two approaches. In other words, it would have both the income tax credit, with its stimulus to the States to use this fine tax, and the Federal sharing besides. I happen to have a slight preference for the sharing if we had to make a choice. I hope we do not. But there are tremendous disparities in the use of the income tax: only about a third of the States have a real income tax; another third have a medium to mild to almost pusillanimous income tax; and finally another third of the States, well, 15 now, a little less than a third, have no income tax. I agree that a Federal income tax credit that would bring them all into the fold would give a sounder base of State tax effort for revenue-sharing than we have today. Although tax sharing does not actually depend on it, I would certainly like to see the States make this effort, if you will, as a concomitant of getting a share of the Federal income tax.

Representative REUSS. It would also to a large extent, disarm Mr. Ulmer, would it not?

Mr. HELLER. I do not think it will be that easy to disarm Mr. Ulmer.

Representative REUSS. Or at least make it easier for you to lay a glove on him. [Laughter.]

Because this would obviate to a degree, at least, this taxing poor taxpayers in rich States for the benefit of the rich taxpayers in other States.

Mr. HELLER. Right.

Representative REUSS. My third and final question, and I appreciate this opportunity, Madam Chairman, is directed at some more criticism of Heller-Pechman that has come from this bench today; the criticisms boiling down to what good are the States anyhow; how can you be sure they would spend it on good things; how could you be sure they would do the right thing by the localities, et cetera, et cetera.

As you know, in my approach to this, which is before the Government Operations Committee, I have taken a leaf from the Marshall plan of 20 years ago where the United States said to the countries of Europe, "Look, we will help you 20 countries, but only if you will get together first as an act of faith in something like the Committee for Economic Cooperation and Development, and work out plans for the next 3 or 4 years on what you are going to do to restore productivity and get moving. Once you have adopted those plans and they have been subjected to the Socratic dialog of your fellow European countries, we, the United States, by our act of faith, are going to embark upon the Marshall plan, and outside of a few end-use checks, and a little friendly guidance, we are not certainly going to withdraw it because you are not adhering to a particular timetable."

This was done, and I think the consensus of history is that it worked.

Why not do somewhat the same with the Heller-Pechman plan, as amended, and provide that States get it only if they, in conjunction with other States, and maybe working with the Advisory Commission on Intergovernmental Relations, come up with State plans designed to meet not only their own deficiencies but particularly designed to amend State constitutions and laws to let localities do what they need to do to become viable governmental institutions?