

Economy Expected To Dip in First Half; Rally Sharply at End of Year

By ROBERT G. SHORTAL, United Press Financial Writer
New York—Top economists expect the nation's economy to decline in the first half of 1958, reverse the trend in the third quarter and then rally smartly in the final three months of the year.

The Federal Reserve Board's easier money policy and increased spending for defense, new homes, roads and other goods and services are being counted upon to shore up the economy in the coming year.

The new year will be a period of rolling adjustment for industry in general, with some industries doing better than in 1957 and others worse.

The big question as 1957 came to an end was: "how long would the business decline last?"

Surveys conducted late in 1957 showed that most forecasters looked for the decline to run its course by mid-1958. They felt the second half upsurge would leave the economy a little higher on balance by the year-end.

Consumer Holding Key
The consumer was singled out as the key to the 1958 economic picture. If he continued to spend money at a record clip, the decline would be mild. Consumer spending accounts for about two-thirds of all the goods and services sold in the nation.

However, if the consumer decided to play it cautiously, and tightened his purse strings, the decline might become prolonged, economists said.

There are three legs to the economic tripod—government, business and consumer spending. Of these, only business spending is expected to decline in 1958. Experts hope that gains in the other two areas will take up the slack.

In this respect, the Russians may have inadvertently helped the economy when they launched their two earth satellites. Russia's scientific advances have touched off demands for increased defense spending in this country, that will help to maintain economic activity on a high plateau.

Unfortunately, all this has produced one casualty about which neither businessmen or consumers are too happy; the chances of a tax cut in 1958 have been all but eliminated.

Gross National Product Up
Economists pointed out that consumers proved a great source of strength in the economic downturns of 1949 and 1953-54, when they received a major boost from the Government in the form of lower taxes.

The decline now underway has been termed by many economists as a sort of blessing in disguise. They noted that it will permit the orderly adjustment of excesses, forestalling dangerous imbalances and a real depression from developing later on.

Despite the fact that the postwar boom leveled off and then declined in 1957, many key dollar indicators of economic activity showed big gain over 1956. This was misleading, because higher prices and not increased unit volume, accounted for most of the gains.

The Gross National Product—the value of all goods and services produced in the nation, rose around 20 billion dollars in 1957 to a new peak of \$435 billion. Since industrial production was little changed from 1956, inflation ac-

counted for almost all of the gain.

Economists anticipate a more stable price level in 1958, which means that gains recorded in the new year may be "real" rather than an inflationary illusion.

Rise Anticipated in 1958
The consensus among economists at the 1957 year-end was that the GNP in 1958 would run between \$435 billion and \$450 billion. Consumer spending was expected to rise around \$10 billion to \$290 billion. Spending at all levels of government—federal, state and local—also was expected to show increases.

Business expenditures for new plant and equipment, however, were slated to fall 10 per cent below the 1957 level of more than \$37 billion.

The economy in 1957 also received some impetus from a mild buildup of inventories. Economists anticipate a period of inventory liquidation extending beyond mid-1958. This means inventories will

be a minus factor in the economy during most of the coming year.

Looking at individual industries, auto sales got off to a good start in the Fall of 1957 but turned sluggish later in the year. The feeling now is that the auto industry in 1958 will not match 1957's volume of 6,200,000 cars.

Increase Seen in Housing
What happens in the auto industry is felt all through the economy—steel, rubber, glass, metals and textiles.

The steel industry had a disappointing year in 1957. When 1957 began most steel leaders were predicting a record year, possibly 120 million tons. Actual output was around 113 million tons and for 1958 the outlook is closer to 108 million.

Construction is a bright spot. The roadbuilding program is expected to pick up momentum in 1958. The two-year decline in housing starts came to an end in 1957, and a small increase is looked for in 1958.

export market has been a bedrock for industry in recent years. However, in 1958 economists predict some slackening in foreign trade—a minus sign in the picture.

Industry in general looks for higher dollar sales in 1958, but lower earnings, as the price squeeze continues. They also look for more strikes in 1958 as wage negotiations take place in many key lines, including auto.

With the easing of inflationary pressures in 1957, and softness in economic activity, the Federal Reserve cut the discount rate, ending two and one-half years of tight money.

