

No Organized Money Market To House Dealers in Currency

Editor's note: Following is the fifth of six dispatches explaining the complexities of money and credit.

By CLYDE H. FARNSWORTH
UPI Correspondent

New York (UPI)—Money—like fish, cotton or stocks—is bought and sold. It has a price tag or interest rate subject to the law of supply and demand. When demand exceeds the supply the interest rate rises. When demand falls, the interest rate falls.

But unlike the stock, cotton or fish markets, there's no organized money market to house the buyers and sellers.

It can be anywhere—brokers and creditors meet. Broadly speaking, if you try to get a loan, you're dealing in the money market. But the big buyers and sellers of money are banks, corporations and the Federal government.

The price you pay for your loan generally hinges on the price these big fellows pay or charge for funds. The money market they deal in is an over-the-telephone market. A borrower there can get \$10 million faster than you can buy \$10 worth of groceries.

Short-Term Funds
These days, the money market usually is referred to as the market for short-term funds—needed for less than a year—against the capital market for funds needed longer than a year.

Holding the reins over the money market is the super bank or Federal Reserve System, which has a lot to say about how much money there is in the first place.

Through its powers to increase or decrease the supply of money the Federal Reserve can influence the amount people and business can borrow and what it costs them.

It uses its powers to offset excessive borrowing during booms and too little borrowing during recessions. In so doing it tries to keep the dollar worth a dollar.

Ordinary funds for the money market come largely from banks and corporations. Some of these always have loose money hanging around a short time that they'd like to put to money-earning use.

At the same time other banks and corporations may be short and need these funds.

Other money for the money market comes from investing institutions like insurance

companies, state and local governments and even foreign governments.

Important User
Probably the most important user of money market money is the Federal government. In 1929 the Treasury started the practice of selling interest-bearing securities that mature in 91 days.

Funds from the sale of these Treasury Bills are used to take care of the day-to-day

Cub Scouts

Den 11 of Pack 8

Den 11 of Pack 8, Jackson school, took a hike Tuesday, Dec. 2. The boys attending were Richard Champion, Michael Clark, Gary Custance, Richard Cole, John Lynch, William McWhorter, Spence Webber, Steven Wilcox, Jack Young.

From trees on top of a hill we gathered mistletoe. We tried to learn the names of the mountains around the valley, and watched the sun set. As it became darker we sang taps.

The week before, on Nov. 25, we met at our den where we made Christmas decorations. Pack 8 will give these with other things to some needy family at Christmas time.

That day Michael Clark celebrated his birthday.

Local Students Take Part in Program

Maryhurst—Mary Kay Conroy and Carol Robinson of Medford will appear on the program of the winter concert to be presented Dec. 10 at Maryhurst college. Both are members of the college chorus, which will sing a group of Old English carols. Miss Robinson also will be piano accompanist for Helen Bolton, violinist, for the Kreisler Prælude and Allegro.

Miss Robinson was a piano soloist in a freshman recital given by the college music department Nov. 24. She played "Gardens in the Rain," Debussy, and accompanied a classmate, Judith George, soprano, in two numbers by Weatherly and Emmell.

One Pleads Guilty In District Court

One man entered a plea of guilty in district court Wednesday afternoon before Judge James M. Main.

Pleading guilty to making a false statement in writing to procure benefit was Richard Dean Glenn, 33 Myrtle st. Bail was set at \$250 by Judge Main with sentencing scheduled for Dec. 19 at 1:30 p.m.

William Cheadle, Ruch, who is charged with grand larceny, desired an attorney and his case was continued until 1:30 o'clock this afternoon. He is being held in Jackson county jail on \$1,500 bail.

Francis Merle Wallace, 23, of 1975 Sunset ave., pleaded guilty in district court yesterday to charges of drawing a bank check without sufficient funds to cover it in full. He is being held in Jackson county jail without bond.

Sentencing was set for Dec. 8 at 9:30 a.m. by Judge James M. Main.

Wallace, who was arrested by Medford city and Oregon state police Wednesday afternoon on a misdemeanor warrant from the district court, was charged with cashing several checks in the valley.

house keeping chores of the Federal government between quarterly tax periods.

The rate on these bills is one of the best indications of the "tone" of the money market. For example, during the recession when the cost of money fell sharply these bills yielded well below one per cent interest. Now they yield well above two per cent.

Commercial Paper

Corporations also borrow short-term funds by issuing notes called commercial paper, sold to banks and other corporations with extra funds.

Shippers of goods, usually staple commodities like cotton, borrow funds through the use of bills called bankers' acceptances which represent the obligation not only of the shipper but shipper's bank.

Large city banks deal in the money market when they make loans to each other. These are called dealings in "Federal funds" because payments are made through the transfer of reserve balances on the books of the Federal Reserve bank from the account of the lending bank to that of the borrowing bank.

(Next: The Treasury's Role.)

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