Now, finally, I think that the final argument for not viewing with equanimity continuing pressure on State and local taxes while the Federal taxes are being cut is that State and local taxes are less satisfactory in almost every important respect—regressivity, effects on location of economic activity, and ease of administration.

All this suggests some form of transfer of fiscal resources from the Federal to the State-local level, or transfer of responsibility for the provision of services from the State-local level to the Federal Government; for example, replacement of public assistance with an all-Federal income maintenance program.

The second central issue concerns the specific role of the Federal Government with respect to the problems of the central cities. My own belief is that the major public services related to poverty, including compensatory education, should be 100 percent federally financed, or directly provided through Federal programs; and that, were this done, there would be no real need for, or national purpose served by, Federal functional grants for other services. The residual fiscal imbalance, assuming this massive fiscal transfer connected with services related to poverty, calls for a transfer of resources, pure and simple—by general grants, not a long list of minor functional grants whose national purpose, other than tax relief at the State-local level, is almost invisible—invisible, that is, if we continue to believe in a Federal system with diversity and with local decisionmaking.

Thank you.

Representative GRIFFITHS. Thank you, Mr. Netzer. I found your remarks very interesting.

And I would like to ask you about your method of applying a political decision.

First, I want to know if your projections assume that the average person is going to leave the labor market at age 65 in the next 10 years? Do you assume that they will leave the labor market at age 65?

Mr. HARRISS. I think so, the general order of magnitude, yes.

Representative GRIFFITHS. Now, I would like you to apply the method—show me how you make a determination of the political decisions in, for instance, the social security bill. I have been struggling with this for 6 months, so I would like to hear what you have to say about it. At the present time the social security bill is going to contain a new provision that the disabled widows can draw social security at 50. Did any projection anticipate this? I mean, really it isn't very much money, it is only $170 million. You can't get down to any such thing as this.

Mr. HARRISS. No.

Representative GRIFFITHS. At the present time widows draw social security at 60—a widow can draw more social security at 62 than her husband could if he quit and retired. That is how sentimental things got in the social security. I want to point out that in my judgment when you reduce the age at which a widow—a disabled widow—can draw social security, you are going to move toward a theory of everybody drawing it at 50. You are already moving toward the theory of everybody drawing at 60. You are pushing toward a new retirement age.

Now, the social security bill also is going to have another provision, that the disabled are going to be taken care of under medicare. Any disabled worker—and all this sounds extremely reasonable—if you are