The arguments for this grant of power in my judgment are overwhelming. They are:

One, it would speed reaction time for altering economic policy by the executive office.

Two, it would give a portion of the requisite authority required by the Executive Office for coming close to matching the overwhelming responsibility which it has for economic performance.

The argument against such a grant of authority is that it transfers some of the basic prerogatives of the Congress to the executive branch of our Government. But as my previous analysis has indicated, this position has no substance if the distinction is recognized between responsibility for changing the tax structure and responsibility for changing the overall average of tax rates.

But for those who find it difficult to contemplate such a formal transfer of authority, it may be appropriate to initiate steps toward such a policy by making the grant of authority limited for 2 years or some specified number of years. This limited grant could also be composed to provide that at the end of the 2 years any changes that had not been reversed at the expiration of that period, would at that time be eliminated and the level of taxes would return to the state that existed at the time of the grant. Or alternatively, Congress might be willing to grant to the President limited authority to raise taxes, but retaining unto itself the power to reduce taxes.

Surely the risks of following such a policy for a limited period of time are minimal. This policy change is recommended and supported by the entire sweep of economic and political developments that have taken place in the United States since the end of World War II and in turn reinforced both by the mixed behavior of the economic time series during any period of adjusting one rate of growth to another and the kind of qualitative analysis and understanding that is required for a real meaningful interpretation of the statistics as illustrated by my discussion of the inventory statistics and the unemployment statistics at the beginning of this presentation.

The Two Wars

Another one of the basic policy alternatives that has been formulated is the choice between increased defense expenditures to meet our worldwide responsibilities versus increased expenditures on what has been summarized in general terms as the "war on poverty." Some have taken the position that our expenditures in relation to our worldwide commitments represent inexorable pressures. This view holds that we have very little discretion in the international area and therefore it is urged that we cannot fight two wars at once and this point of view concludes that since we are impelled to fight the war against various forms of aggression abroad, we must postpone the war on poverty at home.

I would argue that the web of past events provides very narrow constraints. The Congress in its previous decisions has preempted discretion and policy choices with regard to the present policy alternatives that are open to them.

Among the most important of these previous decisions stands out the successive increases in minimum wages. As minimum wages are imposed and successively increased, in a private enterprise system a