

Mr. MAXWELL. After you start it——

Representative GRIFFITHS. So you might as well start today. How much money are you going to be willing to give the States? What would you think would be a possible suggestion to start with?

Mr. MAXWELL. Well, I am going to stick by my position, Madam Chairman, that I wouldn't give any money this year or next year, but sometime in the reasonably near future.

Representative GRIFFITHS. And what would you start with?

Mr. MAXWELL. I would first of all want to consolidate the existing conditional grants, not necessarily increase the amount. Of course many of them increase by a built-in system anyway, and currently they run to \$14 billion a year, and in the predictable future, 10 years ahead, with the expansion of the Great Society programs, they are probably going to amount to \$40 billion.

Representative GRIFFITHS. Would you take the money that is now being used, for instance, in welfare, and just give each State the amount of money that is now being given and let it spend it as it chooses?

Mr. MAXWELL. No, I wouldn't. I would be very glad, however, to add an unconditional grant, quite separate, without strings attached, so-called Heller-Pechman, and you are going to hear both of these gentlemen later on.

Representative GRIFFITHS. Yes.

Mr. MAXWELL. Personally I favor Heller-Pechman, something like Heller-Pechman, which would mean that I would favor giving let us say \$3 or \$4 billion fairly soon to the State governments distributed principally on the basis of population, with also an equalization fund of say 10 percent of the kitty going to the poorer States.

Representative GRIFFITHS. Would you say what it should be used for?

Mr. MAXWELL. I wouldn't say anything about what they use it for.

Representative GRIFFITHS. I think that Mr. Ylvisaker and I have a very bad view of today's world and a very personal view. So supposing that you give this money, and in Mississippi they use the money for beautification programs, but in New Jersey, and in Michigan we are compelled to use our money either for riot control or for some type of additional welfare or education. Would you think it was possible that in place of solving the problems you would add to the problems of New Jersey and Michigan and alleviate those of Mississippi?

Mr. MAXWELL. I don't have the fears that apparently you have, Madam Chairman, that State and local governments can't make wise use of additional revenue. It seems to me that in the main in the past I have been pleased with most of their decisions, and I would expect that if they got more money without strings from the Federal Government, they would spend it in very similar directions.

Now I am quite prepared, if the Congress felt it wise to have a post-audit and whatnot, but by and large I think that their needs are so great as compared with their resources that I would trust them to spend a modest increment to their revenue, say \$4 billion a year. I don't have the worry that apparently you have.

Representative GRIFFITHS. Mr. Ecker-Racz, may I ask you, do you really feel that an income tax is easier to levy and collect than a property tax?