

I think there is not any large growth in the money supply, demand deposits and currency. The growth has been in time funds that have gone into savings because of the high savings interest rates.

I believe that the Government deficit could be largely financed by putting into use some of these trust and savings funds now with institutions.

Representative CURTIS. Here is what I am getting to, Mr. Eccles. This is a theory that has never been tried anywhere. The witnesses, including yourself, who come forward here with prepared papers, don't go into the things that we are now trying to discuss. In fact, all they do is just pass this problem over into the debt management field and say, "This will create debt management problems."

But that is the issue. That is what we need to know. What are the economic impacts of these added debt management problems, particularly as we know they impinge on our monetary policy? In fact, that is why you say outside the commercial banks, so that it won't impinge on monetary policy.

All I am doing is pleading with the people who agree with you, including your Commission on Money and Credit, who in my judgment did not do an adequate job of dealing with these problems. I am trying to bring out, How do we meet these problems of debt management?

We have a \$90 billion rollover of this big debt now. We have people who are withdrawing their E-bonds. The balance is going the other way.

Mr. ECCLES. That is because of interest rates.

Representative CURTIS. I don't care what it is because of. I am saying that you are dumping on the backs of those of us who have to concern ourselves with debt management problems added burdens and just dismiss the economic impact because you think that cutting taxes with a quickie might stimulate the economy. That is all I am saying.

You have given us the problem and then have not discussed in your paper, at any rate, the problems that you have created.

Mr. ECCLES. Your real economic impact is created by a recession, by not having the national product higher, if it can be higher. Debt is related to the gross national product. Debt is large or small in relation to the size of the economy.

If you permit a recession, you have great difficulty supporting a debt. The philosophy during the 1930's was that we should balance the budget because the income is low. The Government can't afford to carry the debt.

In my opinion, the debt is large or small in relation to the gross national product. Our debt is not a large debt in relation to the size of our gross national product. It is about—

Representative CURTIS. Sixty percent of what it was in 1945.

Mr. ECCLES. But the gross national product has grown more than 60 percent.

Representative CURTIS. I am talking about the GNP. It is about 60 percent less relating debt to GNP.

Mr. ECCLES. Yes, that is right. The thing that concerns me is the failure to utilize your manpower and your productive facilities. That is your real wealth. The Government is the only one that is big enough to act and to counter the failures in the private economy.