

national government to the financing of State and locally administered services? To re-establish Federal-State fiscal balance, it would be necessary only to shift financial responsibility for one or more of the large revenue consuming functions, i.e., education or welfare, from the local and State to the Federal Treasury, or a corresponding amount of Federal grants would need to be made available for the general government purposes of the States and their subdivisions.

It is thought-provoking to contemplate the degree to which local initiative and local responsibility for all variety of essential functions could be rekindled, even without benefit of additional incentive grants, if the property tax were freed, for example, of the burden of financing education. The Congress could then confidently leave the scores of lesser local functions which now require Federal financial aid to city councils and county boards.

Your prospectus suggests that the Subcommittee will be looking at experience with other federal systems. You will have occasion to observe that some of these with relatively short histories (the Canadian federation is just 100 years old and the Australian only two-thirds that) have already found it necessary more than once to alter drastically their basic federal-state fiscal arrangements: the allocation of functional responsibilities and taxing resources, and the role of financial aids.

You will note that they have tackled the fiscal imbalance created by changed conditions by entrusting the task of reappraisal to prestigious national commissions; that they have composed these Commissions of distinguished men and women removed from political accountability and responsibility, who therefore are free and willing to re-examine and question even time-honored institutions and political theologies. And therein lies an important difference between our mode of operation and theirs. They have been able to restructure their fiscal federalism to take account of the central government's financial superiority because they created appropriate institutional machinery for handling it.

Although our system has experienced periodic growing pains during most of its nearly two centuries of existence, each has been assuaged with the same old nostrums, within the ongoing governmental apparatus and by those who man it, with all the handicaps that necessarily entails.

Public officials dependent periodically on the good will of their voters simply dare not question the sanctity of long-standing and honored governmental institutions. They dare not question the conventional political wisdom.

Over the years we have cloaked that wisdom, born in response to the 18th Century problems and developed in response to the dialogue of that day, with a sanctity the wise men of the 1780's would be the first to disclaim. A candidate for public office dare no more belittle publicly the need to curb federal power, to maximize local control, or to keep government small than he dare belittle the Constitution itself. The fact that some of the breast beating in behalf of the "American system" is enlisted against and not in behalf of responsive government does not diminish the hold of outworn political cliches over political debate.

I suggest that this circumstance handicaps political officeholders in the objective consideration of needed basic rearrangements in the federal fiscal system. What political candidate feels free, for example, to advocate that multi-State corporations should be placed beyond the reach of State taxes, or that financial responsibility for public education or welfare be shifted to the national level? What suburban officeholder can endorse publicly his community's obligation to make common cause with the central city and share in the cost of its welfare load—a load which it may have helped to create and which, if neglected, threatens the security of persons and property throughout the metropolitan area?

Political leadership is the prisoner of political dogma no longer compatible with responsive and responsible government. Does anyone believe that a Jefferson or Madison, working in 1967, would be willing to entrust the education of America's children and the realization of all of the national policy goals that depend upon good quality education, to the chance distribution of property values among 35,000 political jurisdictions whose tax contribution is invested according to the educational philosophies and political judgments of as many governing boards? Can there be any doubt how the architects of the American system would have dealt with "principles" no longer compatible with the people's needs?

We are handicapped also because the Federal establishment finds it difficult to give adequate attention to the impact of its daily activities on State and local governments. It is functionally organized and oriented, and although