

Trying To Do Too Much Too Fast Blamed For Present-Day Monetary Situation

Editor's note: The following is the first of two dispatches, one by a top banker and the other by a leader in the home construction industry, giving arguments for and against the "tight money" policy.

By HENRY C. ALEXANDER
Chairman J. P. Morgan
& Co. Inc.

Written For United Press
New York — (U.P.) — The basic fact about our monetary situation today is that we have been trying, in our economy, to do too much too fast and on too much credit. We have been building plants, consuming goods and piling up debt faster than we have been forming capital by the process of saving.

This has created the situation called "tight money" which we are reading and hearing so much about. With virtually all parts of the economy straining to buy more or build more—and consequently to borrow more—the pressure of credit demand upon the available supply is heavy and constant. As a result, many would-be borrowers find loans not so easy to obtain as at some times in the past, and the price of borrowing is higher than at some times in the past.

However, it is important to remember that credit has not been choked off. Not by any means. The commercial banks alone increased their total of loans outstanding by more than \$7 billion during the first 11 months of 1936. This was on top of a \$12 billion increase during 1935. Meanwhile, longer-term borrowing in the bond market was at or near record levels, and consumers were having their credit demand satisfied to a point where the total of this type of debt reached and passed the \$40 billion level.

We often hear it said that the Federal Reserve System has made money "tight" and made it "dear." Actually, it hasn't done either, in the sense of taking the initiative to bring such results about. What it has done is to let the money market feel the natural effects of a demand that is very heavy in relation to the available supply.

Permanent Capital Needed
In the period of great expansion of physical plant and productive capacity, the economy's primary need is for longer-term credit and for permanent capital in the form of equity money. The Federal Reserve wisely has refused to meet this need by pumping up short-term bank credit. The economy's need for longer-term funds can be soundly met only by growth of the nation's savings. This takes both time and effort. There is no way to print capital. It has to be earned and saved.

To increase the incentive for saving, and also to help restrain the growth of debt, the monetary authorities have allowed interest rates to respond to the market forces of supply and demand. As would be expected, rates have risen. But they still are not high in comparison with other periods in our own history, or with current rates in most other parts of the free world. Probably the best comment on present interest rates is that they don't seem to be discouraging the desire to borrow.

Critics of the Federal Reserve hold that it should be taking steps to make credit easier and cheaper to obtain, in spite of everything the economy itself is doing to make money tight and dear. The Federal Reserve, it is true, could create more money. But to do so when the basic shortage is one of goods and manpower, would not contribute to genuine growth. It would

merely provide more dollars without increasing the supply of things those dollars can buy. That is the formula for inflation—higher prices and a more furious shutting back and forth of goods in speculative, non-productive trading. Too much money, too cheap, like the love of money, can be the root of much evil.

Change of Authority
A number of those who don't agree with the Federal Reserve's policy have come forward with various proposals for changing its role in the economy. However piously those proposals may be worded, they all seem to be aimed at taking authority away

from the Federal Reserve and giving it to other agencies more attuned to political considerations. The "Fed" should never be in politics; it should never become a member of the "team" of any administration. The moment it does, it will lose its independence and its effectiveness. The country has been down that road, with the reserve slavishly bound to the treasury, and we must not do it again.

The Federal Reserve's policy in the recent past, nourishing prosperity and yet attempting to hold it to a sustainable rate of growth has succeeded remarkably, even brilliantly. It has sup-

ported growth, not prevented it. It has been our principal defense against rampant inflation which, if permitted, would destroy not only our prosperity but our very substance.

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JACKSONVILLE Family Returns From Trip

By MRS. C. S. HOSKINS
Jacksonville—Mr. and Mrs. Rasmussen and daughter, Beatrice, returned last week from a 2½ week winter vacation trip in California. They visited their daughters and their families. Mr. and Mrs. Paul Beck at Salinas, and Mr. and Mrs. Marvin Jordon at Bakersfield. At the home of Mrs. Rasmussen's brother, Oliver Severson, at Whittier, a family reunion was held with 64 relatives present. Mrs. Rasmussen's parents, Mr. and Mrs. Sibert Hangar of Whittier, also were present. Other interesting events of their trip were a visit to Disneyland, Sequoia National park and attending a Cinerama picture.

Sunnyside, Mrs. Jim Winningham and Mrs. Dorothy Hibbs of Ruch on a pleasure trip to Portland leaving here last Sunday. Enroute home they will visit friends and relatives in Salem and Corvallis.

Mr. and Mrs. Arthur Davies returned this week from a weeks' vacation in Carmel, Calif. They also visited Davies' aunt and uncle, Mr. and Mrs. J. V. Moan, in San Francisco.

Future Teachers Tell Reasons for Choice

Los Angeles — (U.P.) — Why do people become teachers?

