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FIVE-YEAR RECORD OF THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS AND ITS FUTURE ROLE

GOVERNMENT
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JOINT HEARINGS
BEFORE THE
SUBCOMMITTEES ON INTERGOVERNMENTAL
RELATIONS
OF THE
SENATE AND HOUSE COMMITTEES ON
GOVERNMENT OPERATIONS
CONGRESS OF THE UNITED STATES
EIGHTY-NINTH CONGRESS
FIRST SESSION

MAY 25, 26, AND 27, 1965

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THE 5-YEAR RECORD OF THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS AND ITS FUTURE ROLE

TUESDAY, MAY 25, 1965

CONGRESS OF THE UNITED STATES,
JOINT HEARINGS OF THE SUBCOMMITTEES
ON INTERGOVERNMENTAL RELATIONS OF THE SENATE
AND HOUSE COMMITTEES ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittees met at 10 a.m., in room 2154, Rayburn House Office Building, Hon. L. H. Fountain (chairman of the House subcommittee) presiding.

Present: Congressman L. H. Fountain, Senator Muskie, chairman, Senate Subcommittee on Intergovernmental Relations; Congressmen J. Edward Roush, and John G. Dow, of the House Intergovernmental Relations Subcommittee.

Also present: Dr. Delphis C. Goldberg, professional staff member, House Intergovernmental Relations Subcommittee; J. Philip Carlson, minority counsel, House Committee on Government Operations; Dr. David B. Walker, staff director, Dr. Arnold H. Raphaelson and Mark H. Freeman, professional staff members, Robert E. Berry, minority counsel, and Dee Craven, assistant chief clerk, of the Senate Subcommittee on Intergovernmental Relations; and Dr. Eli E. Nobleman, Senate Committee on Government Operations.

OPENING REMARKS OF REPRESENTATIVE FOUNTAIN

Representative FOUNTAIN. Let the committee come to order. Let the record show that a quorum is present.

I should like to begin by making some observations pertinent to the background of these hearings.

Nearly 6 years ago, in June of 1959, 4 days of hearings were held in the U.S. Capitol's historic old Supreme Court Chambers to consider legislation for the establishment of a permanent Advisory Commission on Intergovernmental Relations.

Like our proceedings today, those hearings were held under the joint sponsorship of the House and Senate committees concerned with the study of intergovernmental relations. On that occasion, just as today, our House subcommittee was represented, among others, by our ranking minority member, Mrs. Dwyer, and myself, and the Senate was represented by the distinguished gentleman from Maine, Senator Muskie, and by the equally distinguished gentleman from North Carolina, Senator Ervin, who I hope will be able to get here later. Mrs. Dwyer has also been detained and expects to be here later on.

It is now history that our hearings on that occasion led to the establishment of the Advisory Commission which has been actively functioning for more than 5 years.

It is with warmth and great pleasure that I welcome our colleagues from the other body who have so graciously consented to hold these joint hearings in our new committee quarters in the Rayburn Building. I am quite sure we now have at least something partially comparable to the wonderful edifice they have on the Senate side.

I should like to say it has been a privilege to work with the able chairman of the Senate subcommittee on a number of occasions since our first joint endeavor in 1959. It is largely because Senator Muskie and I share the view that Congress should periodically reassess the programs it brings into being that we are meeting here today to review and assess the past performance of the Advisory Commission on Intergovernmental Relations.

Public Law 380 of the 86th Congress, which brought the Advisory Commission into existence, implemented a major recommendation of House Report No. 2533, adopted by our Government Operations Committee in August 1958. That recommendation was one of the results of our subcommittee's intensive 3-year study of Federal-State-local relations, an investigation in which I participated from start to finish.

In the course of its investigation the subcommittee held 34 days of public hearings in Washington and in all parts of the Nation and also made a number of special studies.

The subcommittee's investigations pointed strongly to the need for a permanent Advisory Commission to build on the solid foundation laid by the temporary Commission on Intergovernmental Relations—under the chairmanship of the late Meyer Kestnbaum—whose 1955 report to the President and to the Congress was thoroughly studied by our subcommittee. It is of interest that the Kestnbaum commission's 2-year study was the first undertaking of its kind since the Constitutional Convention in 1787.

In recognizing the need for the permanent commission recommended by our subcommittee, the full Committee on Government Operations reported that:

Occasional studies and ad hoc committees, however useful, are not effective substitutes for the continuous review of intergovernmental programs and problems from the standpoint of the federal system as a whole.

That same conclusion was firmly endorsed by the many distinguished witnesses who unanimously testified in support of a permanent Advisory Commission in the course of our 1959 joint hearings.

A continuing Commission to deal with the problems of an intergovernmental character was, and I expect continues to be, a necessity in the eyes of those involved in maintaining the vitality and durability of our federal system.

The particular organizational arrangements which we conceived in 1959 for the Commission were the result of our best judgment at the time, taking into account that the Commission was viewed as a political innovation in the form of a genuine interlevel body, rather than an agency dominated or controlled by any one level of government.

Now in the light of more than 5 years of actual operating experience, it is our purpose to see how successfully the mechanism we designed has been operating and to ascertain if the expectations of the Commission's sponsors and other interested parties have been met.

We hope that the witnesses who have responded to our invitation to participate in this reassessment will contribute materially to a better understanding of the emerging problems in the field of intergovernmental relations and of the way in which the Advisory Commission might more effectively contribute to their solution.

Now, I would like to call upon Senator Muskie, the co-chairman of these joint hearings, for any observations he may care to make.

Senator MUSKIE. Thank you very much, Congressman Fountain.

I am delighted to be here on this side of the Hill. As a matter of fact, I think it is rather appropriate and symbolic that we should be holding our hearings in this building, which is somehow descriptive of the federal system. It is difficult to find the words to describe it in all its dimensions and complexities. It is possible to get lost in it and it is rather overwhelming. I think those are the characteristics of the federal system that are symbolized by this building, so I am delighted to be here.

I am not going to read my statement in full but rather highlight it and I would ask that it be put in the record in full.

I would like to make these points: First, I think that in keeping with the periodic review legislation, to which Congressman Fountain has made reference, that we ought to take a good hard look at what we have created here, what it has done, and more important, what its potential may be and how it may be modified to achieve that potential more effectively.

OPENING REMARKS OF SENATOR EDMUND S. MUSKIE

Senator MUSKIE. It is now 15 years since the Hoover Commission Report on Federal-State Relations was presented to the Congress. That brief report pointed out clearly that improved intergovernmental relations are the key to the maintenance of our federal system.

The Hoover Commission noted that the questions of intergovernmental relations in the last century were essentially legal ones, but that since 1900 these questions have increasingly become economic in nature.

As a result of its findings, the Hoover Commission recommended, among other things, "that a continuing agency on Federal-State relations be created with the primary responsibility for study, information, and guidance in the field of Federal-State relations."

The response to this proposal could hardly be termed overwhelming. For some time there was no indication of any interest in forming this "continuing agency." But in 1953, the Commission on Intergovernmental Relations—the Kestnbaum Commission—was appointed to conduct what was probably the most extensive study of intergovernmental relations up to that time.

The Commission's final report, now 10 years old, struck two key notes:

First, that the problems of intergovernmental relations cannot be resolved by the sporadic attempts of temporary agencies, but require the continued effort of established groups if there is to be reasonable attention to or awareness of these problems; and

Second, that the substance of intergovernmental relations cuts across many functional divisions of responsibility, so that many are occupied with some aspects of these problems, but few take a comprehensive view of them.

This temporary commission also called for the creation of a continuing advisory agency, explaining that:

The proper functioning of the Federal system requires that concerted attention be given to interlevel relationships * * * (but) many governmental decisions are made without adequate consideration of these relationships. This occurs partly because the legislative and executive branches are organized primarily along functional lines. The Commission believes, therefore, that provision should be made for a permanent center for overall attention to the problems of interlevel relationships.

When again nothing happened, the House Subcommittee on Intergovernmental Relations, under the able direction of my good friend Representative Fountain, continued the effort. After extensive hearings in 1957 and 1958, the subcommittee concluded, in its 30th report, that "occasional studies and ad hoc committees, however useful, are not an effective substitute for the continuous review of intergovernmental programs and problems from the standpoint of the federal system as a whole."

Accordingly, in the 86th Congress, Representative Fountain introduced H.R. 6904, and I, with 25 Senate cosponsors, introduced S. 2026, to establish a permanent bipartisan Advisory Commission on Intergovernmental Relations. Nearly 6 years ago, Representative Fountain and I chaired a week of joint hearings on the proposals which—as you know—led to the establishment of the Commission.

The ACIR had its first meeting in December 1959. Since that time, Mr. Fountain and I have followed the operations of the Commission as charter members and as chairmen of the Intergovernmental Relations Subcommittees in the House and Senate. The senior Senator from North Carolina (Sam J. Ervin, Jr.), the senior Senator from South Dakota (Karl E. Mundt), and the gentlewoman from New Jersey (Mrs. Florence Dwyer) have also been Commission members since that time.

When we were considering our bills to establish this Commission, I saw three problems confronting the body:

First, it could become "just another commission"; second, the real work of the Commission could duplicate the discussions and studies of predecessor groups without making an important contribution of its own; and, third, its heterogeneous membership with other heavy responsibilities might not work together effectively.

At those 1959 hearings I asked several witnesses questions relating to these points. Now, after 5 years of Commission activity, witnesses at these hearings might well address themselves to these same questions.

As a Government agency, the Commission has behaved in a responsible fashion. Once fully staffed, with 20 to 25 professional and clerical personnel, the Commission has maintained its size with no attempt to follow Parkinson's law. The first budget for this full complement, for fiscal 1962, was \$375,000. The growth to \$410,000 for fiscal 1965 merely reflects the salary increases voted by Congress. In its housekeeping, then, the Commission has been prudent.

The Commission has issued 33 printed reports. All of them were based on intensive study, and more than 100,000 copies have been distributed to officials, libraries, and citizens across the Nation. There are now approximately 4,000 on the Commission's mailing list.

These are some of the indexes which measure the Commission's productivity. But in a total evaluation of the work of the Advisory Commission, its past performance and its role in the future of our federal system, the qualitative elements also must be assessed.

I have not always agreed with the Commission's findings or decisions, but my support of most of them is evident by my introduction of implemental legislation. S. 561 is one such bill. This proposed Intergovernmental Cooperation Act of 1965 was the subject of hearings by my subcommittee last month. This bill includes several important Commission recommendations. I expect, within the next month, to see this bill reported out of committee and ready for Senate approval.¹

On the whole, though, I am somewhat concerned that the Commission recommendations have not received the congressional or executive branch attention they deserve. As the Kestnbaum report indicated, we are usually more concerned with functional or program questions than with questions on how the federal system works.

Our concern for the future of the federal system is great. We now have more than 125 Federal aid programs. The number and magnitude of these programs reveal the national response to problems that must be solved. But the number and magnitude of these programs require even closer attention to insure that Federal aid really strengthens our federal system.

Fifteen years ago the Hoover Commission report recommended the establishment of a continuing agency in this field. Ten years ago the Kestnbaum report advocated a permanent advisory board. Five years ago, after more study, the Commission was founded.

Over this period, the basic problem of the federal system has remained the same, to maintain a "democracy based on individual liberty and extensive citizen participation in and control of government," as the Hoover report put it, while at the same time providing "the services which people increasingly demand and which are necessary for the general welfare."

This is not the challenge for any single level of government—it is the task of all levels. The Advisory Commission was created to advise these levels so they could function better as one effective federal system. Let us be mindful of this fact as we explore the Commission's past and probe its future.

Representative FOUNTAIN. Thank you, Senator Muskie.

It is interesting to go back and find statements we made in bringing H.R. 6904 to the House for legislative action. This is one which I made at the time:

The basic objective of the Commission is to strengthen the ability of our federal system to meet the problems of an increasing complex society in this space age by promoting greater cooperation, understanding, and coordination of activities between the separate levels of government. Even if the Commission did no more than provide the machinery for bringing together Federal, State, and local officials to discuss matters of mutual interest and concern, I feel the proposed Commission would be worth the expense. The importance of establishing effective lines of communication between the levels of government should not be underestimated. However, I sincerely believe that the Commission, if given a fair chance, will accomplish a great deal more.

We know that the Commission has done a great deal more than provide a forum for an exchange of views, and our first witness, Mr.

¹ S. 561 passed the Senate on Aug. 4, 1965.

Frank Bane, is prepared to describe at this time what the Commission has actually accomplished during its initial 5 years. He may be able also to tell us what it hasn't accomplished.

Mr. Bane has served as the Commission's first and only Chairman during this developmental period and I might say he has served very ably indeed. Prior to his appointment to the Commission in 1959, Chairman Bane had a long and distinguished career as the executive secretary of the Governors' conference and of the Council of State Governments. In that capacity, I expect that he has known more Governors than any other living person. And before his long association with the Council of State Governments, Mr. Bane had also carved out illustrious careers as both a State and Federal administrator.

So it gives me a great deal of pleasure at this time to recognize Mr. Frank Bane and the Advisory Commission's very able Executive Director, Mr. William G. Colman, for a statement on the Commission's work and accomplishments.

Mr. Beckman and Mr. Ecker-Racz also accompany Mr. Bane and Mr. Colman. I feel sure they are well prepared to respond to questions in their areas of specialization.

**STATEMENT OF FRANK BANE, CHAIRMAN, ADVISORY COMMISSION
ON INTERGOVERNMENTAL RELATIONS; ACCOMPANIED BY WIL-
LIAM G. COLMAN, EXECUTIVE DIRECTOR; L. L. ECKER-RACZ AND
NORMAN BECKMAN, ASSISTANT DIRECTORS**

Mr. BANE. Thank you very much for those kind and extravagant remarks.

My name is Frank Bane. I am Chairman of the Advisory Commission on Intergovernmental Relations and, as you said, we have with us Bill Colman, Executive Director of the Commission, Mr. Ecker-Racz, Assistant Director, and Mr. Norman Beckman, Assistant Director.

We have, Mr. Chairman, quite a lengthy statement dealing with the progress of the Commission over the past 5 years.

Mr. Chairman and members of the subcommittee, intergovernmental relations has always been the major question in the operation of our federal system of government. It is not a question or problem that can be answered or solved once and for all, by any action at a given time. It changes in nature with almost every generation as circumstances change and new problems and needs arise.

In no one period perhaps have changes been so extensive and accelerated so rapidly as in the past 20 years. Prior to World War II intergovernmental relations was almost entirely a matter of Federal-State relations. Today it is a Federal-State-local, and sometimes even a Federal-State-local-institutional and community problem. These changes have come about and these developments have taken place largely for three reasons:

- (1) There are many more of us.
- (2) We live under different conditions in the mid-20th century—a predominately industrial economy and a predominately urban society.

(3) We want additional and more extensive services from Government, especially in the fields of education, health, public works, transportation, and welfare.

Soon after its establishment 5 years ago, the members of the Advisory Commission on Intergovernmental Relations came to the conclusion that although the statute creating the Commission specifies that it shall be a "permanent" body, the Commission's activity, at some appropriate time, should be evaluated by the Congress to see whether or not this experiment in the evolution of federalism was working out as the Congress intended. Consequently, last autumn I suggested to the members of the Commission that since we had completed 5 years of activity, it might be appropriate to suggest that the responsible congressional committees take a look at what had been done. The Commission agreed, and that is the reason we are here today and the reason for this statement—which essentially is a factual outline of what the Commission has done, how it has done it, and the results accomplished.

HISTORICAL BACKGROUND OF THE ADVISORY COMMISSION

During the Truman administration, the first Hoover Commission recognized the problems and potentialities in this area when it recommended that "a continuing agency of Federal-State relations be created with primary responsibility for study, information, and guidance in the field of Federal-State relations."

In 1953 an opportunity arose for a closer look at the federal system. At the recommendation of President Eisenhower, Congress created the Commission on Intergovernmental Relations (popularly known as the Kestnbaum Commission). This temporary Commission, made up of persons appointed by the President and designated Members from both Houses of Congress, issued its report in 1955. This report covered the philosophical aspects of the federal system of government and made specific recommendations on the problems involved in the division of functions and responsibilities among the various levels of government. One suggestion was "that provision should be made for a permanent center for overall attention to the problems of intergovernmental relationships."

Soon after the publication of the Kestnbaum report, the Intergovernmental Relations Subcommittee of the House Committee on Government Operations, chaired by Congressman L. H. Fountain, began extensive hearings on the recommendations of the Commission, including those relating to the establishment of an agency within the National Government to deal with intergovernmental relations on a continuing basis. On a related front, pursuant to a suggestion presented to the Governors' conference in 1957, a Federal-State Joint Action Committee was formed. This committee made up of Governors and Federal officials, explored a number of issues of Federal-State relations.

On the question of creating a new intergovernmental agency, officials from various levels of government indicated a need for such an agency. Governor DiSalle, of Ohio, stated to the Fountain subcommittee:

For years we have listened to the charges that one governmental subdivision duplicates in the function of another. We have heard the charges of the usur-

pation of the authority of one by the other. We have heard about the possible interference and the cost to the taxpayers that would result from the lack of clear delineation of the authority and responsibilities of each. Because of all this discussion, I have long felt the need of a bipartisan commission to consider change and to give clear and critical attention to the possible conflicts and to encourage discussion and study of the various mutual problems that do exist.

In late 1958, the then Senator Johnson of Texas, in an address to the Texas Municipal League, stated—

*** it is my thought that the time has come for the Nation to undertake a thoughtful and penetrating study of the problems and role and opportunities of local government ***. It is my present plan to introduce, in the next Congress, a measure to create a nationwide study commission to explore this whole subject—with provision for full representation and participation by all levels of government from all regions of the Nation.

Mayor Robert Wagner, of New York, advised the Fountain subcommittee:

*** by the creation of a permanent Advisory Commission on Intergovernmental Relations you will not by that act solve our problems but you will provide a means by which many of them can be discussed, examined, and understood by public officials—Federal, State, and local—and such discussion, examination, and understanding is a necessary first step toward the solution of our problems.

The subcommittee received similar sentiments from many State, municipal, and county officials and private citizens all over the country.

In light of the views expressed by these various organizations and individuals, the final report of the Fountain subcommittee contained a recommendation urging—

the establishment of a broadly based Advisory Commission on Intergovernmental Relations, drawing its membership from the Congress, the executive branch, Governors, State legislators, mayors, county officials, and private citizens.

A bill to this effect was introduced in the House and a similar one in the Senate by Senator Edmund Muskie, of Maine, and 25 other Senators. Joint hearings were held by the House and Senate Committees on Government Operations. These bills culminated in passage by the Congress and approval by President Eisenhower as Public Law 380 on September 24, 1959. The Federal-State Joint Action Committee which held its final meeting in October 1959 urged strong support of the new Commission by the various levels of government and the general public.

Public Law 86-380 established the Advisory Commission on Intergovernmental Relations as permanent, bipartisan body of 26 members, to give continuing study to the relationships among local, State, and National levels of government. The members of the Commission are drawn from the three levels of government: four Governors, four mayors, three State legislators, three county officials, three U.S. Senators, three Congressmen, three Federal executives, and three private citizens appointed by the President. The representatives from the State and local levels are appointed by the President from panels of nominees submitted by associations of governmental officials; namely, the Governors' Conference, Council of State Governments, U.S. Conference of Mayors, National League of Cities, and National Association of Counties. Bipartisanship is built in by limiting the number of members in each category—except the three citizens at large, who may be of the same party.

Following is a list of the present membership of the Commission showing the names, titles, and date of original appointment and expiration of terms:

*Members of the Advisory Commission on Intergovernmental Relations,
May 20, 1965*

Name	Title	Date of original appointment	Expiration of present term
Frank Bane, Chairman	Public member	Dec. 8, 1959	Apr. 29, 1966
Thomas H. Eliot, Vice Chairman	do	Apr. 30, 1964	Do.
Neal S. Blaisdell	Mayor, Honolulu, Hawaii	Aug. 1, 1962	May 10, 1967
Edward Connor	Member, Wayne County Board of Supervisors, Michigan	Dec. 8, 1959	Apr. 29, 1966
Marion Crank	Speaker of the house, Arkansas	Apr. 30, 1964	Do.
John Dempsey	Governor of Connecticut	do	Do.
C. George DeStefano	State senator, Rhode Island	Feb. 4, 1965	Feb. 3, 1967
Clair Donnenwirth	Member, Plumas County Board of Supervisors, California	Dec. 8, 1959	Apr. 29, 1966
Florence P. Dwyer, Mrs.	House of Representatives	do	Mar. 22, 1967
Sam J. Ervin, Jr.	U.S. Senate	do	Mar. 9, 1967
L. H. Fountain	House of Representatives	do	Mar. 22, 1967
Henry H. Fowler	Secretary of the Treasury	May 11, 1965	May 10, 1967
Orville L. Freeman	Secretary of Agriculture	Feb. 4, 1965	Feb. 3, 1967
Herman W. Goldner	Mayor, St. Petersburg, Fla.	Apr. 30, 1964	Apr. 29, 1966
Eugene J. Keogh	House of Representatives	Feb. 5, 1962	Mar. 22, 1967
Richard Lee	Mayor, New Haven, Conn.	May 11, 1965	May 10, 1967
Karl E. Mundt	U.S. Senate	Dec. 8, 1959	Mar. 9, 1967
Edmund S. Muskie	do	do	Do.
Arthur Naftalin	Mayor, Minneapolis, Minn.	Aug. 1, 1962	May 10, 1967
Carl E. Sanders	Governor of Georgia	Mar. 13, 1963	Do.
Robert E. Smylie	Governor of Idaho	Dec. 8, 1959	Apr. 29, 1966
Adelaide Walters, Mrs.	Public member	Apr. 30, 1964	Do.
Robert C. Weaver	Administrator, Housing and Home Finance Agency	Oct. 10, 1962	Feb. 3, 1967
Charles R. Weiner	State senator, Pennsylvania	Apr. 30, 1964	Apr. 29, 1966
Barbara A. Wilcox, Mrs.	County commissioner, Washington County, Oreg.	Oct. 10, 1962	May 10, 1967
Vacancy	Governor		

The Commission began effective functioning in the spring of 1960. During the 5 years of its operation, the Commission has followed the seven specific lines of action enumerated in Public Law 86-380:

- (1) Bring together representatives of the Federal, State, and local governments for consideration of common problems.
- (2) Provide a forum for discussion of the administration of Federal grant programs.
- (3) Give critical attention to the conditions and controls involved in the administration of Federal grant programs.
- (4) Make available technical assistance to the executive and legislative branches of the Federal Government in the review of proposed legislation to determine its overall effect on the federal system.
- (5) Encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation.
- (6) Recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government.
- (7) Recommend methods of coordinating and simplifying tax laws and administrative practices to achieve a more orderly and less competitive fiscal relationship between the levels of government and to reduce the burden of compliance for taxpayers.

