

Ways and Means emphasized the argument that it was very important that the Rules Committee grant a rule promptly and that the House act promptly on the restoration of the investment credit.

In order to answer the argument made against the proposal that some of us have made for years that the Executive be given a limited and circumscribed authority to raise and lower taxes, he made the argument that prompt action by the Rules Committee and by the House was essential to answer the argument that it would be wise to give the Executive a certain limited authority to effect the tax take of the Federal Government.

The chairman of the Committee on Ways and Means was very successful in his request to the Rules Committee and in the House, but something happened in another body that seems to have delayed action of the Congress as a whole substantially, and it leads me to inquire as to what the position of the Council is today with regard to—and I am purposely vague—to a limited and circumscribed authority vested in the President to change upward and downward the tax rate of the Federal Government.

Mr. ACKLEY. Speaking only as an economist, I would think it might be useful if the Congress would agree to grant the President such authority. I don't regard it as a necessary precondition of an adequate degree of fiscal flexibility. I believe that Congress has demonstrated, despite this most recent incident, an ability to act promptly on tax changes. And, indeed, in this most recent case, inasmuch as the effective date of the proposed tax change was a date already past, the need for urgency was not quite as great as it might have been if we had been talking about a tax change whose effective date depended on the passage of the legislation.

I am confident that Congress can act as rapidly as is necessary. Although it might be useful to have some flexibility on the part of the Executive, I don't regard that as crucial.

Representative BOLLING. I find myself again in the position that I often find myself in, that as a Member of Congress I am less optimistic about the institution than you are.

Thank you.

Chairman PROXMIRE. Congressman Moorhead?

Representative MOORHEAD. Thank you, Mr. Chairman.

Mr. Ackley, I must first commend you and your associates on this excellent presentation. It is clear and very helpful. I don't want to embarrass you, but I would like to get back to this question of timing raised by Congressman Bolling. As I understood your testimony, I gather that you believe that the Congress should act promptly on enacting the tax legislation. I will come to the effective date later. Did you not say that we should act promptly so that people in the financial markets would know that a tax increase is coming?

Mr. ACKLEY. That is correct. The earlier people are convinced that that is there will be a tax increase, the more healthy our financial markets would be. As to the timing of the effectiveness of the tax, certainly the proposal was originally that it be enacted in July. I think it still is appropriate to stay as close as we can come to that date as is feasible and appropriate.

I would point out that we don't need the tax increase in effect now. We won't need it in effect in July. There is time for the Congress and the President to take timely action to meet the need that we foresee.