may well be as good a time as we have had for several years in really pressing this issue.

The wheel is squeaking more. We are more aware, in other words, that we have got this budget deficiency in our information system.

Chairman PROXMIRE. And, also, I think that we are getting—it is hard for us to realize, I know you two gentlemen do, but it is hard for those of us who aren't professors and economists to realize how vastly our economic policy has improved, and how rapidly it has improved because of the economic information.

The statistics themselves are relatively very new, and they have been broadened greatly and refined greatly. Now, this would seem to be one of the easiest things to accomplish.

It is true it is not easy because, of course, the budget is a huge, complex document, but it certainly would improve policy, it seems to me, quicker than almost anything else.

Let me ask you this. Professor McCracken, I would like to join Congressman Reuss most emphatically in his plea for us to close loopholes. That would certainly be the most welcome and wisest way, it seems to me, that we would have in raising revenue, but I would agree that it is going to be hard to get that through very promptly. It means a long, tough, hard dragged out fight.

We can do it in the Senate more easily than in the House, because we can amend more easily. We have tried in the past, heaven knows how many times, to do something about the oil depreciation giveaway, but we haven't gotten a great deal of success, and that, it seems to me, is one of the keys to the whole thing.

At any rate, let me ask you, isn't it true, just as a matter of economic policy, that a cut in Government expenditures does not increase cost in any way, and therefore, has an unmitigated anti-inflationary effect, while the tax increase also diminishes demand, but does increase cost in some respects.

The President asks for an increased corporation income tax. That is going to mean some of that will be passed on to the consumer in higher prices.

He has also asked for an across-the-board surtax on income. Labor is going to fight to maintain their take-home pay. There will be translated to some extent higher costs and higher prices.

The income tax itself, as Professor Hansen has rightly said, is not considered to be an increase in the cost of living, but nine taxpayers out of 10 would say that it might as well be, because they have to pay it if they are going to stay out of jail. So that, wouldn't it be sensible to recognize that between these two alternatives that a reduction in spending does have that advantage?

Mr. MCCRACKEN. Oh, yes. As between these two actions, the effect on cost I think is very definitely in favor of a lesser rate of rise in expenditures. We have seen this in the last year.

I think the Economic Report estimates what happened, in fact, a year ago. There is an estimate of what happened to the cost-of-living index as a result of having taken off the excise taxes, and of course we gave it another one- or two-tenths of a point increase by virtue of putting the excise taxes back on.

Chairman PROXMIRE. This is especially true when you have a cost-push situation.