New Boom Visualized
A further easing of credit is looked for in 1958, which will be a boon to many industries and consumers. It will take time for this easier credit policy to filter down through the economy, but when it does the economy will have a new stimulant.

Inflation is still the major concern of the monetary authorities. Easier credit policies and the outlook for an unbal-

anced budget stemming from increased defense spending both are inflationary in nature.

While the short-term outlook is somewhat cloudy

and cautious, the long-range forecasts are just the opposite. Businessmen look for an unprecedented boom in the what they call the "Golden 1960's."

Businessmen are cutting back their capital expenditures but increasing money for research, which should lead to a host of new products that will stimulate consumer

demand. This, coupled with a booming population and rising per capita income, should trigger an economic upsurge in the 1960's dwarfing anything in the past.

RETIRED JUDGE DIES
San Francisco—Isadore L. Harris, retired superior judge and veteran of nearly three decades on the bench in San Francisco, was found dead Tuesday, apparently the victim of a heart attack. He was 85.

MEDFORD TRIBUNE

MEDFORD, OREGON, WEDNESDAY, JANUARY 1, 1958

Quotes From the News

By UNITED PRESS

Chicago—The National Safety Council, warning motorists of weather hazards in a special New Year's Eve statement: "Nature has stacked the cards against the drivers on this New Year's Eve and the best safety device on earth is intelligence."

Belgrade, Yugoslavia—President Tito, commenting that scientific achievements of 1957 had brought the world to its "eleventh hour": "The new atomic era and the first intimations of man's penetration into outer space, instead of filling man with immeasurable pride and joy in this triumph over nature, cause peoples to fear these achievements of the human genius."

Indianapolis, Ind.—Dr. Laurence H. Snyder, president of the American Association for the Advancement of Science, on the need for financial aid to the nation's universities: "I think that if Congress would supply money to the universities with no strings attached, they would find the best way to train scientists and improve science."

Hollywood—Leona Gage, ousted Miss USA of last year's Miss Universe contest, on combining an engagement in a Las Vegas hotel with establishing residence for a divorce: "I've got to make a living and this engagement... gave me a chance to become a Nevada resident so I jumped at the chance."

Chicago—Adlai Stevenson, saying the United States must learn to live with its allies as well as its enemies: "And it is well to remind ourselves of the lessons of the satellites—that we are part of the human family and must learn to live not only with our allies but our adversaries."

Washington—Howard T. Orville, President Eisenhower's special weather adviser, on control of the weather: "If an unfriendly nation solves the problem of weather control and gets into the position to control the large-scale weather patterns before we can, the results could be even more disastrous than nuclear warfare."



DEBUNKS A-WAR CLAIMS

—Representative Charles O. Porter (D., Ore.), at a Washington press conference said that reports that a single bomber crew carrying nuclear weapons on training or patrol flights could start an atomic war, are groundless. The planes must land before the highly complex activation of the weapons can be performed, he explained.

First American steel was produced in Connecticut in 1728.

113 Students from Medford At OSC

Corvallis—A total of 113 students from Medford are enrolled this year at Oregon State college, according to a report issued by the registrar's office at the college.

Others included in the 174 total for Jackson county include 17 students from Central Point, seven from Eagle Point, eight from Gold Hill, two each from Jacksonville and Prospect, and one each from Applegate and Talent.

The 174 total is an increase from 127 last year. All of Oregon's 36 counties, 37 states, all U. S. territories and 37 other countries are represented this year in the record 7678 student group at OSC. This year's enrollment is nearly 200 above the old record set in 1947 when the peak was recorded in the enrollment of World War II veterans.

RETIREES EARLY
Sleepy Eye, Minn.—How does New Year, 65, a retired carpenter, celebrate New Year's eve in Sleepy Eye? By going to bed early, of course.



