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

WEDNESDAY, AUGUST 2, 1967

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

The subcommittee met, at 10:05 a.m., pursuant to recess, in room S-407, the Capitol, Hon. Martha W. Griffiths (chairman of the subcommittee) presiding.

Present: Representatives Griffiths, Rumsfeld, and Reuss; and Senators Proxmire, Javits, and Percy.

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

Representative GRIFFITHS. The meeting of the Fiscal Policy Subcommittee of the Joint Economic Committee will come to order.

We are delighted to continue our hearings on the future for fiscal federalism, turning to the question of the various future fiscal options that are available, devoting our time this morning particularly to revenue sharing and the alternative tax credits. Our panel consists of four very distinguished experts of long experience and training in these matters: Walter Heller of the University of Minnesota, Joseph Pechman, director of economic studies of The Brookings Institution; Herbert Stein, vice president and chief economist, Committee for Economic Development; and Melville Ulmer, professor of economics at the University of Maryland.

We are happy to have you here, and I already have many questions I would like to ask. We will begin with you, Mr. Heller.

STATEMENT OF WALTER W. HELLER, PROFESSOR OF ECONOMICS, UNIVERSITY OF MINNESOTA

Mr. HELLER. Madam Chairman and members of the subcommittee, I am happy to have this opportunity to participate in these important hearings that are centered on some of the widely discussed and widely neglected fiscal problems of our federalism.

Mr. Pechman and I have prepared a joint statement, as you know, and we would like respectfully to request that it be placed in the record.

Representative GRIFFITHS. Without objection it will be done.

Mr. HELLER. Thank you, and we will both make brief oral statements that are based on that prepared statement.

Now, I would like to start with a quick review of the revenue-sharing plan as we conceive it. Since there are now dozens of bills