You could do the same thing in Wisconsin. You could group States. At the very minimum, you could say x dollars per capita will go to cities, and other urban local governments that have certain identifiable urban characteristics.

I am not being any more definite because there are legitimate differences of opinion as to how much should go to these various communities. I think one of the things we are doing now is trying to decide whether this is a good way of doing it, passing it through the States first. I just do not—I think your——

Representative GRIFFITHS. But you will end up with people voting on it, and the only way you are going to——

Mr. PECHMAN. That is the way you do it in the United States generally.

Representative GRIFFITHS. The only way you can get the majority of those votes is to get them to distribute it on some sort of formula that gives everybody roughly the same.

But the point, Mr. Pechman, is that the need is not the same. How can you get it through here unless you give everybody roughly the same?

Mr. PECHMAN. Let me say that if you gave in Mississippi roughly the same per capita amount as you gave in Delaware, it would be worth three or four times as much for the Mississippi person as it would be for the Delaware person. So, just giving people the same amount of dollars per capita means that you are doing an awful lot for the poor. You are doing precisely what the plan wants, because the same dollar amount per capita is a larger proportion of the income of the poor than it is of the rich.

I do not want to eliminate the contribution of this plan to the States that have higher per capita income because I think they need fiscal resources as well, but I do not think it is true that because we are talking about the same per capita amount, we are not giving the needier relatively larger amounts of assistance.

Representative GRIFFITHS. Thank you.

Mr. Reuss has been kind enough to keep from having his own hearing on this. Mr. Reuss, would you like to ask some questions?

Representative REUSS. Thank you. You are very kind to me, Madam Chairman.

Have all members of the subcommittee, including yourself, had a full opportunity?

Representative GRIFFITHS. Yes; I am sure everybody has many more questions, but we would like you to ask yours.

Representative REUSS. I would like to ask a couple of my friends, Mr. Heller and Mr. Pechman.

I am delighted to see the progress that you are making in your formulation of the Heller-Pechman plan, which is a continuing thing.

For example, in your questions and answers, you have just about adopted the idea of having some tax effort component in your formula, and some pass-through, although you concede its limitations.

I am wondering if a few additional encrustations would not make an excellent plan even better.

In your plan you are basing your revenues on the income tax base. This, and your use of a trust fund, could produce a certain amount of inflexibility.