Happy New Year
from the Officers, Directors and Staff

Invite "Savings" to be part of your family

Jackson County Federal SAVINGS & LOAN ASSOCIATION
126 East Main Medford Since 1909 "Where You Are Paid To Save"

AT WEISFIELD'S MONEY-SAVING CLEARANCE
January **CLEARANCE**
SAVE 20% to 40% and MORE

DRASTIC PRICE REDUCTIONS

REGULAR \$ 9.95	Copper CHAFING DISH	\$6.88	\$ 39.95	Emerson Portable Radio	\$19.88
\$115.00	98-Pc. Nairtack China	\$88.88		4-Speed Hi Fi Phono	\$49.95
\$ 59.95	China Service for 8	\$27.88	\$ 89.95	4-Speed Hi Fi Port. Phono, leather case	\$69.95
\$ 24.95	Men's Luggage (Just a few left)	\$12.88	\$ 10.50	Seth Thomas Electric Alarms	\$6.88
\$ 28.50	Ranson Shaver with trade	\$9.95	\$ 24.95	Toastmaster Skillet	\$19.88
\$ 5.95	Asstd. Watch Bands Ladies and Gents	\$2.88	\$ 9.95	16-Pc. Starter Set Pottery	\$3.88
\$ 24.95	Westinghouse Radio	\$17.95			

BRILLIANT CLEAN BEAUTY "Miss Simplicity" DIAMOND SOLITAIRE 69.50

A strikingly beautiful diamond solitaire design with one sparkling diamond mounted in a carved 14 karat gold mounting. A ring of style, warmth and simplicity.

SAME STYLE BUT WITH LARGER DIAMOND 89.50 100.00 125.00 NO MONEY DOWN PAY NEXT YEAR

REG. 19.95 MEN'S, LADIES' DRESS or WORK WRIST WATCHES 10.88

A dependable watch with handsome styling. 25c A WEEK

REG. 24.95 MEN'S, LADIES' 17-JEWEL WRIST WATCHES 16.88

Beautiful watches styled to wear anywhere. 35c A WEEK

MORE MONEY SAVING SPECIALS PRICED FOR CLEARANCE

REGULAR \$ 49.95	Universal Upright Vacuum	\$19.88
\$ 32.95	Toastmaster Waffle with Grill	\$27.88
\$ 14.95	G-E Skillet	\$10.88
\$ 27.95	Toastmaster Toaster	\$23.88
\$ 24.95	Sunbeam Drillmaster	\$12.88
\$ 19.95	G-E Steam Spray and Dry Iron	\$16.88
\$ 24.95	Sleeping Bag	\$14.88
\$ 7.95	Full Size Blankets, 2 1/2 lb. size	\$4.95
\$ 14.95	Coffee Tables and Step Tables	\$8.88
\$ 49.95	Johnson Waxer	\$39.88
\$ 19.95	Arvin Heater	\$12.88
\$229.00	21" Emerson TV Console	\$179.00
\$ 49.95	3-Pc. Luggage, 26" Pullman, 21" Weekender and Train Case	\$34.88
\$ 2.49	Bone China Cups	\$1.29
\$ 2.49	Ice Bucket	88¢

REG. 19.95 Electric FRYPAN WITH DETACHABLE HEAT CONTROL UNIT 12.88

NO MONEY DOWN ONLY 50c A WEEK

The pan that does everything—bakes, stews, fries, grills. A gift every woman will treasure.

ELECTRIC AUTOMATIC 2-SLICE TOASTER

Reg. 12.95 **8.88**

Pop-up toaster with light and dark toasting selector. Crumb tray opens for easy cleaning. NO MONEY DOWN 25c WEEK

WEISFIELD'S THE WEST COAST'S LARGEST CREDIT

122 E. Main Street Medford Phone SP 3-5348
Store Hours: 9:30 a.m. to 5:30 p.m. OPEN MONDAY EVENINGS UNTIL 9 P.M.

NOW—3 HEARING SECRETS

Latest transistor Sonotone hidden in attractive glasses smallest hearing aid in world, worn entirely in ear

• ALL AT THE EAR • NOTHING WORN ON BODY! • NO CORD DOWN NECK • NO "BUTTON" IN EAR!

half-ounce model worn in variety of styles

SONOTONE

Come In, Phone or Write—Free Demonstration—No Obligation

SONOTONE of MEDFORD
C. R. ADAMSON, Manager 839 E. Jackson Ph. SP 2-5904