

assistance program, you have little left relatively speaking. So let's not overstate what the Federal Government is doing.

Now with respect to equalization, which keeps popping up, one of the problems that concerns me is that when we mention equalization, we immediately have an image of a group of States that are rich and a group of States that are poor, and everybody thinks, for example, of New York as a rich State.

One of the first lessons we have to learn is that average per capita income is not a measure of ability to finance State and local government. New York is a high-income State. Fiscally, in relation to its needs, it is one of the poorest in the country. The Dakotas are low-income States but I would much rather have the fiscal problems of the Dakotas than the fiscal problems of New York, so that the concept of equalization is one that we need to use with sophistication.

Now I think I have responded to most of the questions. What I said can reasonably be interpreted as being in favor of all States using income taxes. Well, let me qualify that. Let me say that if I were free to write on a clean sheet of paper, I would not give the States the right to use the income tax on corporations, for example. It is unfortunate that income taxation enters into business decisions as to location. It would be better if it were only a national tax.

I think we certainly shouldn't use income tax at the local level. We use it at the local level, we use it at the State level because there is need to finance the great responsibility that is put upon those governments.

I submit that when we think it through we will reach the conclusion that increasingly we must put the major cost of education and social programs on the backs of the national taxpayer and not leave the level of these programs to be governed by the distribution of taxable resources among States or cities.

Representative GRIFFITHS. Thank you, Dr. Ylvisaker.

Senator Symington?

Senator SYMINGTON. I would hope the Commissioner would answer, if he may, Madam Chairman, on my time.

Senator PROXMIRE. I appreciate it. Could we have unanimous consent to let Dr. Ylvisaker answer on my time. Senator Symington is very gracious.

Mr. YLVISAKER. Your question, Senator, was quite broad. Let me comment on two parts of it. First was your questioning of Walter Heller's assumption of a present or eventual surplus.

I am inclined to agree both with you and Madam Chairman that there is something like the fiscal counterpart of Parkinson's law referred to earlier. There is never an excess of Federal or any kind of revenue, because it takes only 1 second for others to realize that it might be there and then it is gone.

I happen to think too that the security needs of this country, whether for Vietnam, or for Newark and Detroit, are going to increase. Because if you look at us in historical perspective, we are really a nation of affluence in a world of poverty, and this discrepancy will create continuous tensions at the margin, both from the poor within, and from the poor without. And I think we will exhibit two responses to those internal and external tensions.

One will be the security response, by which we try to defend what we have—our peace and our prosperity—by military or police efforts.