

hands of the President, with a veto, to raise and lower taxes, and I think very clearly in the light of the evidence that has been presented to this committee so far, this would be the wise course, because there are enough uncertainties as to whether we should act and when we should act, so that this clearly almost proves the need for giving the President a limited authority in this field.

Personally, I go farther than you do with regard to the Fed, and I guess that leads me to the only question that I really want to ask. Do you believe that there should be an independent Federal Reserve?

Mr. HELLER. This is a very tough question. I think on balance, the answer is yes. The President does have the power of appointment of the members of the Federal Reserve. This is not an inconsiderable power in influencing what will happen to monetary policy.

By the way, Congressman Bolling, my answer might have been different before I came into Washington in 1961, and that suggests that with the exception of that December incident where I agree entirely with Mr. Patman that the Fed slipped out of the harness of cooperation, there was a surprisingly good degree of cooperation among the various members of what we call the quadriad.

By the way, I don't know whether the members of this committee are aware that the dictionary defined a quadriad as "a group of four. Rare." It is a rare group, and yet, by and large it has worked well together, and the present operations of monetary and fiscal policy in 1967 are evidence of good cooperation. So, I am trying to suggest that there are some mitigating circumstances of this independence.

Representative BOLLING. I would only comment again as I did when Mr. Martin was here, that I think the deficiency, the failure in the total mix of policy, is very clearly placed in one place, and it is on the Congress. I do not think that the executive or the Fed or any other element of the Government has been nearly as deficient in achieving in approach to what they call now the "new economics." I guess you rightly point out that it is still political economy.

I think the only branch of Government that is really backward remains the Congress. We talk a great deal about cutting budgets—we don't. We have been doing this in all the time that I have been here. We talk about not liking Keynes—and we adopt half of it, but not the other half.

And I think it's about time that everybody, including the press, starts looking at where the fault really lies. It's not really with the executive. It's not really with the Fed. It is really with the House and the Senate.

You don't need to comment on that. Thank you.

Mr. HELLER. You apparently noticed a discreet silence.

Representative BOLLING. Thank you, Mr. Chairman.

Chairman PROXMIRE. Mr. Reuss?

Representative REUSS. Thank you, Mr. Chairman.

I want to add my welcome and appreciation for the superb job you are doing here, Dr. Heller, particularly on the balance of payments and gold. I think your "bedside manner" is very reassuring to this committee.

I would like to pursue that a bit. You have said that international monetary reform is highly desirable and there, of course, you express the unanimous view of this entire Joint Economic Committee. We all