be to offer an option. And as you say, this might be considered. I think you cannot resolve it today, obviously, but I hope that as the committee continues its deliberations with your able top lieutenants here, that maybe we can work something out on this.

Secretary UDALL. Fine.

Thank you.

Mr. HUGHES. Mr. Chairman, just a brief comment, if I might.

Mr. BLATNIK. Mr. Hughes.

Mr. HUGHES. One of the advantages of the approach that is reflected in the administration proposal, we believe, as distinguished from the prefinancing, is that it deals more equitably, perhaps more on a priority basis, in that it does not so much limit the capacity to go ahead to those States which on one basis or another can provide their own financial base for proceeding. It does give more substantial assistance, we think, to other States and to communities which otherwise might be left out. We certainly would try and keep an open mind on this point, but one of the things that we would need to watch is the impact of a combined prefinancing and contract financing approach on the communities in the States with lesser capacity, lesser financial capacity.

Mr. MCCARTHY. Of course, the other side of the coin that you have just turned up is that those States who are ready to move and have the financial wherewithal should not be penalized simply because they are ready to move ahead and are in a financial position to do it. If we pull a rug out from under them, by pulling this out, it is going to be a step backward, rather than a step forward for those big States like New York, who have moved ahead.

Mr. HUGHES. Certainly they should not be penalized. The contract financing approach would put them on the same basis as other States and their inherent advantage and their capacity to lock up future allocations of Federal funds would be somewhat more limited.

Mr. MCCARTHY. Thank you, Mr. Chairman.

Mr. BLATNIK. Mr. Cramer.

Mr. CRAMER. I will yield to the gentleman from Nebraska.

Mr. DENNEY. Mr. Secretary, I have one or two questions that concern me.

DEBT FINANCING PROPOSAL APPEARS TO DIMINISH STATE AND LOCAL RESPONSIBILITY

Would you comment on whether or not we are considering landmark legislation with reference to Federal water pollution control, keeping in mind the original declaration of Congress on the first act providing for primarily State responsibility. In these bills we are talking about approval of water standard, we are talking about secondary control, and legalistic methods of handling the discharge. We are talking about guaranteeing Federal bonds by the Federal Government, the Secretary having discretion to determine whether or not the bonds are feasible.

We are talking about a toilet tax—or a use tax—and we are talking about all different approaches to this thing. So it looks to me like it is more and more of a thrust for the Federal Government to