Since it began operation, the Commission has held 20 meetings, the last of which was just 10 days ago. Following is a summary of actions taken by the Commission since its establishment:

SUMMARY OF ACTIONS TAKEN BY THE ADVISORY COMMISSION ON
INTERGOVERNMENTAL RELATIONS

(All meetings in Washington, D.C., unless otherwise indicated)

First meeting, December 14, 1959

1. Received greetings from the assistant to the President.
2. Discussed the general responsibilities charged to the Commission in its enabling statute.

Second meeting, February 10, 1960

1. Appointed an Executive Director.
2. Decided that the real property tax should be studied.

Third meeting, May 25, 1960

1. Adopted voting procedures whereunder members could send representatives to sessions they were unable to attend, such representatives having the right to participate in discussion but not the right to vote.
2. Decided to complete a study of the estate tax, initiated earlier by the Federal-State Joint Action Committee.
3. Adopted a work program comprising following items in addition to estate and property taxes: (a) Measures of fiscal capacity and tax effort; (b) cooperative tax administration; (c) investment of idle cash balances; (d) periodic congressional review of grants-in-aid; (e) modification of Federal public health grants; (f) State restrictions on local government; (g) intergovernmental responsibilities for education beyond the high school; and (h) intergovernmental responsibilities for mass transportation.
4. Requested informational papers on (a) centrally collected, locally shared revenues; (b) equalization features of Federal grants-in-aid; and (c) non-property tax sources of local government revenue.
5. Agreed to explore question of improved statistical data for metropolitan areas as requested by the Committee for Economic Development.
6. Agreed upon a budget request of \$250,000 for fiscal year 1962.

Fourth meeting, January 18-19, 1961

1. Adopted a Commission report on "Coordination of State and Federal Inheritance, Estate, and Gift Taxes."
2. Adopted a Commission report on "Investment of Idle Cash Balances by State and Local Governments."
3. Adopted a Commission report on "Modification of Federal Grants-in-Aid for Public Health Services."
4. Gave preliminary consideration to a report on periodic congressional review of Federal grants-in-aid.
5. Added the following items to the work program: (a) Centrally collected locally shared revenues; (b) State and local taxation of private property on Federal areas; and (c) facilitation of metropolitan area planning and development by State and National Governments.
6. Deleted from the work program "education beyond the high school" and substituted "Federal standards involved in public assistance grants."
7. Approved second annual report.
8. Approved revised fiscal year 1962 budget request of \$420,000.

Fifth meeting, April 27-28, 1961

1. Adopted Commission report on "Governmental Structure, Organization, and Planning in Metropolitan Areas."
2. Adopted Commission report on "Intergovernmental Responsibilities for Mass Transportation Facilities and Services in Metropolitan Areas."
3. Gave preliminary consideration to a report on taxation of private property on Federal areas.
4. Approved a procedure for responding to requests of congressional committees for comments on bills.
5. Appointed a subcommittee to explore the issue of a Department of Urban Affairs.

Sixth meeting, June 15-16, 1961

1. Adopted Commission report on "Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments."
2. Adopted Commission report on "State and Local Taxation of Privately Owned Property Located on Federal Areas."
3. Adopted Commission Report on "Intergovernmental Cooperation in Tax Administration: Some Principles and Possibilities."
4. Approved a statement of the position of the Commission on a proposed Department of Urban Affairs.
5. Added the following items to the work program: (a) Approaches to governmental reorganization in metropolitan areas; (b) land use in metropolitan areas; (c) water supply and sewage disposal in metropolitan areas.
6. Received an informational report on "Tax Overlapping in the United States, 1961."

Seventh meeting, September 14-15, 1961

1. Adopted Commission report on "State Constitutional and Statutory Restrictions on Local Government Debt."
2. Adopted Commission report on "Local Nonproperty Taxes and the Coordinating Role of the State."

Eighth meeting, November 30-December 1, 1961

1. Directed that work continue on intergovernmental problems in the field of public welfare.
2. Reviewed the work and accomplishments of the Commission over its first 2 years and did not suggest any marked change in the balance or direction of the Commission's reports.
3. Added the following items to the work program: (a) Effect of tax, expenditure and debt practices on location of industry and economic development; (b) role of equalization in Federal grant and other aid; (c) factors affecting voter approval of reorganization in metropolitan areas; (d) identification of regional versus local functions in metropolitan areas; and (e) disposal of surplus Federal landholdings.
4. Deleted "land use in metropolitan areas" from the work program.
5. Approved the third annual report.

Ninth meeting, May 4-5, 1962

1. Expressed support for pending legislation regarding the use of public lands for urban development and deleted "disposition of Federal public land holdings" from the work program.
2. Approved the publication of a staff report "Measures of State and Local Fiscal Capacity and Tax Efforts."
3. Approved an information report on "Factors Affecting Voter Reactions to Governmental Reorganization in Metropolitan Areas."
4. Adopted a position on pending legislation to authorize a mid-decade census.
5. Considered a partial report on "Some Intergovernmental Problems in the Field of Public Welfare" and deferred the project until the impact of 1962 welfare amendments by the Congress could be assessed.
6. Added the following items to work program: (a) Intergovernmental aspects of racial and economic disparities between central cities and suburbs; (b) jurisdictional disparities between costs and benefits of local government programs in metropolitan areas; (c) transferability of retirement rights among levels of government; and (d) State legislative apportionment.

Tenth meeting, June 28-29, 1962

1. Adopted a Commission report on "Alternative Approaches to Governmental Reorganization in Metropolitan Areas."
2. Approved an information report "Directory of Federal Statistics for Metropolitan Areas."
3. Gave preliminary consideration to a report on State restrictions on the structure and function of local government.

Eleventh meeting, October 10-11, 1962, Seattle, Wash.

1. Adopted a Commission report on "State Constitutional and Statutory Restrictions Upon the Structural, Functional, and Personnel Powers of Local Government."
2. Adopted a Commission report on "Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas."

3. Adopted a Commission report on "State Constitutional and Statutory Restrictions on Local Taxing Powers," thereby completing action on the general item in the original work program dealing with State restrictions on local government.

4. Gave preliminary consideration to a report on the apportionment of State legislatures.

Twelfth meeting, December 13-14, 1962

1. Adopted a Commission report on "Apportionment of State Legislatures."

2. Gave preliminary consideration to a report on the role of the States in strengthening the real property tax.

3. Approved the fourth annual report.

4. Reviewed the work of the Commission over its first 3 years.

Thirteenth meeting, March 21-22, 1963

1. Gave preliminary consideration to a report on industrial development bond financing.

2. Gave further consideration to a report on the role of the States in strengthening the property tax, completing action on a portion of the recommendations contained therein.

3. Adopted a Commission report on "Transferability of Public Employee Retirement Credits Among Units of Government."

4. Gave preliminary consideration to question of Commission position on S. 1111—Water Resources Planning Act of 1963.

Fourteenth meeting, June 27-28, 1963

1. Adopted a Commission report on "Industrial Development Bond Financing."

2. Adopted a Commission report on "The Role of the States in Strengthening the Property Tax."

3. Adopted a position in opposition to three States' rights amendments to the U.S. Constitution proposed in 1962 by the General Assembly of the States.

4. Adopted a position supporting, with some modifications, the provisions of S. 1111—Water Resources Planning Act of 1963.

5. Added the following items to the work program: (a) Intergovernmental problems in relocation of displaced persons and businesses in urban areas; and (b) State laws and criteria for formation of special purpose districts and authorities.

Fifteenth meeting, September 26-27, 1963

1. Gave preliminary consideration to a report on the role of equalization in grants-in-aid.

2. Approved an information report "Performance of Urban Functions: Local and Areawide."

3. Reviewed the work of the Commission in the implementation of its recommendations at the National and State levels.

Sixteenth meeting, January 23-24, 1964

1. Adopted a Commission report on "The Role of Equalization in Federal Grants-in-Aid."

2. Adopted a Commission report on "Impact of Federal Urban Development Programs on Local Government Organization and Planning."

3. Adopted a position recommending action by the Congress to provide for national time uniformity.

Seventeenth meeting, May 21-22, 1964

1. Adopted a Commission report on "Statutory and Administrative Controls Associated with Federal Grants for Public Assistance."

2. Adopted a Commission report on "The Problem of Special Districts in American Government."

3. Added the following items to the work program: (a) Coordination of Federal, State, and local personal income taxes and (b) intergovernmental responsibilities for law enforcement.

Eighteenth meeting, September 17-18, 1964

1. Adopted a Commission report on "The Intergovernmental Aspects of Documentary Taxes."

2. Adopted a Commission report on "State-Federal Overlapping in Cigarette Taxes."

3. Gave consideration to and partially completed action on a report dealing with economic and social disparities between central cities and suburbs in metropolitan areas.

Nineteenth meeting, January 18-19, 1965

1. Completed action on and adopted a Commission report on "Metropolitan Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs."

2. Adopted a Commission report on "Relocation: Unequal Treatment of People and Businesses Displaced by Governments."

3. Reviewed and approved a draft bill dealing with procedures for handling Federal grants-in-aid to State governments which had been developed jointly by the staff of the Budget Bureau and the Commission.

4. Passed without objection an information report on "State Technical Assistance to Local Debt Management."

5. Decided that Commission members and staff, when queried by State and local officials as to desirable organization arrangements for the consideration of intergovernmental relations at the State level would provide information as to the several methods now employed in a number of States.

6. Added the following item to the work program: Role of local State and Federal Governments with respect to building code modernization and uniformity.

Twentieth meeting, May 14, 1965

1. Gave preliminary consideration to a report on coordination of Federal and State personal income taxes.

2. Reaffirmed the Commission's position on the desirability of congressional action to authorize retrocession to the States of exclusive legislative jurisdiction over selected Federal properties.

3. Added the following item to the work program: intergovernmental relations in the poverty program.

4. Agreed upon certain changes in the Commission's enabling statute to be recommended to the Senate and House Government Operations Committees.

REPORTS OF THE COMMISSION

As indicated above in the chronological summary of actions taken, the Commission, since its inception, has developed, approved, and published 26 policy reports and 7 information reports. All policy reports of the Commission contain recommendations directed to various levels of government for legislative or administrative action designed to improve intergovernmental relations. Information reports, as the description implies, contain no Commission recommendations but rather present material designed to be helpful to legislators and governmental officials and to be educational for the general public.

The titles, dates, and nature of these reports are summarized as follows:

REPORTS ISSUED BY THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS, JANUARY 1961 TO DATE

A. POLICY REPORTS

Coordination of State and Federal Inheritance, Estate and Gift Taxes.—January 1961. (Report A-1; 134 pages, printed.) Describes the background of intergovernmental relations in the area of death taxation, presents alternative tax credit arrangements, and recommends legislation to increase State revenues, to improve their distribution among the States, and to simplify State tax statutes.

Modification of Federal Grants-in-Aid for Public Health Services.—January 1961. (Report A-2; 46 pages, offset.) Examines the objectives and financing of grants for public health services and recommends congressional action to provide greater flexibility at the State level.

Investment of Idle Cash Balances by State and Local Governments.—January 1961. (Report A-3; 61 pages printed.) Summarizes the historical development and current status of the custody and investment of State and local funds; recommends legislative and administrative action to maximize interest earnings on idle funds.

Investment of Idle Cash Balances by State and Local Governments—A Supplement to Report A-3.—January 1965. (16 pages, offset.) Updates the figures on State and local cash and security holdings and analyses recent investment trends in the several States.

Intergovernmental Responsibilities for Mass Transportation Facilities and Services in Metropolitan Areas.—April 1961. (Report A-4; 54 pages, offset.) Examines the urban transportation problem with special emphasis on major metropolitan areas; makes several recommendations for legislative action by both the States and the Federal Government.

Governmental Structure, Organization, and Planning in Metropolitan Areas.—July 1961. (Report A-5; 83 pages, U.S. House of Representatives, Committee on Government Operations, committee print, 87th Cong., 1st sess.) Examines the problems associated with the highly complex governmental structure common to metropolitan areas; recommends various actions by the States and the Federal Government to improve intergovernmental relations and to simplify local governmental structure in these areas.

State and Local Taxation of Privately Owned Property Located on Federal Areas; Proposed Amendment to the Buck Act.—June 1961. (Report A-6; 34 pages, offset.) Examines the property tax status of privately owned properties in areas under exclusive Federal legislative jurisdiction, examines recent legislative proposals to permit local taxation of these properties, and recommends the retrocession of legislative jurisdiction to the States.

Intergovernmental Cooperation in Tax Administration.—June 1961. (Report A-7; 20 pages, offset.) Examines the status of intergovernmental cooperation among tax administrations and recommends steps to expand the scope of Federal-State and interstate cooperation, including exchange of tax information and training of personnel.

Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments.—June 1961. (Report A-8; 67 pages, offset.) Describes the evolution and current status of Federal grants-in-aid and recommends the establishment of congressional machinery for their review.

Local Nonproperty Taxes and the Coordinating Role of the State.—September 1961. (Report A-9; 68 pages, offset.) Summarizes the extent of local nonproperty taxes in the United States and recommends some policy guidelines for their coordination by the States.

State Constitutional and Statutory Restrictions on Local Government Debt.—September 1961. (Report A-10; 98 pages, printed) Appraises existing State restrictions and recommends State action.

Alternative Approaches to Governmental Reorganization in Metropolitan Areas.—June 1962. (Report A-11; 88 pages, offset.) Reviews the major approaches to reorganization of governmental structure and powers in metropolitan areas, indicating their strengths and weaknesses, and the factors that make them likely to be effective if adopted.

State Constitutional and Statutory Restrictions Upon the Structural, Functional, and Personnel Powers of Local Government.—October 1962. (Report A-12; 80 pages, printed.) Describes State limitations on the form and structure of local government and recommends State action.

Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas.—October 1962. (Report A-13; 135 pages, offset.) Identifies problems of Federal-State-local relations with regard to the planning, financing, and construction of water supply and sewage disposal facilities and presents recommendations for legislative and administrative action by the levels of government concerned.

State Constitutional and Statutory Restrictions on Local Taxing Powers.—October 1962. (Report A-14; 122 pages, offset.) Appraises existing State restrictions and recommends State action.

Apportionment of State Legislatures.—December 1962. (Report A-15; 78 pages, offset.) Reviews the history and present practices of State legislative apportionment and the possible impact thereof and contains a series of guiding principles designed to assist public officials and private citizens in meeting their responsibilities in this matter.

Transferability of Public Employee Retirement Credits Among Units of Government.—March 1963. (Report A-16; 93 pages, offset.) Reviews Federal, State, and local public employee retirement systems emphasizing those provisions which protect employee retirement credit upon job transfer, and recommends measures for protecting retirement credits of public employees who change jobs.

The Role of the States in Strengthening the Property Tax.—June 1963. Report A-17; printed.) Volume I (187 pages). Examines the major problems of property tax policy and ways the State can deal with them; the prerequisites of sound assessment administration are examined on the basis of recent experience in the several States; remedial measures to meet the varying needs in the different States are recommended. Volume II (182 pages). Summarizes the lines of action individual States have taken to meet their property tax responsibilities.

Industrial Development Bond Financing.—June 1963. (Report A-18; 96 pages, offset.) Summarizes the growth and present magnitude of local and State financing of industrial plants for lease to private enterprise in the several States, evaluates these practices, and recommends measures for preventing their abuse for private advantage.

The Role of Equalization in Federal Grants.—January 1964. (Report A-19; 258 pages offset.) Examines the basis of distribution of Federal grants among State and local governments, identifies the categories of grants, the distribution of which should recognize differences in the recipient States' comparative financial capabilities and needs, and makes recommendations for legislative and administrative action. Provides, also, basic information on each of the Federal grants, including each State's share of the available funds and the amount of matching funds required of the States.

Grant-in-Aid Programs Enacted by the 2d Session of the 88th Congress—A Supplement to Report A-19.—March 1965 (22 pages offset). Describes the Federal grants to State and local governments in effect on January 1, 1964. This supplement to the earlier report describes all the grant-in-aid programs enacted by the 2d session of the 88th Congress which adjourned on October 3, 1964.

Impact of Federal Urban Development Programs on Local Government Organization and Planning.—January 1964. (Report A-20; 198 pages, U.S. Senate, Committee on Government Operations, committee print, 88th Cong. 2d sess.) Provides a systematic survey and analysis of local government organization and planning requirements in 43 Federal-aid programs affecting physical development in urban areas; assesses the degree of Federal interagency coordination of urban development programs; and recommends legislative and administrative changes for improving local organization, local planning, and Federal interagency coordination. An appendix to the report describes and evaluates each program in detail, and identifies pertinent regulations and official documents.

Statutory and Administrative Controls Associated With Federal Grants for Public Assistance.—May 1964. (Report A-21; 108 pages, printed.) Contains a comprehensive analysis of Federal-State-local relations in public assistance programs in the context of statutory and administrative restrictions imposed by the Federal Government. Identifies those restrictions which appear to unduly limit the flexibility available to the States but are unrelated to Federal program objectives.

The Problem of Special Districts in American Government.—May 1964. (Report A-22; 112 pages, printed.) Reviews the operations of special districts and public authorities in terms of their relationship to local government. Outlines the procedures set forth for their creation and examines their financial activities. Attempts to distinguish between real and imaginary reasons for their use.

The Intergovernmental Aspects of Documentary Taxes.—September 1964. (Report A-23; 29 pages, offset.) Presents basic data on Federal, State, and local documentary taxes on security and real estate transfers. Recommends repeal of the Federal stamp tax on real estate transfers and urges States to consider value of such a tax as a source of local or State revenue and for support of property assessment administration.

State-Federal Overlapping in Cigarette Taxes.—September 1964. (Report A-24; 62 pages, offset.) Contrasts the costly State cigarette tax collection system with economical Federal collection at the manufacturing level through semi-monthly returns. Urges Governors to explore with manufacturers adaptability of Federal collection system.

Metropolitan Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs.—January 1965. (Report A-25; 253 pages, offset.) Examines central city-suburban relationships in regard to human or population characteristics, fiscal and economic resources, and method

of financing and allocating costs of services that cut across central city and suburban boundaries. Recommends action to (a) promote wider range of choice and remove intergovernmental restrictions in such fields as urban housing and employment; (b) permit adjustment of governmental jurisdiction and responsibilities; and (c) modify intergovernmental financial arrangements where significant disparities exist among jurisdictions in metropolitan areas.

Relocation: Unequal Treatment of People and Businesses Displaced by Governments.—January 1965. (Report A-26; 141 pages, offset.) Reviews problems arising from displacement of people and businesses by Federal, State, and local programs, including lack of uniformity in relocation laws and practices; and suggests governmental action to achieve greater equity and minimize hardships.

B. "INFORMATION" REPORTS

Tax Overlapping in the United States, 1961.—An information report. September 1961. (M-11; 136 pages, printed.) Contains a description and analysis of the principal taxes involved in Federal-State-local tax relations, with basic data on major tax provisions, tax rates, and tax collections for each of the States and major local governments.

Factors affecting Voter Reactions to Governmental Reorganization in Metropolitan Areas.—An information report. May 1962. (M-15; 80 pages, offset.) Presents and analyzes factors affecting voter reaction to proposed plans for local government reorganization in 18 metropolitan areas.

Measures of State and Local Fiscal Capacity and Tax Effort.—A staff report. October 1962. (M-16; 150 pages, printed.) Studies alternative measures of State and local fiscal capacity and tax effort with special emphasis on the development of the estimated yield of a representative tax system "yardstick" on a State-by-State basis for use in appraising the relative capacities of the several States to produce revenue and the relative tax effort represented by their present tax systems, the advantages and disadvantages of such an approach are explained.

Directory of Federal Statistics for Metropolitan Areas.—An information report. October 1962. (M-18; 118 pages, printed.) Provides a directory of sources indexed by major and detailed subject of all data regularly published by the Federal Government for standard metropolitan statistical areas and their constituent geographic units.

