

Senator JAVITS. And it is entirely practicable—and I hope my bill doesn't, but other bills can, take into effect awards for efforts so that the States should not be replacing money they are taxing for, it should be effectively administered and so-called compensation for the poorer States with below average comparative income, and some requirement that the money should find its way into lower levels of government, all of this conditioned upon the fact that it shall be effectively used, and if not, then the Federal Government can proceed directly. Isn't that your understanding of it?

Mr. HELLER. Those principles seem entirely sound.

Senator JAVITS. I thank you, Dr. Heller. I am sure you will be here fighting for this concept. I think you have rendered an enormous service to federalism in our country. We are but instruments of your ideas, myself and others who have put in bills.

I think the idea is a great one. I think it will come into being. I think the whole country will be indebted to you, because I really think that federalism is on its way out, until the Heller plan came along to give it the lift that it urgently needed.

Mr. HELLER. Thank you, Senator.

Senator JAVITS. Now I would like to ask you one or two other questions. I noticed with tremendous interest your position on the tax increase that should have been in 1966. I am sure you, too, noticed with some amusement the fact that the Secretary of the Treasury is now testifying as if it was Treasury's idea, not yours and some of us here. But be that as it may, I gather that you, too, like the present Chairman of the Council of Economic Advisers, give us—roughly speaking—an order of magnitude of 90 days to have a look at it before we jump now. In other words, this is not a case of "better late than never."

Mr. HELLER. This is absolutely correct. In many ways I think of it, Senator, as a second best alternative to some kind of system of actual standby tax powers. In other words, we must eventually move to the point where, through a system that will protect the congressional prerogative, we have pushbutton tax increases and decreases. Under carefully devised guidelines by the Congress, the President would activate these tax changes subject to congressional veto. That kind of flexibility is essential to the stability and the growth of a highly refined and modern economy.

Senator JAVITS. Now would you recommend that we do that on a trial basis, that is, give the President the authority rather than impose the tax ourselves, in respect of this particular 6-percent tax surcharge, allowing him, with protections, and you have named them, the joint resolution technique which all of us are familiar with, where we can act without the President's signature, revoking authority—I think it has been sustained constitutionally—would you suggest therefore that we give him the 6-percent surcharge authority, and in answering that question, would you bear in mind—and I know you didn't do this invidiously, you served the President loyally, and you are loyal to him to this day, but you did note that it was political, which is not invalid, and I am not throwing rocks at him, considerations rather than economic, which made the early 1966 decision not to tax.

Now under those circumstances, would you still advocate that we try an experiment in this particular 6-percent surcharge, that we give