

Wall St.

Correction Made
Despite Halt in
Deflation.

BY RALPH HENDERSON
Times Special Writer

NEW YORK, Jan. 28.—When the history of the current depression is written prominent mention undoubtedly will be made of the fact that the results of wild inflation were corrected without the usual corresponding deflation. But, at the time, the halt in the deflationary processes through the use of the needle probably will be blamed for the long duration of the "hard times."

Just as sickness in the human body continues until the system has had time to repair the damage, so also depressions are supposed to proceed until the maladjustments of prices, production and debts are corrected. After a Hendershot solid base has been established a return to normal conditions in trade is possible.

It is true, of course, that a considerable amount of deflationary correction was accomplished in the early years of the depression. But the understructure was still so weak that it would have had to go on considerably further before a solid foundation was found in the natural and normal manner. Some contend that the entire structure would have tumbled into bankruptcy had there been no intervention on the part of the government.

Business bankruptcies have been relatively few for a number of months, and most people have adjusted their living standards to their current income. Present debts have been either cancelled or repaid for the most part. Banks are in a very liquid position, and vast amounts of savings have accumulated.

Under the circumstances existing in 1932 the halt of the deflation was an encouraging development. But the improvement in trade since that time, even though modest, provides the basis for renewed hope. There is sound reason for the belief that the crisis has passed and that the patient is beginning to convalesce.

IT is reasonable to suppose that the recovery will be a long, hard pull, though. In addition to the fact that a number of weak spots still exist in the economic framework, such as in the railroads and in real estate, business will be obliged to carry the extra burden of government debt. If these debts are serviced in the usual way taxes are bound to be exceptionally heavy. If the debts are paid off in so-called printing press money a different story entirely probably will unfold.

In theory, debts already have been reduced about 40 per cent as a result of devaluation of the dollar, but in actual practice they have been cut somewhat less than that amount. So far, however, we have raised the national wealth in dollars and have raised also our debt carrying capacity. The national policy has been to force credit into business, so the basis is being laid for a new inflation which may reach greater proportions than that which ended with the stock market collapse in 1929.

ROAD'S CRACK FLYER GAINS IN POPULARITY

Chicago & North Western's "400" Passengers Increase.

Going into its fourth week of operation, the "400," the Chicago & North Western Railway's new mile-a-minute train between Chicago and St. Paul-Minneapolis, is not only maintaining its popularity, but is increasing in favor among travelers, figures compiled in the office of R. Thomson, passenger traffic manager of the road, show.

"While averages for the first week of operation showed 150 passengers carried in each direction, the average for the first three weeks shows that 165 people per day ride the train southbound and 154 northbound—an increase of 19 people a day for the two daily trips.

This is in spite of the fact that the sub-zero weather early in this week has not been conducive to heavy business travel," Mr. Thomson explained.

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Abreast of The Times on Finance

PAGE 6

MOTORS FIRM LIKELY TO PAY 50 CENTS EXTRA

Wall Street Hears Special Distribution Is Set for February.

BY ALBERT K. ETTLINGER
Times Special Writer

NEW YORK, Jan. 28.—When directors of General Motors Corp. meet on Monday, Feb. 4, they probably will give serious consideration to the matter of paying an extra dividend on the common stock. If action along that line is taken, it is believed the payments will be 50 cents a share in addition to the regular quarterly disbursements of 25 cents.

Conditions in the automobile industry, according to those who have made a careful study of the current possibilities, are unusually favorable. General Motors obtained a goodly portion of the improvement recorded in 1934, and is likely to far as well as any of the other import units in the current year, when a estimated production will show a gain of 10 to 15 per cent and may reach a total of 3,200,000 cars.

Car Resources

According to the balance sheet of Sept. 30, last, General Motors had a cash of \$175,349,625. United States government securities of \$29,612,100, other marketable securities of \$3,001,758 and total current assets of \$364,726,800, compared with \$354,113,887 on the corresponding date of 1933. Net working capital stood at \$291,842,794, against \$285,292,313.

Despite higher operating costs the corporation was able to show moderate improvement in net earnings for the first nine months of last year, reporting income of \$1.60 a share, compared with \$1.73 in 1933. Sales for the same period reached \$718,518,000 from \$490,921,000 in the previous year.

The annual report of the company will not be published until early in March, but it is calculated in private quarters that results for the closing quarter were considerably better than the final three months of 1933, when a deficit of 1 cent a share was reported on the common after all charges.

However, non-recurring charges may have curtailed earnings in this period. The last extra paid by General Motors was 50 cents on Sept. 12, 1934.

Steel Merger Gossip

The latest bit of gossip about a merger in the steel industry has to do with a consolidation of National and Inland Steel, but thus far there is nothing official on the question; the matter having not yet gone beyond the conversational stage.

Should such a deal be promulgated it would represent the most important combination in the industry in many years, resulting in the creation of the fourth largest enterprise in the industry.

Anything can happen in the steel group these days, according to observers, who point out Otis is referred to as one instance of where concentrated demand has lifted a stock sharply higher. Trade news is especially favorable in this instance, anything to be exceptionally heavy. If the debts are paid off in so-called printing press money a different story entirely probably will unfold.

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GRAINS MOVE DOWN ON ALIEN WEAKNESS

Market Rather Active on Liquidation Wave.

By United Press

CHICAGO, Jan. 28.—Weakness at Liverpool worked adversely on grain futures on the Board of Trade today and prices were sharply lower.

At the start wheat was 2% to a cent lower, corn was down 2% to a cent, oats were off 2% cent, and rye was 1% to 1% cent lower.

The market was rather active under the liquidation. Commission houses and tired local longs led the selling.

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INDIANAPOLIS, MONDAY, JANUARY 28, 1935

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New York Stocks

(By Thomson & McKinnon) 11:00 Prev. N.Y. close

Oils—High. Low. Prev. N.Y. close

Amerada 53 53 53 53% Air Reduction 110 110 111

Air Rfg 24 24 24 24% Air Com. Alcohol 258 258 258 258

Amoco 24 24 24 24% Am. Ind. 20 20 20 20

Consol Oil 78 78 78 78% Am. Sol. 21 21 21 21

Cont. of Del 175 175 175 175% Am. Sust. 52 52 52 52

Cont. of Ind 175 175 175 175% Am. Tele. 20 20 20 20

Mid. Cont. Pet. 118 118 118 118% Am. Tele. Ind. 20 20 20 20

Ohio Oil 10 10 10 10% Am. Tele. & Tel. 20 20 20 20

Phillips Pet. 15 15 15 15% Am. Tele. & Tel. Ind. 20 20 20 20

Plymouth Oil 7 7 7 7% Am. Tele. & Tel. Ind. 20 20 20 20

Seaboard Oil 23 23 23 23% Am. Tele. & Tel. Ind. 20 20 20 20

Shell Oil 75 75 75 75% Am. Tele. & Tel. Ind. 20 20 20 20

Standard Oil 154 154 154 154% Am. Tele. & Tel. Ind. 20 20 20 20

Un. Oil of Cal. 154 154 154 154% Am. Tele. &