

Chairman PROXMIRE. Congressman Reuss?

Representative REUSS. I agree with you, Dr. Heller, that flexibility is the most important stance in considering this 6-percent income tax surcharge slated to go into effect on July 1, if the Congress approves. In discussing flexibility, you mentioned that the proposal for granting wide areas of discretion to the President, first advanced I believe by President Kennedy, is a worthy proposal, but stands little chance of being adopted by the Congress.

I am wondering if there isn't a little ground which would keep the power in Congress, where Congress wants to keep it, yet achieve flexibility, because specifically in this year's context, would it not be sound for the tax writing committees of both the Senate and the House to address themselves rather promptly to the President's 6-percent across-the-board surcharge proposal, amend it, approve it, do with it what they will, bring it to the floor, have the Congress enact it with the following important proviso: That it not go into effect until and unless the President shall request it and the Congress, by a joint resolution, approves that request.

Such joint resolution could go through Congress in a day or two, whereas inevitably Congress should and will take some months to debate the details of the tax proposal itself. Wouldn't that give us pretty much flexibility and still keep the center of authority in Congress, where Congress evidently wants to keep it?

Mr. HELLER. That strikes me as a very reasonable approximation of flexibility or pushbutton tax policy, and indeed it comes very close to what I had suggested just a year ago at the Twentieth Anniversary Symposium on the Employment Act of 1946, where I suggested a contingency planning kind of action by Congress, where it would enact something and have it ready to go under joint resolution. Having been for it under those circumstances, I must say that I respond very sympathetically to it under this year's circumstances.

Of course, we all know the tactical problems of the Ways and Means Committee being preoccupied with other things, but we are talking about what would be a desirable flexible fiscal policy, and this would be desirable.

Representative REUSS. Let me turn now to the interesting subject of the investment credit, which I am glad you brought up. I agree with you that back in 1962 when we enacted that, it made sense. Then the economy was in something like a recession. We had you say \$35 billion of wasted GNP that wasn't being produced, some being even higher.

Mr. HELLER. Yes. Well, it was about \$50 billion in 1961, but it had shrunk somewhat by 1963.

Representative REUSS. Yes. It could then be said to those who would have argued, "Why don't you put all your tax and fiscal emphasis on the demand side, let the consumers have more money in their pockets, they will want to spend it and then factories want to invest?" it could have been said, in answer to that, and in my mind it was said, "Yes, but your deflationary gap is so big, \$50 billion," or whatever it was, "that you had better do something for both the consumption and the investment side."

Actually I felt we should have been doing something for consumption back in 1962, and so I suspect when you write your memoirs, it