

Federal Reserve System's Method of Operation Explained

By ELMER C. WALZER
UPI Financial Editor

New York (UPI)—We are entering a period of easier money judging from recent actions of the Federal Reserve System money market generally.

And this brings up the intricacies of the money market which so few people understand. Elmer Walzer, money of nations always has been a mystery and in the old days the rulers wanted it that way to give them a free hand in juggling the coinage.

In our day, the problem of eliminating economic illiteracy in such things as money has been hampered by the inability of the experts to put their vast knowledge into understandable form for the layman to understand.

Now, of all places, the down-to-earth story of our money comes from a top authority, the Federal Reserve Bank of New York.

In language that all can understand, and in a form embellished with pictures, cartoons, and simple charts, the New York bank's publication, "Keeping Your Money Healthy," tells how the Federal Reserve System tightens and eases the money market with its three instruments. The Levers

These instruments are reserve requirements of commercial banks, buying and selling government securities, and the discount rate.

If we seem to be heading into inflation, the 16-page booklet notes, the Fed would restrict credit by raising reserve requirements, selling government securities, and raising discount rates.

If the economy is sliding the Fed would increase credit by the reverse of these processes. It would lower reserve requirements, buy government securities and lower the discount rate.

It has acted on the last item by reducing the discount rate in some centers. All are expected to follow. The discount rate is the rate the Federal Reserve charges member banks when they borrow from the Fed to keep their reserves at the legal limit.

What Change Means
By changing the discount rate, the Fed may signal its view on current policy to all money lenders, the booklet notes. A high discount rate may precede a higher cost of credit for all borrowers. A low discount rate may pre-

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Small Worlds Around Us

By Lynn M. Watkins

Test With Rats Indicates Female Is Stronger

I had always heard that Nature set up some sort of an arrangement, whereby the female of any animal species - bug, fish, bird, reptile or mammal, was inherently stronger, harder and perhaps more dangerous than the male.

Females, of all animal orders, human as well as other-

Local Men Go To PCA Meeting

Officers and directors of the So. Oregon Production Credit association attended a four-state production credit conference in Spokane, June 2-3, Irvin Patten, secretary-treasurer, said.

Patten said the Spokane meeting attracted around 200 directors and secretaries from the 30 associations in Idaho, Montana, Oregon and Washington. Highlighting the agenda were addresses by Robert B. Tootell, governor of the Farm Credit administration, Washington, D.C., and John Knox, farm credit's fiscal agent in New York City.

Special features of the 1960 conference, Patten said, were a panel discussion on the agricultural outlook participated in by the heads of the departments of agricultural economics at the four state colleges. Two west coast bankers were speakers and the presidents of the three district farm credit banks in Spokane took part in a panel discussion on functions and operations of their banks.

Those attending from the So. Oregon association included Lawrence Michaels of Days Creek, Lawrence Luy of Medford and Patten, secretary-treasurer. The delegates were accompanied by their wives.

AVCO DIRECTOR DIES
New York (UPI)—Thomas A. O'Hara, 80, a member of the executive committee and a director of the Avco Corp., died Sunday.

OSC Bulletin Tells of Ponds

Good news for Oregon trout fishermen - the more they fish, the better trout they'll catch. At least this holds true for farm trout ponds.

This suggestion is one of many offered by Andrew S. Landforce, Oregon State college extension wildlife management specialist, in a new Oregon State College publication, "Managing Oregon Trout Ponds."

Spring is the logical time to buy trout for stocking farm ponds, the bulletin suggests, since this is the season when fish are most likely available from private growers.

Trout won't thrive in all farm ponds, Landforce points out. To grow trout year after year, a pond should have steep, deep sides, a dependable supply of controllable clean water, a screened overflow or outlet, a minimum depth of 10 feet, and an adequate draining system. Best water temperatures for rainbow trout are 56 to 65 degrees.

How large a pond? The bulletin notes that ponds as small as one-third acre and 6 feet deep have produced trout fishing in Oregon. However, one-acre ponds produce more satisfactory year-round family fishing. Ponds much larger than three acres can grow more trout than most families and friends can catch and use.

The bulletin answers questions about how many trout to stock, pond fertilizer, draining the pond, and legal considerations.

Copies of "Managing Oregon Trout Ponds" may be obtained on request from county extension offices or from the OSC bulletin clerk, Corvallis.

PUBLISHER TO RETIRE
Los Angeles (UPI)—Hugh A. (Bud) Lewis, publisher of the Los Angeles Mirror News, will retire July 15.

wise, seem to have a biological superiority guaranteeing the survival of the individual species.

But I wanted to "see" for myself, so I selected rats; a male and a female. Each was placed in a separate cage, and for the first day all food was withheld.

Templing Ham
Then I placed a piece of freshly cooked smoked ham, under a cheesecloth cover, outside each pen. To the healthy, sensitive nose of the animal it was a tantalizing odor. Both rats scurried around their separate cages in a mad frenzy to locate the food. I placed pieces of dry bread in each cage, but at first both rats refused to eat.

