

That goes to the very heart, first of all, of whether people want to apply more resources to the public sector. These plans, as Mr. Stein has agreed, and as we would urgently stress, will lead to a greater investment of our income in the public sector. That is one, I think, fundamental issue that may be a barrier.

The second one, brought out by Mr. Ulmer's declaration for centralization, is the centralists versus the federalists, if you will. There is a strong contingent in this country that feels that the Federal Government knows best, Daddy knows best, and that the State and local governments cannot be trusted.

Now, I do not think we can wait until we feel that the State and local governments are, shall we say, worthy of these grants, these unrestricted grants. The unrestricted grants are partly the vehicle, the instrument, to make them worthy. It takes some of the pressures off of them. It reduces the penalties on the bold and innovative Governors and local officials, and so forth. It gives them a chance to raise the whole level of performance in the State and local governments, and not just the performance of the federally aided categories of services.

The other side of the centralist argument is not so much that the States can't be trusted, but that revenue sharing or general assistance funds would be drawn away from vital Federal programs, either the directly financed programs or the categorical grants-in-aid. Given the strongly organized groups, both within and without government, who can effectively plead the case for those programs, I doubt that this fear is well founded. But it definitely exists.

Third, there are those that fear revenue sharing or unrestricted grants because they feel it will make the State and local governments more dependent on the Federal Government. This, too, I think is wide of the mark.

Fourth, there are those who strongly prefer Federal income tax cuts to a new distribution of any kind to the States, whether it be in the form of tax shares or tax credits.

Fifth, there are the purely political factors in which some members of Congress may feel they will get more "political mileage" out of tax cuts or direct Federal spending than out of revenue sharing with the States and local governments. And I imagine that members of one party in Congress are not overjoyed to help members of the other party in the State capitols throughout the country. I don't like to think that these considerations would play a major role in such a basic issue in our federalism, but speaking as a political economist, I can't ignore them as a possible barrier in response to your question.

So, these are some of the forces that I see thwarting progress on this front.

Representative RUMSFELD. As I say, my time is up. I appreciate that point, and I think it is useful.

To quote a recently prominent author, I do not think the shortest distance between two points is necessarily through a tunnel; and I hope we can begin to sort a few of these things out like that, and really have a go at them because these are important decisions.

Thank you. I apologize.

Representative GRIFFITHS. I might add, Mr. Rumsfeld, that I think one of the real problems is a real outbreak of puritan ethics.