Dr. HELLER. I do not believe we made an explicit projection for the money supply.

Chairman PATMAN. What is the money supply now for the latest date for which you have any data?

Dr. HELLER. The total money supply is $145 billion, consisting of $30 billion of currency outside of banks, $115 of private demand deposits.

Chairman PATMAN. Is the GNP figure of $552 billion correct for the second quarter of 1962?

Dr. HELLER. That is the preliminary estimate of the Department of Commerce; yes, sir.

Chairman PATMAN. May I point out that between the fourth quarter of the last year and the second quarter of this year GNP increased by 2½ percent, but your money supply grew in the same period on a seasonally adjusted basis by only 0.9 percent. Is that correct the way you understand it?

Dr. HELLER. From the trough of the recession until the middle of this year GNP rose to the second quarter by about 8½ percent on a price corrected basis and the money supply grew about 9 percent.

Senator PROXMIRE. I think Chairman Patman is talking about time deposits.

Dr. HELLER. Thank you, Senator. I am including time deposits in this 9-percent figure.

Chairman PATMAN. I might point out also in the second quarter of 1961 the money supply amounted to 27.8 percent of GNP. In the second quarter of this year it equals only 26.4 percent of GNP. This volume of money relative to the size of the economy requiring money is now the lowest since 1929. In trying to find out why the predictions you gave us last January were wrong, have you considered whether or not your projections were sabotaged by the monetary authorities?

Dr. HELLER. We try to look at all of the factors in the situation.

Chairman PATMAN. That is one of them, I believe you will admit.

Dr. HELLER. I think it is fair to say that the level of interest rates is one of the important factors influencing construction activity and plant and equipment investment. If the level of interest rates could have been lower and the money supply greater, the conditions for investment would have been more favorable.

Chairman PATMAN. Dr. Heller, I might also point out from the fourth quarter of 1960, just before President Kennedy took office, to the second quarter of the present year the gross national product increased 9.6 percent. Within the same period the money supply increased at only about one-third of that rate or a total of 3.3 percent. This brings up a question. When I first came to Congress, Dr. Heller, about 34 years ago, I was one of the group advocating the payment of the adjusted compensation certificates to three and a half million veterans of World War I, commonly known as the bonus. We finally secured its passage under Mr. Hoover and overrode his veto to get half of it paid by loans with interest, but that was not satisfactory to us. Then we commenced a campaign to pay it off in cash, and we succeeded after passing it several times in the House and Senate, and almost over the President's veto in 1935, only lacking eight votes, but in 1936 we passed it over the President's veto, with provision for pay-