

As a further alternative, delegation to a nonpolitical body deserves to be considered. This might be the Federal Reserve, or some other group that would have to be established with a degree of independence from political pressures. The usual objection to such procedure, that it is undemocratic, seems to me beside the point. It is true that tax changes are not purely a technical matter, but contain a political element. But the same is true of many decisions that today are made by the regulatory agencies of the Government and even by the Judiciary. If the Congress retained a right to veto the action of this group, it is hard to see how serious damage could be done.

(Letter from Gerhard Colm responding to Senator Javits' request :)

NATIONAL PLANNING ASSOCIATION,
Washington, D.C., February 28, 1967.

JOINT ECONOMIC COMMITTEE,
Senate Office Building,
Washington, D.C.

GENTLEMEN: The following is my response to the question raised by Senator Javits as to whether the Congress should authorize the President to raise or lower the income tax within the limits of 6 percent for a specific period of time, e.g. for one year.

I agree with the objective of this proposal, namely to expedite limited changes in the income tax in response to actual or expected changes in economic conditions. It may well be that delegation of authority to the President to make such changes within specific limits is the only feasible solution. However, it appears preferable to me if a method could be worked out by which the Congress would share with the President responsibility for such changes without causing undesirable delay.

My preference is based on the following reasons:

- (a) It is politically desirable to have Congress directly share responsibility for changes in the tax burden even if they are of limited size and duration.
- (b) If the President has sole responsibility for such action he might hesitate or even fail to act for political reasons, particularly when an increase in taxes is involved.
- (c) There are not many cases in which the President recommended a change in taxes to Congress but in which action was unduly delayed because of protracted Congressional deliberation.
- (d) Not all economic conditions require the identical change in tax measures. There may be situations in which a change in both individual and corporate taxes, or in only either one, is warranted. In other situations a change in excise taxes may be desirable. If there is an authority to make changes only in one particular way the President may use this authority even though under the circumstances a different type of tax change may be desirable.

I believe that the recommendation made by the Joint Economic Committee's Subcommittee on Fiscal Policy in May 1966 (see pp. 16 f.) suggests one possible procedure for prompt legislative action.

I suggest that the tax-writing committees consider and propose to the Congress stand-by legislation providing for up- and downward changes in tax liabilities, leaving open the effective date and, perhaps, stating only a maximum percentage of change, leaving the exact ratio of change within these limits open. In case of need the effective date and the exact ratio of the changes could be adopted by a Joint Resolution recommended either by the President and/or the Joint Economic Committee after hearings which should not exceed, say, one week. If the hearings are held by the tax-writing committee, separately or jointly, the views of the Joint Economic committee should be heard at the hearings.

I recommend experimenting with such a method of Executive/Legislative cooperation before considering the delegation to the President of the power to make such changes by decree.

Sincerely yours,

GERHARD COLM.

Senator JAVITS. If the Chair desires Mr. Lekachman to address himself to the questions, it is fine with me.

Chairman PROXMIRE. You mean the previous question?

Mr. LEKACHMAN. The previous question, yes.