clusion that stemmed from high hopes of the observer and the difficulties of the particular timing in this particular state capital. Shared taxes, nevertheless, could aid to a degree in the sense of choices by the state through additional revenues and greater program flexibility.

What could shared taxes do to improve administrative effectiveness? A resurgence of state creativity with less stringent budgets and increase in flexibility might attract a more competent and imaginative public servant than many of the states have brought in in recent years. In the University, I find repeated evidence that the better student with an interest in a government career will normally look first at international or national programs. There he perceives excitement and service opportunities as well as a long career ladder. State service, and then with only a few states deemed acceptable, often comes third in his choices after a few of the largest cities.

The probability of attracting better entrants to the state service would rise with the greater budget flexibility of shared taxes, rather than further federal grants, combined with changes in the present grant structure. Reduction of grants to a dozen or less that permitted states showing objective evidence of administrative quality (see earlier discussion) to apply and report in broad terms rather than the present minute detail would complement the opportunities under the shared taxes for states to resume their federal partnership more actively. Not all states would accept the challenge immediately, but the leadership of some would add a further pressure to the laggards in our interdependent society.

IV

In summary, I find the evidence persuasive that the states and local governments cannot carry their present share of domestic responsibilities unaided. Many of their problems are national problems. The consequences of action or inaction are national. The inability of the states to act alone either in major program development or with substantial tax increases for fear of economic consequences again places the issues on the doorstep of the national government. It is also the national government that has a revenue raising potential unmatched by the states.

Of the federal policies most often proposed, I doubt the practicality of the income tax credit. At this date it is politically vulnerable to extension beyond state income taxes and would do little or nothing to assist in equalizing revenue potential, lessening the difficulties of interstate tax competition, or generally increasing our revenues. Federal income tax reduction, under the right economic conditions, can raise state and local tax receipts. It will continue to have a place in the nation's economic arsenal. Again, however, it does little for inequalities *among* the states.

Some relief of state and local burden through expanded national programs or grants is likely to continue, but extensive expansion carries costs. There is almost no evidence that federal policies so far have increased the ability of our metropolitan areas to mobilize their own resources to act. Without substantial decrease in the total number of grants and their restrictions, the states will exhibit frustration and their governors and legislators will steadily abdicate broad policy decisions to federal and state administrators. The negative income tax might assist significantly in the general welfare area and in our fight on poverty, problems of great moment to state and local governments. Even if we were actually to eliminate poverty, however, we would still have many other public needs; and the negative income tax is not the solution for these. A carefully devised shared tax formula that would remove some of the present fiscal inequalities and disadvantages among our state governments seems to offer the most hope in any attempt to reinvigorate our faltering states and cities. This does not involve cutting back of national domestic programs. We would continue to have occasion for federal grants that stimulate state or local action in fields more visible nationally. We might even wish to agree to a negative income tax.

Only tax sharing has chances for accurate tuning to give state and local governments modern engines. Any financial assistance requires careful attention to the impact on the organization and prospects for effective, operating governments. Today we find exhibits of inadequate use of potential revenues because of government structure as well as ineffective government organization and operation tied with insufficient revenue sources. Many of our state and local governments require revenues raised with less backbreaking effort than they now have to put forth. There is need for a metropolitan structure that knits a pattern whole for the diverse groupings. If this can not be done by the metropolis, the