Every day this summer we have had headlines that dramatize the difficulties of our metropolitan areas and our States. Individual and public poverty exist in the midst of affluence. Aggregate personal income or aggregate public revenues of potential revenues gloss desparate realities. The Nation has great strengths. It has genuine problems. To stress either tends to minimize the other. The emphasis here on problems is only possible because there is a fiscal potential for some solutions.

In the extended paper I was invited to include in these hearings, I have emphasized that none of the 1970 or 1975 projections encourage me to believe that State and local revenues will be adequate. Citizen's demand is rising faster than the predictable growth in State and local revenues. And the aggregates disguise the more compelling difficulties of some of the States and most of the metropolitan areas.

How can the National Government offer financial assistance and promote local problem solving? Flanders and Swan sing of De Gaulle's "Market recipe" that excludes Britain. My market recipe for national aid is eclectic and excludes few proposals. Shared taxes, grants in aid, the negative income tax all have possible roles. Reduction of the burden of poverty on individuals and on communities may require further national programs, grants in aid, shared taxes and possibly the negative income tax. Presumably Federal programs could expand into every area in which we see unmet demands rising. National funds and programs will not alone do much to energize the States and the metropolitan areas. To survive as actively contributing partners, the States need to improve their administrative and political structures; and to be able to use whatever existing revenue potential they have without the constant threats of interstate tax competition or political suicide for the Governor. Somehow we need to involve the whole metropolitan area in its own salvation. We need to bring all of the possible civic leadership as well as the revenue potential of the total area to the solution of the general service needs and problems. Both the States and the cities need to attract more able young people to the challenge of careers in their governments.

Remodeled grants in aid can have a role. The early single-minded highway grants and categorical welfare aids brought a revolution to the Nation's highways and its welfare problems a generation ago. The Congress now has appropriated more and more money, extended and extended the number of grants, specificed more and more goals (sometimes contradictory), and involved more and more individuals and agencies at the national, State, and local levels. The confusion of purposes, the multiplicity of voices, and the competition for funds frustrates program administrators, chief executives and legislative bodies alike. Only Congress perhaps can put order into the Federal grants by assignment of all funds to not more than a dozen agencies. If the agencies will assist in clarifying objectives and limiting the administrative points for State-local communication, we might reduce some frustration.

There could be other payoffs. If we actually reduced grants and the number of operating administrators in Washington to something like a dozen, we might in time reduce their counterpart departments in the States to a dozen. This indeed would be reform in many of the sprawling State bureaucracies. There might also be more assurance that the