

The new Subcommittee on Urban Affairs, under the chairmanship of Representative Richard Bolling, is beginning a long and detailed study of our urban complexes and their problems. The Joint Economic Committee hopes to derive from these related investigations guidelines to the health of our urban economies.

This week we are hearing from technical experts on various aspects of fiscal federalism. Subsequently, this fall we shall call in policy-making officials from Federal, State, and local governments.

This morning we begin our hearings by hearing from a panel of specialists concerning the lessons to be learned from past experience, both here and abroad, of fiscal programs to assist States and localities with their fiscal problems.

Our panelists include James A. Maxwell, professor of economics at Clark University, Clara Penniman, professor of political science at the University of Wisconsin, L. Laszlo Ecker-Racz, formerly with the Advisory Commission on Intergovernmental Relations, and Paul Ylvisaker, commissioner, Department of Community Affairs of New Jersey. I want to thank all of you for being here this morning, and I do appreciate your attempt to help us eliminate the problems of fiscal affairs of both State, local, and national governments.

I would like to say, too, that whatever you thought before, I would like to bring you a new thought before you begin. I have just come from the sacked and burned city of Detroit. In any sharing of Federal funds, I would assume that there would have to be an unconditional grant, some type of pass-through. I am sure that for the last 10 days it has never occurred to any American that a city or any large geographical area would actually change governments through violence. But I think that everybody has to consider that possibility now, and I therefore think that it makes it a little more essential that you have some type of auditing process, that money just can't be handed out.

At this point we include Senator Javits' statement:

STATEMENT OF SENATOR JACOB K. JAVITS

TAX SHARING AND THE CRISIS IN THE CITIES

Senator JAVITS. The hearings starting this morning have in the last few days assumed an unexpected sense of urgency. The recent riots in our cities make it imperative that every avenue that may lead to a solution of our urban problems, however remote, be fully explored. For this reason, I urge that this aspect of revenue sharing be fully explored if these hearings are to serve an immediate as well as a long-range purpose.

The questions that we must try to answer are: (1) Is revenue sharing applicable to urban problems, and (2) if so, how the question of State control over funds channeled to the cities via a revenue-sharing scheme can be resolved?

It is true that mayors have been opposed to revenue sharing on the ground that the States would not give them a fair break under such a program. I doubt that this would be the case after the recent tragic events in our cities.

I agree that present revenue-sharing plans would generate sums that are dwarfed by the enormity of our cities' financial needs, but I believe that we should make every attempt to find out whether or not at least part of the answer to our cities' needs can be found within the revenue-sharing concept. I think that this is a valid question to