

reason why I go along with the CED when they advocate wholesale consolidation of local governments. In fact, they want to eliminate about four-fifths of existing local governments through consolidation.

If you add a general program of revenue sharing to the present grant system would you not be merely perpetuating the present situation, bucking up an archaic local government system? I am afraid you would.

So Mr. Moorhead, I see great problems in this general revenue sharing with the localities. I see fewer problems of an administrative nature in sharing with the States, but again I would prefer seeing some conditions attached to general grants. I already suggested Mr. Reuss' proposal—which he and I seem to have arrived at independently at about the same time—for attaching some conditions for gradual improvement of the administrative and planning measures of the States and localities.

Well, this may not get at your question. I hope it does.

Representative MOORHEAD. Thank you very much. I know the problem of the localities. We have in my home county, 128 separate municipalities or governments and it is a terrible patchwork.

Mr. FITCH. I might say, however, that it seems to me that the localities would get many of the benefits of direct grants if the Federal Government assumed some of the burdens which local governments now bear, specifically in the welfare and social service field, I go back to New York City. In New York City we have rapidly mounting welfare burdens, they have more than doubled in the last 10 years. The immigration tide continues, and more and more people learn about welfare and come to apply for benefits. Well, no taxpayer is going to move into New York City because it offers such a fine welfare program. In fact, they move the opposite way. And yet, the welfare and social service program is necessary. I would argue that it is necessary to increase it substantially.

At the present time, New York City has one of the most generous welfare plans but it offers nothing for cultural expenditures, nothing for books or newspapers or periodicals. It does not even allow a dime a week for an ice cream cone for the kids. That is how low it is. And people who live on it, I would argue, are living in deprivation and degradation, and I cannot accept continuance of deprivation and degradation as standard. Again, we have a million people living in 40,000 old-law tenements which were outlawed in 1905. That is how far we are behind. And, I do not think the cost of replacing or removal of this kind of situation is the kind of thing you can expect the city government and city revenue machinery to bear, because it only served to chase taxpayers out of town. It is the kind of thing the Federal Government, I would argue, should be taking over. I think it provides a sort of automatic solution to the kind of problems which are troubling Mrs. Griffiths, to get money down to the points where it is needed.

Representative MOORHEAD. My time is running short, I suspect. I would like to get on to this tax credit idea so I can be sure I understand it. As I understand Mr. Somers, he would propose a 100-percent tax credit for all State and local taxes.

Mr. SOMERS. No, sir. All taxes would be eligible but we would not give them a full 100-percent credit. That would cost too much. My point is all taxes should be eligible, not merely income taxes,