According to a poll of 230 future teachers enrolled in an introduction course the three most important reasons given were:

1. Exposure to an inspirational teacher.
2. Encouragement from friends and relatives.
3. Newspaper accounts of teacher shortages.

Of the future teachers interviewed, 50 per cent said they decided on a teaching career while still in high school. Of the group, 18.2 per cent had one or more parents who were teachers.

Other reasons for the decision were:

- The opportunity and challenge of working with youngsters; a chance to make a contribution to democratic living and work in a profession that permits continuous growth while in service.
- Men rated salary at 14th, while women rated it 12th.

4-H Club News

Tractor Club
The meeting of the Rubber Burners of Tractor club was held at Henry Scott's house. He showed some of the first year members care of the tractor. Charles Swingle and Mr. Carter talked and did a demonstration on transmission. The meeting was adjourned and refreshments were served by Mrs. Scott. Girls are encouraged to join.
Dianne Carter, Reporter.

Court Records

MUNICIPAL COURT
Vivian S. Collins, violation of basic rule, \$10.
Dick Cloved Peterson, failure to stop at red light, and no driver's license, \$10.
Joanna I. Winkfield, violation of basic rule, \$10.
Helen E. McFadden, failure to stop at red light, \$5.
Vaughn Willard Clark, drag racing, \$25.
Avery Lloyd Casebolt, defective equipment, \$10.
James Hodney McKinney, violation of basic rule, \$10.
Muriel Lorraine Burns, violation of basic rule, \$10.
Roy E. Miller, violation of basic rule, \$10.
Robert Eugene Curtis, four people in front seat, \$2.50.
Arthur Neil McElroy, violation of basic rule, \$10.

DISTRICT COURT
Gary Dean Schlemmer, overlength, \$15, bail forfeited.
Elija Elmer Hoden, failure to stop at stop sign, \$10.
Donald Edward Slavton, failure to display license on trailer, \$5.

CIRCUIT COURT
Barbara Geraldine Osborne vs. Ralph Eldon Osborne, divorce complaint.
Frank R. Grim vs. Lucille Grimm, divorce complaint.

MARRIAGE LICENSE APPLICATION
Gerald Earl Laffoon, 1104 Moxie ave., Yakima, Wash., and Barbara Jean White, Yakima, Wash.

Three families from California are new Jacksonville residents, living in the two houses at the end of Oak st. They are E. O. Fox, G. B. Golden and Earl C. Tipler. They have purchased the property and plan to find employment here.

Some new patients at the Mitchell's Sanitarium are Mrs. Turpin of Phoenix and a resident of this area for more than 77 years, and two old timers from Gold Hill, Jesse Fredenburg and Ben Grove.

Recently leaving the sanitarium to go home were Miss Mary Hurst, a well-known former resident here. Her home address is 416 Western ave., Medford.

Interment services were held in Jacksonville cemetery Monday for Bill James, 82-year-old former Medford resident, who died in Greenview, Calif., Jan. 15. Funeral services were held last Saturday in Yreka at Girdner's Funeral home.

Returning to his home last week was Billy Cody, grandson of the late Barney and Georgia Cody. Cody has been discharged from the Veterans hospital in St. Louis, Mo. After making a trip to San Francisco this week, he plans to return and make his home in Jacksonville. While here he has been visiting at the John Hamaker home.

Mr. and Mrs. Fred Edens reported they have procured an FHA loan and their new home will soon be under construction by Rogue Valley Construction company.

Mr. and Mrs. Simon Johnson have named their new daughter, born, Jan. 10, Betty June.

Mrs. Helen Roberts reports that the Jacksonville Library recently added 150 new volumes to the collection. Old books were given in exchange to the Medford Public Library. The Jacksonville library is still remaining open Monday evenings from 7 to 9 p.m., in addition to regular day-time hours Mondays and Thursdays.

PFC Jimmy L. Smith, son of Nate H. Smith and Mrs. Andy DeGraff, who is stationed in Hawaii, is now taking a course in psychology. He graduated with the class of 1954 at Jacksonville high school. He expects to be out of the service in June. He has been in the islands two years.

Mrs. Ted Green, formerly of Jacksonville, is visiting this week at the Everett Ravenor home. Mrs. Greene who now lives in Blue Lake, Calif., was accompanied here by her daughter-in-law, Mrs. Don Greene, daughter, Patty, and Mrs. Don Greene's mother, Mrs. Burnett Bishop, who are visiting relatives in this area.

Mrs. Lois Fretwell and daughter Joan will move back into their home on South Oregon at this week end. They have been staying with Mr. and Mrs. Paul Alego while their home was being painted and cleaned up after a Christmas night fire damaged it considerably.

Mrs. Pearl Whitney accompanied Mrs. Chet McDonough of

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