legal status under illegal immigrant law by the end of June, two months into the program.

Jul 6 Bank failures in first half of 1987 totaled 96, up from 66 in 1986 first half. (184 banks failed in all of 1987, highest since 1933.)

Jul 6 U.S. officials propose a 10-year phaseout of agricultural subsidies and trade restrictions among GATT members.

Jul 7 Federal appeals court upholds right of banks to offer investment advice and securities services to institutional investors through a subsidiary.

Jul 7 Regulators announce 2-year extension and liberalization of a capital forbearance plan for banks struggling with local economic problems.

Jul 9 Armstrong Tire plant in Des Moines set to close because company is unable to reach agreement with union.

Jul 10 Standard & Poor's lowers 79 debt ratings and raises 65, the lowest ratio of downgrades to upgrades since fourth quarter 1984.

Jul 13 Mellon Bank freezes hiring and salaries.

Jul 16 Crude oil prices rise above \$22/barrel as Persian Gulf tensions spur inventory building.

Jul 21 GM's new Ft. Wayne truck plant adds second shift and 1,100 workers. (Production started there in Dec 1986.)

Jul 21 Fed Chairman Volcker testifies on monetary targets for 1987: targets for M2 and M3 are retained, but actual growth around lower ends of ranges may be appropriate. (See Feb 19.)

Jul 22 Senate approves trade bill. The Administration opposes both Senate bill and House version passed on Apr 30. (House-Senate conference fails to iron out a compromise by year-end.)

Jul 22 SEC says Pennzoil agreement to buy Getty Oil violated securities law.

Jul 22 General Electric will sell consumer electronics businesses to a French firm in return for medical equipment company and up to \$1 billion in cash.

Jul 22 TWA will be taken private in a \$1.2 billion transaction.

Jul 22 U.S. warships escort into the Persian Gulf two Kuwaiti vessels flying U.S. flag.

Jul 23 Soviet leader Gorbachev says USSR is prepared to dismantle its midrange missiles.

Jul 24 Banc One will acquire Marine Corp, Milwaukee, for \$546 million. Marshall & Ilsley drops hostile bid.

Jul 25 Secretary of Commerce Malcolm Baldrige dies in rodeo accident.

Jul 27 Thomas Theobald is named chairman of Continental Illinois Corp.

Jul 27 Fed announces restructuring of interest rates charged on extended credit borrowings.

Jul 30 Bethlehem Steel starting large plate mill at Burns Harbor.

Jul 30 Administration and Congress compromise on \$10.8 billion bailout of FSLIC.

Jul 30 Federal debt limit, which returned to \$2.111 trillion on July 17, is raised to \$2.3 trillion through Aug 6. (See May 15, Aug 10, Sep 29.)

Jul 30 Fed adopts interim policy statement on reducing risks on large-dollar transfer systems. (Supersedes May 1985 policy statement.)

Jul 31 First Fidelity plans to merge with Fidelcor in a stock swap valued at \$1.3 billion, largest bank merger to date.

Aug 3 House passes Competitive Equality Banking Act of 1987. (Senate approves Aug 4 and Reagan signs Aug 10.)

Aug 5 AMC merges with Chrysler. (See Mar 9.)

Aug 5 GM announces cut-rate financing and rebate program to sell 1987 model cars. Ford and Chrysler quickly follow.

Aug 7 Administration projects 3.2% GNP growth in 1987 and revises its forecast for 1988 downward slightly to 3.5%. CPI expected to rise 4.8%, revised from 3.6%

Aug 10 Federal debt limit raised to \$2.4 trillion through Sep 23. (See May 15, Jul 30, Sep 29.)

Aug 10 Texas Gov. Bill Clements says he thinks the government will renege on promise to insure deposits of up to \$100,000, triggering panic among depositors at thrifts.

Aug 13 Flood hits Chicago area following heavy rains. Precipitation sets record for the month.

