

Mr. ULMER. I think we want it strengthened at all levels. I surely would agree with you when you say this is a worthy objective. But I would not want to see this done at the expense of Federal leadership. I think Federal leadership has historically played a key role in strengthening the States.

If we consider Mr. Heller's and Mr. Pechman's statements, they both have different examples of wonderful pioneering work done at the State level, especially by Wisconsin, to some extent by New York and other States.

However, to get this spread around the country, we had to have Federal leadership with the Federal social security law, Federal unemployment insurance, and so on.

Representative RUMSFELD. This is a good point, and it leads to my third assumption which I think is important we clarify. I also get the impression that you have erected something that you are against, and you call it the evils of tax sharing, and what you are against is really not what these other gentlemen have suggested. I was about to open my questioning before your presentation by asking Dr. Heller and Mr. Pechman what is holding all this up. Now I see what is holding it up. And I wonder if it might be useful to explore exactly what it is that is holding it up.

Your paper seems to be to argue against the other papers on the basis that they are to be a total substitute for everything else we are doing.

Now, the third assumption that you led into, and that I would like to state is, I get the feeling that you are convinced that this is to be in lieu of rather than in addition to. If, in fact, I have correctly understood what you really believe, that the Federal Government should provide leadership in certain areas, and I quite agree that it must, to suggest that this would preclude their continued leadership or improved leadership in the coming years seems to me would not be valid, because Dr. Heller said, as I recall, that he feels that both the tax credit proposal and the tax sharing, possibly one or the other or in combination, but either, as an adjunct or in addition to the present approach, where the Federal Government does provide leadership in specific categorical grants to provide incentive and activity at the State and local levels, is what he is talking about.

Now, what you are talking about is not that. It could not be.

Mr. ULMER. Well, as I tried to explain earlier, I believe that any appropriation that we make must be considered in the light of the alternative appropriations that might have been made.

Representative RUMSFELD. So you are for the continued categorical aid by the Federal Government for specific programs, and nothing in these two areas, tax credit or tax sharing, Federal sharing—

Mr. ULMER. I do not recall opposing Mr. Stein's tax credit plan. I did oppose the tax-sharing plan. I think they are rather different things.

Representative RUMSFELD. I correct myself. You are quite right. I do not believe you did either.

Mr. ULMER. And I did not mean to.

Representative RUMSFELD. Yes.

Mr. ULMER. But I do think that it is important to realize that tax sharing is a substitute for something. It is a substitute for the bigger appropriations.