Performance of Urban Functions: Local and Areawide.—An information report. September 1963. (M-21; 281 pages, offset.) Outlines a method whereby citizens and public officials might decide whether specific urban functions should be provided on a local, areawide, or intermediate area basis; ranks 15 functions analyzed on a scale of "most local" through "most areawide"; and provides fact book of information on the functions.

Tax Overlapping in the United States, 1964.—An information report. July 1964. (M-23; 235 pages, printed.) Contains a description and analysis of the principal taxes involved in Federal-State-local tax relations, with basic data on major tax provisions, tax rates, and tax collections for each of the States and major local governments.

State Technical Assistance to Local Debt Management.—An information report. January 1965. (M-26; 80 pages, offset.) Describes a basic State technical assistance program designed to help local governments in debt management and to maximize the amount of information that can be made available to investors for evaluating local government debt offerings.

COMMISSION'S METHOD OF WORK

The duty of the Advisory Commission, under Public Law 86-380, is to give continuing attention to intergovernmental problems in Federal-State, Federal-local, and State-local, as well as interstate and interlocal relations. The Commission's approach to this broad area of responsibility is to select specific, concrete intergovernmental problems for analysis and policy recommendation. In some cases, matters proposed for study are introduced by individual members of the Commission. In other cases, public officials, professional organizations, or scholars propose projects. In still others, possible subjects are suggested by the staff. Frequently, several subjects com-

pete for a single "slot" on the Commission's work program. In such instances, selection is by majority vote. When a subject is placed on the work program, one or more staff members are assigned to it.

From 1961 until recently, the Commission's staff was organized into three sections, each headed by an Assistant Director reporting to the Executive Director: Taxation and finance; metropolitan areas; and governmental structure and functions. Recently, the Commission staff has been reorganized into two sections—Taxation and finance; and governmental structure and functions—with the latter section encompassing work previously carried on by the section devoted to metropolitan areas. The professional staff of the Commission presently numbers nine persons, in addition to the Executive Director. Four of these work in taxation and finance, and five in governmental structure and functions. In limited instances, Commission studies are contracted for with an expert in the field or with a research organization.

The staff's job is to assemble and analyze the facts, identify the differing points of view involved, and develop a range of possible, frequently alternative, policy considerations and recommendations which the Commission might wish to consider. This is all developed and set forth in a preliminary draft report containing (a) historical and factual background, (b) analysis of the issues, and (c) alternative solutions.

The preliminary draft is first reviewed within the staff of the Commission and after revision is discussed at length with persons especially qualified in the particular field to obtain searching review and criticism. In assembling these reviewers, care is taken to provide expert knowledge, and a diversity of substantive and philosophical viewpoints. Additionally, representatives of the National League of Cities, U.S. Conference of Mayors, Council of State Governments, National Association of Counties, U.S. Bureau of the Budget, and any Federal agencies directly concerned with the subject matter participate along with the other "critics" in reviewing the draft. It should be emphasized that participation by an individual or organization in the review process does not imply in any way endorsement of the draft report. Criticisms and suggestions are presented; some may be adopted, others rejected by the Commission staff.

The draft report is then revised by the staff in light of criticisms and comments received and transmitted to the members of the Commission at least 2 weeks in advance of the meeting at which it is to be considered.

In its formal consideration of the draft report, the Commission registers any general opinion it may have as to further staff work or other considerations which it believes warranted. However, most of the Commission's attention is devoted to specific and detailed examination of conclusions and possible recommendations. Differences of opinion are aired, suggested revisions discussed, amendments considered and voted upon, and finally a recommendation adopted (or modified as the case may be) with individual dissents registered. The report is then revised in the light of Commission decisions and printed, with footnotes of dissent by individual members, if any, recorded as appropriate in the copy.

Following is the current checklist of problems, serving as one of the sources from which the Commission selects its work items:

CHECKLIST OF POSSIBLE PROBLEMS AND ISSUES TO WHICH COMMISSION MIGHT ADDRESS ITSELF

A. TAXATION AND FINANCE

1. Federal-State tax coordination :
 - (a) Corporation income tax.
 - (b) Motor fuel taxes (including refunds).
 - (c) Admissions (to places of amusement) taxes.
 - (d) Sales taxes and other excises.
2. Intergovernmental immunities :
 - (a) Properties—State and local property taxes—payments in lieu of taxes.
 - (b) Proprietary activities—income and business taxes.
 - (c) Purchases, sales, and land acquisitions—sales, use, and excise taxes.
 - (d) Services—transportation and communication excises.
 - (e) Government contractors—property, sales, and income taxes.
 - (f) Securities—income tax.
 - (g) Military personnel—State and local taxation.
 - (h) Special assessments against Federal property for local improvements.
3. Intergovernmental coordination through tax and revenue sharing.
4. Interstate jurisdictional problems :
 - (a) Interstate commerce—income, sales, and use taxes.
 - (b) Nonresidents—income tax.
5. Effect of property taxation upon competitive modes of transportation.
6. Effects of property taxation upon different uses of urban land.
7. Fiscal aspects of grants-in-aid :
 - (a) Eligibility rules—their impact on the allocation of State and local public funds and expenditures.
 - (b) Accounting and auditing requirements associated with Federal grants. (Being studied by Budget Bureau and Association of State Budget Officers.)
 - (c) State aid to local governments—their impact on local finances, allocation of resources, expenditures.
 - (d) Exchange of specific grants for specific tax sources.
 - (e) Federal highway grants—impact on State and local jurisdictions.
 - (f) Possible role of "bloc grants."
 - (g) Contrasting impact of State and Federal grants on large and small cities.
 - (h) Improvement of information on intergovernmental financial transfers: Federal-State; State-local; Federal-local.
8. Banking and credit activities :
 - (a) Impact of Federal credit policies on State and local finances.
 - (b) Roles of Federal and State Government in the regulation of banking and other financial institutions.
9. Economic problems :
 - (a) Impact of Federal stabilization policies on State and local government operations and vice versa.
 - (b) Cyclical and economic growth aspects of fiscal plans and policies.
 - (1) State-local.
 - (2) Federal-State.
 - (c) "Tax increment" financing of local government capital expenditures (use of incremental return from improved tax base to pay off capital costs prior to use as general revenue).
 - (d) Data needs for State, local, and metropolitan area policy formulation (including preparation of revenue estimates).
 - (e) Financial reporting standards, particularly for smaller jurisdictions.
 - (f) The impact of disarmament on State and local governments.
10. Fiscal characteristics of Canadian, Australian (possibly other) Federal systems.

B. GOVERNMENTAL STRUCTURE AND FUNCTIONS

1. Intergovernmental problems of "new towns."
2. Utilization of local and State political party organization and structure to meet the intergovernmental problems of metropolitan areas.

3. Municipal-county relations in metropolitan areas.
4. Impact of Federal, State, and local programs on appearance of our communities.
5. Evaluation of Federal mass transportation programs as they affect inter-governmental relations.
6. Merger and disincorporation of cities.
7. Intergovernmental responsibilities for regulation of mass transportation rates and services in urban areas.
8. Programs of Federal and State technical assistance on urban problems.
9. Role of interstate compacts in the Federal system, including special problems of interstate metropolitan areas.
10. Administrative aspects of Federal grant-in-aid programs:
 - (a) Merit system and Hatch Act requirements.
 - (b) Federal administrative costs of grant-in-aid programs (so-called freight charges).
 - (c) "Project grants" and their implications for intergovernmental relations.
11. Disposal of Federal surplus property to State and local governments.
12. Federal-State relations regarding insurance regulation.
13. Role of the State in labor management relations.
14. Federal-State relations regarding workmen's compensation.
15. Differential impacts of Federal institutions on intergovernmental relations—Congress, the Presidency, the Supreme Court.
16. City-county-school board relationships in the financing and conduct of public elementary and secondary education.
17. Salary and personnel standards of Federal, State, and local governments.
18. Intergovernmental relationships in the poverty program.
19. Intergovernmental relations regarding collective bargaining rights of public employees.
20. Problems of thinly populated States and areas.
21. Structure, responsibilities, and intergovernmental relationships of State planning bodies.
22. Coordination of reporting on State and local government employment.
23. Intergovernmental relations concerning statistics and statistical services, including State and local utilization of automatic data processing techniques.
24. Intergovernmental arrangements for regional economic development.
25. Intergovernmental problems created by lack of uniformity in control of public utilities.
26. Intergovernmental cooperation in consumer protection activities.
27. Federal-State-local responsibilities for specific functions, such as:
 - (a) Education.
 - (b) Public assistance and welfare.
 - (c) Outdoor recreation.
 - (d) Atomic energy regulation.
 - (e) Weather modification.
 - (f) River and harbor development and flood control.
 - (g) Airports.
 - (h) Highways.
 - (i) Traffic safety.
 - (j) Juvenile delinquency
 - (k) Civil defense
 - (l) Natural disaster relief
 - (m) National Guard and Air National Guard
 - (n) Depressed areas
 - (o) Employment Security Administration
 - (p) Vocational rehabilitation
 - (q) Agricultural extension
 - (r) Agricultural experiment stations
 - (s) Forest protection and utilization
 - (t) Fish and wildlife management.

The Commission's current work program comprises the following:

1. Effect of State and local tax policies and practices on the location of industry.

2. Coordination of Federal and State personal income taxes.

3. Role of local, State, and Federal governments with respect to building code modernization and uniformity.
4. Intergovernmental relations in the poverty program.

RECOMMENDATIONS OF THE COMMISSION

In its 26 policy reports the Commission has submitted a large number of recommendations for the consideration of the President, the Congress, Governors, State legislatures, and officials of local governments. The Commission has made the following recommendations. They number 182.

A. TAXATION AND FINANCE

1. *Estate and gift taxes* (January 1961)

Amendment of the Internal Revenue Code to increase the credit against the Federal estate tax for inheritance and estate taxes paid to the States, such amendment to be effective with respect to any given State only after (a) State legislative action to shift the State tax from an "inheritance base" to an "estate base" and (b) legislative action adjusting State tax rates to assure that the effect of the increased credit would redound to the benefit of the State treasury rather than to individual Federal taxpayers.

2. *Investment of idle cash balances* (January 1961)

Where such authority does not now exist, enactment by States of legislation authorizing State and local governments to invest their idle funds in interest-bearing deposits with insured institutions and in obligation of the State or the Federal Government. (Mayor Celebrezze did not concur in this recommendation.)

Technical assistance by financial officers of the State government to smaller local units of government with respect to the desirability of, and opportunities for the investment of idle funds.

Cooperative action by the U.S. Treasury Department and State and local finance officers designed to provide full and current information regarding the investment opportunities in short-term Treasury obligations, including exploring the desirability of special Treasury issues particularly designed to meet the needs of State and local governments.

3. *Public Health grants* (January 1961)

Amending the Public Health Service Act of 1944 to grant authority to States to transfer funds up to 33 $\frac{1}{3}$ percent among specific health categories of Federal grants-in-aid for tuberculosis, venereal disease, heart disease, and cancer control and general health services;

Amending the Public Health Service Act of 1944 to place Federal grants-in-aid for the aforementioned categories under a single apportionment and matching formula instead of the different formulas now existing. (HEW Secretary Flemming did not concur in these recommendations.)

4. *Reassessment of Federal grants-in-aid* (June 1961)

The enactment by the Congress of a general statute, applicable to any new grants which may be enacted in the future, to provide that each new grant would be reenacted, terminated, or redirected at the end of 5 years, depending upon the results of a thorough reexamination of the grant by the cognizant legislative committee of the Congress. (Senator Leslie Cutler did not concur in this recommendation.)

Periodic review by congressional committees and executive agencies of the status of Federal grants-in-aid now in existence.

5. *Legislative and Tax Jurisdiction Over Private Property on Federal Areas* (June 1961)

(a) Favorable congressional action on pending legislation to authorize and direct Federal agencies to retrocede legislative jurisdiction to the States over U.S. Government properties as rapidly and extensively as consistent with their essential needs.

(b) That the States enact legislation, if required, to enable them to accept jurisdiction.

(c) That the President and Governors support implementation of the legislation.

6. *Cooperative tax administration (June 1961)*

(a) The enactment by the States of legislation authorizing the exchange of tax records and information among States and with the Federal Internal Revenue Service.

(b) Joint action by the Treasury Department, the Council of State Governments, and the Commission's staff to identify those State and local records and types of information that are potentially useful for the administration of Federal income and other taxes.

(c) Development by the States for submission to the Treasury Department and the Congress of a proposal for the admission of State and local tax enforcement personnel to training programs conducted by the Internal Revenue Service (authorized by Public Law 87-870).

(d) Favorable consideration by the Congress of pending legislation to authorize the Internal Revenue Service to perform statistical and related services for State tax agencies on a reimbursement basis (enacted, Public Law 87-870).

7. *Local nonproperty taxes (September 1961)*

(a) Providing cities and adjoining jurisdictions in large metropolitan areas with uniform taxing powers and authority for cooperative tax enforcement.

(b) Authorizing the addition of local tax supplements to State sales and income taxes where these taxes are used both by the State and a large number of local governments.

(c) Permitting pooled administration of similar local taxes levied by numerous local governments.

(d) Limiting local governments to the more productive taxes and discouraging the smaller jurisdictions from excessive tax diversity.

(e) Providing State technical assistance to local tax authorities including tax information, training facilities for local personnel, access to State tax records and where appropriate, using sanctions against State taxpayers who fail to comply with local tax requirements.

8. *Local government debt (September 1961)*

(a) Maximum flexibility for local government borrowing with any governing State provisions being as comprehensive and uniform in character as possible.

(b) Vestment of authority to incur debt with the governing bodies of local governments, subject only to a permissive referendum if petitioned by the voters and resolved generally by a simple majority vote.

(c) Repeal of constitutional and statutory provisions limiting local government debt by reference to the local property tax base (Mr. Michaelian and Mr. Burton did not concur in this recommendation).

(d) Provision by the States of technical assistance to local governments regarding debt issuance and State prescription of the minimum content of public announcements of local bond offerings.

(e) Consideration by the States of a substitute basis for the regulation of long-term local debt; namely, by reference to the net interest cost of prospective bond issues in relation to the prevailing yield of high-quality municipal securities (Mayor Clinton, Senator Cutler, and Mr. Burton did not concur in this recommendation.)

9. *State constitutional and statutory limitations on local taxing powers (October 1962)*

(a) Statutory provisions are preferred to constitutional provisions.

(b) Use of full market value of taxable property as the basis is preferred to fractional assessed value.

(c) Limitations on local functions in general are preferred to singling out individual functions.

(d) Capital financing and debt service needs should be excluded.

(e) Provision should be made to enable local governing bodies to obtain relief from tax limitations either by reference to the electorate or administratively by a State agency.

(f) The electorate should always have power to initiate referendums on proposed rate increases.

(g) If governing bodies and citizens are provided with the avenues of relief specified in (e) and (f), then tax limits embracing all overlapping local taxing jurisdictions are preferred to single jurisdiction limits.

(h) Home rule charter counties and cities should be excluded from tax rate limitations.

10. *The role of the States in strengthening the property tax (June 1963).*

(a) Each State should take a hard, critical look at its property tax law and rid it of all features which cannot be administered as written, encourage taxpayers' dishonesty, force administrators to condone evasion and which, if enforced, would impose an intolerable tax burden. Each State should exclude from its property tax base any component it is unwilling or unable to administer completely.

(b) To give legislatures and Governors flexibility and responsibility for producing and maintaining equitable, productive, administrable property tax systems, constitutions should be divested of all details that obstruct sound utilization and administration of the property tax.

(c) No new changes in the property tax system, whether by exemption or classification, should be undertaken without weighing the effect on facility of administration. Where administration has been needlessly complicated by such changes in the past, the defects should be eliminated wherever feasible.

(d) In any State where the laws governing assessment administration have not been carefully reviewed and recodified in recent years and where ambiguities, inconsistencies, and other weaknesses have developed, the laws should receive a thorough reexamination, overhauling, and recodification.

(e) In the instance of any class of self-assessed personal property, unless the local assessor is given adequate means to audit the declarations of the taxpayers, the property should be assessed by the State or the tax on such property abolished.

(f) Both the legislative and executive branches of the State governments should study the property tax as consistently as the other major sources of State-local revenue and treat it as an integral part of overall State and local financial planning. Adequate provision should be made for continuing study and analysis in the research divisions of State tax commissions and tax departments and by the interim tax study committees, legislative councils, and legislative reference bureaus of State legislature, with workable liaison arrangements.

Eliminating Underassessment

(a) The States should eliminate all requirements for fixed levels of assessment except for specifying the minimum assessment ratio (in relation to market value) below which assessments may not drop, and use for equalization and measurement purposes the annual assessment ratio studies conducted by their State supervisory agencies, as follows:

(1) The determined average level of assessments in each of a State's assessment districts would provide the basis for tax equalization in taxing districts located in more than one assessment district and for equalizing State grants for schools and similar purposes.

(2) The determined figures for the market value of taxable property in each taxing district would be the base for all regulatory and partial tax exemption provisions now related to assessed valuations or valuations equalized at fractional levels.

(b) In conjunction with adoption of the foregoing course of action, a State should conduct a thorough reevaluation of all regulatory and partial tax exemption provisions that have been related to assessed valuation, consider the desirability of their continuance from the point of view of sound policy, and, for any that may be continued, make such adjustments as are called for by new market value relationships.

(c) Because there is a tendency for nonuniformity of assessment to increase when property is assessed at low fractions of full value, it is important to use as high a floor as is feasible in setting minimum assessment levels.

Tax Exemption

(a) In order that the taxpayers may be kept informed, each State should require the regular assessment of all tax exempt property, compilation of the totals for each type of exemption by taxing districts, computation of the percentages of the assessed valuation thus exempt in each taxing district, and publication of the findings, including the function, scope, and nature of activities so exempted.

(b) Outright grants, supported by appropriations, ordinarily are more in keeping with sound public policy and financial management, more economical, and more equitable than tax exemptions and should be used in preference to the latter, with allowance for such exceptions as are clearly indicated by the public interest. No tax exemption for secular purposes should be initiated or continued which would not be justifiable as a continuing State budget appropriation.

(c) In the instance of mandatory tax exemptions extended to individuals for such purposes as personal welfare aid (the aged) and expressions of public esteem (the veterans), the States should reimburse the local communities for the amounts of the tax "loss."

Centralization of Assessment and Assessment Supervision

(a) Centralized assessment administration with more inclusive centralization when dictated by efficiency should be considered for immediate adoption by some States and for ultimate adoption by most States because it offers an uncomplicated and effective means of obtaining uniformly high-standard assessing throughout a State by the use of an integrated professional staff following standard methods and procedures under central direction.

(b) The geographical organization of each State's primary local assessment districts should be reconstituted, to the extent required, to give each district the size and resources it needs to become an efficient assessing unit and to produce a well-ordered overall structure that makes successful State supervision feasible.

(c) No assessment district should be less than countywide and when, as in very many instances, counties are too small to comprise efficient districts, multi-county districts should be created.

(d) All overlapping assessment districts should be abolished to eliminate wasteful duplication.

(e) The State's share in joint State-local assessment administration should be vested in a single agency, professionally organized and equipped for the job, and headed by a career administrator of recognized professional ability and knowledge of the property tax and its administration.

(f) In States in which tax administration is coordinated in a central tax department, the agency should be a major division of that department; in States where organization for tax administration is diffused the agency should be given due prominence as a separate department or bureau. Under the latter condition, particularly when strong central executive control is lacking, it may be desirable to have the career administrator serve under a multimember commission appointed for overlapping terms.

(g) The State supervisory agency should be responsible for assessment supervision and equalization, assessment of all State-assessed property, and valuation research, with adequate powers clearly defined by law.

(h) The State supervisory agency should be empowered to establish the professional qualifications of assessors and appraisers and certify candidates as to their fitness for employment on the basis of examinations given by it or of examinations satisfactory to it given by a State or local personnel agency, and to revoke such certification for good and sufficient cause. No person should be permitted to hold the office of assessor or to appraise property for taxation who is not thus certified.

(i) Assessors should be appointed to office, with no requirement of prior district residence, by the chief executives or executive boards of local governments when assessment districts are coextensive with such governments and by the legally constituted governing agencies of multicounty districts; they should be appointed for indefinite, rather than fixed, terms; and should be subject to removal for good cause, including incompetence, by the appointing authorities.

(j) To avoid obstruction to local recruitment and retention of competent professional personnel, State legislatures should not prescribe or limit the salaries paid certified local assessors and appraisers.

(k) State legislatures should prescribe, or authorize the State supervisory agency to prescribe, and in either case authorize the agency to enforce minimum professional staffing requirements in all local assessment districts. Legislatures should authorize the supervisory agency and any local districts to enter into agreements under which the agency will provide the district with specified technical services.

(l) Each State should (a) evaluate the structure, powers, facilities, and competence of its present agency or agencies for the supervision of assessment

administration; (b) in continuing the existing setup or in creating one more suitable, determine and establish clearly its proper and necessary functions, services and powers and equip it with adequate and appropriate personnel and facilities for meeting its responsibilities; and (c) provide for continuing systematic evaluation, by the legislative as well as the executive branch, of the usefulness of the agency and the means of improving its utility.

(m) In any State establishing professional qualifications for assessors and appraisers, the State supervisory agency should cooperate with educational institutions in planning and conducting preentry courses of study, and should conduct or arrange for regular internship training programs.