Aug 16 Plane crash near Detroit kills 166, second most deadly crash in U.S. history.

Aug 24 Citicorp will swap \$500 million in Argentine debt for equity investments in various industries.

Aug 25 DJIA rose 25 points to record 2722. (See Oct 19.)

Aug 25 Crude oil prices fall to 4-month low on reports of OPEC overproduction.

Aug 26 Hartford National Corp, Hartford, CT, and Shawmut Corp, Boston, announce merger agreement that will create one of largest banking companies in the Northeast.

Aug 27 Senator Proxmire, Senate Banking Committee chairman, will not seek reelection in 1988

Aug 28 Philippine President Corazon Aquino blocks coup attempt.

Aug 29 Firestone will sell Bloomington, IL, tire plant and lay off current workforce.

Aug 31 UAW picks Ford as strike target in contract negotiations.

Sep 1 First car assembled at Flat Rock, MI, Mazda plant.

Sep 1 Illegal immigrants required by new immigration law to prove that they have filed for amnesty. Confusion and worker firings are reported.

Sep 1 Small Maine utility files for bankruptcy protection because of financial burden imposed by Seabrook nuclear plant fiasco. (Public Service of New Hampshire files in 1988.)

Sep 2 Canadian Auto Workers target Chrysler in contract talks.

Sep 2 U.S. government raises \$1.1 billion in sale of Farmers Home Administration loans, the first major federal loan sale of its kind.

Sep 4 Fed raises discount rate from 5.5% to 6%.

Sep 4 Prime rate increases from 8.25% to 8.75%.

Sep 8 VA mortgage rate rises from 10% to 10.5%.

Sep 8 28,000 Chicago teachers strike nation's third largest school system. (Schools reopen Oct 5.)

Sep 9 Investor group will take over First City Bancorp of Texas with nearly \$1 billion in aid from the FDIC.

Sep 10 Fed announces it will not seek to prevent states from giving nonbanking powers to state-chartered bank subsidiaries of holding companies. (See Oct 5.)

Sep 17 Honda plans to invest \$380 million in its second car assembly plant in Ohio, expects to export up to 50,000 cars to Japan.

Sep 17 Ford and the UAW reach tentative agreement on contract that includes job guarantees.

Sep 19 IC Industries will spin off its rail unit to shareholders.

Sep 25 Continental Illinois' right to transfer bad loans to the FDIC under 1984 rescue plan expires.

Sep 28 FHLMC reports 30-year fixed-rate mortgages average 11.0%, highest since late 1985.

Sep 29 General Electric will shift small refrigerator production to Alabama plant from Illinois and lay off 1,150.

Sep 29 Reagan signs law raising federal debt limit to \$2.8 trillion and amending 1985 Gramm-Rudman-Hollings deficit reduction law.

Sep 29 Henry Ford II dies in Detroit.

Sep 30 Construction of World Trade Center is planned for Chicago.

Sep 30 Financing Corporation (FICO) sells \$500 million of 30-year bonds, first issue in \$10.8 billion FSLIC recapitalization.

Oct 1 Japan agrees to set bank capital requirements linked to asset risk, joining U.S. and Britain.

Oct 3 U.S. and Canada agree in principle to eliminate trade barriers.

Oct 5 U.S. Supreme Court rules state chartered banks that are not Fed members may operate securities subsidiaries. (See Sep 10.)

Oct 5 VA mortgage rate rises from 10.5% to 11%, highest since Nov 1985.

Oct 7 Prime rate increases from 8.75% to 9.25%.

Oct 9 Irving Bank resists Bank of New York's takeover offer by adopting measure that would let shareholders buy stock at half price.

Oct 14 Three-month Treasury bill rate rises to 7.19% (discount basis), high for the year. (See Oct 29.)

Oct 14 \$15.7 billion merchandise trade deficit reported for August.

