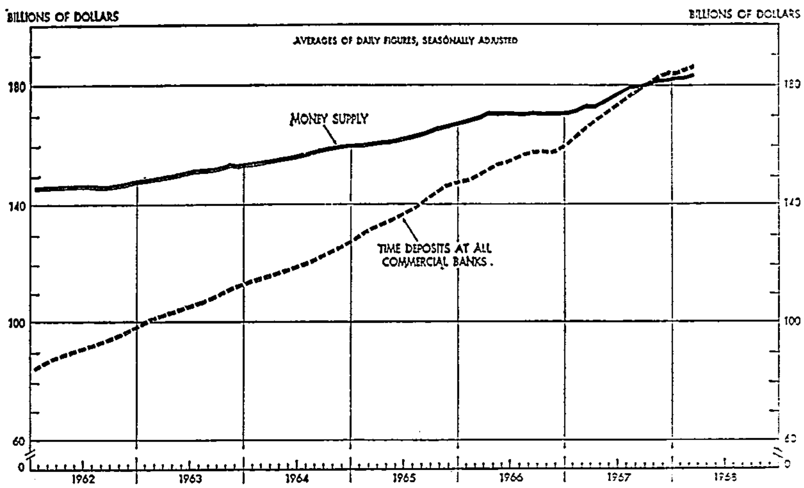
MONEY, CREDIT, AND SECURITY MARKETS

MONEY SUPPLY

The seasonally adjusted money supply rose $0.9 billion in March after remaining unchanged in February. Time deposits increased $1.6 billion, slightly more than the February increase.



SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

COUNCIL OF ECONOMIC ADVISERS

[Averages of daily figures, billions of dollars]

Period	Money supply: Total	Money supply: Currency outside banks	Money supply: Demand deposits	Time deposits [1]	Money supply: Total	Money supply: Currency outside banks	Money supply: Demand deposits	Time deposits [1]	U.S. Government demand deposits [1]
	Seasonally adjusted				Unadjusted				
1962: Dec	147.4	30.6	116.8	97.8	151.6	31.2	120.3	96.7	5.6
1963: Dec	153.0	32.5	120.5	112.2	157.3	33.1	124.1	111.0	5.1
1964: Dec	159.3	34.2	125.1	126.6	164.0	35.0	129.1	125.2	5.5
1965: Dec	166.8	36.3	130.5	146.9	172.0	37.1	134.9	145.2	4.6
1966: Dec	170.4	38.3	132.1	158.6	175.8	39.1	136.7	156.9	3.4
1967: Dec	181.5	40.4	141.1	183.8	187.2	41.2	146.0	181.8	5.0
1967: Feb	171.5	38.7	132.8	163.5	170.6	38.3	132.3	164.0	5.0
Mar	173.1	38.9	134.2	166.1	171.9	38.5	133.4	166.7	4.9
Apr	172.7	39.1	133.6	168.1	173.6	38.7	134.9	168.8	4.8
May	174.5	39.2	135.3	170.0	171.1	38.9	132.2	170.8	6.5
June	176.2	39.3	136.8	172.4	174.3	39.3	135.1	173.0	3.9
July	177.9	39.5	138.4	174.6	175.8	39.6	136.2	175.1	5.6
Aug	179.1	39.6	139.6	177.2	175.9	39.6	136.2	177.7	4.3
Sept	179.2	39.8	139.5	178.9	178.4	39.8	138.6	178.9	5.0
Oct	180.3	39.9	140.3	180.8	180.6	40.0	140.6	180.3	6.2
Nov	181.2	40.0	141.2	182.5	182.5	40.4	142.1	181.1	5.2
Dec	181.5	40.4	141.1	183.8	187.2	41.2	146.0	181.8	5.0
1968: Jan	182.5	40.5	141.9	183.7	187.8	40.5	147.3	183.5	4.9
Feb	182.5	40.7	141.8	185.0	181.5	40.3	141.3	185.5	7.2
Mar p	183.4	41.1	142.3	186.6	182.1	40.7	141.4	187.4	6.7

[1] Deposits at all commercial banks.

NOTE.—Effective June 9, 1966, balances accumulated for payment of personal loans (about $1.1 billion) are excluded from time deposits and from loans at all commercial banks.

Data include Alaska and Hawaii.

Source: Board of Governors of the Federal Reserve System.

Chairman PROXMIRE. Then, later on, in 1965, and there was a rapid increase in the money supply and this coincided with a whole series of great stimulating elements in the economy, as you recall. It was in the beginning of the Vietnam escalation, there were two massive tax reductions, an unprecedented record of business investment in plant and equipment, so that the money supply increased at a time when the economy was expanding rapidly.

Perhaps the most conspicuous example of what seems to be in error is what happened last year when we seemed to be suffering from serious