(n) To guard against weak spots among local assessing districts and to assure that assessing throughout the State meets at least acceptable minimum standards, each State should determine by thorough research the minimum level of acceptable assessment performance and require the State supervisory agency to provide for appropriate assessment administration, at district expense, in those local districts that fail to meet the minimum standards. (Senator Muskie did not concur in this recommendation.)

State-Assessed Property

(a) State assessment should be extended to all property of types (a) which customarily lie in more than one district and do not lend themselves to piecemeal local assessment, (b) which require appraisal specialists beyond the economical scope of most local district staffs, and (c) which can be more readily discovered and valued by a central agency.

(b) The division of assessment jurisdiction between State and local agencies should be clear both to taxpayers and assessors.

Studies and Reports

(a) The State agency responsible for supervision of property tax administration should be empowered to require assessors and other local officers to report data on assessed valuations and other features of the property tax, for such periods and in such form and content as it prescribes, in adequate detail to serve its needs for supervision and study. The agency should be required to publish meaningful digests of such data annually or biennially.

(b) The State supervisory agency should be required to conduct, annually, comprehensive assessment ratio studies, in accordance with sound statistical procedures, of the average level of assessment and degree of uniformity of assessment overall and for each major class of property, in all assessment districts of the State. The agency should be required to publish the findings of each study, both as to the quality and average level of assessment, in clear, readily understandable form.

(c) States should take all feasible steps to facilitate the compilation of comparable interstate property tax information by the Bureau of the Census, particularly by improving and standardizing their own collection, compilation, and analysis of essential data.

Taxpayer Appeals

(a) The present administrative-judicial hierarchy of agencies for assessment review and appeal in most States should be objectively evaluated and reconstituted, as necessary, to provide the remedies to which taxpayers are entitled, but do not now receive under the uniformity provisions of State laws and the equal protection clause of the 14th amendment.

(b) The review machinery should have a two-level organization, with both the local and State agencies serving only an appellate function and being professionally well staffed for that purpose; the State agency—either an administrative board or a tax court—should be separate from any State agency for property tax administration, should be an appellate body to hear appeals from decisions of local review agencies and from central assessments by the State supervisory agency, and should include a small claims division with a simple, inexpensive procedure; appeals from the State agency, but on questions of law only, should be to the supreme court of the State.

(c) To aid the taxpayer in proving inequity in his assessment (a) the State supervisory agency should be required, following sound statistical procedures, to make and publish the findings of annual assessment ratio studies which, in addition to serving the purposes of supervision and equalization,

will inform the taxpayer of the average level of assessment in his district; and (b) the legislative should provide that the assessment ratios thus established may be introduced by the taxpayer as evidence in appeals to the review agencies on the issue of whether his assessment is inequitable.

12. Industrial development bond financing (June 1963)

(a) The Commission recommends that the States restrict and regulate by law the precise conditions under which local governments may engage in this activity, as follows:

- (1) Subject all bond issues to approval by a State supervisory agency;
- (2) Restrict authority to issue such bonds to counties and municipalities; deny the authority to special districts;
- (3) Give priority to communities with surplus labor, outside the area of the effective operation of conventional credit and property leasing facilities;
- (4) Limit the total amount of such bonds which may be outstanding at any one time in the State; and
- (5) Prohibit such financing for the "pirating" of industrial plants by one community from another.

(b) The Commission recommends that local industrial development bond financing be confined to rural areas. States desiring to stimulate employment in urban and industrial areas, can accomplish this best by a program of second mortgage loans to supplement local civic and conventional financing or by State guarantees of conventional loans.

(c) The Commission finds the industrial development bond device particularly offensive when it is used to finance plants for strong national firms which themselves have access to adequate financing through conventional channels. The abuse is especially glaring when the firm itself acquires the tax-exempt bonds issued to finance the plant it occupies, thus becoming also the beneficiary of tax exempt income. Therefore the Commission recommends that the Congress amend the Internal Revenue Code so that the firms which buy the tax-exempt bonds themselves cannot deduct as a business cost the rents paid for the use of industrial plants built with these bonds.

13. The role of equalization in Federal grants (January 1964)

(a) The national policy considerations which require Federal grant programs require also that, with important qualifications, the distribution of Federal grants among the States take account of the relative inequalities in the fiscal capacities of the States (together with their local governments) in such a way as to facilitate the achievement of a more uniform level of minimum program standards in all States.

(b) The equalizing aim of Federal grant distributions should be limited to the functions and services specifically related to and involved in national objectives and only to the minimum service levels consistent with these national objectives.

(c) Explicit equalization provisions are inappropriate to several categories of grants, including (a) planning and demonstration grants, (b) stimulation grants, (c) grants to meet localized emergencies, and (d) grants which cover substantially all of the program costs. Apart from these exceptions, Federal grant distributions should reflect differences in the States' relative fiscal capacities to support the particular program or services at the required minimum level. This conclusion is subject to the overriding qualification that where program need is proportionate to relative State fiscal capacity, the objectives of an equalization grant can be met without use of an explicit equalizing provision.

(d) To the extent practicable, equalization provisions, introduced through both allocation and matching requirements, should aim for a reasonable uniform level of minimum program performance in every State; that uniformity in the mechanics of the equalization provisions is preferred over variety; and that statutory specification is preferable to administrative discretion.

(e) Departments and agencies charged with the administration of Federal grant programs should be required by the President to review periodically (a) the adequacy of the need indexes employed in their respective grant programs, and (b) the appropriateness of their equalization provisions and that this review be coordinated by the Bureau of the Budget. This requirement may be coordinated with the periodic congressional review of grants-in-aid recommended in an earlier report of this Commission and embodied in legislation pending before the present Congress.

(f) The President, through his Executive Office, should provide for the development of plans and procedures to assemble the data required for improving measures of State relative fiscal capacity and a tax effort for use, to the extent practicable, on a Governmentwide basis and to collect and tabulate such necessary data on a continuing basis.

14. *State-Federal overlapping in cigarette taxes (September 1964)*

(a) That the Governors direct their tax policy officials to explore with representatives of the tobacco industry the procedures that would be required to place the cigarette tax on a return basis at the manufacturing level in such a way that the burden on the industry would be minimized.

(b) That the Treasury Department, Internal Revenue Service, participate in this exploration, which should include the potential scope of Federal-State administrative cooperation.

15. *The intergovernmental aspects of documentary taxes (September 1964)*

(a) Congress should amend chapter 34 of the Internal Revenue Code to repeal the stamp tax on conveyances, such repeal to be effective 3 years after its enactment.

(b) When the Federal tax on real estate transfers is repealed, those States without such a tax should consider it for use at either the State or local level.

B. GOVERNMENTAL STRUCTURE AND FUNCTIONS

1. *State constitutional and statutory restrictions on the structural, functional and personnel powers of local governments (October 1962).*

(a) Amendment of State constitutions to grant "residual powers" to units of general local government; namely, all powers not reserved to the State in the constitution or preempted for the State by action of the legislature.

(b) Modification of State and Federal grant-in-aid programs to provide incentives to small local units of government to join together in the administration of the function being given grant assistance.

(c) Authorization to county governments individually or jointly to establish service corporations or authorities, where clearly necessary and with appropriate safeguards. (Mr. Hummel did not concur in this recommendation.)

(d) Authorization to municipalities and counties to adopt optional forms of local government.

(e) Authorization to county governing boards to fix appointment, tenure, and salaries of all county officials and personnel except those engaged in so-called liberty and equality functions such as elections administration and district attorney and sheriff functions.

(f) Authorization to municipalities to appoint all city officers other than the mayors and council members.

(g) Provision by the State government of technical assistance upon request of local governments with regard to personnel administration.

2. *Apportionment of State legislatures (December 1962)*

(a) Apportionment of seats in State legislative bodies is a basic factor of representative government and hence should be clearly specified in State constitutions.

(b) Where a legislative body is to be apportioned on the basis of population a maximum deviation of 10 percent should be constitutionally specified.

(c) The constitution should charge the State legislature with initial responsibility for apportionment but should further provide for a nonlegislative and nonjudicial body to do the apportioning job if the legislature fails to act or acts unconstitutionally.

(d) The constitution should further specify the frequency of reapportionment and should endow State courts with both jurisdiction and remedies with respect to reapportionment actions.

(e) The people of the State should be provided the opportunity to react at the polls at any time to the continuance or change of apportionment formulas.

(f) State and Federal courts confine their apportionment roles to adjudicating and enforcing the constitutionality of apportionment actions and should refrain from the prescription by judicial decree of specific apportionment formulas or the geographic composition of legislative districts.

(g) Both houses of a State legislature be apportioned strictly on the basis of population. (Governor Anderson, Supervisor Donnenwirth, Governor Hollings,

Mr. Hummel, Senator Newell, and Governor Smylie joined in a dissenting view regarding this recommendation, and Senator Muskie, joined by Senator Mundt, Congressman Fountain, and Senator Ervin, expressed views not in accord with this recommendation.)

3. *Transferability of public employee retirement credits among units of government (March 1963)*

(a) Public employees of all units of government be provided coverage by a staff retirement system.

(b) States, in which numerous small public employee retirement systems operate, examine the situations, and provide the necessary leadership for merging these systems where feasible.

(c) States which do not now have an intrastate reciprocal retirement law enact such legislation in order to provide for a considerable measure of preservation and continuity of retirement credits for public employees who transfer employment between covered units of government within the State.

(d) The employee's benefits be vested when he has completed a period of service of not more than 5 years in the system and that the employee be granted a deferred retirement annuity at the normal retirement age, providing he does not withdraw his contributions to the retirement fund when he leaves employment covered by the fund.

(e) Units of government not now covered under social security review the situation and give careful consideration to the possible advantages of extending social security to their employees.

4. *Controls associated with Federal grants for public assistance (May 1964)*

(a) To provide for judicial review of decisions of the Secretary of Health, Education, and Welfare regarding conformity of State public assistance plans with the act. (Secretary Celebrezze, Mayor Naftalin, and Administrator Weaver dissented from this recommendation.)

(b) To provide the Secretary with discretion for declaring parts of State public assistance plans out of conformity with the act. (Secretary Celebrezze dissented.)

(c) To give the Secretary discretion to waive the single State agency requirement for the public assistance titles when he is certain that the objectives of the program will not be endangered. (Secretary Celebrezze dissented.)

(d) To establish a permanent Public Assistance Advisory Council to advise the Secretary on proposed legislation, administrative regulations, and other related matters. (Secretary Celebrezze dissented.)

(e) To remove the prohibitions in the act denying Federal participation in assistance payments to needy individuals who are patients in institutions as a result of a diagnosis of tuberculosis or psychosis. (Secretary Celebrezze and Mayor Goldner dissented from this recommendation.)

5. *The problem of special districts in American government (May 1964)*

(a) That no special district be created prior to review and approval of the proposed district by an agency consisting of representatives of city and county government in the county within which the proposed district will operate. Creation of districts undertaking functions of statewide concern also should be approved by an appropriate State agency.

(b) That prior to granting consent to creation of a special district, municipalities, counties, and districts performing the same function which would be undertaken by the proposed district be given an opportunity to indicate an ability and willingness to provide the service within the territory of the proposed district and, where such willingness and ability is expressed, the proposed district not be created.

(c) That activities of existing and subsequently created special districts be coordinated with the activities of units of general government, specifically: (1) proposed acquisition of title to land by a district should be approved by the unit of general local government within which the land lies; and (2) proposed district capital improvements should be submitted to the appropriate unit or units of general local government for comment prior to final action on the proposal by the governing body of the district. Where the district is performing a function that directly affects a program conducted by the State, approval and review also should be required by the State agency responsible for the State program involved.

(d) That a designated State agency and the county governing body be informed of the creation of all special districts within respective county borders.

(e) That to the extent practicable, special district budgets and accounts be formulated and maintained according to uniform procedures and that State or private audits of district accounts be made at regular intervals.

(f) That counties and municipalities, when sending out their tax bills or providing receipts to individual property owners, itemize special district property taxes and special assessments levied against the property.

(g) Simple procedures for consolidation, merger, or dissolution of special districts. Such procedures should permit an appropriate unit of general government to assume responsibility for the function of the special district, and a consolidation and merger of districts performing the same or similar functions.

(h) Review and approval by a State agency of service charges or tolls levied by special districts where such charges or tolls are not reviewed and approved by the governing body of a unit of general government.

(i) Authorization for counties to establish subordinate taxing areas in parts of their territory to enable these governments to provide and finance a governmental service in a portion of the county.

C. METROPOLITAN AREAS

1. *Governmental approaches to providing metropolitan services (April 1961 and June 1962)*

(a) Simplified statutory requirements for municipal annexation of unincorporated territory.

(b) Authorization for interlocal contracting or joint performance of urban services and for formation of voluntary "metropolitan councils" of elected officials.

(c) Authorization for establishment of metropolitan service corporations for performance of particular governmental services that call for areawide handling. (Mr. Michaelian and Mr. Burton did not concur in this recommendation.)

(d) Authorization for municipalities to exercise extraterritorial planning, zoning and subdivision regulation in their unincorporated fringe areas.

(e) Authorization for voluntary transfer of governmental functions for cities to counties and vice versa.

(f) Authorization for the creation of metropolitan area study commissions on local government structure and services. (Mr. Michaelian and Mr. Burton did not concur in this recommendation.)

(g) Authorization for creation of metropolitan area planning bodies.

(h) Establishment of a unit of State government to give continuing attention, review, and assistance regarding the State's metropolitan areas.

(i) Inauguration of State programs of financial and technical assistance to metropolitan areas.

(j) Stricter State standards for new incorporations within metropolitan areas.

(k) Financial and regulatory action by the State to secure and preserve "open land" in and around metropolitan areas.

(l) Assumption by the State of an active role in the resolution of disputes among local units of government within metropolitan areas.

(m) Where effective county subdivision control does not exist over fringe areas, State legislatures enact legislation authorizing their municipalities to exercise extraterritorial planning, zoning, and subdivision regulation in their unincorporated fringe areas.

(n) The State government make its "good offices" available in the event of disputes in connection with interlocal contracts.

(o) The States facilitate the formation of voluntary "metropolitan councils" of elected officials by enacting the suggested legislation authorizing the making of interlocal agreements, supplemented by whatever special provisions may be required in the particular instance in according legal entity status to voluntary councils desirous of such status.

The Commission also recommended expanded activity by the National Government with respect to metropolitan area problems, including:

(a) Financial support on a continuing basis to metropolitan area planning agencies. (Governor Smylie did not concur in this recommendation.)

(b) Expanded Federal technical assistance to State and metropolitan planning agencies.

(c) Congressional consent in advance to interstate compacts creating planning agencies in those metropolitan areas crossing State lines.

(d) Review by a metropolitan planning agency of applications for Federal grants-in-aid within the area with respect to airport, highway, public housing and hospital construction, waste treatment works, and urban renewal projects. (Provision for item (a) has been made by administrative regulation and items (b) and (c) were included in the Housing Act of 1961.)

2. *Mass transportation (April 1961)*

(a) Provision of Federal financial assistance in the form of loans and demonstration and planning grants to metropolitan areas for mass transportation facilities and services. (This was largely accomplished through the incorporation of mass transportation assistance in the Housing Act of 1961.) (Mr. Burton did not concur in this recommendation.)

(b) Legislative and administrative action by the States, particularly the larger industrial States, in initiating programs of financial and technical assistance to their metropolitan areas with respect to mass transportation facilities and services.

(c) Enactment of State legislation, particularly in the larger industrial States, authorizing the establishment within metropolitan areas of mass transportation authorities, with powers to construct and operate transportation systems, to issue bonds, and to impose user charges. (Mr. Burton did not concur in this recommendation.)

3. *Intergovernmental responsibilities for water supply and sewage disposal in metropolitan areas (October 1962)*

(a) Increased investment by local governments in urban water and sewer facilities, particularly for sewage treatment plants.

(b) Improvement in central city—suburban contractual and planning relationships including suburban representation on city water and sewer agencies serving suburbs under contract.

(c) Cooperation among local units of government in metropolitan areas so as to plan, develop, and regulate water and sewer facilities on an areawide basis.

(d) Enactment of State legislation vesting responsibility for overall State water resource planning and policymaking in a single agency and providing for representation of urban interests on interstate water agencies.

(e) Enactment of State legislation to provide for (1) abatement and control of pollution of rivers and streams; and (2) State and local regulatory authority over individual well and septic tank installations, minimizing and limiting their use to exceptional situations consistent with comprehensive land use goals.

(f) Enactment of State legislation to (1) provide State financial assistance for local sewage treatment works, supplementing existing Federal aid; (2) provide incentives for areawide or regional development of local water and sewer facilities; (3) provide State technical assistance to local waste treatment facility planning and construction; (4) liberalize debt limits and referendum requirements for water and sewer utility financing; and (5) permit joint action by units of local government in meeting area water and sewer needs.

(g) More vigorous enforcement of existing State pollution abatement laws.

The Commission also recommends the following legislative and administrative actions by the National Government:

(a) The Commission sees no present need for any new Federal grant-in-aid program for local water works comparable to Federal grants for sewage treatment construction.

(b) Amendment of the Water Pollution Control Act of 1956 to provide (1) an additional matching incentive for the development of sewage disposal facilities on a regional or areawide basis; and (2) an increased dollar ceiling in Federal grants to larger cities for sewage treatment works.

(c) Amendment of statute governing public facility loans program of the Housing and Home Finance Agency to permit (1) communities of 50,000 or more to qualify for sewer and water loans; and (2) the joining together of communities with an aggregate population of over 50,000 for purposes of such loan assistance.

(d) Amendment of statutes governing the FHA mortgage insurance program and the home loan program of the Veterans' Administration to (1) tighten eligibility requirements for individual well and septic tank installations; and

(2) include as insurable site preparation and development costs of water and sewer lines and systems.

(e) Evaluation by the Federal executive branch of present Federal enforcement powers and financial incentives relative to industrial pollution of rivers and streams.

(f) Consideration of urban water needs in future Federal water resources planning equal to that given water requirements for navigation, power, and agriculture.

4. Impact of Federal urban development programs on local government organization and planning (January 1964)

(a) (1) All organizational limitations which require or promote special purpose units of local government to the disadvantage of general purpose units of local government (i.e., municipalities, towns, and counties), be removed from Federal aid programs for urban development; (2) general purpose units of government be favored as Federal aid recipients, other factors being equal; and (3) special purpose units of government be required to coordinate their Federal aid activities with general purpose governments.

(b) Joint participation by local governmental units having common program objectives affecting the development of an urban area overlapping existing political boundaries be authorized and encouraged.

(c) Federal grants-in-aid for urban development be channeled through the States in cases where a State (1) provides appropriate administrative machinery to carry out relevant responsibilities; and (2) provides significant financial contributions and, when appropriate, technical assistance to the local governments concerned. (Administrator Weaver and Mayors Tucker, Blaisdell, and Naftalin dissented from this recommendation.)

(d) Effective planning at the local levels be required and promoted to the extent appropriate in all Federal aid programs significantly affecting urban development.

(e) Eligibility requirements for Federal urban planning assistance, under section 701 of the Housing Act of 1954, be broadened to include all municipalities and counties over 50,000 population which are undergoing rapid urbanization.

(f) Legislation be enacted by the Congress to establish the principle of Federal interagency coordination, and this principle be implemented by preparing and adopting a unified urban development policy within the executive branch.

(g) State governments assume their proper responsibilities for assisting and facilitating urban development.

(h) Legislation be enacted by the States to encourage joint undertakings by political subdivisions having common program objectives affecting the development of an urban area overlapping existing political boundaries.

5. Metropolitan social and economic disparities: Implications for intergovernmental relations in central cities and suburbs

(a) That each local governmental unit and agency within metropolitan areas ascertain, analyze, and give recognition to economic and social disparities affecting its programs. Federal planning aids for urban development should specifically authorize and encourage economic and social policy planning for the community as a basic justification for physical planning.

(b) To encourage a wide range of housing prices, that State legislation be enacted restricting zoning authority in metropolitan areas to larger municipalities and to county government and that metropolitan planning agencies prepare plans and ordinances for adoption by local governments reflecting this objective.

(c) That (1) States enact legislation authorizing the adoption of uniform housing, building, zoning, and platting codes within metropolitan areas; and (2) local governments utilize such authority.

(d) To encourage diversification and geographic dispersal of housing for low-income groups. Federal, and, where necessary, State legislation should be amended to (1) facilitate use of existing private housing by local public housing authorities; (2) authorize subsidizing of rents of low-income families in existing private housing; and (3) permit financial assistance to private nonprofit organizations to enable them to provide subsidized housing for low-income families.

(e) That the appropriate Federal and State agencies accelerate the adoption of cooperative agreements for the enforcement of Federal and State laws and regulations forbidding discrimination in housing.

(f) That the Congress remove existing limitations on nonresidential renewal from the Federal urban renewal program.

(g) That Governors of the several States and the Secretary of Labor take steps, including interstate agreements, to assure that public employment services are provided to all job applicants and employees within metropolitan area labor markets regardless of State lines and action by the Secretary to assure himself that such arrangements are being effectively carried out as a condition to Federal grants for employment security administration.

(h) That States enact legislation authorizing counties in metropolitan areas to provide urban renewal and public housing services to unincorporated areas and small municipalities and provide financial and technical assistance.

