

you know there are rich people. The fact remains that per capita personal income in Texas is \$2,200 and per capita personal income in Michigan is nearly \$2,800, which undoubtedly means that more people have low incomes in Texas than in Michigan.

The wealthier States have a broader, more productive, and potentially more productive tax base than do the poorer States by definition.

Now, I would also comment on where revenue sharing fits into this picture by saying that it does not preclude the continuation of existing categorical aids, nor does it preclude the fact that Congress undoubtedly will put resources into model cities or something like model cities or aid to education or family allowances or all the things that are now being talked about. But I do not think that we can count on the real effectiveness of State and local implementation of these programs unless we also look to the need to strengthen and to give meaning and importance to the role of State and local governments.

Over the past three decades, it seems to me that power has flowed with Federal aids to Washington, and one function of the revenue-sharing program, in fact I think the major function of it, is to give emphasis to the importance of State and local government that has the vitality and the ability to do the things that Congress wants done with categorical programs. If the options of Governors and mayors are reduced, and we continue to substantially reduce them by setting up categories and calling for matching funds, we lose a great deal in terms of the participation and the interest of voters in decisionmaking and the overall record of State and local governments. And, I think that revenue sharing belongs in this picture because, as Prof. Walter Heller said yesterday, it looks to the need to have sturdy vessels in which to pour Federal aid to achieve major purposes.

And I would also say that I do not think that Federal categorical aids have necessarily a perfect record. The delivery problems under categorical aids as we know them today are mounting. The Post Office is not the only agency in Washington with delivery problems, and I think that when you balance that out with the need to strengthen State and local governments, it is in this kind of a political context that revenue sharing should be supported as a necessary element of the post-Vietnam fiscal policy mix.

Representative GRIFFITHS. Now, you began and said well, here are the poor States and here are the rich States. Here are people that can be taxed. One of the things that continues to bother me when you tell me how much money each person has in each State is, I think that you should go a little further. I think that you should subtract from the amount of money available to each person in that State the absolute minimum required to live there, because I do not agree with anybody that the cost of living is the same in any of these places.

Secondly, I think you ought to look, then, at the State or the city and you should say, here is the need. In this particular State there is no drastic need. In another, there is a drastic need.

For instance, I think in the burned city of Detroit today, applied to the richness of Michigan, the need is fantastic. And do not tell me that Detroit or Michigan alone can levy the tax that is going to take care of this. If you could assume—well, maybe Hawaii would be a good one to consider, and Alaska—but under any circumstances, if you assume two States, one of them where the cost of living was very low and it was easy to survive, it was new, it had no slums, no problems,