these tax-exempt foundations, the ones that had the earmarks of not being just for charitable purposes.

I made a speech on July 23 in which I brought out a lot of information—I hope, if you didn't see that speech, you read it. I will send you one.

Mr. MARTIN. I hope you will.

Chairman PATMAN. I will make another next Monday, in which I will bring out the assets of these foundations. People not only have these tax-exempt securities as a tax haven, but they have the foundations. Of course, we are not talking about the good foundations, such as those for cancer and polio and even for education, under certain circumstances. I am talking about the foundation that looks more like a tax gimmick or tax dodge than anything else.

We seem to have an unlimited number of these in the country. I doubt Internal Revenue could even give you an estimate as to how many.

So it looks like our tax system is becoming more and more a system whereby they just pass around the hat and let the rich people pay whatever they care to pay. Such people don't have to pay too much taxes; they have ways of avoiding taxes. I think we ought to take another look at the foundations and also at the tax-exempt securities.

Mr. MARTIN. The Federal Reserve Board is not the place to look at foundations. I think you will agree.

Chairman PATMAN. That is right, or the tax-exempt securities either, because that is up to Congress.

Mr. MARTIN. That is right.

Chairman PATMAN. You have more power than Congress in many respects, but in this respect you don't.

Senator PROXMIRE. How did you finance the deficit during the past year?

Mr. MARTIN. The deficit in the past year—the increase in securities?

Senator PROXMIRE. The table I have indicates that in July of last year all commercial banks, holdings of U.S. Government securities, \$64.7 billion. June of this year, \$64.2. So it looks as if the deficit was financed during that period generally with ups and downs by sales to the public.

Mr. MARTIN. That is exactly what we tried to do. That is why I referred in my statement this morning to the fact that in the first half of 1962, give or take a little here or there, I think we have done a pretty good job.

Senator PROXMIRE. Why isn't it a fair observation to say that the economy has not performed nearly as well as we expected it to, and maybe this is one of the reasons it hasn't, because you did follow that policy of no increase in bank money at all? In fact, a slight decline. During the last part of this period the conditions are being felt and the economy is slowing down to such an extent that the President and others are proposing what I think are quite radical and extreme proposals that would increase our deficit.

Mr. MARTIN. I don't believe that monetary policy has had anything to do with this. As I tried to point out in this paper here, we have given \$1 billion of reserves and \$17 billion of credit.

Senator PROXMIRE. I was very interested in that. You say in the last 12 months alone we have added almost a billion dollars in bank