Even when the pangs of hunger became acute they only nibbled daintily at the bread; all the time I kept the delicious smell of ham or bacon in the air. Their little noses twitched; the tiny tongues darted in and out. They became alert, eager and exceedingly active, dashing around the pen in a frenzy, searching for food that was smelling so good.

The male broke first—suddenly he went berserk. He dashed around the cage, fell over on his back, panted, gasped and finally fell over on his side and twitched like an agitated lump of jelly.

Within a few hours he had worked himself to such a state that, even though a piece of ham was placed before him he failed to locate it. The poor little guy had become a nervous wreck. His was not the proper temperament to stand continued frustration.

Flipped His Lid
Another male rat was substituted. He too underwent the same perplexing problem, and he too reacted in the same way. He blew his top; he flipped his lid, and wallowed alone in a little sea of despondency. Number three took his place, and the experiment went on. He too became so hopelessly confused and mixed up that he couldn't tell bacon or ham

from bread. He got himself to the point where he tried to bite his own feet and legs, and later tore mouthfuls of hair from his own sides.

And the little female in the other cage became cross, irri-

table, and highly exasperated, but never did she lose her emotional balance or her decorum. She, too, desired to eat the ham and was apparently just as unhappy because she couldn't, but she retained her mental balance. She be-

came irritable, but never unbalanced. I revived them all later, but two of the males couldn't take it and died. The female responded beautifully, and quickly. I'm not sure whether or not any of this proved a

single thing, but the results were startling, and tended to bear out what I had so often heard, that "the female is more dangerous (and stronger) than the male."
(Released by The Register and Tribune Syndicate, 1960)

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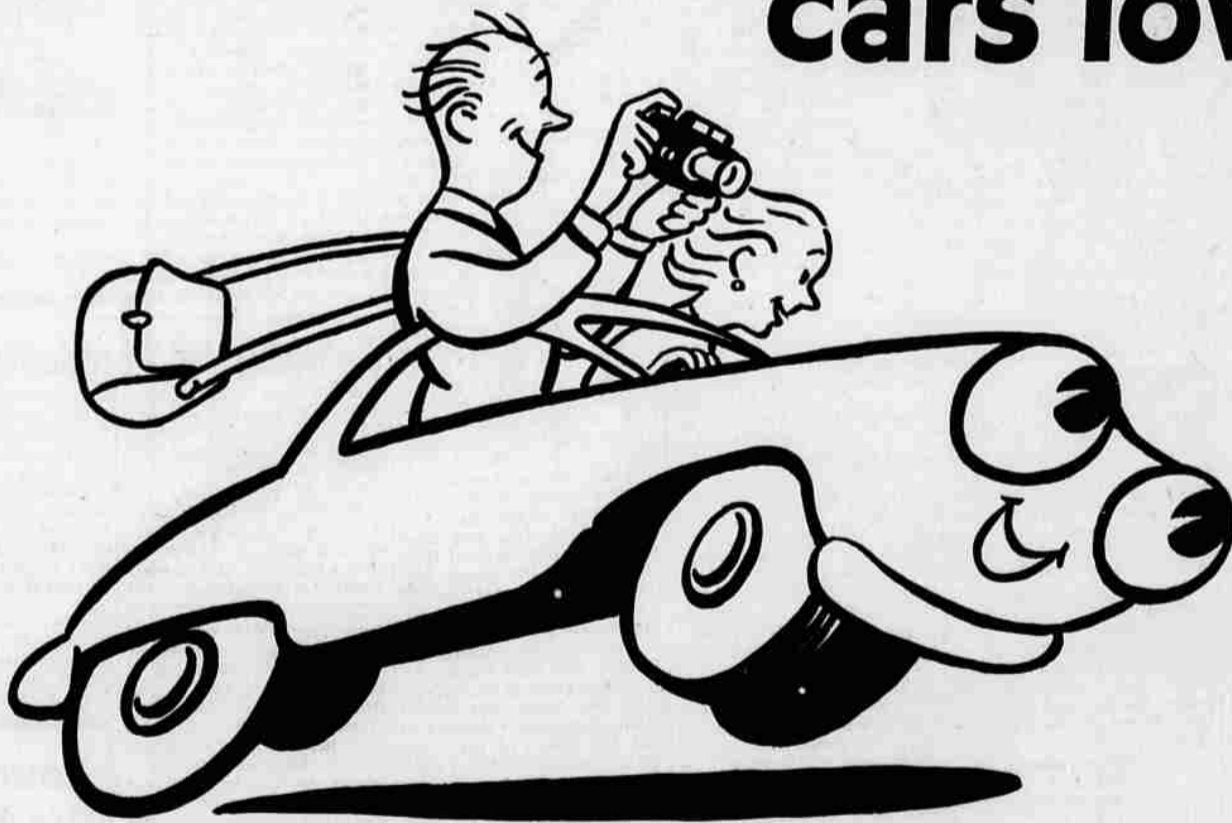
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