friend of mine, and I think certainly one of the most respected men that has ever been in the banking field, and a man who has contributed more than any man in the history of Chicago to our cultural and economic development.

Tom Watson said years ago none of us is enthusiastic about anything until we understand it.

There has never been a subject more confusing than the Federal budget, and about which there has been more consternation and unhappiness, certainly in the Congress and in the country, because people simply have not been able to understand it. And I think the contribution that you have made in trying to give us an intelligible budget that the average human being, such as a Senator or Congressman, can really understand, is going to make a major contribution.

I for one would like to pledge everything I can through the years to implement your recommendations.

This is your last day of the Commission. Even though some of these things might not have fallen in your province, you and your able staff members have accrued a body of knowledge on the budget that is very valuable to us.

We are undergoing now the temporal process, which is a process I guess that happens every year, of trying to figure out how to raise revenue and reduce expenses. And I am surprised at the lack of knowledge as to how is the best way to go about this.

Did you gain any insight, Mr. Kennedy, in the merits of various proposals that are made to allow the President greater flexibility, to cut back certain funds? For instance, we proposed 2 percent authority be given to him to move funds from one program to another, from all nondefense items into other programs of great need.

Now there seems to be a rigidity and inflexibility here—the fear of the Congress to give the President item veto, for instance, or to do anything that might give him that power.

Is there an inflexible policy by Congress that really hampers the proper implementation of a budget, and prevents sufficiently rapid adjustment of our outgo to our income on occasions such as we are now experiencing? Is there a flexibility that should be given to the executive branch of the Government to have standby authority, for instance, to raise taxes when economic indicators require it with the amount of those tax increases to be put in, say, by Congress at the last moment when the increase could be finally authorized?

Mr. KENNEDY. From the standpoint, Senator, of the Commission, we made no study of this substantive matter. It is a problem, and it is one that is confronting you right now, of course.

You have the problem of appropriations which we did go into. We recommend showing the amount of appropriations the President is requesting for a given year, and the amount which would be available to the executive branch from previously approved appropriations for expenditure. But we did not go beyond that.

Now on the question of funds that the Congress has the power to appropriate, they undoubtedly have the power to disappropriate if funds have not been used, I suspect.

The broader questions of financial control as between the legislative and executive branches were not under our terms of reference.

Senator PERCY. I wonder if you had come across the problem that I became aware of while in Washington 23 years ago, in the Navy.