(i) That States enact legislation authorizing and encouraging areawide coordination and administration—through county governments or other appropriate means—of vocational education and retraining programs within metropolitan areas.

(j) That State legislation be enacted to authorize the use of taxing powers by responsible areawide metropolitan service agencies carrying on functions not solely financed by user charges.

(k) That each State examine its present system of grants and shared taxes and remove all features that aggravate differences in local fiscal capacity to deal with service requirements in metropolitan areas and that encourage the proliferation of local governments within such areas.

(l) That States consider the merit of using State grant funds to equalize local property tax loads among local jurisdictions in metropolitan areas.

(m) That each State make a critical review of its present school grant formula to insure that it provides for an educational level below which no community should fall and that it contains factors designed to measure local tax effort and diverse community educational requirements.

(n) That the States finance at least one-half of the cost of general assistance welfare programs, accompanied by adoption of State standards for such programs.

(o) That local governments in metropolitan areas negotiating the sharing of costs for areawide urban services utilize cost-benefit studies as a basis for such negotiations.

(p) That the States and the Federal Government develop standards of measurement of costs and benefits for areawide services that they support through grant and loan programs.

6. Relocation: Unequal treatment of people and businesses displaced by Governments

(a) That the Congress require State and local governments administering Federal grant-in-aid programs, before proceeding with any property acquisition that displaces people, to assure that there is a method for temporary relocation and that standard housing units in sufficient quantities, at a comparable location, within their financial means are or will be available.

(b) That the Congress establish and executive agencies implement a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by grant-in-aid or direct Federal programs.

(c) That each State establish a uniform policy within the State covering relocation assistance and relocation payments for persons and businesses displaced by State and local programs.

(d) That the Congress and State legislatures assign to administrative agencies responsibility for determining the amount of relocation payments, subject to specific statutory maximums.

(e) That the States enact legislation with a similar requirement for State and local agencies.

(f) That under Federal grant-in-aid programs, the full costs of payments to any person for relocating a family, and the costs of payments up to \$25,000 to any person relocating a business should be completely reimbursed by the Federal Government; and the costs of business relocation payments in excess of that amount should be shared on the basis of the cost-sharing formula governing the particular program.

(g) That the States share in local governments' costs of providing relocation payments and services when programs for which localities receive State or Federal grants to which the State contributes part of the local share.

(h) That the Small Business Administration Act be broadened to authorize disaster loans to small business concerns suffering substantial economic injury as a result of a construction program conducted by State and local governments.

(i) That the Small Business Administration Act be amended to authorize disaster loans to small business concerns that are adversely affected but not actually displaced by Government property takings.

(j) That Congress amend the Manpower Development and Training Act to permit widow and widower owners of displaced firms to be eligible for manpower retraining allowances.

(k) That Federal, State, and local governments authorize and encourage all agencies causing displacements in urban areas to centralize the responsibility for all aspects of relocation programs in a single agency which is part of the regular administrative organization in each major urban jurisdiction.

(l) That cities in metropolitan areas with relocation staff and experience offer to contract to provide relocation services and areawide studies of housing needs and resources for all local governments and agencies operating in the area and that smaller units, where necessary, undertake to provide such services and studies jointly.

(m) That States and regional organizations assist local governments in planning for relocation through such means as technical assistance in preparation of workable programs and community renewal programs; where States make urban renewal capital grants, advances therefrom should be provided for relocation planning.

(n) That Federal and State Governments require their departments and agencies and special districts causing displacement to give advance notice at the earliest practicable time to local units of general government of any construction programs which will displace persons and businesses.

IMPLEMENTATION OF RECOMMENDATIONS

Although the Commission is a continuing body it recognizes that its own value and place in the Federal system will be determined by the extent to which it is able to make constructive contributions. It cannot expect continuance and support over an indefinite period unless by its actions significant changes for the better occur in the relationships between and among Federal, State, and local agencies of government. Therefore, a considerable share of the resources of the Commission are devoted to the promotion of legislative or administrative action to carry out the recommendations which it makes to the legislative and executive branches of the various levels of government.

Specifically, when the Commission makes recommendations for legislative changes at the national level, it develops draft bills for consideration by the Congress. Congressional members of the Commission introduce these bills which are referred to appropriate committees in the normal course and considered along with other legislation before the Congress. The Commission transmits its recommendations for administrative changes at the national level to the President, the Executive Office of the President, or heads of individual departments and agencies, as appropriate.

Legislative recommendations to the States are translated into draft bill form and submitted to the Council of State Governments and its Committee of State Officials on Suggested State Legislation. To the extent that Commission proposals are approved at this stage, they are published and distributed by the council to Governors, legislators, and other officials of the several States. The Commission and the council then make every effort to encourage favorable consideration by the State legislative bodies. Recommendations for executive action by the States are channeled to the States either by the Council of State Governments and the Governors' conference or by the Commission directly.

The Commission explains and seeks formal support for its recommendations from the various organizations with which it cooperates.

The Commission also works with State leagues of municipalities, State associations of counties, citizen groups, business, professional and labor organizations, taxpayer leagues, bureaus of governmental research, and other public and private interest groups in behalf of legislation proposed, particularly at the State level.

The following table indicates the extent to which the various recommendations of the Commission for State legislative action have been specifically endorsed by the various organizations of State and local governments.

Endorsement of State legislative and policy recommendations of the Advisory Commission on Intergovernmental Relations

Recommendation	Organizations taking formal action in support of ACIR recommendations				
	Governors' Conference	National Legislative Conference	National Association of Counties	National League of Cities	U.S. Conference of Mayors
A. TAXATION AND FINANCE					
1. Property taxation:					
(a) Property tax survey commission		X	X	X	X
(b) Property tax organization and administration		X	X	X	X
(c) Property tax assessment standards and equalization		X	X	X	X
(d) Property tax review and appeal procedure		X	X	X	X
2. Collection of local nonproperty taxes by the State			X	X	X
3. Interlocal coordination of nonproperty taxes			X	X	X
4. County subordinate taxing areas			X	X	
5. Cooperative tax administration agreements			X	X	X
6. Exchange of tax records and information		X	X	X	X
7. State assistance to local debt management			X	X	X
8. Local industrial development bond financing	X				X
9. Investment of idle funds	X	X	X	X	X
10. Financial and technical assistance to local governments	X		X	X	X
B. URBAN PROBLEMS					
1. Metropolitan study commissions	X	X	X	X	X
2. Extraterritorial planning, zoning, and subdivision regulation				X	X
3. Metropolitan functional authorities	X	X	X	X	X
4. Assertion of legislative authority				X	X
5. Municipal incorporations	X	X	X	X	X
6. Securing and preserving "open space"	X	X		X	X
7. Control of urban water supply and sewerage systems			X	X	X
8. Mass transportation in metropolitan areas	X	X	X	X	
9. Channelization of Federal grant programs for urban development			X		
10. Metropolitan area planning commissions	X	X	X	X	X
C. OTHER INTERGOVERNMENTAL PROBLEMS					
1. Office of local affairs	X	X		X	X
2. State assistance for interlocal cooperation				X	X
3. State water resources planning and coordination		X	X	X	X
4. State and local government retirement systems		X	X	X	X
5. Local government residual powers	X		X		X
6. Barriers to intergovernmental cooperation					
7. Optional forms of county government					
8. Interlocal cooperation	X	X	X	X	X
9. Voluntary transfer of functions between municipalities and counties	X	X	X	X	X
10. Supervision of special district activities			X	X	
11. Creation and consolidation or dissolution of special districts			X	X	
12. Legislative apportionment procedure			X	X	

X indicates endorsed.

-- Indicates either not specifically considered or rejected.

The Commission's recommendations may be grouped under five major principles or emphases.

First, "the Commission subscribes firmly to the principle of maximum flexibility and freedom of action for local units of government in meeting the needs of their citizens." The principle that the States should act to free local governments to handle local problems in their own way has been stated in several reports, including governmental structure, organization and planning in metropolitan areas; alternative approaches to governmental reorganization in metropolitan areas; State constitutional and statutory restrictions on local government debt; and investment of idle cash balances by State and local governments. Actions by State governments along the lines of the recommendations contained in these and other reports include:

Granting authority to municipalities and counties to exercise planning, zoning, and subdivision control authority in urban fringe areas.

1963: Hawaii, Iowa, Montana, Nebraska, New Mexico, North Carolina, Texas, and Wisconsin.

1964: Kentucky.

Authorization for establishment of metropolitan area planning commissions.

1963: General authority; Alabama, Hawaii, Iowa, Nebraska, North Dakota, Oregon, and Rhode Island. In individual metropolitan areas; Illinois, Maryland, and Michigan.

1964: General authority; Virginia, Mississippi, and Louisiana.

1965: West Virginia.

Authorizing local governments to invest and receive interest upon idle funds in excess of near-term operating needs.

1963: Iowa and Oklahoma; significantly broadening existing authority in Montana.

1964: Georgia and Michigan.

Authorization for transfer of functions from cities to counties or vice versa by action of the governing bodies involved.

1963: Idaho and Tennessee.

Providing for the exercise by local units of government of "residual powers."

1963: Proposed constitutional amendment to this effect passed Massachusetts Legislature. Successive passage by the current legislative session and approval by the people are necessary for final adoption.

Authorization for local units of government to contract with each other for the performance of governmental services.

1963: Idaho, Maine, Nebraska, New Hampshire, North Dakota, and Vermont; and significantly broadening existing authority; New York, Oregon, and West Virginia.

1964: South Dakota; and significantly broadening existing authority in Kentucky.

1965: Utah, Iowa.

Second, the Commission believes that the States should take positive action to assist and encourage local governments in meeting local needs. Reports stressing this principle include "State Constitutional and Statutory Restrictions Upon the Structural, Functional, and Personnel Powers of Local Government"; "Local Nonproperty Taxes and the Coordinating Role of the State"; "Intergovernmental Responsibilities for Mass Transportation Facilities and Services"; and "Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas." Implementation by State governments of recommendations in this area include:

Establishment of a State office of local affairs.

1963: Tennessee and Washington.

State aid to urban transportation (State technical assistance or financial assistance, sometimes in the form of tax relief).

1963: Florida, Iowa, Maine, Michigan, Minnesota, New Hampshire, Ohio, Pennsylvania, Tennessee, and Wisconsin.

1964: Rhode Island and Massachusetts.

Strengthening State water pollution control programs.

1963: Colorado, Illinois, Kansas, Maryland, Minnesota, Nebraska, New Hampshire, Oregon, Pennsylvania, and Tennessee.

1964: Vermont and Georgia.

Third, at the same time, however, the Commission believes that the States must reserve onto themselves the responsibility for handling problems which transcend the capacity of local units individually or by joint cooperation. Reports including recommendations in this area include "The Role of the States in Strengthening the Property Tax"; "Industrial Development Bond Financing"; "State Technical Assistance to Local Debt Management"; and "Governmental Structure, Organization and Planning in Metropolitan Areas." State legislation implementing the recommendations in these reports include:

Enactment of stricter standards for incorporation of new municipalities.

1963: California, Georgia, Kansas, Nevada, New Mexico, Ohio, Tennessee, and Washington.

1964: Virginia.

State regulation of the issuance of industrial development bonds.

1964: Hawaii.

Control of special districts.

1965: New Mexico.

The Commission's 29 recommendations for strengthening property tax administration are receiving detailed study in many States. Legislation is under consideration this year in at least the following: California (admissibility of State assessment ratio evidence on behalf of aggrieved taxpayers); Illinois (strengthening the State supervisory equalization and technical assistance programs); Indiana and New Jersey (qualification, training, and appointment of assessors); Massachusetts (creation of a special property tax survey commission); Oregon (strengthening the State tax court and tightening tax exemption procedures); and Wisconsin (tightening administration of tax exemption claims and the use of direct State appropriations in lieu of exemptions).

Fourth, State governments, in order to fulfill the responsibilities inherent in the three principles just discussed, and in order to maintain their vitality and their place in the federal system, should be given new strength and importance vis-a-vis the Federal Government. The Commission, in its report, "Apportionment of State Legislatures," emphasizes State responsibilities and suggests guidelines for consideration by the voters, the legislatures, and the courts.

On the Federal side, the Commission recommendation of 1961 that State and local tax agencies be granted access on a reimbursable basis to the statistical and training services of the Internal Revenue Service was adopted by the Congress and approved by President Kennedy as Public Law 87-870 on October 23, 1962. Also, the Commission proposal that congressional consent be given in advance to interstate compacts for the purpose of metropolitan area planning in those metropolitan areas crossing State lines was included as a part of the Housing Act of 1961. The Commission suggestion that Federal financial support to metropolitan planning agencies be on a continuing rather than on a project basis was implemented through administrative action in

the form of a directive by the Urban Renewal Commissioner on August 23, 1963.

The Commission recommendation to make counties, regardless of population, eligible to receive Federal planning assistance grants and to remove restrictions on the eligibility of joint projects among two or more local governments under the public facility loan program were incorporated into the Housing Amendments of 1964 (Public Law 88-560).

Public Law 89-15 recently approved by President Johnson includes a provision that carries out the Commission recommendation that the Manpower Development and Training Act be amended to remove "the head of household" requirement for persons displaced by public projects or programs so that widows and widowers without family could qualify.

The Commission proposals to encourage the construction of sewage treatment facilities in metropolitan areas on a regional basis through the use of matching incentives and to remove certain dollar restrictions in connection with such grants were incorporated in S. 4 which passed both Houses of Congress and is now in conference. The administration's bills for the Housing and Urban Development Act of 1965 (S. 1354 and H.R. 5840) would provide authority for Federal Housing Administration mortgage insurance for site development including water and river lines as recommended by the Commission.

The Commission proposals for amendment to the public assistance titles of the Social Security Act so as to permit judicial review of certain Federal administrative decisions and to eliminate previous restrictions on Federal participation in assistance payments to patients in mental and tuberculosis institutions were incorporated in H.R. 6675 in the present Congress which has passed the House and is now pending in the Senate Finance Committee. Other public assistance proposals to permit the Secretary of Health, Education, and Welfare to waive the single State agency requirement, and to approve parts of a State plan and to establish a Public Assistance Advisory Council are included in amendments before the Finance Committee.

The Commission suggestions to permit the waiver of the "single State agency" requirement contained in certain Federal grant-in-aid statutes; for the review at the end of 5 years of new Federal grant-in-aid programs; to provide for the review by metropolitan planning agencies of applications under certain grant-in-aid programs from local units of government within metropolitan areas; to encourage the eligibility of general-purpose units of government and joint undertakings in the use of Federal grants; and to establish a unified Federal urban development policy and interagency coordination are all incorporated in S. 561 and H.R. 6118 and associated bills pending in the present Congress.

H.R. 324 in the present Congress incorporates the Commission's recommendation that Congress disallow for income tax purposes the deduction of amounts paid for the use or occupancy of an industrial plant acquired out of the proceeds of industrial development revenue bonds if such bonds are or were any time owned by the occupant of the industrial plant. It has been referred to the Committee on Ways and Means.

Also in the present Congress, S. 1681 (Muskie, Democrat, of Maine), H.R. 7821 and H.R. 7970 would implement the Commission recommendation that Congress establish a uniform policy of relocation pay-

ments and advisory assistance with respect to persons and businesses displaced by Federal and federally aided public works programs. These bills also would assign to administrative agencies the responsibility for determining the amount of relocation payments; provide for full Federal reimbursement of relocation costs under grant-in-aid programs for families and up to \$25,000 for businesses with the excess over that on a shared basis; require that States participating in Federal-aid programs assure the availability of standard housing for displaced persons; and authorize and encourage centralization of Federal, State, and local relocation programs in a single agency in each major urban jurisdiction. S. 1201 (Sparkman, Democrat, of Alabama); H.R. 3421 (Johnson, Democrat, of California); and H.R. 6580 (St Germain, Democrat, of Rhode Island) would also, among other provisions, carry out these recommendations and the Commission proposal that the Small Business Administration Act be amended to authorize disaster loans to small businesses suffering injury as a result of actual relocation or proximity to property taken under Government programs.

The Housing and Urban Development Act of 1965—S. 1354 and H.R. 5840—would carry out the Commission recommendation that provisions be adopted to facilitate the purchase, rehabilitation, and lease of private housing by public housing agencies. These two bills also authorize subsidies to low-middle-income families for the payment of rent in private housing but do not include those eligible for public housing in the rent subsidy program. The Commission proposed that rent subsidies be authorized for all low-income families and the housing bill as reported by the House Banking and Currency Committee so provides.

The following bills have been introduced to carry out the Commission's recommendation to provide for transferability of Federal grant-in-aid funds by the States among certain public health grant categories: S. 1023 (Muskie, Democrat of Maine, and 12 cosponsors with bipartisan representation); H.R. 4610 (Fountain, Democrat, of North Carolina); H.R. 2602 (Dwyer, Republican, of New Jersey). The Senate bill has been referred to the Committee on Labor and Public Welfare and the House bills have been referred to the Committee on Interstate and Foreign Commerce. Further action is awaiting the completion of a study and report by a special committee of Federal and State health officials which presently is reviewing the field of public health grants. This probably means no further legislative action until the second session of the Congress next year.

Two bills introduced would carry out the Commission's recommendation for legislation authorizing and directing Federal agencies to retrocede legislative jurisdiction over Federal property to the States: S. 1007 (McClellan, Democrat, of Arkansas; Muskie, Democrat, of Maine; and Bennett, Republican, of Utah) and H.R. 278 (Bennett, Democrat, of Florida). The bills have been referred to the respective Committees on Government Operations. Hearings have not yet been scheduled.

To carry out the Commission's recommendation to increase the credit against the Federal estate tax for inheritance and estate taxes paid to the States, the following bills have been introduced in the Congress: H.R. 323 (Keogh, Democrat, of New York), H.R. 2604 (Dwyer, Republican, of New Jersey), H.R. 4608 (Fountain, Democrat, of North Carolina). These bills are presently before the House Ways and Means Committee.

THE COMMISSION'S RELATIONSHIPS WITH THE ACADEMIC COMMUNITY

The Commission's reports, while designed primarily as a basis for political action to improve intergovernmental relations, have at the same time, been developed and written so as to meet reasonable standards of scholarship and to serve, therefore, as instructional and research materials at institutions of higher learning. Demand from these institutions for copies of Commission reports has increased to a significant level and a number of Commission reports are serving as texts for various courses in political science, public administration, and public finance at colleges and universities around the country.

The Commission has maintained close relationships with "bureaus of governmental research" at educational institutions and we are enjoying a reciprocal exchange of publications with these organizations.

PUBLIC INFORMATION ACTIVITIES

The Commission has directed its output primarily to governmental officials at all levels of government and has not sought expansive treatment in the public press. Most of the "speechmaking" activities of the Commission members and its staff have been directed toward the practical application of our recommendations.

For example, members of the Commission and its staff have addressed annual meetings of State municipal leagues in the following States during the past 4½ years: Oregon, Arizona, South Dakota, Nebraska, Kansas, Minnesota, Wisconsin, Iowa, Missouri, Ohio, Massachusetts, Maryland, Virginia, South Carolina, and Alabama. Additionally, speeches are scheduled for Tennessee and Georgia leagues next month. Likewise, Commission members or the staff have addressed annual meetings of State associations of counties in the following States: Utah, Kansas, Minnesota, Michigan, Maryland, and Virginia.

Commission members and staff participate actively in the programs of the annual conferences of the U.S. Conference of Mayors, National League of Cities, Municipal Finance Officers Association, National Tax Association, National Association of Counties, Governors' Conference, and the Council of State Governments.

TECHNICAL SERVICES IN CONNECTION WITH PROPOSED FEDERAL LEGISLATION

Section 2(4) of Public Law 86-380 directs the Commission to "make available technical assistance to the executive and legislative branches of the Federal Government in the review of proposed legislation to determine its overall effect on the Federal system."

In the discharge of this responsibility, the Commission, upon request, provides both formal and informal comments to committees of the Congress, the Bureau of the Budget, and various Federal agencies in connection with the preparation or review of proposed Federal legislation. The Commission's comments are presented within the context of what the impact of the proposed legislation would be upon Federal-State-local relations and the relationship of the legislative proposal to any existing and pertinent Commission recommendations. These comments are presented either in the form of an official statement of position where the Commission as a whole has

already considered the question, or as technical comments by the Commission's staff.

In addition to providing such review and comment upon request to Committees of the Congress or agencies of the executive branch, the Commission and its staff also volunteer comments to these branches when proposed legislation comes to its attention that would have a significant impact upon intergovernmental relations.

GENERAL OBSERVATIONS

Membership on the Commission has undergone a reasonably high rate of turnover during the past 5 years. This is to be expected in a body made up primarily of elected officials. I think the intent of the Congress regarding the bringing together of diverse geographic political and government segments of our system into a common meeting ground has been achieved. So far, 59 people have served on the Commission. These people have come from 34 States and have numbered 37 Democrats and 22 Republicans. At this point, we are listing the names of previous members of the Commission, their State of residence, and their political affiliation.