Oct 15 Chemical Bank raises its prime rate from 9.25% to 9.75%. Marine Midland follows on Oct 16.

Oct 17 Kuwaiti tanker flying U.S. flag hit by missile in Kuwait waters. (U.S. attacks Iranian offshore military platform in retaliation on Oct 20.)

Oct 19 DJIA fell record 508 points to 1739, low for the year, on record trading volume.

Oct 20 In wake of stock market crash, Fed affirms its "readiness to serve as a source of liquidity." Yield on 30-year Treasury bond (constant maturity index) falls to 9.49% from year's high of 10.25% on Oct 19. (See Jan 9.)

Oct 21 DJIA rises record 187 points to 2028.

Oct 21 Lower stock prices and interest rates prompt numerous companies to announce stock buyback programs and debt issuance.

Oct 21 First Interstate Bancorp plans to reduce assets by \$7 billion and cut several hundred jobs. Chase Manhattan will cut 1,000 jobs.

Oct 22 Prime rate falls from 9.25% to 9%.

Oct 27 U.S. imposes trade embargo on Iran.

Oct 28 United Kingdom will sell its holdings of British Petroleum stock in record \$12.3 billion share offering.

Oct 28 Downward pressure on the dollar intensifies as Louvre accord of Feb 22 breaks down. Dollar ends the week more than 3% lower against the yen and the mark from previous Friday's close.

Oct 28 Treasury reports \$148 billion federal budget deficit in fiscal 1987, down from \$221 billion in fiscal 1986.

Oct 29 Three-month Treasury bill rate falls to 5.03% (discount basis), low for the year. (See Oct 14.)

Nov 2 Texaco loses appeal of a \$10.3 billion judgment in favor of Pennzoil as Texas Supreme Court decides not to review the case. Texaco says it will seek U.S. Supreme Court review.

Nov 4 GM will halt production indefinitely at Framingham, MA, plant on Nov 30 and lay off 3,700.

Nov 5 U.S. eases trade sanctions against Japan after Dept of Commerce rules that Japanese semiconductor makers have stopped dumping in other countries. (See Mar 27.)

Nov 5 Treasury Secretary Baker says top priority is to avoid recession by holding down interest rates, even at the risk of a weaker dollar. Dollar tumbles and bond prices surge.

Nov 5 Prime rate falls from 9% to 8.75%.

Nov 6 Noboru Takeshita elected Japanese Prime Minister, succeeding Nakasone.

Nov 10 VA mortgage rate cut from 11% to 10.5%.

Nov 10 Continental Illinois will cut staff 1,200 (13%) by the end of 1988.

Nov 10 Allis-Chalmers will propose bankruptcy reorganization plan involving the sale of its major businesses.

Nov 11 Southland delays taking company private because of unreceptive market for junk bonds following Oct 19 stock market crash.

Nov 11 Reagan says that the dollar has fallen enough.

Nov 11 Anthony Kennedy is nominated to the Supreme Court, following Senate rejection of Robert Bork and withdrawal by Douglas Ginsburg. (See Jun 26.)

Nov 12 Eastern Airlines will lay off 3,500 following union resistance to wage concessions.

Nov 18 Amoco raises its bid for Dome Petroleum to \$4.2 billion.

Nov 18 FHLBB advisory committee accepts Federal Reserve plan to let bank holding companies acquire healthy thrifts.

Nov 18 Chrysler initiates new round of Big Three cut-rate financing and rebates to spur sales.

Nov 19 CBS will sell its record operations to Sony Corp for \$2 billion.

Nov 20 Reagan and congressional negotiators agree on plan reducing budget deficit by \$76 billion over two years.

Nov 20 Volkswagen plans to close its only U.S. car plant at the end of model year 1988.

Nov 25 Chicago Mayor Harold Washington dies.

Nov 25 FHLMC will tighten underwriting standards for adjustable rate mortgages.

