

Railroad Shares Make Best Gain In First Six Months Since 1945

By **ELMER C. WILSON**
Staff Financial Editor
 New York—(UPI)—Railroad shares, which started 1958 from exactly the same point as they did in 1945, have made their best percentage gain for that period since 1945.

The gains, helped by less and more consistent measures and hopes for a pickup in car loadings in the second half of the year, have risen by more than 23 per cent from the close of 1957 to ground the end of the first half of 1958.

Industrials in the first half have risen by nearly 8 per cent, their best first half gain since 1955 when it was 11.22 per cent.

Utilities jumped 10 per cent in 1958, their best rise since an advance of 11.84 per cent in 1954.

Stock trading in the first half of 1958 has just about equaled that of 1956 and is far ahead of last year. It still is well below 1955. If the pace set so far this year keeps up the year's total could reach 600 million shares which except for 1955 would be the best year since 1933.

And while the list was rising steadily, earnings were in a decline in most instances and many dividends were hacked.

Paradox
 Why does the market rise when business declines?
 The market, it is explained by the experts, doesn't operate on current conditions. It rises or falls by what is expected in the future. This is a process called discounting the future.

When the market seems to do that discounting, market men say it is following precedent. When it doesn't they assert it has lost its old-time discounting ability. This time they can say it is operating on the old-fashioned basis.

Even so not a few of the experts say the market has overdone things, and they question the validity of a rise that has gone far beyond what they regard as reasonable in the price-earnings formula.

Two things stand out besides the discounting operation. They are a vast sum of money seeking investment, and reluctance of those who have huge profits to sell their stocks because of the 25 per cent capital gains tax. The first money represents demand. The second represents a reduced supply.

Old Law
 So here is an operation of the old law of supply and demand. Reduced supply of stocks, and big demand for investment.

The analysts are stumped from time to time to make selections for their clients. Yet they must make them, for, as one explains, "you can't just say stocks are high and let it go at that. What the prospective buyer wants to know is what stocks are going higher and what ones are going to do best."

Another prominent analyst holds that a "do-nothing" policy can be disastrous.

The experts say you just can't wait until you are sure of the market. If you do, an analyst explains, "you will have missed much, if not most of the rise in the market."

So it goes. The market has done much better than the experts have believed it could do. It did far better than last year in the averages even though the averages were then much higher — above 500 for the industrials. In the first half of 1957 industrial shares rose less than 1 per cent while rails fell nearly 4 1/2 per cent.

The market, it seems, has been less worried about the business recession than many market operators — take the many bears, for example — and the economists.

Chemical Succeeds Against Potato Scab

Madison, Wis.—(UPI)—University of Wisconsin researchers have reported that an experimental chemical, urea formaldehyde concentrate, can be used effectively against potato scab.

The researchers treated the soil with 150 gallons of the chemical per acre and found that the susceptible Chippewa variety potato was scab free. Potatoes grown on an untreated plot adjoining the test area were badly scabbed, they said.

However, the researchers feel that the chemical is not commercially feasible now because the concentrate costs about 80 cents a gallon. Present research is being conducted to determine if good results can be produced with a lower dosage per acre.

Restraint in Time of Boom Good Way To Prevent Downturn

New York—(UPI)—The best way to prevent serious downturns in business is to practice restraint in times of boom, a group of leading economists told United Press International.

Twelve top economists told UPI this is the basic lesson learned from the present recession.

The economists called for restraint by government, business and labor during times of rising industrial activity to avoid the excesses which lead to recessions and depressions.

Roy L. Rierson, vice president of the Bankers Trust Co., said "we have learned that the best way to reduce a business downturn is to curb the ebullience and excesses in the preceding boom."

He called for avoiding large wage hikes under long-term contracts at the peak of a business boom, more restraint by businessmen in expanding their facilities during a boom, and for using periods of prosperity to reduce debts.

Ira T. Gellis, economist for E. L. DuPont de Nemours & Co., said "perhaps we have learned that we can moderate the swings of business activity by restraining the boom that precedes the decline."

Gellis also expressed the view of a number of the economists when he said "we have learned that raising wages and salaries and 'fringe' benefits by amounts greater than rising productivity will cause rising prices, and rising prices reduce markets."

Don M. Soule, assistant pro-

Army Veteran Notes Changes in Service

Washington, Vt.—(UPI)—Because Nate Flint's mother, father, sister and two brothers died between their 61st and 62nd birthdays, Flint made sure of having his 62nd birthday celebration by holding a party for himself two days before the actual date. He invited the towns of Barre and Montpelier and an estimated 5,000 persons showed up. A 55-gallon oil drum was needed to store all the birthday cards.

Fort Riley, Kan.—(UPI)—When Sec. William Panow, now 65, enlisted in the Army in 1915 a private's pay was \$15 a month.

"But we made it stretch," Panow related. "We usually rolled our own cigars, and other things were a little different too."

"A corporal formed and drilled the company. A buck sergeant did just about the same with a battalion. And a staff sergeant just about bossed the regiment."

