

half of the gold necessary to pay off if the other countries get the same itchy fingers you talked about that France has. Under those circumstances, don't you think American citizens should have the right to have a little gold in their box too, if they are willing to sacrifice the interest?

Mr. HELLER. I think our current policy is a sound one, in spite of the fact that the rest of the world does permit its private citizens to hold gold, and I have a good deal of optimism about our increasing the world's monetary supply through monetary reform, which would help take some of this pressure off of gold and really defeat the gold speculators. I don't think the gold speculators are going to find that it is a good speculation.

Senator SYMINGTON. Thank you, Dr. Heller. My time is up.

Chairman PROXMIRE. Senator Javits?

Senator JAVITS. Mr. Heller, you are famous for being at least one of the main partners in the so-called Heller-Pechman plan of tax sharing. I am not nearly as famous as being the fellow who first put in the bill for it.

Mr. HELLER. A superb bill, too, Senator.

Senator JAVITS. Thank you. I would like to hear from you whether you have been shaken in your views on that matter by the charges that you and I and people like us want to take it out of the backs of the poor and others who would be benefited by specific grant-in-aid programs, and therefore what is your argument for your plan, now that we have heard a good deal of criticism on it?

Mr. HELLER. That argument certainly does not shake me, because I think it is exactly contrary to the facts. Let me say that I don't have any particular patent on a given form of the revenue sharing plan. I think the basic philosophy of it is very important, and quite contrary to that criticism, Senator, I believe that it would have the opposite result.

If you take a piece of the Federal income tax and say we are collecting it on behalf of the State and local governments, and route it directly into a trust fund and pay it out in accordance with the principle of the Javits bill, it would in the longrun substitute for what otherwise would have been higher property and sales and excise taxes, precisely the taxes that are tougher on the poor. And in the longrun, revenue sharing would result in a better and more adequate level of services at the State and local government. And every study that has ever been made shows that those are very heavily concentrated in the lower and modest income groups.

So that charge simply falls to the ground, unless it is assumed that everything you put into the revenue-sharing plan would be taken away, let's say, from the war on poverty, and I just don't believe that.

One would route the revenue shares through a trust fund, distributed on a per capita basis, preferably with an extra portion—say, 10 percent—reserved for the poorest States. It would be an earmarked revenue collected for the States and localities under the plan that you have put into bill form. There are other plans that would do it differently, but under your approach and mine the support for those direct programs and for the grant-in-aid programs would continue. The revenue sharing would be an additional source of State-local funds.