ning of 1960 up until the most recent figures, has doubled. It has gone from just over 2 billion to well over 4 billion in that brief period, although we did have this adverse interest rate differential. It didn't seem to interfere with the inflow of short-term capital.

Once again, I do hope you will have a chance to go over the very interesting study by Dr. Bell, because it does an excellent job of showing the very, very modest influence of interest rates on the international balance of payments.

Along this line, I want to ask you, Mr. Eccles, if you don't feel that from the standpoint of foreign trade, we are not doing quite well? Here we have commercial exports of 18.1 billion, imports of 15.9. If we include Government-aid-financed exports, we have a surplus of $4.8 billion in trade on the first half of 1962. This is seasonably adjusted on an annual basis. This seems most encouraging.

Mr. Eccles. I think the first half of the year has been encouraging. I hope the last is as good, but I don't expect it to be.

Senator Proxmire. We have the same kind of surplus on services, $1.7 billion. In the areas where you indicated we should reduce our spending, this is within the control of our Government. That is, military outlays and economic grants account for $5.2 billion of our adversity in this field, and in spite of all this, our overall deficit is $1.2 billion.

In other words, we are doing extremely well everywhere except for the fact that we have this big foreign aid program and our troops committed overseas. Under these circumstances and in view of the fact that the studies we have suggest that interest rates do not significantly affect our balance-of-payments situation, it just makes no sense at all to me that we should follow a policy of monetary restraint now because of vague possible effect on international payments.

Mr. Eccles. I am not advocating monetary restraint. What I am saying is, if the financing is done by putting out long-term securities into the capital market, we have to pay a higher rate.

The best example was the financing last week in which a 4¼-percent long-term bond was put out at a premium of one point, and they expected to sell 750 million and sold 300.

Senator Proxmire. Exactly.

Mr. Eccles. It was not competitive.

Senator Proxmire. That was certainly an excellent indication of the fact that we have a situation of some monetary restraint, or at least unavailability of funds seeking investment.

Mr. Eccles. No. In the case of short-term funds, they put out a 1-year certificate bearing 3½ percent, and it was oversubscribed very, very heavily. I think the subscribers only got 12 percent of their subscription to that issue. So there was an unwillingness to go into the long-term market because securities at the rate offered, were not competitive with other long-term securities.

Senator Proxmire. Isn't it also true that there has been constant talk by top officials and by almost all the financial commentators that we are going to try to follow a policy of fiscal ease and monetary tightness, of diminishing the money supply in relation to the GNP in such a way that long-term interest rates are going up?

There would be every logical reason for people taking advantage of attractive short-term paper, but this long-term obligation was a