So I think most of the increase in the money supply has come through bank-created deposits.

Chairman PATMAN. I want to call your attention to this. In 1914 the money supply amounted to about 35.8 percent of the gross national product. In 1953, it was about the same, 36 percent of the gross national product. Today, the money supply amounts to about 26 percent of the gross national product.

Do you know of any time in history when the percentage of the money supply to the gross national product was lower than it is today, Mr. Dillon?

Secretary DILLON. I am not prepared to answer that historically.

I would like to make just one comment, and that is that I think there has been, particularly very recently—over the last 5 or 6 years, or 7 or 8 years—a very substantial increase in the use by the public of savings accounts and time deposits of one sort of another, which, while not counted, by definition, in our money supply, are very close to it. So I think it is very difficult to judge by comparison of percentages in 1962 and 1914 exactly what the effect on the economy was.

But I would suspect from what you say that probably this is historically a very low ratio for money supply.

Chairman PATMAN. Thank you, sir.

Senator Proxmire, you may resume your questioning at this time.

Senator PROXMIRE. Thank you, Mr. Chairman.

Mr. Secretary, you have made a very strong appeal here for an investment credit, and you indicate you feel this is quite important in stimulating the economy and moving it ahead.

We had testimony from Dr. Langum, who is a distinguished economist, who also was for the investment credit. But all the facts he had seemed to argue against it.

One of the things he did was to give us the kind of facts shown on this first chart, here; although he added to them the business investment in plant and equipment, and showed that whereas cash earnings, that is, earnings after profits plus depreciation reserves, have increased, the ratio of actual investment of the amount available from cash earnings in plant and equipment has decreased very greatly.

The ratio of plant and equipment investment, to these cash earnings, has dropped steadily and sharply, until now they are at the all-time low shown on Langum's statistics, which go back about 20 years.

Now, we see on this chart that leaving out of account this new $1.5 billion increase in depreciation reserves you have provided, we have the perfectly enormous availability of corporate cash. It goes up to between $45 and $50 billion. And with this new amount, it will be even higher.

Now, part of the argument that you have made to us this morning is based on a chart. The only source you give for this chart is the Office of Tax Analysis, Office of the Secretary of the Treasury. This chart compares depreciation in this country with depreciation provisions in various countries abroad.

I have talked with the staff members of this committee, and they question the source of these statistics. It is a very serious position they have taken, but I have great confidence in them. I think they are extremely able men.