

REVENUE SHARING AND ITS ALTERNATIVES: WHAT FUTURE FOR FISCAL FEDERALISM?

TUESDAY, AUGUST 1, 1967

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON FISCAL POLICY
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room S-407, the Capitol, Hon. Martha W. Griffiths (chairman of the subcommittee) presiding.

Present: Representatives Griffiths and Reuss.

Also present: James W. Knowles, director of research; Harley H. Hinrichs and Richard F. Kaufman, economists for the Subcommittee on Fiscal Policy.

Representative GRIFFITHS. The subcommittee will be in order.

I am very happy to welcome each of you gentlemen.

We continue our hearings on fiscal federalism which began yesterday with the review of the reasons which might be drawn from past experience, both here and abroad. This morning we turn to the various projections of expenditures and receipts, Federal, State, and local, and their implications upon policy.

We are grateful to the distinguished experts who are appearing this morning. I regret to announce that one of the participants, Mrs. Selma Mushkin, of George Washington University, is not able to be with us. Our panelists this morning include Prof. C. Lowell Harriss, of the Department of Economics, Columbia University; Lawrence R. Kegan, director of special studies, Committee for Economic Development; and Prof. Dick Netzer, professor of economics, New York University.

Professor Harriss, we will hear you first.

STATEMENT OF C. LOWELL HARRISS, PROFESSOR OF ECONOMICS, COLUMBIA UNIVERSITY

Mr. HARRISS. Thank you very much, Mrs. Griffiths.

I have submitted a corrected copy of my remarks for the record. And at this time I summarize a few of the major points.

The first is that the projections of State-local revenues and expenditures by the Tax Foundation, Inc., for which Dr. Elsie Watters was responsible, show for 1975 a comfortable excess of revenues over expenditures. On the basis of continuation of revenue systems as they exist now, receipts will exceed expenditures as they are provided for, including a very substantial amount of what we call quality and scope improvement. Revenues include present Federal grant programs now on the statute books as nearly as we can project them ahead.