Panow doesn't claim to be the oldest man on active duty, but he has seen both World Wars, received many medals and commendations and traveled around the world.

Panow immigrated from Poland at 16 and soon enlisted in the Army where he served variously as a mess sergeant, rifleman or instructor.

Panow looks forward to retirement with both Army pay and Social Security checks and plans to spend his time baking cakes and sitting "in a sturdy old-fashioned rocking chair" on the front porch of his Duarte, Calif., home.

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CHECK-OUT—Engineers hoist a 20" satellite aloft for a last check before placing it in the nose of the Vanguard rocket to be launched at Cape Canaveral, Fla. Later the rocket's second stage failed to ignite and place the satellite in orbit.

Honolulu — (UPI) — The atomic powered submarine Nautilus surfaced Saturday off Pearl Harbor for the first time in nearly three weeks, after a 6000-mile voyage from the west coast.

Project Aimed At Homesteaders
 Madison, Wis.—(UPI)—A University of Wisconsin research team has started work on a project aimed at luring homesteaders to frontier settlements north of the Arctic Circle.

Prof. Kirk H. Stone of the university's geography department will direct the three-year study to determine the future development potentialities of the extreme northern areas of Norway, Sweden, Finland and Alaska.

Stone and six assistants will study all attempts that have been made to live in frigid climates of the north country and try to come up with a success formula.

He hopes to lay the groundwork for permanent settlements in the four areas which he says "are of great strategic importance and significance to the free world in both war and peace."

Ill-Fitting Shoes Blamed for Trouble

Buffalo, N.Y.—(UPI)—Podiatrists can expect increasing business as long as women continue to wear shoes that are too narrow, in the opinion of Dr. Henry L. Du Vries. He believes too many women insist on sacrificing comfort for style in buying footwear.

Dr. Du Vries, clinical instructor in surgery at the Chicago Medical School, commented at a podiatrists' scientific symposium here that about 65 per cent of foot surgery stems from ill-fitting shoes.

"Women's shoes are the worst offenders," he said. "Because the shoes are without laces and have high heels, the wearer's toes must hold the shoe on. This produces an undue pressure on the toes."

KP Duty Thing of Past at Bolling

Washington — (UPI) — KP duty for the 1,200 enlisted men at the Bolling Air Force base here is a thing of the past.

The Prophet Co., a Detroit Mich., catering firm has taken on the responsibility of feeding all of the men assigned to the base — and the Air Force dining hall across the Potomac River at Ft. Myer, Va., as well.

Col. Edwin D. Miller Jr., Bolling commandant, said the changeover from military to civilian cooks and potato peelers was intended to "increase the overall operational efficiency of the base and to provide for full utilization of manpower (military, that is) in the many work sections at Bolling."

The amount of the contract awarded the Detroit firm was not disclosed.

Brussels Police Pick Up Russian

Brussels—(UPI)—Bolshoi star ballerina Olga Lepesjinskaia has been picked up by police on charges of shoplifting two pairs of gloves, an umbrella and other items from a Brussels department store. She was released after nine hours of questioning.

Miss Lepesjinskaia, the Soviet Ballet company's number two ballerina, was freed when Soviet Ambassador Viktor Avilov intervened in her behalf.

Police refused to say whether they would file charges, but informed sources said officials had no wish to repeat the scandal in London in 1956 when Soviet discus thrower Nina Ponomareva was accused of shoplifting five hats worth \$4.68. Miss Ponomareva was fined and returned home to Russia.

Stubborn Inmate Doesn't Want Freedom

Wethersfield, Conn.—(UPI)—The State Prison here has been having trouble with a stubborn inmate that doesn't want freedom. A homing pigeon took up residence in the prison and returns whenever freed.

Speech Laboratory

East Lansing, Mich.—(UPI)—A language laboratory, equipped with semi-private booths and dual-channel tape records, is being built at Michigan State university to assist in the teaching of foreign languages. The laboratory also can be used for speech correction and research work.

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Idaho Army Officer Dies of Heart Attack

Fort Devens, Mass.—(UPI)—An Idaho Army officer found dead on a beach in southeastern Massachusetts last week was victim of a heart attack, military authorities said Saturday.

Maj. Robert Moberly ofocatello, Ida., died of coronary thrombosis, the Army disclosed after an autopsy.

Beirut, Lebanon—(UPI)—Army troops supported by rocket-firing planes broke up strong rebel attacks on every army position in and around Tripoli Saturday, the government announced.

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SNIDER'S MILK—

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London — (UPI) — British actor Peter Finch up-ended a bottle of tomato catsup onto the tablecloth, and the diners in London's exclusive 500 Club raised their eyebrows. He added a bottle of Worcestershire sauce. The raised eyebrows turned to frowns.

Then he demanded a tin of boot polish, which the management supplied.

He was painting, and he was so impressed with his painting that he bought it.

The management agreed to let him have the tablecloth for \$3.50.

More than 3,166,000 fish, including 2,560,000 trout were planted in Michigan fishing waters during 1957.

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