

nent. It seems to me that in one sense it is impossible to describe whether it is going to be temporary or permanent.

The point is that you have in fact had some fundamental changes in spending policy with regard to the aged, medicare, the disadvantaged, in terms of the Economic Opportunity Act. But Congress passed these things. You have this legislation. It is a fact.

I think even within Mr. Ture's framework, he may not agree with them as a private citizen, they don't fit into his value system, but they do represent, it seems to me, fundamental changes in spending policy which have been enacted by Congress.

In addition, you have a world in which, as I indicated, there appear to be fundamental power shifts taking place. At least we are involved in a war in Vietnam, whether we want to call it that or not, whether we like being there or not.

But, given these as facts, they present us with an economic outlook that we are all in agreement with here, involves the necessity for something on the revenue side.

Again, regardless of what you say about monetary policy, it involves the necessity of something more on the revenue side.

To disagree with this policy because it has been labeled by some as temporary, seems to me irrelevant. I think it is impossible to put that kind of label on.

The point is, you need it, and we delayed having it for some time. Whether it has been justified in the past, in terms of fine tuning or not, the point is that there is at least an intermediate term change in the level of spending taking place.

The second point, the point, Senator Proxmire, that you apparently keep coming back to, is that it would be better if we cut expenditures.

What you are saying is that it would have been better if the Congress had not passed these other forms of legislation.

As I say, realistically, I do not see it at all feasible to reduce spending of the order of magnitude required to do the job.

Chairman PROXMIRE. I sure want to come back to that, but my time is up.

I yield to Senator Jordan.

Senator JORDAN. Thank you, Mr. Chairman.

Well, it is quite obvious and refreshing, I believe, to observe that economics is not yet an exact science.

Mr. Schultze, it appears that in this year, 1968, we might have serious labor disputes; several contracts are coming up for renewal. If this occurs, how do you believe it will affect the economic outlook and desirability for a tax increase, and, second, how close are we to wage and price control?

Mr. SCHULTZE. Answering the second first, I hope we are a very long way from it.

You know, one has to pick one's evils, and I would put wage and price controls pretty high on my list of evils. I would stand a lot of others before that.

That does not mean under no circumstances would you want them, but I would say you would have to have an awful lot of evils facing you before you picked that.

Point No. 2, with respect to how a steel strike would affect the economy, I hesitate to be very precise with the committee on it. It seems