tion effort, or (3) embarking upon a large-scale rural development program, all aimed at promoting the economic development of the United States. So viewed, these—and other similar programs—are alternatives for each other in attaining a major national objective. Likewise, liberalizing the benefit paid under the social security program and establishing universal pensions for all veterans over 65 are alternate means of providing supplementary incomes to the Nation's elderly population. The present emphasis in the executive branch's planning-programing-budgeting system appears to be on the specific program or department level. However, the eventual application of the choice-among-alternatives approach may alter considerably the overall program emphasis in the Federal budget, by indicating the relative advantages (in such terms of high ratios of benefits to costs) of one category of Government program over another.

Recently, the Joint Economic Committee has attempted to encourage analysis of the various economic effects of individual Federal programs. An example is its "Inquiry Relating to Human Resources Programs" which is attempting to illuminate the following aspects of these programs:

1. Effects on the distribution of personal income.
2. Effects on the productivity and earnings of workers.
3. Effects on business competition, growth, and management.
4. Effects on the stability and level of employment, wages, costs, production, sales, prices, and other phases of economic activity.
5. Variations in the geographic impacts of these programs.
6. Contribution to the growth rate of GNP.[20]

After allocative decisions are made to devote a certain portion of the Federal budget to a given program of function, another type of choice is required—the selection of the specific governmental mechanism to utilize. In practice, decisions as to the method of conducting a new government program and the general level of funding are made simultaneously. One example of the range of such possible choices is contained in table 14, "Methods of encouraging additional manpower training."

The Federal Government and the States

A related question is the appropriate level of government at which a given program should be conducted. A number of recent studies have pointed out a possible "fiscal mismatch" between needs and resources. Under nonwar conditions, the supply of readily available Federal revenues appears to rise faster than current demands on the Federal purse, but the State-local situation is the reverse; expenditure demands on State and local governments rise faster than readily available revenue supply.

The so-called Heller proposal for block grants to the States is one of a family of possible ways in which the financial resources of the Federal Government can be utilized to assist State, county, and city governments. As shown in table 17, other methods of utilizing the potential increase in Federal revenues include expanded program or tied grants, tax sharing, individual Federal tax credits for State and local taxes paid, and new direct Federal activities in the various localities.

[20] U.S. Congress, Joint Economic Committee, Subcommittee on Economic Progress, *"Inquiry Relating to Human Resources Programs,"* Joint Committee Print, September 1965.