?? Do you see any major strains through a raid on gold or other strain, as the Federal Reserve System looks ahead upon our ...tional balance of payments, other than what we already have ...ence and what you are coping with?

Mr. MARTIN. I can't forecast what might happen if people lost confidence or that type of thing. I don't think anybody can make a judgment on that. We have been trying to keep on top of that as far as we can. I wouldn't want to borrow trouble.

Senator JAVITS. You see nothing sensational in the offering in that ?

The general tenor of your paper is that we are going along pretty well, let us continue this way. I am trying to ascertain from you whether there are any calculations that you see that would upset that idea.

Mr. MARTIN. I wouldn't want to say I think we are going along in a completely satisfactory way in our balance of payments, because two swallows don't make a summer. I think we may have a critical period ahead if we don't continue to make progress because there is a certain lack of confidence in our ability to do this.

Senator JAVITS. When you say "if we don't continue to make progress," precisely what do you mean by "making progress"?

Mr. MARTIN. Exactly the sort of figures I reported here about our balance of payments.

Senator JAVITS. In other words, would you say making progress is for equilibrium?

Mr. MARTIN. Yes.

Senator JAVITS. But equilibrium, as I see it, you put not on having a greater export surplus or greater income from foreign investments, but rather on the procurement side and having our allies carry more of the burden of the world struggle for peace; is that right?

Mr. MARTIN. I think that is where we made our most notable progress. I don't believe we can expect, as I point out in this paper, to increase our trade surplus substantially above where we are now.

Senator JAVITS. Notwithstanding the new trade bill?

Mr. MARTIN. Notwithstanding the new trade bill. I would not personally be too optimistic about increasing our trade surplus beyond the $5 to $6 billion level we have been achieving.

Senator JAVITS. The new trade bill is more, in your view, defensive rather than in the hope of getting a greater surplus?

Mr. MARTIN. It is a move toward freer trade in the world in general and a higher standard of living for everyone.

Senator JAVITS. But not in terms of increasing our export surplus?

Mr. MARTIN. That is right.

Senator JAVITS. You don't see too much more either coming to us in terms of the income from investments or services abroad than we are getting now?

Mr. MARTIN. No.

Senator JAVITS. Thank you, Mr. Chairman.

Chairman PATMAN. Mr. Martin, I want to ask you about one thing that Senator Javits brought up, and that is about your ability to meet the credit needs wherever they exist insofar as the Federal Reserve is concerned.

At this time there is a ceiling on the reserve requirements of banks, but what is the legal floor?