Now so far as the price level is concerned, there were certain aspects of the inflationary picture there that were, of course, disturbing. There was an emergence of concern on the part of consumers about the prospects for the price level. Perhaps this was reflecting the general discussion about it more than any substantial concern.

This was undoubtedly part of the deterioration in sentiment about whether this was a good time to buy, the kind of things picked up by surveys at the Survey Research Center at the University of Michigan. This in turn was perhaps part of the more sluggish demand evident now in durables and in automobiles. But my concern there is more with the uneven course of the economy that was created than simply the magnitude of the price rise.

Chairman PROXMIRE. Unfortunately my time is up. I will be coming back.

Congressman Widnall?

Representative WIDNALL. Thank you, Mr. Chairman. I enjoy being here this afternoon and hearing you two gentlemen who are appearing as the afternoon panel before the Joint Economic Committee. I wish there were more of the press here because you have both made thoughtful and excellent statements. Incidentally, I didn't realize that you were professor and pupil. It is a rather interesting relationship.

Chairman PROXMIRE. If the Congressman will yield for just a minute to observe the distinguished Frank Porter of the Washington Post is here, giving complete coverage to this hearing this afternoon. I am delighted to have him here.

Representative WIDNALL. I am glad, too. We just have some remarks as to the recent contest in Illinois. There was some talk that you should elect the professor and not the pupil. I don't think we have to choose here between the professor and the pupil.

Mr. MCCRACKEN. I will let him run.

Representative WIDNALL. We appreciate your remarks very much, and I know they add a great deal to the fund of knowledge we are gaining through these hearings.

The question of inflation, the question of cost increases and tax increases certainly has been gone into by many people, and I still can't get in my mind how our cost index or price index is accurately reflecting some of the changes that have taken place in the economy with respect to everyday expenditures.

A cigarette tax will go up by 1 cent, and you go to buy a package of cigarettes and the package will have gone up by 5 cents. Now this is a tremendous change in costs. The same thing happens with automobile repairs. It happens with respect to going into a service establishment, such as a barbershop, a beauty shop, places like that.

I just don't see the things that are normally used by the average individual as being reflected in the index that is shown to the people that says, well, it only went up 0.05 percent or it went up 0.07 percent.

This may apply to some big items across the board, and it may average out, but in the everyday cost of living, I think we ought to have some kind of reflection of that, and I am sure it would show a far greater increase than has been shown in the past. Do you think there is any validity to what I am talking about?

Mr. HANSEN. I am not sure that I see that there is. How about that, Professor McCracken? How would you answer it?