Former members of the Advisory Commission on Intergovernmental Relations by State and political affiliation

	Title	Period served
Arizona: Don Hummel (Democrat).....	Mayor and private citizen.	Feb. 22, 1959, to Feb. 21, 1962.
Arkansas: Wilbur D. Mills (Democrat).....	U.S. Congressman.....	Dec. 8, 1959, to Jan. 9, 1961.
California:		
Norris Poulson (Republican).....	Mayor of Los Angeles.	Dec. 8, 1959, to June 30, 1961.
Arthur L. Selland ¹ (Republican).....	Mayor of Fresno.....	Aug. 27, 1963, to Dec. 5, 1963.
Colorado: Richard Y. Batterton (Republican).....	Mayor of Denver.....	Feb. 22, 1962, to Feb. 21, 1964.
Connecticut: Abraham A. Ribicoff (Democrat).....	Governor, and Secretary of Health, Education, and Welfare.	Dec. 8, 1959, to Jan. 20, 1961 and Mar. 15, 1961, to July 12, 1962.
Illinois:		
Arthur J. Goldberg (Democrat).....	Secretary of Labor.....	Mar. 15, 1961, to Sept. 20, 1962.
William G. Stratton (Republican).....	Governor.....	Dec. 8, 1959, to Jan. 14, 1961.
Iowa: Howard R. Bowen (Democrat).....	Private citizen.....	Feb. 22, 1962, to Feb. 12, 1964.
Kansas: John Anderson, Jr. (Republican).....	Governor.....	Jan. 19, 1961, to Jan. 18, 1963.
Kentucky: Harry King Lowman (Democrat).....	State legislator.....	Mar. 13, 1963, to Jan. 6, 1964.
Louisiana: Robert A. Ainsworth, Jr. (Democrat).....	do.....	May 16, 1961, to Oct. 31, 1961.
Massachusetts:		
Leslie Cutler (Republican).....	do.....	Dec. 8, 1959, to Dec. 7, 1961.
John E. Powers (Democrat).....	do.....	Feb. 22, 1962, to Feb. 21, 1964.
Michigan: James K. Pollock (Republican).....	Private citizen.....	Dec. 8, 1959, to Dec. 7, 1961.
Missouri:		
John W. Noble (Democrat).....	State legislator.....	Dec. 8, 1959, to Jan. 2, 1961.
Raymond R. Tucker (Democrat).....	Mayor of St. Louis.....	Oct. 10, 1962, to Oct. 9, 1964.
Nebraska: Hal Brienbaugh (Republican).....	State legislator.....	Mar. 31, 1960, to Mar. 30, 1962.
New Jersey:		
C. Douglas Dillon (Republican).....	Secretary of Treasury.....	Mar. 15, 1961, to Mar. 26, 1965.
James P. Mitchell ¹ (Republican).....	Secretary of Labor.....	Dec. 8, 1959, to Jan. 20, 1961.
New Mexico: Leo T. Murphy (Democrat).....	Mayor of Santa Fe.....	Feb. 22, 1962, to Apr. 30, 1962.
New York:		
Elisha Barrett (Republican).....	State senator.....	Dec. 8, 1959, to Mar. 2, 1960.
John E. Burton (Republican).....	Private citizen.....	Dec. 8, 1959, to Dec. 7, 1961.
Edwin G. Michaelian (Republican).....	County official.....	Dec. 8, 1959, to Dec. 7, 1961.
Ohio: Anthony J. Celebrezze (Democrat).....	Mayor and Secretary of HEW.	Dec. 8, 1959, to Dec. 7, 1961, and Feb. 26, 1962, to July 27, 1962, and Oct. 2, 1962, to Oct. 1, 1964.
Michael V. DiSalle (Democrat).....	Governor.....	Mar. 15, 1961, to Jan. 14, 1963.
Arthur S. Flemming (Republican).....	Secretary of HEW.....	Dec. 5, 1959, to Jan. 20, 1961.
Oregon: Robert B. Duncan (Democrat).....	State legislator.....	Feb. 22, 1962, to Jan. 14, 1963.
South Carolina: Ernest F. Hollings (Democrat).....	Governor.....	Dec. 8, 1959, to Jan. 14, 1963.
Texas:		
Frank Ikard (Democrat).....	U.S. Congressman.....	Mar. 10, 1961, to Dec. 15, 1961.
Robert B. Anderson (Republican).....	Secretary of Treasury.....	Jan. 21, 1959, to Jan. 20, 1961.
Vermont: Graham S. Newell (Republican).....	State legislator.....	Aug. 1, 1962, to July 31, 1964.
Washington: Gordon S. Clinton (Republican).....	Mayor of Seattle.....	Dec. 8, 1959, to Dec. 7, 1961.

¹ Deceased.

Since its establishment, the Commission has cost approximately \$13¼ million. Its appropriations for the various fiscal years are as follows:

Fiscal year:	
1960.....	\$50,000
1961.....	145,500
1962.....	375,000
1963.....	375,000
1964.....	385,000
1965.....	410,000
Total.....	1,740,500

The foregoing amount excludes \$30,000 received during fiscal year 1964 from the Interagency Committee on Economic Growth for the conduct of statistical studies of projections of State and local governmental expenditures through 1970.

The Commission has maintained a small and versatile staff. I believe that the staff work of the Commission has been up to acceptable standards of scholarship and that the Commission's reports have been reasonably well written and have been accorded good acceptance by both political scientists and public administrators, as well as by executive legislative officials.

Staff members and their compensation are shown in the following table:

*Staff of the Advisory Commission on Intergovernmental Relations as of
May 25, 1965*

Name	Title	Annual salary
Mr. Wm. G. Colman.....	Executive Director.....	\$24,500
Mrs. Elizabeth C. Green.....	Administrative assistant.....	11,315
Mrs. Frances D. Buckler.....	Secretary to Executive Director.....	7,955
Mrs. Betty A. Nicholson.....	Secretary.....	6,630
Mr. Francis X. Tippett.....	Statistical assistant.....	9,240
Miss Sandra Osbourn.....	Librarian.....	7,220
Mr. Dennis J. DuBrowa.....	Clerk-typist.....	4,480
Mr. L. L. Ecker-Racz.....	Assistant Director (Taxation and Finance).....	23,695
Mr. John Shannon.....	Senior analyst.....	18,935
Mr. Jacob M. Jaffe.....	do.....	18,170
Mr. Robert W. Rafuse, Jr.....	Analyst.....	12,075
Mrs. Verlie Peters.....	Secretary.....	7,070
Mrs. Mary R. Hamrick.....	do.....	6,060
Mrs. Inez Rountree.....	Typist.....	5,875
Mr. Norman Beckman.....	Assistant Director (Governmental Structure and Functions).....	22,945
Mr. Albert J. Richter.....	Senior analyst.....	18,170
Mr. James H. Pickford.....	do.....	16,460
Mr. Stuart Urbach.....	do.....	17,030
Mr. Page L. Ingraham.....	do.....	17,600
Miss Esther Fried.....	Secretary.....	7,070
Miss Joanne Trundle.....	Stenographer.....	5,690
Mrs. Sonya Wetzel.....	do.....	5,505

On the basis of our experience over the past 5 years, we would suggest a few changes in the statute; for the most part, these recommended changes are minor and technical in character:

1. Elimination of gaps in tenure of members

Problem.—There have been repeated occasions since the Commission was established where the terms of members expired and a hiatus of weeks or even months ensued before their reappointment or the appointment of a replacement.

Suggested change.—Amend section 3(c) to read as follows: "The term of office of each member of the Commission shall be 2 years; members shall be eligible for reappointment; and except as provided in section 4(d) members shall serve until their successors are appointed."

The foregoing change would eliminate the "hiatus problem" in all cases except those where a member actually vacates the office from which he was appointed.

2. *Changes in name of two organizations mentioned in the act*

Suggested changes.—Amend section 3(a)(6) to read: "Four appointed by the President from a panel of at least eight mayors submitted jointly by the National League of Cities and the United States Conference of Mayors;"

Amend section 3(a)(7) to read: "Three appointed by the President from a panel of at least six elected county officers submitted by the National Association of Counties."

The foregoing changes would accommodate changes in name of the two mentioned organizations subsequent to the passage of the original act.

3. *Change in wording regarding compensation of certain members of the Commission*

Problem.—Section 7(b) of the act provides that those members of the Commission who are not Members of the Congress, officers of the executive branch of the Federal Government, Governors, or full-time salaried officers of city and county governments shall receive compensation (at the rate of \$50 per day) for each day they are engaged in the performance of their duties as members of the Commission. In one State, the language of this subsection was construed to be mandatory. As a result, the attorney general of the State held that a State legislator could not serve as a member of the Advisory Commission since he was precluded by the statutory language from refunding his compensation to the U.S. Treasury and at the same time was prohibited by the constitution of the particular State from receiving remuneration from the Federal Government.

Suggested change.—Amend section 7(b) to read as follows: "Members of the Commission, other than those to whom subsection (a) is applicable, may receive compensation at the rate of \$50 per day * * *"

The foregoing would change the word "shall" as it appears in the second line of subsection 7(b) to "may" and would avoid the possibility of future State officials running into the type of constitutional problem described above.

4. *Authority to receive funds from additional sources*

Problem.—The legislative history surrounding the enactment of Public Law 86-380 indicated some intent on the part of the Congress that the Commission being an intergovernmental body should not be solely dependent on federally appropriated funds for its support. However, after the Commission had been operating a short while and some preliminary inquiries made about possible foundation support of our property tax project, it was discovered that the statutory language did not permit the receipt of funds from non-Federal sources.

Suggested change.—Add a new section 9 to read as follows:

"AUTHORITY TO ACCEPT CONTRIBUTIONS"

"SEC. 9. The Commission is authorized to receive funds through grants, contracts, and contributions from State and local governments and organizations thereof, and Federal departments and agencies, such funds to be received and expended only for purposes of this Act. In making appropriations the Congress shall consider any amounts received by the Commission in addition to those appropriated to it."

Intergovernmental relations have never been so important, so extensive, and so complex as today. New and pending programs such as Appalachia, the poverty program, Federal aid to elementary and secondary education, housing, medicare, and mass transportation tax the ingenuity and administrative ability of officials on all levels of government throughout the country. The crucial, ever-present problems of taxation and revenue have never been more pressing, especially for State and local government.

Today we have continuing machinery to work with this rapidly expanding problem. Almost 6 years ago Congress established the Advisory Commission on Intergovernmental Relations. The House of Representatives and the Senate have special subcommittees to keep

intergovernmental relations under constant and continuing surveillance. Persons on the White House staff and in the Bureau of the Budget have been charged with concern for intergovernmental relations and for maintaining liaison with Governors, mayors, and county officials on a continuing basis.

We think this machinery is needed now, and believe it will be necessary in the years ahead as intergovernmental relations become more complex and as it becomes essential to preserve and strengthen our Federal system to handle the ever-expanding problems of our ever-expanding Nation.

Mr. Chairman, in this report we have attempted, as you notice, to outline how and why the Commission was established; how it has been organized and how it has operated; what it has done; how it has done it; and briefly outline what we think are the results accomplished.

We would be happy to answer any questions.

Representative FOUNTAIN. I want to thank you, Mr. Bane, and the Commission's Executive Director, Mr. Colman, for a comprehensive report. You did a very good job of covering what you have been doing for the past 5 years.

I yield to other members of the subcommittee for any questions at this time.

Senator MUSKIE. I would like to add my expression of appreciation to the Chairman of the Commission for what I consider to be his outstanding public service. I think his present position is a fitting climax, if I may say so, to a long and distinguished public career. Congressman Fountain and I have had a good exposure to his methods and we can understand why his methods have been so effective in dealing with the heterogeneous group of Governors he has come to know over so many years.

You are an effective man. I also would like to add my commendation to the staff. The method in which the staff operates has been described on page 23 and the following pages. It is a good description of what I think is an effective way to deal with the 26 members of a Commission meeting 3 or 4 times a year. To have those meetings and to make them effective in contributing to the policy in this field is, I think, a real challenge to the staff. There could be a temptation for the staff to dominate the decisions made by the Commission, but I think that you have presented the issues and the alternatives to the Commission in such a way that the Commission itself does make a solid contribution to decisions. That is a real accomplishment for the staff. Staffs are supposed to be anonymous, especially here on the Hill, but you have distinguished yourselves in a way that only those of us who rely on staffs can fully appreciate.

I think it would be helpful, Mr. Colman, if you would direct yourself to page 76 of the testimony and discuss the question of technical Advisory Commission on Intergovernmental Relations services in connection with the proposed Federal legislation.

I know this has created a problem in the past in connection with requests from Members of the Congress for assistance at times when the Commission itself is not in session or is not likely to be. Still, I think it is an understandable feeling on the part of the Members of Congress involved that they ought to be able to get advice from the Commission.

I believe it would be useful to analyze that problem for the record.

Mr. COLMAN. The procedure that has been followed, Senator Muskie, is that when we receive a request from a congressional committee for an expression of views on a piece of pending legislation, we either respond formally as a Commission with a letter from the Chairman of the Commission to the chairman of the committee, or present a technical comment or staff comment over the signature of the Executive Director. The response given depends upon whether the Commission has previously taken some formal action that is responsive to the question of the congressional committee.

On occasion, where the subject is of considerable significance, we inform the committee that the Commission has not yet acted but that the subject will be taken up at the next meeting.

We did that, I recall, in connection with the water resources planning bill, S. 1111, which runs in this Congress as H.R. 1111. That involved some significant issues of Federal-State relations, and we informed the committee that we would take it up at a future meeting, and we did, and then reported to the committee.

But where it is something that is not of extreme importance or where it is a matter that really calls for more of a technical than policy comment, then the staff of the Commission so responds to the committee.

We are always careful, both in our communications with congressional committees and with the Bureau of the Budget, to label these communications as to whether they represent the policy viewpoint of the 26-member Commission or whether they are submitted merely as technical comments of the staff.

Senator MUSKIE. I don't suppose there is any possibility of enlarging the capacity of the Commission to respond to policy questions. I think you have done an ingenious job of giving maximum service to Members of Congress. I doubt there is any authority that is provided in the statute or any facilities we can provide you that would make your service even greater in this respect; however, I thought the question ought to be asked.

Mr. COLMAN. It might be observed that our capability in this regard automatically rises with the passage of time because the Commission is covering more and more of these outstanding questions so that we have a much larger reservoir of policy recommendations to draw on now, whereas in our first year or two of existence, we had very little to draw upon.

Senator MUSKIE. I will ask just one more question. It relates to your recommendations for changes in the statute. I direct your attention to the authority to accept contributions. I know that at the last meeting of the Commission, the question was raised as to whether, in addition to the authority as spelled out in the suggested language, there ought to be authority to receive funds from foundations and other private sources.

The Commission present voted against that. I wonder if you would want to comment on it at this time. I think the Congress would want to consider it, notwithstanding the ACIR's action.

Mr. BANE. On the basis of the Commission's action at the last meeting, as you say, we deleted any reference to foundations and simply made a recommendation that we would be permitted to accept State and local contributions, as well as Federal contributions, to support the Commission.

Senator MUSKIE. I will say this for the record: If there is an opportunity to receive a contribution from a foundation for the purpose of supporting a particular kind of inquiry that the Commission would approve, it ought to be possible for the Commission to accept that kind of assistance. Foundations are interested in some of these subjects. The work that they do and the money they provide would have a greater stature and prestige and greater possibility for acceptance by whatever levels of government involved, if they could have this kind of Commission sponsorship. I would like to say that for the record.

If you want to divorce yourself from your formal position for the purpose of commenting on it, it might be helpful.

Mr. BANE. I divorce myself at this point, to say my initial suggestion did include consideration of foundation grants, but after discussing it in detail with the Commission, and after Commission action, we deleted it.

Senator MUSKIE. Now you see why the chairman is successful.

Mr. Chairman, I have several other questions that I would like to submit to Mr. Bane and to Mr. Colman for answers for the record in the event we don't get to them this morning.

I know there are other members of the subcommittees here and I would like to have them ask questions because they haven't been as close to the work of the Commission as we have, and we would like to have the sharp questions of observers rather than those of us who have been so close to the Commission consuming all of the time.

In addition, there are other witnesses. May I have permission to submit questions later for inclusion in the record when the answers have been received?

Mr. FOUNTAIN. That would be an expedient way of handling the matter. I think other members of the subcommittees may want to do the same thing, since the limitations of time unfortunately will prevent us from asking all of the questions I am sure we would like to ask.

I do think that such questions should be asked in one way or another so that the record will be complete.

Mr. BANE. We will be happy to answer any questions for the record.

(Six questions were subsequently submitted to the Commission. The questions and the responses follow:)

Question 1: In our 1962 hearings, Mr. Colman, you indicated that there were five problem areas with which the Commission would be concerned: (1) the growth of grants-in-aid, (2) accounting and auditing procedures for grants, (3) organizational requirements concerned with grants, (4) equalization provisions of grant programs, and (5) intergovernmental relations in metropolitan areas. Do you feel that you have made progress on these issues? Do you feel that these are still the major issues for Commission attention? What do you see as the major problems over the next 5 years?

Mr. COLMAN. While the Commission has made some progress in each of these areas, it will doubtless devote additional and continuing attention to these same subjects in the future, albeit in a somewhat different context.

The Commission's primary concern with the growth of grants-in-aid and their accounting, auditing and organizational requirements has been explored in a series of general reports, many recommendations from which are contained in the pending Intergovernmental Cooperation Act of 1965 (S. 561, H.R. 6118, and identical bills). Certain limited aspects of the accounting and auditing procedures for grants-in-aid are dealt with in title I of the proposed Inter-

governmental Cooperation Act of 1965. During the past year, the Bureau of the Budget and the National Association of State Budget Officers have undertaken a joint study of other aspects of the problem. The Commission is co-operating with the two groups in the conduct of the study. Intergovernmental relations in metropolitan areas have been the subject of several Commission reports. Many of the Commission's recommendations in this area have been or are in the process of being acted upon at the Federal, State, and local levels.

In the future, the Commission might also be concerning itself with such subjects as:

- (1) Fostering a general public attitude which demands that the Federal, State, and local system of government possesses sufficient legal and political flexibility for meeting governmental needs as they emerge;
- (2) Analyzing the increasing involvement of all levels of government with the activities and functions of the private sector of our economy;
- (3) Intergovernmental relations in the field of the regulatory activities of Federal, State, and local government; and
- (4) Intergovernmental fiscal relations, particularly the increasingly difficult problems of financing State and local governments.

Question 2: Do you feel that the use of public interest groups in the nomination process has been effective? Desirable?

Mr. BANE. The provision of section 3(a) of Public Law 86-380 that the President shall appoint the State and local representatives on the Advisory Commission from a panel submitted by the respective national organizations, identified in your inquiry as public interest groups, has worked well, in our opinion. The arrangement has assured the Commission of a membership actively interested in the kind of problems it is called upon to explore. The fact that the members so selected have access to the staff facilities of their respective national organizations and serve as a conduit for the flow of information between the ACIR and these national organizations has also proven valuable.

Question 3: Would you agree that the Commission's reports and its deliberations are basically hostile to the power position of functionally oriented officials and of special districts at the State and local levels?

Mr. BANE. We would not agree that the Commission's reports are "basically hostile" to the power of positions of functionally oriented officials.

The Commission's philosophy that only general-purpose governments with oversight over the full array of governmental services can insure the desirable allocation of limited resources among competing claims could be construed as unfavorable to specialized groups and organizations preoccupied with specialized functions and activities. However, the Commission has also said that where the choice is between no service and service through a special district, then the latter course should be followed.

Question 4: Would you agree with the assessment of some experts that the Commission in its reports and deliberations is committed to preserving and increasing the power position of the elected officials in State and local governments?

Mr. BANE. We agree that the ACIR reports and recommendations tend to strengthen the policy role of elected versus appointed officials. We emphasize the necessity of political accountability in the conduct of public affairs. However, the Commission has also urged that the number of elected officials at the State and local levels of government be limited in number in order to focus accountability and also because positions requiring special skills, such as tax assessors, are more appropriately left to the appointive process.

Question 5: What is your reaction to Senator Long's proposal that the Advisory Commission be expanded by at least six members to provide a broader basis for assessing intergovernmental finances?

Mr. BANE. We believe that the present size of the Commission, namely, 26 members, composed primarily of executive and legislative officials from the several levels of government, insures broadly based political representation and functions effectively. We believe that permanent enlargement by a significant number could handicap the Commission's operating efficiency.

However, while the Commission has not itself considered the matter, it is my opinion that if the membership were queried on Senator Long's suggestion, it probably would not be averse to the President enlarging its membership

for purposes of a particular complex and controversial problem, such as the allocation of revenue resources among several levels of governments.

Question 6: What is the reaction of the Advisory Commission to Senator Long's proposal that it undertake a massive study of intergovernmental finances?

Mr. BANE. Since its organization, the Commission has devoted a significant proportion of its resources to the study of various aspects of intergovernmental finances. In the interests of operating efficiency, it has elected to deploy its resources on the basis of specific projects which can be processed within 6 months to a year. In view of the variety and complexity of State and local finances, even projects limited to relatively narrow problems entail reports of substantial size and represent a large volume of work. The reports on *The Role of the States in Strengthening the Property Tax, Equalization of Federal Grants, Measures of State and Local Fiscal Capacity and Tax Effort, and Tax Overlapping in the United States* are examples.

As we understand Senator Long's proposal, it contemplates, among other things, an exploration of the case for the distribution of parts of future Federal surplus revenues to State and local governments for general purpose use. Since this question is so closely interrelated with the National Government's long-term budgetary prospects and its fiscal policy objectives, it probably could best be explored only with the cooperation of the administration and more particularly of the Treasury Department and Bureau of the Budget. Subject to considerations of this kind, we have no reason to anticipate an unfavorable response from the Commission membership to Senator Long's proposal.

