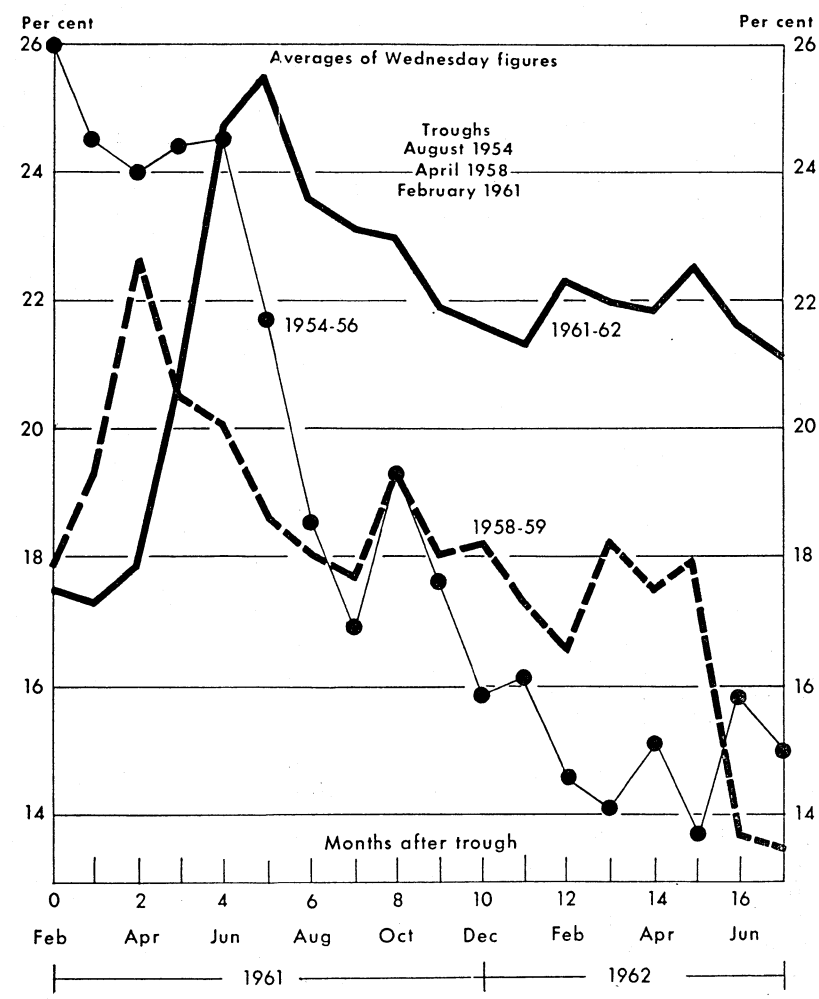
We turn, therefore, to a consideration of the entire economy outside of the banks—and that liquidity includes the money supply proper and the savings and time deposits and short-term government holdings and so on—and I find that in the second quarter this liquid asset figure was 79.4 percent of GNP, which was slightly higher than it was in the middle of 1957.

If you draw a line through the years from 1957 to date you get almost a level trend.

SHORT-TERM LIQUID ASSETS RATIO NEW YORK CITY



NOTE.—The short-term liquid assets ratio of weekly reporting member banks in New York City measures total holdings of vault cash, balances with domestic banks, loans to banks, loans to brokers and dealers and Government securities maturing within 1 year, less borrowings, as a percent of total deposits less cash items in process of collection and reserves held at Federal Reserve banks.