Dec 1 The Commodity Futures Trading Commission refuses to approve 11 new stock index futures contracts.

Dec 1 Federal Reserve Chairman Greenspan supports Garn-Proxmire bill repealing part of Glass-Steagall Act and giving banks substantial securities powers.

Dec 2 Shearson Lehman plans to buy E.F. Hutton for \$1 billion, forming largest securities firm. Large layoffs are expected.

Dec 2 Fed announces rules on faster availability of funds deposited by check, required by Banking Act of 1987.

Dec 4 Germany leads round of European interest rate cuts.

Dec 4 More Americans than at any time since 1981 think the economy will worsen in the coming year, according to Wall Street Journal-NBC News poll.

Dec 7 Third-quarter results show U.S. commercial banks earned record \$5.8 billion, in contrast with record \$10.6 billion loss in the previous quarter.

Dec 7 Central bankers from G-10 countries propose an international 8% capital standard for banks.

Dec 8 Reagan and Gorbachev begin 3-day meeting in Washington by signing INF treaty eliminating medium- and short-range nuclear missiles.

Dec 9 Purchasing managers expect economic growth to strengthen in 1988 with only a mild increase in U.S. inflation.

Dec 10 Federal Land Bank of Jackson, MS, declares itself insolvent and freezes the deposits of borrowing farmers.

Dec 10 Record \$17.6 billion U.S. trade deficit reported for Oct.

Dec 14 Court rules A.H. Robins must set aside \$2.5 billion for Dalkon Shield victims.

Dec 14 Bank of Boston charges off \$200 million of LDC debt, places \$470 million of such debt on nonaccrual status, and adds \$200 million to its loan-loss reserve.

Dec 14 Mexico devalues the controlled peso rate 18% against the dollar, following Mexican stock market drop and capital flight.

Dec 15 FDIC withdraws plan to regulate real estate investments by state nonmember banks.

Dec 15 Several hundred workers are being laid off at USG to save \$24 million a year.

Dec 16 Dept. of Commerce projects plant and equipment spending rise of 7.3% in 1988 based on survey of business plans.

Dec 16 Conference Committee approves bill providing the Farm Credit System with \$4 billion in aid and creating a secondary market for farm mortgages.

Dec 17 Crude oil prices tumble below \$16 a barrel, lowest in a year, following OPEC's weak production pact.

Dec 18 The Federal Reserve Board proposes tougher disclosure requirements for home equity loans.

Dec 19 Texaco agrees to pay Pennzoil \$3 billion to settle suit over purchase of Getty Oil.

Dec 21 Mortgage Bankers Assoc reports that home mortgage delinquency rate fell from 5.1% in Jun to 4.6% in Sep, sharpest decline on record.

Dec 22 B.F. Goodrich will sell its share of Uniroyal Goodrich Tire Co and pull out of the tire business.

Dec 22 Group of Seven governments indicate that the dollar has fallen enough, imply that currency intervention will be used to stabilize exchange rates. The dollar closed at 126.2 yen and 1.63 marks.

Dec 22 Zenith workers at Chicago plant agree to concessions that company said were necessary to avoid closing.

Dec 23 Reagan signs \$600 billion spending bill and a bill to cut the fiscal 1988 deficit by more than \$33 billion.

Dec 24 Administration forecasts the U.S. economy will grow 2.4% in 1988.

Dec 24 Braniff-Pan Am merger collapses after Pan Am unions refuse \$200 million in concessions.

Dec 29 Santa Fe Southern Pacific Corp plans to sell Southern Pacific railroad to Rio Grande Industries for about \$1 billion. (See Jul 1.)

Dec 29 Plan announced to swap part of Mexican debt to foreign banks for new obligations backed by U.S. Treasury securities.

Dec 31 Dollar falls to post-WWII lows against major currencies.

Dec 31 DJIA closes at 1939, 43 points above a year earlier, after varying over a range of nearly 1,000 points.