

local and State budgets involved. Nor would an extra \$5 billion or another \$5 billion beyond that be a significant relief of the general State and local tax burden.

Third, as incentives, Federal grants have probably done best. But there is an irony even here. Even when you want to acquire an incentive grant, in most cases flexibility, creativity, invention, independence and evaluation aren't encouraged when you get it.

Over time, congressional oversight plus bureaucratic restraints produce a rigidity that boxes in any creative official at lower levels. Soon he is either ducking, or observing to his own discredit all the regulations and rigidities built into this system. I would like to come back to this point later on.

The final problem with the Federal grant structure that we have noticed this last week or two in New Jersey is that even if one digs through the whole structure and puts together a coherent package, hopefully a coherent package, you do not emerge with something that has much chance of solving the problem. Solutions are not implicit in the grant programs, nor is there the scale required. So that we would return (and no discredit to the Federal officials who must preside over the system and negotiate with us on its incoherent premises) to our problem in New Jersey as you, Madam Chairman, to your problem in Michigan, and find really that the sum total of this massive array of Federal grants does not cut the mustard.

Finally I think another case can be made for decentralizing revenues, and that is on the basis of equalization. This argument is obvious and of long standing.

We now are a nation of highly mobile people, one out of five moving every year; and there is a guarantee to every individual of equal opportunity, no matter where he is born, or where he lives. Yet we find discrepancies from one community to the next, both in the provision of services and the availability of resources needed to provide these services.

So we must equalize. And we also know that is particularly true from the point of view of the central cities with their concentrations of problems and people, with few resources.

Now to my "buts" and these next statements will exhibit the ambivalence of a technician.

I don't think—especially now—that we can examine particular ways and means of changing fiscal federalism without also considering the ends to be served. I don't want to wax emotional, but I have a feeling that spontaneously and almost anarchically throughout the country a constitutional convention is being called. It is being called by angry men of poverty and color, who are wearying of their urban condition.

It is being called by men of reaction who have had enough of social protest. It is being called by central city mayors who are over their heads in poverty and depression; by the mayors of suburbs who are caught in an inflationary cost spiral of increasing services; by Governors who wonder if they should follow the traditional State path of irrelevancy and passivity, or take on jobs which they presently don't have the financial capacity to carry on, and generally by a population, I think, that senses somehow or another that the civilization we have been pushing to the top of the hill, like the Greek hero