

but at the same time you are making out a State income tax and you have to pay right away. My idea would be that you could take credit immediately, and in that sense you would get instant credit.

With respect to other taxes, there would be various possibilities. One would be an estimating procedure, which my colleague abhors, but I think he would not abhor it so much if he got some money back. Another would be some provision whereby the taxpayer pays the money to the State or local government and then a credit arrangement is made for the taxpayer to receive a refund if it exceeds the amount that he owes the Federal Government.

Now, with respect to the sales tax, actually what I have in mind is something that is not pertinent to today's discussions to any great extent. I believe that sooner or later, the Federal Government will look with favor on a Federal retail sales tax. My thought there is a blanket Federal retail sales tax which would work something like the unemployment insurance tax whereby nominally it is a Federal tax, but the State imposes most of it and the taxpayer does not have to pay twice. He gets immediate credit for the State portion. That would be one way in which the sales tax could be credited instantly. But in the absence of such a Federal blanket—and I realize that it is not imminent—an estimating procedure would be used.

The main thing is that when people either have rising incomes and therefore pay rising State income taxes, or rising expenditures, they have a liquidity problem. They have to lay out the tax money, so to speak, until they get it back. My thought is that every effort should be made to remove the liquidity problem from the taxpayer and let it rest in the hands of the Federal Government, which has a somewhat better credit standing generally.

Mr. REUSS. Thank you. My time has ended.

Mrs. GRIFFITHS. Thank you very much.

I might say that when the Federal Government actually levies a sales tax, we will call it by a gentler name, excise tax.

I would like to ask you, on the central city part of the problem of aiding State and local governments, is it efficient to pour money into rebuilding central cities, or is it well to recognize that deterioration in the central city is simply a system of forces that render the central city nonviable? Maybe we should rework the system and encourage further decentralization in order to increase efficiency. Are they really worth saving?

Mr. BREAK. I would say "Yes." I think there is a good deal to be said for letting them save themselves. In this talk of the need for regional government, for instance, in metropolitan areas, I think there is a need for a regional approach to many of the problems of the areas where the solution has to come generally over all of the governments. But I think there is also a lot to be said for letting the cities, the local governments, handle their own affairs in the way they want to, and I think the fear of the Negroes in the core cities that the suburbanites will outvote them if there is a regional government and put in programs for their benefit rather than the Negroes' is very real and pertinent, and something that you need a system of federalism in metropolitan areas to take care of. You may have a regional government, but you also give it limited powers and leave solution to localized problems to the local areas. You may even need to localize more than the core city itself. Maybe some parts of the city should decide how