sharing will increase rather than reduce the disparities in public services now observable around the country.

In any event, if one objective here is to help the poor, as Mr. Stein has said, I think this can obviously be accomplished more effectively by helping poor people than by helping poor States. And insofar as Federal money is used, this implies Federal programs aimed at specific social targets—a far cry from casting money out upon the waters, no strings attached, but with a hope and a prayer that it will do some good.

Now I realize that the ideal relationship between State and local governments on the one hand, and the Federal Government on the other, requires more study; and I sincerely hope that this committee will sponsor further investigations of this problem. It is no secret, also, that the States are badly in need of administrative reform, for which, incidentally, they need initiative, guidance, and political courage far more than they need additional money. But I do not believe that any service is performed by those who sum this all up in the crude cry of some tax sharers that the States must be strengthened at the expense of the Federal Government. Those in this position, I think, stand in blunt opposition to the progressive and irreversible trend of history. Those services that are purely local, and can best be handled on a State or local basis are, in fact, growing less and less significant in the total picture. Technology and mobility are binding us more and more together as a unified nation. This places a premium, I think, on more intelligent and creative Federal leadership, in mobilizing a massive assault on the numerous important public needs that now go unsatisfied, including a real war on poverty. I should hate to see this assault weakened or offset entirely by a pointless drain of funds from the Federal Government to the States.

Representative GRIFFITHS. Thank you very much, Mr. Ulmer.

May I ask Mr. Heller and Mr. Pechman and Mr. Stein, what is your answer to Mr. Ulmer's argument?

Mr. HELLER. Mrs. Griffiths, let me say, first of all, that Mr. Ulmer's assertion that those who favor tax sharing say the States have exhausted the sources of revenue now available to them is false—he is simply flailing a strawman. I don't think he will find anyone at this table, including Mr. Pechman or myself, who would feel that the States and the localities shouldn't continue to make great efforts to tax themselves. Indeed, a good part of my work in public finance since 1935 has been in this field of trying to determine ways in which the States could more effectively tax themselves. The argument isn't based on that, so let's dismiss that.

Secondly, apropos to the general point that Mr. Ulmer made near the end of his paper about the trend toward centralization, and the fact that the Federal Government has to provide a good part of the leadership, this approach to tax sharing is in no way inconsistent with the proper role of the Federal Government. It simply says that unless States and localities are strong, and stronger than they are today, we are going to weaken the fabric of federalism. We are not going to provide the kind of strength and the kind of equality in the partnership of federalism that is required to give us either optimality in public services or the philosophical advantage of federalism.

Now, third, as to the concern for the poor, let me say first of all that although I disagree with Messrs. Stein and Ulmer on which plan