

really get hold of. At some point in the dialog we are going to have to bring the issues right down point to point, what are we talking about. What are the basic differences of approach that are being contested and that cannot be in stacks and stacks of paper. We are going to have to figure out a way to talk about these things in a meaningful way and a little shorter.

My time is up, but I would be delighted to hear a brief comment on that.

Mr. HELLER. Congressman Rumsfeld, it's hard to be brief on this subject. Let me start out by saying that this is a field in which I have been working, off and on, for more than 30 years. Senator Proxmire, it was 1935 when I made my first study in Wisconsin, comparing Federal and State income tax provisions and returns, and tried to analyze the reasons for the comparative success of the Wisconsin income tax, compared with other State income taxes. Also, I should note that, starting in 1941, I have made a number of alternative proposals for Federal income tax credits for State income taxes paid.

As far as Federal, State, and local fiscal relations are concerned, I sometimes say I have labored not only inside the vineyard, but sometimes inside the grape.

We have had decades of much talk and very little action. In large part, for the past 30 years, the barrier has simply been the lack of Federal resources available to pass on to the State and local governments. We've not had sufficient Federal revenue growth relative to the demands on the public purse to allow us to consider passing out fiscal dividends to the State and local governments beyond the growing volume of grants-in-aid.

Now that situation seemed to be turning in 1964. We were looking forward to the happy day when the automatic revenue growth of now about \$8 billion a year in Federal revenues from existing tax rates would have to be distributed; and this understanding seems to have permeated not only the economic community but both political parties. It looked as if we were up against the pleasant choice of distributing this \$8 billion a year among tax cuts, Federal expenditure increases and revenue sharing or general revenue support of the social security system, if you want to put that in as an alternative. And then, of course, along came escalation in Vietnam, and postponed all this.

I am not saying, by the way, from a pure revenue point of view we have to wait until the end of Vietnam, because if Vietnam stabilizes, and I am not posing as a military expert, but simply picking one assumption out of thin air, but suppose Vietnam stabilizes at 500,000 men, we could find that this automatic revenue growth and restoration of the full utilization of resources in our country would present us with the fiscal dividend question sooner than we might think.

This may seem quite peculiar to say when we are talking about a \$10 billion national income accounts budget deficit, but I do not think that we need to stretch our imaginations too far to see this possibility.

Now, the question is, what is blocking it? Well, momentarily what is blocking it is the war in Vietnam. But you want to go beyond this, I take it, and ask, so to speak, what are the political, what are the philosophical, factors that are blocking something like the income tax or revenue sharing?