Senator SYMINGTON. Thank you, Mr. Chairman.

Dr. Heller, as one of your admirers it is a privilege to see you here this morning, sir.

Mr. HELLER. Thank you, Senator.

Senator SYMINGTON. I would associate myself with the remarks made by Senator Percy with respect to the ability and integrity of the Chairman of the Federal Reserve Board. Because of my belief in the importance of the integrity of the dollar, I also believe in the importance of the integrity of the Federal Reserve. Both the Chairman and membership of the Board and the Office of the Comptroller General are appointments made by the President, then confirmed by the Congress. I would hope the Federal Reserve would not be completely subservient to the White House any more than the Comptroller General should be completely subservient to the White House. Otherwise, the Fed would be no real check on the fiscal and monetary activities of the rest of the Government.

Now in discussing the debt in your recent thoughtful book, you noted—

It has been declining as a proportion of the Gross National Product from 58 percent in 1960 to less than 45 percent in 1962. Moreover, in the five-year period from 1961 to 1966—

You note further on that—

The GNP advanced by $218 billion. But during that same period the United States balance of payments on a liquidity basis was in large and persistent deficit.

If as you seem to indicate, the GNP is the key yardstick in measuring the strength of our economy, would you see any reason for the United States to ever balance its international payments?

Mr. HELLER. Senator Symington, may I as a prelude to the answer to that question comment on the comments that have just been made about Chairman Martin. I wanted to make this comment while Mr. Patman was here.

I think I share the same regard for the ability and integrity of the Chairman. However, that does not mean that there aren't points at which one will dissent and differ on policy, and I think those two things should be very sharply differentiated.

Senator SYMINGTON. I agree with that. But I would like to see one person in Government who has some independence with respect to these rapidly moving fiscal and monetary developments.

Mr. HELLER. I would also say on that score, that given the cooperation between the Federal Reserve and the White House, the Council, the Treasury, it has to be a two-way affair. That is, if the Federal Reserve wants to influence or have its say on fiscal policy, obviously the executive branch has to have its say on monetary policy.

Senator SYMINGTON. I don't want to use all my time on this.

Mr. HELLER. I am sure you don't.

Senator SYMINGTON. But would, as long as you have brought it up, say this. I think it has been particularly unfair to Chairman Martin for the Government, in effect, to first turn over the entire problem of inflation to him. There are only two things he could do to handle this on a monetary basis.

One, restrain credit, the other, raise interest rates; and they go together. And then after he does his job, which as you point out,