him the authority rather than to levy the tax increase ourselves, notwithstanding the character of the 1966 decision?

Mr. HELLER. Speaking purely as an economist, perhaps a political economist, I think it would be an interesting alternative, and one that would make a lot of sense. I have no idea what the views of the rest of the Congress or of the administration might be on this, but it would be a most interesting first step toward the kind of flexible policy that we need in the longer run.

I do recall, Senator, that when I came before this committee for standby tax powers—or supporting the opposite proposal—which President Kennedy had made in 1962, Mrs. Griffiths reminded me with a certain amount of irony, that it was a great plan for the Congress to hand to the President of the United States the privilege of reducing taxes. Here you want to hand him the privilege of increasing taxes, which is a somewhat sterner test. But if he asks for the 6-percent tax increase, as he has, it seems to me, a perfectly sensible responsibility to put on the Executive. And, indeed, had he had the pushbutton tax power last year, even in the face of uncertainty, political considerations, and so forth, I think the chances would have been very considerably greater that he would have put through a tax increase.

Senator JAVITS. Dr. Heller, may I point out that if we give him the power to increase, we also must give him the power to take it off.

Mr. HELLER. I agree.

Senator JAVITS. So he has both sides of the political coin.

Mr. HELLER. I agree.

Senator JAVITS. And I might tell you that I am inclined that way. This is my own view right now as to the proper way in which to do it.

Now your testimony, and this is critically important, because my beloved friends who write about us would immediately label this as buck passing, but if you say, and many like you will say, that it is sound economics, and an intelligent practice, you will buttress us enormously in that, so we don't shy away from what ought to be done, because we don't like the handle that is put on it.

I have one other question, Dr. Heller. Mr. Chairman, do I have time for one more question?

Chairman PROXMIRE. Yes, indeed.

Senator JAVITS. You may want to put your answer to this in writing because it is quite a complex question I would like to ask you. I am speaking in sort of a postgraduate way. You will understand.

There has been a lot said about the fact that if the United States succeeded in balancing its international payments tomorrow, there would be a world crisis of liquidity, because of the resistance to monetary reform—Senator Symington and I have debated this many times—of the very nations which are profiting from the dollar imbalance that we have. They, themselves, would be the first to feel the squeeze in some deflationary way.

Now, coupled with that is the fact that we notice, and Professor Machlup of Princeton has called attention to a rather marked decline in the taste for dollars since 1965, and the greater appetite for gold which was perhaps engendered by President de Gaulle, or otherwise.

Now under these circumstances, would you tell us, first, whether or not this is a tendency we had better be afraid of, that is that even