**STATEMENT OF RICHARD P. NATHAN, THE BROOKINGS INSTITUTION, WASHINGTON, D.C.**

Mr. NATHAN. I thank the committee for this opportunity. I have tried to develop my remarks on the subject of this fourth session; namely, a look at the alternatives. In relation to Mr. Fitch's long-range discussion of the staggering resources that will be available in the year 2000, I would say that my comments are on more immediate alternatives and some of the cost figures and administrative and political considerations that are important in this context.

It seems to me that the hiatus in the increase in domestic spending programs because of the war will offer us, hopefully soon, an opportunity for the first time in a long period, perhaps first time ever, to make some fairly broad and hopefully comprehensively planned choices among the number of alternatives, including revenue sharing, which are now being discussed. When the war ends, it will release perhaps as much as $15 billion, maybe $20 billion, in resources now committed for other purposes. This, would be so even assuming continued high level support for defense expenditures and foreign aid in Southeast Asia.

I will say first, that my own view is that revenue sharing should be a major component of the Nation's post-Vietnam fiscal policy mix—both for political reasons as it relates to the structure and future of our federalism and for economic reasons as it relates to needs for improvements in the quality and quantity of the essential public services provided by State and localities. One of the points—and I have been attending the other sessions of these hearings—brought out over and over again is that revenue sharing cannot be considered in a vacuum in developing ideas on the post-Vietnam fiscal policy mix. There are other alternatives. Professor Heller yesterday talked about combining revenue sharing with a tax credit. This approach is embodied in a bill introduced by Representative Laird.

The obvious top priority of many people today is the rehabilitation of deteriorated core cities, which if the ambitious goals of the model city concepts are to be achieved on a nationwide basis will require many times the resources now being devoted to this program. Appropriations for model cities today amount to $400 million. Senator Ribicoff has estimated that we have to spend $10 billion a year for the next 10 years to do the kind of job that needs to be done in our cities, and this really is the goal of the model cities program. Senator Proxmire yesterday referred to that estimate. And there are other estimates.

Another alternative that I would like to talk about has not really been discussed in the hearings, although everyone has mentioned it. That is new efforts, either through a negative income tax or family allowance program, to provide those who live below the poverty line with some appropriate guarantee of a minimal living income on a more efficient, and I would add, a more humane basis than under most existing Federal, State, and local public welfare programs.

There are many options that have been proposed recently in this area. The negative income tax is the most widely discussed. It involves some very substantial and far-reaching political problems of implementation that concern me very much as I look at what would happen