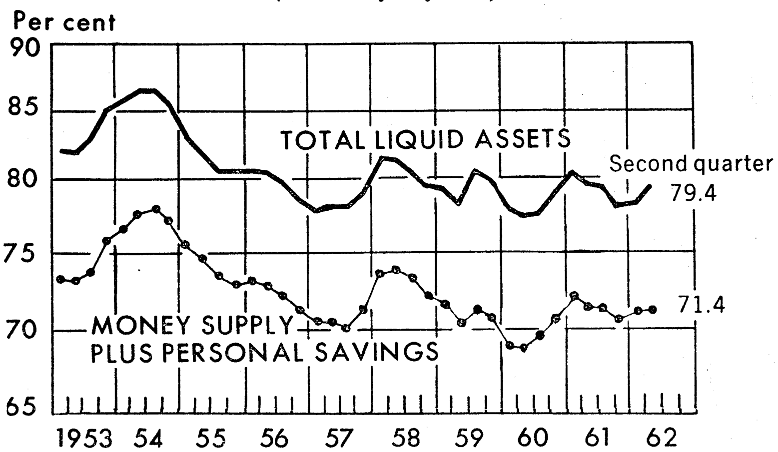
not only demand deposits and currency, the usual definition of money, it also includes savings deposits, savings and loan deposits, as well as time deposits, and this has been going down quite steadily. It has been going down since the middle of 1954 sharply, but the trend line has been steadily downward.

Mr. HAYES. Senator, I have a chart here entitled "Nonbank Liquid Assets as a Percent of GNP," and this shows virtual stability since the end of 1955.

(The chart and note referred to follows:)

NONBANK LIQUID ASSETS
AS A PER CENT OF GNP

(Seasonally adjusted)



NOTE.—Total nonbank liquid assets equal holdings by the public, other than banks, of currency, demand deposits, time deposits at commercial and mutual savings banks, savings and loan shares, U.S. Government savings bonds and U.S. Government securities maturing within 1 year. This series has been adjusted by the Federal Reserve Bank of New York to allow for a reclassification of deposits made in May 1961 and for certain special transactions affecting the period from February through August 1961. Money supply plus personal savings includes all of the assets listed above except U.S. Government securities maturing within 1 year.

Senator PROXMIRE. I am sure it does. But that is nonbank. What is the matter with including the bank liquidity also?

Mr. HAYES. I think we are entitled to look at the banks separately. As I have said, I think the banks' liquidity, their position to make loans, has been well sustained.

For example, we have here a ratio, short-term liquid assets in banks in New York City, and this shows that these liquid assets are now approximately 21 percent of their total assets, which is substantially higher than it was in the comparable period of either of the two previous business cycles.

Outside of New York this same ratio is a little over 16 percent, which is also very sustantially higher than the comparable figure in the two previous business recoveries.

So that the banks' position, statistically as well as on the basis of common impressions and conversations, seems to me amply liquid.