Mr. FOUNTAIN. I might add, Senator Muskie, to what you said about getting help from other sources. When I first introduced this bill and it was discussed by those of us who sponsored it, I believe you were one of those who favored financial participation by all levels so that it would not be the feeling on the part of the Federal Government that it had the right or power to dominate the Commission.

We were very much concerned about the need for financial help from local and State governments and we considered that. But when the bill was under consideration, we concluded that it was inadvisable because so many States found constitutional or other prohibitions, so we limited the Commission's support to funds from the Federal Government.

It may be that one of these days we can, either on a voluntary or some other basis, get help from local and State sources.

Mr. ROUSH?

Mr. ROUSH. I have no questions.

Mr. FOUNTAIN. Any other members?

Mr. DOW. I have a question or two. I am very much impressed with the marvelous job and the stupendous detail that the Commission has handled here. I also, with a certain amount of humility and trepidation, do raise one or two questions.

I haven't been in close touch with details or with the problems, so I suppose I am somewhat of a tyro to come in at this point and raise any question at all, but I do have some problem in my mind as to whether or not you people might not like to add to your endeavors a philosophical approach to government and consider a little bit whether the general trends of the government in our society are proper.

I just have a feeling that maybe we have been devoting too much attention to techniques of patching up and connecting up loose ends and loose wires. Maybe we should consider whether the directions of our Government are proper in some respects.

For instance, we have a great many welfare programs going on at the present time in the field of education, in the Appalachia program,

in urban renewal. In a great many areas we are passing legislation that seems to me to be complicating the relations between Federal and State all the time, and I would think we might want to address ourselves to some mode of simplifying these channels.

As it is now, they are proliferating. Even though I vote for these measures, I have doubts and I worry whether we are not becoming too complicated and accepting too much in our present organization that we shouldn't accept.

There are other questions. I would even think we might question the merits of our State governments. In other words, would we be better if Metropolitan New York was a State rather than a number of parts of several other States?

I would wonder if we shouldn't question the whole concept of urban renewal and its impact on the municipal and suburban relationships.

There are many areas which, it seems to me, deserve to be questioned. I don't presume to say your Commission should address all of its attention to this, but I do submit it might not be out of order for you to have, in addition to the other subdivisions of your Commission, what I might call a philosophical section which would address itself to the trends in our society and show that possibly the directions in which we are going could be improved upon or reckoned with in a broader way than adjusting technical measures.

Now, perhaps I have been a little unkind in offering these remarks, but they are not meant that way. Indeed, I feel quite humble as a newcomer in offering these thoughts but they do raise questions that to me are not out of order and I do hope that perhaps there would be some expression on this point.

Thank you, Mr. Chairman.

Mr. BANE. Mr. Chairman and Congressmen, we agree that in all of these general questions, there is involved a broad philosophical concept dealing with the type of government we have, how we are operating it, and where are we going. In almost every report we have developed—and we will be happy to send you a file of these reports—we deal initially with some aspect of the problems presented by our federal system.

These are important problems. These problems are the reason this Commission was set up.

Our purposes are to strengthen, preserve, maintain, and perfect our federal system—and every question you have raised deals with those questions.

I assure you, these are always in the mind of the Commission, and always of major consideration.

Mr. Dow. I am awfully glad to hear you say that.

Mr. COLMAN. If I may make the further comment, Mr. Chairman: the Commission has always limited its view and its study of questions to the federal system, more or less as it exists.

The legislative history and the wording of the act, as we interpret it, says "to strengthen the federal system." That means to strengthen the States, strengthen the local governments, and improve the relationship between those levels of government.

Now, quite often we run into a debate, particularly when we are explaining our recommendations publicly. People say, "Well, why do you keep trying to patch things up? Do the States really have

the place in our society today that they had when the Constitution was written? Has not the role of the State drastically changed?"

Our response is always that we are operating here on the philosophical assumption that we are to continue to have a federal system and not a national system. So, in one respect there is a fence around the Commission's work.

Now one other comment I would like to make regarding Congressman Dow's question, and that is with regard to all these new programs and the tendency of programs to proliferate and so forth. Title II of the Intergovernmental Cooperation Act, which you have introduced, is directed toward a review on the part of the Congress at the end of an appropriate period after a new program is established to try to ascertain whether it makes sense to continue it or whether it should be merged or something else done with it, based upon the experience during the first few years.

Mr. FOUNTAIN. Thank you very much.

I would like to say, too, Mr. Dow, that having served as a member of the Commission and also on this committee, I think Mr. Colman raises a very fundamental question which involves the responsibility of every Member of Congress on almost every piece of legislation that comes up.

I find myself confronted with this particular question and I don't think anyone can deny that there has been proliferation. In many instances I think we passed legislation that, at least to some extent, is a duplication of legislation already on the books, but that basic problem is one that will always confront us.

I don't know that any commission can give us the answer; however, I will say that during our deliberations we come in contact with the philosophical thinking of every level of government in reaching decisions and in making recommendations, and I think it is interesting to have that impact from each level of government at every meeting. There are representatives of cities, small and large, counties and, of course, those on the State level, so this point you raise is a very strategic one and always plays a part in all of the Commission's deliberations.

Whether the Commission could set aside a good portion of its time to study the philosophical concepts of our federal system—how it might be changed, if it should be changed—is a basic question, but I personally doubt that the Commission, if we adhere to our original commitment of not becoming another large bureaucracy—and you will note that we have maintained a pretty standard size—would be able to go too far in that direction except as it plays a part in the consideration of particular studies.

Senator MUSKIE. I think that the discussion prompted by Congressman Dow's question is a most important one. It might be useful for the Commission on occasion to sponsor a great debate on the fundamental assumptions which underlie the workings of the Commission. It would certainly, or could certainly attract considerable public attention.

In other words, it would sort of replay the Constitutional Convention of 1787 by challenging all of the concepts that were built into the Constitution, not for the purpose of undermining the concepts of our free society or anything of that kind, but simply to reexamine the fundamental institutions within which we have been doing our public work.

We might first try a session in private, behind closed doors, with just the members of the Commission. I don't know who we can get to take the opposite side from the one most of us would want to take, but still it would be a very useful thing to do.

I compliment the Congressman on raising the question.

Mr. FOUNTAIN. Congressman Dow is a new member of our subcommittee and we are delighted and fortunate to have him.

Any other questions?

(No response.)

Mr. FOUNTAIN. Thank you very much.

Senator MUSKIE. I have learned that Senator Ervin and Senator Mundt will be unable to join us this morning, but both Senators have statements to be inserted in the record.

Mr. FOUNTAIN. That will be done.

STATEMENT OF HON. SAM J. ERVIN, JR., U.S. SENATOR FROM THE STATE OF NORTH CAROLINA

Senator ERVIN. Mr. Chairman, as one who has held a lifelong interest in preserving our federal structure, I welcome this opportunity to present my views in support of the work of the Advisory Commission on Intergovernmental Relations.

One only need look at the rapid increase of Federal grants-in-aid and the problems presented by our expanding metropolitan areas to become apprised of the growing complexity of intergovernmental relations. We live in an age of innovation which requires new areas of involvement by government—impossible for the Founding Fathers to foresee—and corresponding adjustments in our federal system. Indeed, one of the strengths of our country is this ability to meet the changing needs of the day through the structural forms of federalism. No other large nation has ever maintained such a high degree of stability and at the same time preserved the freedom of the individual. One reason for this was pointed out by Justice Harlan recently before the American Bar Association:

We are accustomed to speak of the Bill of Rights and the 14th amendment as the principal guarantees of personal liberty. Yet it would surely be shallow not to recognize that the structure of our political system accounts no less for the free society we have.

I fear, however, that not all the changes going on with respect to the roles of Federal and State governments in our system are for the best. In the present grant programs, for example, there are many inherent dangers to our federal system. The expansion of the grants-in-aid by the Federal Government is often accomplished at the expense of State and local government action. This often has the consequence of destroying State and local initiative and leads to a growing dependence on the Federal Government to solve their problems. It is therefore a comfort to me and a source of great aid for the Congress to have an organization, the Advisory Commission, operating on a full-time basis as a permanent center for giving attention to the problems of intergovernmental relationships, and the preservation of our federal structure.

I have been a congressional member of the Commission since December 8, 1959, and during that time the Advisory Commission on Intergovernmental Relations has examined, in depth, many of the diffi-

cult governmental problems posed by our contemporary society. The Commission, which has made many contributions toward the preservation of our federal structure, is a permanent bipartisan body established by Congress to coordinate all areas of activity among local, State, and National levels of government. It has compiled much valuable information on grant programs and their impact on State and local governments, and has continually investigated ways by which State governments can be strengthened in order to reduce the need for future Federal aid. For example, the Commission has recommended methods to increase the effectiveness of the real property tax. Property taxation is the most important source of revenue for local governments, and its increased effectiveness should enable local governments to assume a more responsible role in the governmental structure.

Also, the Commission has served as an important vehicle through which State and local officials make their views in all areas of intergovernmental relations known to the Members of Congress. This is perhaps its most important function for it has helped Congress assume its necessary role of guarding our Federal structure.

On the basis of just two recommendations, the Commission has indicated to my satisfaction the importance of its existence. No. 1: In their examination of statutory and administrative controls associated with Federal grants for public assistance they have called attention to the need for judicial review of determinations of the Secretary of Health, Education, and Welfare, regarding State plans for public assistance. At present, States have no appeal from decisions of the Secretary of Health, Education, and Welfare declaring a State plan out of conformity with the Social Security Act. Noting the well-established precedents even within the Department of Health, Education, and Welfare, for some appeal to the possible arbitrary decisions of the Secretary, the Commission has recommended specific statutory provision of judicial review. The Commission has properly expressed the thought that the lack of such an ultimate recourse tends to hamper initiative on the part of the States and thus the development of new approaches in the administration of public welfare programs. I am happy to report that the specific legislative amendments prepared by the Commission to establish judicial review have been adopted by the House committee considering amendments to the Social Security Act and are now being considered in the Senate.

No. 2: The Commission has called attention to one of the generally recognized defects in our present system of grants-in-aid—their tendency to perpetuate themselves long after the original purpose for which they were conceived has been accomplished. On June 15, 1961, the Advisory Commission on Intergovernmental Relations recommended to Congress that legislation be enacted because “review and redirection of grants has proceeded on a sporadic and uncoordinated basis and there has not been continued systematic attention to the problem either from the congressional or executive side.” I share in full measure this view expressed by the Advisory Commission and I am delighted that the Senate Subcommittee on Intergovernmental Relations has completed hearings on legislation developed by the Commission to provide for mandatory periodic review by Congress of the usefulness of existing grants-in-aid. Congressional examination of grant programs is well established, but with so many tasks confronting Con-

gress it usually consists of only a perfunctory fiscal review. Hopefully, the Congress will act favorably on this important recommendation by the Advisory Commission to insure that such programs are examined systematically and are reconsidered in light of changing conditions and new program requirements.

New intergovernmental problem areas arise faster than old ones can be resolved, and the Commission has identified a number of useful new areas for future examination. Only last week they adopted a new work project to examine the intergovernmental problems and implications of the new Federal antipoverty programs.

Since the burden of protecting constitutional federalism rests largely on the Congress, I am pleased to express my approval of the work of the Advisory Commission because I feel that it has had a tendency to point up to the American people that the Congress must not legislate hastily in the area of intergovernmental relations and run the risk of destroying the system of government which the Constitution was intended to establish: that is, a government described by the Supreme Court of the United States in *Texas v. White* in these words:

The Constitution and all of its provisions look to an indestructible union composed of indestructible States.

In conclusion, I would like to take this opportunity to read a passage from the final report of the Kestnbaum Commission, which was the forerunner of the present Advisory Commission, to President Eisenhower:

We should seek to divide our civic responsibilities so that we—

Leave to private initiative all the functions that citizens can perform privately; use the level of government closest to the community for all public functions it can handle; utilize cooperative intergovernmental arrangements where appropriate to attain economical performance and popular approval; reserve national action for residual participation where State and local governments are not fully adequate, and for the continuing responsibilities that only the National Government can undertake.

As a result of an awareness of the need to protect our federal structure, the Advisory Commission was founded and my only advice to them is to continue to use those worthy guidelines quoted above for their work in the future.

The record of the Commission having its recommendations acted upon favorably by the Congress and the States is considerable, and I urge these committees and the Congress to give encouragement and support to the continued work of the Advisory Commission on Intergovernmental Relations.

STATEMENT OF HON. KARL E. MUNDT, U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator MUNDT. Quite appropriately, significant attention has been focused on the field of intergovernmental relations since World War II as it concerns the critical problems facing this Nation in its Federal-State-local governmental relations.

Historically, the federal principle was created through compromise between those who sought to establish primary authority in a central national government and those who supported the retention of autono-

mous authority by the several States. From its inception, the basis of the federal system has been balance—the striking of an equilibrium between the central authority and State autonomy demanded for the meaningful operation of our federal system.

Three major wars and a serious economic depression during the past five decades have combined to place extraordinary stresses and strains on the federal system. Repeatedly, the Federal Government has been called upon to expand existing authority to meet the pressures of these emergencies. Rarely has there been a relinquishment of this authority by the Federal Government after these emergencies have passed. This development has caused many individuals to contend that the federal system is out of balance. Others conclude that the continued growth of authority at the center is an inevitable development in an increasingly complex society and that State and local governmental units are outmoded relics of the 18th century, lacking the competency and capacity to meet the problems of this fast-moving 20th century.

Attention was focused on these intergovernmental relationships when the first Hoover Commission recommended in 1949 “that a continuing agency on Federal-State relations be created with primary responsibility for study, information, and guidance in the field of Federal-State relations.”

In 1953, President Eisenhower recommended, and Congress enacted, legislation creating the Advisory Commission on Intergovernmental Relations to examine the role of the National Government in relation to the State and local governments. The Kestnbaum Commission, like the Hoover Commission, recommended establishment of a permanent agency, located in the executive branch of the Federal Government, charged with the responsibility for maintaining effective contact with both legislative and administrative branches of the Federal Government and with officials of the States, to give concerted attention to interlevel relationships.

Against this background, legislation was introduced in the House of Representatives with a companion measure in the Senate, which I cosponsored, to establish a permanent advisory commission. The bill was enacted into law in September 1959 bringing into being the Advisory Commission on Intergovernmental Relations.

It is only proper that this Commission, in existence for nearly 6 years, should now come under the scrutiny of the Congress. As a charter member of the Advisory Commission, I am well aware that the Federal grant-in-aid programs play a dominant role in the relationship between the Federal Government and the State and local government. With the proliferation of grants-in-aid flowing from the Federal Government and the attendant power and authority tied with these funds, concern continues for the equilibrium and balance in our federal system.

The Advisory Commission functions as a responsible agency of Government and through its analytical and scholarly reports and recommendations provides guidelines for maintaining a vital and effective balance of authority between Federal, State, and local governments, while meeting the needs and demands of its citizens in a modern, complex society. I believe it is serving our Nation well.

INTRODUCTION OF HON. BROOKS HAYS

Representative FOUNTAIN. It is a privilege to introduce our next witness, the Honorable Brooks Hays, Arthur T. Vanderbilt Professor of Public Affairs at Rutgers University.

Mr. Hays has embarked upon what I believe is his fourth major career—maybe even his seventh or eighth—since serving as an outstanding Member of Congress.

Prior to donning his academic robe, he served with great distinction as a special assistant to the President, and I might add he still continues as a White House consultant. He served as a diplomat while Assistant Secretary of State, and prior to that, as a member of the Board of Directors of the TVA.

It might also be noted that Mr. Hays was a member of the Kestbaum Commission on Intergovernmental Relations and, to occupy his leisure time, has long been one of our country's leading churchmen.

Few men have had such varied careers or pursued them with such uniform distinction.

It gives me great pleasure to introduce, and welcome back to Capitol Hill, Mr. Brooks Hays.

Senator MUSKIE. May I join in welcoming Brooks from the quiet of the college campus up at Rutgers.

I was up there recently, Brooks, but I did not get a chance to look you up.

I cannot think of a better place for Brooks to run than at Rutgers and it is a pleasure to welcome a gentleman I consider to be one of our outstanding Americans.

**STATEMENT OF HON. BROOKS HAYS, ARTHUR T. VANDERBILT
PROFESSOR OF PUBLIC AFFAIRS, RUTGERS UNIVERSITY**

Mr. HAYS. Mr. Fountain, Senator Muskie, and members of the committee, I am quite overwhelmed by these words. I think we should rise, sing the doxology, and go home.

I am thrilled to be back at the old haunts to see dear friends of other days. I have not found it difficult to move from politics into academia. As a matter of fact, I think we find a little politics everywhere, even in the academic life. Frictions and tensions exist that can be eased by the use of political resources, the things we have learned in making our political system work.

Even in church—an allusion has been made to this so it is quite proper, perhaps, for me to tell about my Methodist mother-in-law who asked, when I came back from making an address at a church conference, "Son, how did you do?" I said, "Mother, I don't know but they wanted me to come back and run for bishop."

I have found, Mr. Chairman, that a good deal of interest lies in the movement of professional people from one field of activity to another. We are familiar with the fact that in the Congress we have been joined often by men from academic life who have made notable contributions. Some serve on this committee, I believe. Academic people have contributed richly to our federal system. Now a reverse movement has been observed. Some, like myself, move from politics into academic life. I would be happy if some of you would

do it—not under the circumstances that produced my transfer, however—but I think it is a very wholesome trend. Answering an inquiry recently I was able to supply some illustrations—and I think Senator Muskie, with his brief visit to Eagleton Institute on the Rutgers campus, could claim now to have been a visiting professor.

This is not my first teaching experience, however. I was the 1916 summer session teacher at Sunny Point, District No. 7, Illinois Township, Pope County, Ark. There were 82 pupils enrolled and I was 17 years of age, so “I learned ’em a lot” that summer. I was interested in the friendly references to my friend, Mr. Bane, about the time he was beginning his great career. He began as a social worker. I am sure it would be in order for me to make that reference. At about the time he began in Knoxville, Tenn., I was beginning at Russellville, Ark., so, as Mr. Lincoln would have said, for twoscore and 3 years I have been involved in public life. I was a member of the board of election commissioners for my county in 1922.

When I conducted my first lawsuit in a very awkward and immature way, the judge, being a very compassionate man, wrote me:

DEAR BROOKS: What you did yesterday was refreshingly boyish, but be a boy as long as you can, for the blood of youth is the wine of life and while a greater prohibition than the 18th amendment leaves me but an empty cup I love its lingering fragrance still.

I would like you to know that my cup is not empty. I hope to continue teaching quite a while.

This morning, I wanted to mention only three or four points. We have listened to a very wonderful statement. I anticipate that this comprehensive, well-prepared document is going to be extremely helpful to the Congress as it considers proposed legislation and measures to improve the functioning of this unique agency. It really defies classification. As the committee knows, it is not a Federal agency; it is sort of a fourth dimensional agency that becomes an innovation in the art of government, and while it is a temptation to enter the exciting realm suggested by Mr. Dow, the philosophical consideration of problems inspired by contemplation of our history and of our system, the mechanisms of government, I think the committee is wise in limiting its consideration for the moment to the particular changes that should be made.

Just as a generalization, may I say that I praise the work of this agency so highly for these reasons:

First, it tends to get away from the emotionalism of the ancient argument over State and Federal power. The men who gather around the table at the Advisory Commission on Intergovernmental Relations are interested in the science of government. They discard, apparently, the clichés that we have resorted to at times. They are not interested in some of the ideological considerations. They are trying to think of the citizen and of service that can be rendered him by every level of government. One of the major concerns of the Federal Government is to develop better working relationships with State and local units of government. In order that all three levels of government may cooperate fully in carrying out essential programs for the public welfare, every effort should be made to streamline government institutions at each level.

President Johnson emphasized this concern in his last State of the Union message when he called on all Americans to devote themselves to promoting a "creative federalism" which would meet the needs of the American people in both an efficient and an economical way.

We now have come to recognize that each level of government has a major role to play in carrying out all important governmental functions and that it is not accurate to talk of different functions for the different levels.

Dr. J. K. Pollack of Michigan said, in an eloquent speech inserted in the Record, I believe by the Senator of Maine, that the late Dr. Grodzins had well stated the case—

We err when we think of the federal system as a layer cake, with functions sharply divided and with jurisdictions rigidly protected.

This was not in the minds even of the Founders who, in that simple community stretching along the Atlantic seaboard, still envisaged growth and a complex social life, placing new demands upon the new government that they were launching. He said—

Instead of a layer cake, let us think of it as a marble cake, and the stream of influence of our Federal Government, for example, as appearing in the colors of the cake.

I think that was an excellent contribution to philosophical thought, and it is in that spirit that the Advisory Commission's 26 members, representing every level of the government, assemble around the table to talk about the citizen and the service that can be rendered.

Individual members have a wholesome respect for that degree of partisanship which is indispensable in our system, and yet, with good will and in an impersonal fashion, they approach the problems determined not to let partisanship overshadow the reasoning that should dictate their deliberations.

They are unlike the boys that were playing cards down in my part of the country. One looked over the table at the other and said, "Rubin, play the cards fair. I know what I dealt you."

For this reason, the professional character of the Commission has impressed me very much. This was my second point. I was speaking of cliches and I moved into this second contribution of a high degree of professionalism.

