TABLE 7.—*Basic trends in the steel and automobile industries, 1947–58*

Year	Profits before taxes on equity (percent)	Profits after taxes on equity (percent)	Profits before taxes as percent of sales	Output (1947–49=100)	Production worker employment (1947–49=100)
		IRON AND STEEL			
1947	19.8	12.1	10.9	101	101
1948	17.0	14.7	12.3	106	105
1949	17.0	9.9	10.9	92	93
1950	28.1	14.2	15.1	118	104
1951	34.0	12.3	16.0	131	110
1952	17.6	8.5	9.3	117	95
1953	25.5	10.7	12.4	139	110
1954	16.0	8.1	10.5	109	97
1955	27.1	13.5	14.5	146	107
1956	25.1	12.7	12.9	143	104
1957	22.7	11.4	13.0	139	105
1958	14.2	7.2	10.5	105	86
		MOTOR VEHICLES			
1947	27.9	15.6	10.4	95	100
1948	32.9	18.7	11.8	101	101
1949	35.8	20.9	13.2	104	98
1950	51.8	24.6	17.1	132	109
1951	39.5	14.1	13.2	120	110
1952	36.8	13.6	12.6	102	100
1953	37.9	13.6	11.0	126	119
1954	29.4	13.9	10.8	109	97
1955	46.1	21.1	15.1	153	116
1956	27.1	13.0	10.8	125	100
1957	28.1	14.0	10.8	128	98
1958	14.4	8.1	7.0	99	74

Sources: See app. A. The output index for "Iron and Steel" is the Federal Reserve Board index of industrial production, with 1947 weights.

In mid-1956, the "key" bargain open for negotiation was in steel. Both production and profits were at about their 1955 levels, a major investment boom was developing in plant and equipment, and the precedent set by the previous year's settlements in automobiles and other industries was strong. The result was an extremely favorable contract for the steelworkers—a 3-year contract extending into 1959, including a 9-cent annual improvement factor, automatic cost-of-living adjustments, and major fringe benefits. Similarly, favorable long-term contracts were signed in the aluminum industry; in most others, the terms were somewhat less liberal, but also involved long-term commitments to annual wage increases.

The results of these two major "patterns," established in the automobile and steel industries during the period of high output and profits, continued to be felt throughout the declining years of 1957 and 1958. In both of these years, despite marked declines in output and employment throughout the economy, wage increases were automatic in several major manufacturing industries. Further, the widespread use of cost-of-living escalators magnified the effects of quite