right in suggesting that the analysis that is needed for making the decisions that you are confronted with cannot be contained in the budget. What you need is not some financial record or financial forecast for a short period or even for a long period, but you need an appraisal of many kinds of effects, many of which cannot be summarized in any dollar numbers but which are very important to you and which, I think, you are not now getting from any source but which I hope the new PPBS system will begin to provide and which I hope the Congress would put itself in a position to provide, to evaluate the information that comes from the administration and to provide its own information.

But as you put it, this requires a very sophisticated level of analysis and a staff that can develop it.

Representative GRIFFITHS. Now, for instance, to a lot of people, knowledgeable people, the tax cut of 1964 did not do what was claimed at all.

Do you agree or do you not agree? Was it effective, as effective as all of us have proclaimed it to be, or did we just like the tax cut?

Mr. STEIN. Well, I think I am probably in the minority of economists in agreeing with you very heartily, that we know very much less about these things than we have claimed and pretended to know. We had a tax cut and we know that the economy which had been rising before the tax cut continued to rise after it. But what was the connection between the tax cut and the rise is very difficult to disentangle. And I think that economists would have to say that they certainly do not know with any precision—and there are some economists who have great claim to be listened to who would say that the effect was rather small. The economy is a complex thing, and a lot of other things are going on all the time, and notably in this case we had the coincidence of a tax cut and a fairly steady and substantial expansion of the money supply to which some people would attribute most of the rise we got. That is one of the reasons why I am skeptical about the very confident statements made in this report about what measures the fiscal impact, and what is important and what is not important. I think most economists' judgments about this are derived from a kind of textbook model into which numbers have not yet been put.

Representative GRIFFITHS. Don't you think that it could possibly be said quite confidently at this moment that if today we enacted a $7 billion tax increase, prices that have been rising will still continue to rise?

Mr. STEIN. You asked me whether you could say that confidently. My position is that we cannot say any of these things confidently. I do not know.

Representative GRIFFITHS. Well, I would assume that car prices are going to rise. I do not think—you don't even have to be a seer to figure that out.

I think that the price of hospital services is going to rise. I think schoolteachers' salaries are going to continue to rise. I think the cost of food is going to go up, because you have in some areas a scarcity. So that it is rather unrealistic to say today that a tax increase is going to lower prices or stop them from rising.

Mr. STEIN. But you might ask whether the tax increase will make a difference in how much the rise is in the next 2 years. It probably