

(COMMENTS BY KRB FOR WCAU - TV: Shaw - 1:00 p.m.  
March 7, 1958)

Credit is not like water in a pipe line whose flow can be speeded up or reduced simply by turning a valve.

The tools with which the Federal Reserve System operates in the credit field are not as precise as that. What the System can do, is to make reserves - which are the basis of credit - more readily available when employment and business are declining. The System has done this by reducing reserve requirements and through Open Market operations. As credit has become more generally available, market rates of interest have declined. The discount rate was then reduced to bring it more nearly in line with the lower market rates.

All of these actions are related to each other and were taken to promote economic recovery by making reserves and credit cheaper and more plentiful.