

Mr. LOCHER. Mr. Chairman—I said approximately a billion dollars. Cleveland notoriously has been a very frugal and prudent city, and I thought I would take less than half, just to be on the conservative side.

But as I stated, I think any guess of mine would not even be educated at this point, because of not knowing what area we would select.

Mr. FINO. Do you think that the city demonstration program should be confined to major cities of the United States?

Mr. LOCHER. No; I do not. I think if it is to be a demonstration, it should be a demonstration in all the categories.

Mr. FINO. Large, medium, and small cities?

Mr. LOCHER. Yes.

Mr. FINO. Do you think there should be geographical limitations?

Mr. LOCHER. I think when it speaks of massive—I assume they mean a relatively large area. But I doubt that you would ever include the entire geographical area of a city. It would just be too costly, and it would not be necessary in many areas of cities. I believe there should be some guidelines.

Mr. FINO. Do you think there should be a limitation on the amount that could be given to any one city?

Mr. LOCHER. Mr. Chairman—no; I don't. I believe it is more important that we have a quality demonstration than to spread it out so thin that perhaps it would not work anywhere and be of no value. I would not favor a limitation.

Mr. FINO. Now, in addition to the fear expressed earlier about the Federal coordinator, there is always a fear that this program will divide the country into new Federal community development districts, a new political unit, which would look to the Federal Government rather than the State government for guidance and direction; that this program will be the first step in a master plan to bring complete economic and social integration to rural areas.

Would you care to comment on that fear that has been expressed?

Mr. LOCHER. Mr. Chairman—if there is basis for a fear of that kind, it is because the State governments have abdicated their duties in almost every instance. And I speak now of someone who was for many years secretary to the Governor of Ohio, and I have a great regard and affection for the State government. But over the years I have observed that the State is ready, able, and willing to receive that torrent of sales taxes from Cuyahoga County, in the city of Cleveland, but extremely reluctant to aid or assist, with the result that a vacuum has been created. And now the Federal Government finds it necessary in Cleveland, as in most of the large cities, to fill that vacuum by supplying revenues and advice and guidance and programs. And, therefore, my fear is not so much that the Federal coordinator will overreach himself—because we have ways of combating someone who overreaches—I think we do. But first of all it is a regret that the State has so abysmally failed the cities, and that we must look to the Federal Government, because we have no choice.

If we were to get—for instance, to illustrate, in the city of Cleveland—the sales tax—let me start from the beginning.

The local government fund is made up of two sources. Approximately half comes from the sales tax, that goes into Columbus, Ohio. The other half comes from a tax on bank deposits, savings and loan deposits.