In my life at Rutgers, I am finding time for three things I had never had time for before.

First: To see the world through the eyes of young people. Student life. That is inspiring.

Second: To read some books that I have never had time to read, and maybe to write some, although I am finding that very difficult. When I produced a second book, after great effort, someone said to my father, "Mr. Hays, have you read Brooks' last book?" He said, "I hope so."

Finally: To consider these recollections of the 40 years that I have had in the buffetings of political life, and out of these experiences I have formed some conclusions.

This commission of 26 outstanding and distinguished people is a notable group. There is a sound arrangement for selecting them. The President is given authority to select members from panels chosen by the Council of State Governments and other semiofficial bodies. This is a good plan.

Incidentally, I would like to express my personal approval—I do not speak for the White House—of the plan to meet the hiatus mentioned by Mr. Colman. The President is often busy with emergency matters and cannot always meet the deadline for appointments. Foreign affairs have necessarily diverted much of his energy from the domestic responsibilities, so he needs more time than he might otherwise require to make his selections from the panels. Likewise, sometimes there is a delay on the part of the nominating agencies, and, for that reason, I would like to join in this recommendation.

We have had recently in Washington two meetings that I think illustrate very well the reliance to be placed on the Commission's professional background. It is hard to make this work exciting. We are dealing with processes and mechanisms. The electorate gets excited about candidates and goals and objectives, and this probably will not change, but we are dealing with some of the fundamentals of government having to do with the mechanisms by which policy is determined. I refer to the other evening's meeting of the American Law Institute, where we had a fine contribution from a member of the Second Circuit Court, Judge Friendly, who spoke of the complexities of the Government, as you have spoken of them this morning, and there was a wistfulness in what he had to say about the—well, the proliferation of agencies, insisting, as he did, that some matters could be left to the Federal courts at the district level by the National Labor Relations Board. I am only pointing out that thoughtful people are considering these problems, and that there is a growing interest in them. The Commission can help in all of these matters. Yesterday, I attended one of the panel meetings of the White House Conference on Natural Beauty, and what Senator Muskie had to say in a few brief moments I thought was worth volumes that have been published on the subject. He was speaking out of his experiences and I trust he will agree that he was able to speak more authoritatively as a result of his membership on the Advisory Commission.

These two conferences illustrate the fact that a new appreciation of the federal system is evident.

I made reference to Mr. Bane's early experience as a social worker. I have always felt defensive when people have probed my own social welfare interests. One good old constituent said to me—I was president of the Arkansas Conference of Social Work at the time; I don't know whether he knew this or not—and he said, "Brooks, I am against Communists, Socialists and sociologists." The sociologist has a great contribution to make. After his first brief service at Knoxville, Mr. Bane began his career in public administration and distinguished himself. He is an ideal chairman.

As a boy, I saw covered wagons moving west. They were horse drawn. I saw my first automobile in 1904, but I was old enough before 1904 to thrill to the movement of people looking for new homes. I have lived long enough to see this movement in reverse. I have seen them come to New Jersey in covered wagons. Not covered with tarpaulin but hard tops, and drawing a trailer, looking for new homes. I never dreamed in those days I would be in New Jersey trying to think through some of these problems.

But I recall talking with Governor Driscoll, of New Jersey, during the Kestnbaum Commission hearings prior to the establishment of this

agency. The problems of New Jersey related to the new residents coming from rural States seeking industrial opportunities in New Jersey. I was able to tell him something of the economic adversity that put them on the road, the low incomes in the rural sections that Federal policy might help alleviate. As a result of the Kestnbaum Commission's work, I believe there is a new appreciation of the national community and the interdependence of the States. Also, the need for more efficient government service at every level.

I remember 2 years ago that President Johnson, in his 1963 message to the Congress said: "We cannot meet our national responsibilities unless and until we meet our local responsibilities."

Representative FOUNTAIN. Thank you very much, Mr. Hays, for your usual excellent statement. I have a question that I would like to ask you because of your vast experience.

Mr. HAYS. May I have the permission that they used to give me? I never had to argue very hard to get the House to give me consent to revise and extend. Do I have that permission here?

Representative FOUNTAIN. You have.

It is interesting that Senator Muskie's subcommittee has found, through a questionnaire survey, that a surprisingly small percentage of State and local officials know of the Advisory Commission's work. I think this finding was recently confirmed by another study, as yet unpublished. This raises a serious question as to whether the Commission is as effective as it might be in the educational area, despite the effort its members and staff have made to reach public officials at the State and local levels. Maybe the Commission has not done enough to stimulate discussion of intergovernmental problems among government officials and the public.

For example, should it be more active in sponsoring national and regional conferences and meetings, or conferences and meetings of another type, to stimulate public discussions of these issues, and perhaps, more specifically, discussion of the Commission reports?

Mr. HAYS. Mr. Chairman, I could not agree more with what I believe to be the implication of this question. I think that once the signal is given they would undertake it. I appreciate the timidity with which the staff has approached some of the philosophical problems. It seems to me it would be quite proper for the joint subcommittees to consider the strengthening of the Commission's assignment and spell out in detail this educational service. That would be quite compatible, from my point of view, with the function of the Commission. I trust that you will do that.

Representative FOUNTAIN. Thank you very much.

Senator MUSKIE. As always, I have enjoyed your testimony, Brooks. I am reminded of one of my favorite stories that might well have been originated by you, but this was after—

Mr. HAYS. I left it there at Lewiston, I think.

Senator MUSKIE. This was at a church service on Sunday. After the service, a little boy asked his mother how she liked the new minister's sermon. She said, "Well, he didn't do the text no harm."

I think you have not done the text any harm.

I have just one question I would like to ask, since you have represented the White House in so many of the meetings of the Commission. What can be done, if anything, to strengthen the interest of

the executive branch in the reports and recommendations of the Commission?

Mr. HAYS. This is certainly a relevant question and it has given some of us thought, and steps are being taken through the quiet and diplomatic method that Mr. Bane uses to get to the whole executive department, so there is new sensitivity to this, and I think there is great wisdom in it. Now lately the President has, as you know, asked former Governor Ellington, of Tennessee, one of the new full-time members of his staff, to provide a more effective liaison with the Governors. The Vice President, having been mayor of Minneapolis, has taken on some new responsibilities in acquainting the executive department with the point of view of the mayors. Bureau of the Budget officials are entitled to a great deal of praise for supplying a working arrangement between the agency and the White House. These steps are being pursued.

Senator MUSKIE. So it is your feeling that the interrelationships of the Commission and of the executive branch will enlarge as time goes on?

Mr. HAYS. I think it will. I was happy to see two Cabinet members, Secretaries Fowler and Freeman, at the last Commission meeting.

I am confident that the President will shortly have laid on his desk reports that will acquaint him with recent activities of the Commission.

Senator MUSKIE. Thank you very much.

Representative ROUSH. Mr. Chairman, I did not ask any questions a while ago because Senator Muskie inferred that all questions should be sharp. I did not have any sharp questions. I do want to comment here, and perhaps direct an inquiry.

I have wondered if perhaps one of our difficulties in this particular endeavor does not lie with the fact that it is difficult to overcome precedent, to overcome lines of authority which have previously been established, which may be good or bad, but yet they are followed. People get in the habit of following them and then they do not want to change.

Would you care to comment, Mr. Hays?

Mr. HAYS. I certainly do agree.

I believe, Mr. Roush, that a continuing test of statesmanship is to determine where to discard the old, and where to embrace the new. We are not the first generation to have been confronted with this. I agree that undoubtedly, some of these 19th-century methods are no longer useful; on the other hand, I think there is great wisdom in the cautious approach of our truly great staff members in wanting to be sure before they recommend a new mechanism that it is the correct and proper one. This is a part of that professionalism of which I spoke, and we have to remember, as Burke said, that civilization is a compact between the dead, the living, and the unborn. It is to respect this compact that we spend hours pondering the philosophical questions that have been raised here this morning.

I have felt that the reaction of some against the National Government's effort to meet the human needs of this century is not really a rational response. There is, perhaps, a basis in Jeffersonianism for that attitude, and yet, I believe that Thomas Jefferson, who was the great advocate of democracy and local functioning, would have been among the first to agree that the Federal Government has new responsi-

bilities. James Madison, at the same time, was speaking of "reciprocal forbearance." That is a phrase that I think has value. He said, when the work of the Convention was concluded, "This will work if there is reciprocal forbearance." I think he meant to say if the States forbear where some new national community interest makes State lines inconsequential, it will work; but if they do not forbear, our system will not work well.

And certainly the Nation must forbear. There must be a conscious forbearance by the Federal Government in the interest of efficiency and to make sure that the basis for change is laid in the sentiment of the people.

I am sorry I took so much time to respond.

Representative ROUSH. Being a lawyer, I have a great deal of respect for precedent. There were times when I thought it was overdone, particularly when my colleagues on the other side of the table could outprecedent me in presenting an argument.

I happen to have in my pocket a poem which I used on another occasion. It was written by Samuel W. Foss; the reference is to precedent. I am sure many people learned this when they were in school. Just a couple of lines of it:

One day through the primeval wood
A calf walked home, as good calves should
But made a trail all bent askew
A crooked trail, as all calves do * * *

The poem goes on to tell how a dog and a herd of sheep and, finally, a man followed the trail and a village street was established, and, finally, a city thoroughfare.

* * * A hundred thousand men were led
By one calf, near three centuries dead.
They still followed his crooked way
And lost a hundred years a day.
For thus such reverence is lent
To well-established precedent.

Senator MUSKIE. You did not have to worry about being sharp, Congressman.

Representative FOUNTAIN. Thank you very much. That was a very pertinent and relevant poem.

Are there any other questions?

Mr. Dow?

Representative Dow. No questions, Mr. Chairman.

Mr. HAYS. I appreciated your questions very much because I hope it is not outside the scope of the Commission to raise questions and stimulate discussions about the trend in intergovernmental relations in this country.

Mr. Dow. Thank you.

Mr. HAYS. Mr. Chairman, I do thank you very much. You happen to be the only Member with whom I served, and I have cherished your friendship. I view with great enthusiasm the work that you are doing in this field and I think the country is in debt to you.

Representative FOUNTAIN. Thank you very much. We appreciate very much your coming and taking this period out of your very busy schedule and giving us the benefit of your thinking.

Our next witness is Mr. Orin F. Nolting, executive director of the International City Managers' Association.

We are delighted to have you with us this morning. I recall that the subcommittee had the pleasure of hearing from you on a previous occasion, I believe, back in 1957 when our House subcommittee first commenced hearings on Federal-State relations. We are happy to have you with us.

Mr. NOLTING. Thank you.

Mr. Fountain, Senator Muskie and other members of the committee: I appreciate the invitation to appear before your committee because the International City Managers' Association, the official organization of 2,000 city and county managers in the United States and 1,800 cities and counties abroad, has a great interest in the field of intergovernmental relations.

I have been with the Association for 36 years. In March of 1953 two city managers and I participated in the White House Conference of local officials, and Congress, later in that year, created the Kestnbaum Commission, which has already been referred to. I also appeared, as you say, in July of 1957 at the hearings held by the House Intergovernmental Relations Subcommittee.

Mr. Chairman, I have a written statement to submit and I hope it can be inserted in the record.

Representative FOUNTAIN. If there is no objection, it will be.

Mr. NOLTING. It explains the purposes and activities of our association and outlines some of the work we are doing on intergovernmental relations, especially in establishing closer working relations between cities and counties and between cities and school districts, as well as between all local governments in metropolitan areas.

It also reviews the close contacts we have had with the Advisory Commission on Intergovernmental Relations.

We have the highest regard for the Commission and its excellent staff. The research, reports, and suggested legislation of the Commission have led to significant improvements in Federal-State-local relationships.

(Statement of Orin F. Nolting, executive director, International City Managers' Association, follows:)

STATEMENT OF ORIN F. NOLTING, EXECUTIVE DIRECTOR, INTERNATIONAL CITY MANAGERS' ASSOCIATION

SUBJECT: ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. Chairman, my name is Orin F. Nolting, I am the executive director of the International City Managers' Association, an association of professional public administrators whose careers are dedicated to and depend upon providing the best possible local government. I am very proud to have been associated with this organization for 36 years.

Since World War II, cities have seen a rapid transformation in local government administration. Professionally trained career administrators have developed to the point where they are recognized and utilized by the elected political leadership for ideas of considerable dimension and perspective and for their skills in developing high-quality administration. Over 3,700 administrators, professors of public administration, and other leading authorities in local government maintain membership in our association.

The increasing significance in which this concept of local government is being accepted is indicated by nearly 2,000 municipalities that currently operate with this form of government. Fifty-five of the Nation's 131 largest cities which exceed 100,000 population now operate with a city manager as do the majority of all cities over 25,000 population. The total population of all cities operating with city managers in the United States alone now is in excess of 46 million

people. In Europe, a total of 1,800 municipalities in Finland, Ireland, Germany, Norway, and Sweden, have city managers, and 73 cities in our neighboring Canada.

As this concept has become well established during the last 50 years, it is encouraging to see the growing interest in which county government has also seen wisdom of centralizing responsibility in a trained manager with the elected representatives holding him accountable for effectively administering their policy decisions. I am proud to say that a number of county managers also maintain membership in our association.

To accomplish our purposes, our association provides a comprehensive program of services which include conducting research and publishing reports directed to the solution of management problems, conducting inservice training courses for administrative personnel, and advanced training for top management personnel, in cooperation with leading universities and such organizations as the Brookings Institution. We provide a management information service to handle inquiries by mail and telephone on a daily basis covering a wide variety of management subjects dealing with local government. We also publish the main authoritative statistical source of information on local government entitled "The Municipal Year Book." Our monthly magazine, *Public Management*, our semimonthly newsletter, and numerous special studies receive wide circulation among persons interested in local government problems.

The personal devotion of city managers to high professional standards, obligations, and a code of ethics that is now famous among local government officials, has brought significant national attention to the council-manager plan.

We are indeed proud to have been invited to attend these hearings for the purpose of evaluating the record of the Advisory Commission on Intergovernmental Relations and to assess its future role. Our association was one of the participating organizations in the White House Conference of Local Officials, held on March 31, 1953, and we have continually been deeply interested in the improvement of intergovernmental relations. We have sponsored, in cooperation with the American Association of School Administrators, regional conferences in which city managers and school superintendents have been concentrating their efforts on a better understanding of each other's problems and on methods for establishing areas of cooperation. In recent months our association has cooperated with the National League of Cities and the National Association of Counties in a deliberate effort to encourage a better understanding and appreciations of the need for solving urban problems and to assure effective city-county cooperation. In a letter to all of our memberships, signed by the presidents of our respective associations, we stated:

"We have dedicated our association to this joint action program for the purpose of pointing up these responsibilities, the results that have been accomplished in areas where officials have assumed them, the consequences of inaction, and the need for city-county goals and objectives.

"Throughout the country, local officials have demonstrated that by the 'joint efforts, major problems of mutual interest can be solved.'"

As an association interested in increasing the proficiency of our membership, we are oriented to urban problems from a professional interest. As an association we do not take positions for or against proposed legislation, but are intensely interested in all matters of legislation dealing with urban government and in the process of administering policy decisions of legislative bodies. Such knowledge becomes highly significant and important.

The Advisory Commission on Intergovernmental Relations since its creation almost 6 years ago has made a tremendous contribution in pinpointing important responsibilities for Federal, State, and local governments. The Commission's reports have been professionally well done and the careful consideration which a new topic receives by the Commission itself prior to staff involvement has focused attention on the most significant, important, and timely subjects. The Advisory Commission has been fortunate in obtaining a well-qualified professional staff for its important work.

As evidence of the degree of respect in which we hold this organization, we published in February of this year a report that was distributed to all of our member cities, entitled "State Legislation and the Problems of Local Government." This report was based on the "1965 State Legislative Program of the Advisory Commission on Intergovernmental Relations," and summarized suggested legislation that would be of interest to cities in various States of our Nation. The report was prepared by a staff member of the Advisory Commission

and it has proven to be a very valuable pamphlet. Frequently, members of the Commission's staff have contributed to our magazine *Public Management* in which the work of the Advisory Commission was given further publicity.

In an attempt to define the direction in which the Advisory Commission might move in the future, one need only look seriously for a moment into ever-increasing complexity of governments that are proliferating our landscape. Continuing study needs to be made of the degree in which various Federal programs may be adding and encouraging the development of additional districts, authorities, and nonprofit private action groups and agencies, in order that care be given to define responsibility and keep it close to local people. We feel that we should always be using the level of government that is closest to the community for the performance of public functions it can handle and that we should utilize cooperative intergovernmental arrangements wherever appropriate.

Attempts should be made periodically to evaluate the degree of impact the Advisory Commission's recommendations have had on Federal, State, and local governments. Perhaps implied in this is a suggestion that through an incentive system perhaps more units of government could be encouraged to adopt recommendations of the Commission that would improve performance by all levels of government. We wholeheartedly encourage the continuation of the Commission's activity.

While it has been our privilege to have been invited to observe the deliberations of the Advisory Commission on a number of occasions in recent years, we have been most impressed with the caliber of elected officials from the Federal, State, and local governments that participate on the Commission. We sincerely believe, however, that discussion of governmental problems only from the point of view of the elected political representatives does not give proper recognition to the tremendous contributions the many associations of professional people can bring to bear on such problems. We feel that the interplay of the political and professional contributions could result in a more well-rounded and representative collection of the best experience available in the country. We naturally feel that some of the outstanding city managers in our country could be better utilized; we know that they would more than welcome an opportunity to establish more of a continuing dialog with Federal and State Government officials.

You have greatly honored our association for this invitation to appear before you. If we can be of any further assistance to your committees, please don't hesitate to call upon us.

Mr. NOLTING. I want to supplement my prepared statement with a few observations and questions on current trends to reflect the concern and interest of the city and county managers.

Professional chief administrators of local governments realize that many public policies and programs must be initiated and adopted at the Federal Government level or by the States. But government is a cooperative venture—Federal, State, and local. Projects and requests for assistance and aid are submitted by local governments to the proper Federal agencies. How can we improve the organization and management of local governments so that Federal and State programs can be administered to a larger extent at the local level? How can the position of local government be enhanced?

Vice President Humphrey, last week, on May 20 and 21, called to Washington more than 100 city and county managers of places of more than 50,000 population so that he and the top officials of a number of Federal agencies could discuss Federal programs and answer questions. The discussion covered a wide range of programs in the fields of urban renewal, housing, open space, mass transit, civil rights, economic development, poverty, water and air pollution, and others. It was significant, I think, that the Vice President emphasized the important role of local governments as partners in solving problems of national concern.

In other words, many problems which formerly were considered as local are now also of national concern. Local governments cannot be explained in neat organization charts in some areas of activity; some programs are not determined by local governing bodies.

New approaches are called for in the Economic Opportunity Act of 1964, for example, which, to a large extent, bypasses the States and leaves to local communities how best to organize and carry out community action programs. Even private nonprofit groups can incorporate for the purpose of handling an areawide program initiated at the Federal level. Governors of States have created offices of economic opportunity to advise and aid local agencies, and the Office of Economic Opportunity in the Federal Government is setting up district or regional offices.

I think the Advisory Commission should make continuous studies of the new relationships that are being established in carrying out the antipoverty program. Local officials who have studied the proposed Public Works and Economic Development Acts of 1965 are concerned with the effect of the proposed arrangements in relation to existing local units. Here again, grants would be made to States, to municipalities, and to private or public nonprofit organizations.

The bill calls for the creation of redevelopment areas, multicounty economic development districts and regional action planning commissions. The Economic Opportunity Act and the proposed Public Works and Economic Development Act bring in some new intergovernmental concepts. Innovation is desirable and we should be willing to experiment.

With this attitude in mind, we can raise some questions to which answers should be sought, and surely the Advisory Commission has much work to do along this line on these new programs.

For example, how can existing municipal, county, and regional planning agencies relate their work to that of the proposed multicounty development districts? What public controls will be placed on private or public nonprofit incorporated groups? Can local governing bodies elected by the people be expected to give up participation in the determination of policies affecting local urban areas? Will most policy decisions and administration programs be shifted to the State capitals and to Washington? Will there be a trend toward making Federal grants and loans to areawide public and private corporations or to regional planning groups which are not responsible to the people? If so, will such agencies replace or overlap existing local governments? Will they become regional governments?

I have no answers to these questions, but all of us, I think, should be searching for the most effective and democratic ways of organizing and administering the many new programs that have been, and continue to be, developed by the Congress.

What is the possibility of using, wherever possible, existing local governments, cities and counties, for the administration of certain Federal programs and of representation by local governing bodies on areawide agencies that are given responsibility for programs that can best be administered on a regional basis? Or should we say that Congress has decided on a policy and program and that no further decisions are needed at the local government level, and that because of this, the local elected governing bodies need not be concerned?

Still another new concept of interest to me is that of the new towns, because I have been impressed with what is being done in England, Germany, and Sweden. All levels of government could be concerned in the public acquisition of land and the planning and building of new towns. The proposed new town of Oakland East in California, I believe, would represent the nearest approach in this country to what is taking place in Europe. I hope we can experiment with this concept.

Mr. Chairman, I believe that Federal-State-local relations are becoming more and more complex. Innovation and change is the order of the day. We shall need in the future, even more than in the past, the sound basic research of the Advisory Commission and its recommendations based on such research to help guide the Federal, State and local governments to the end that we can develop patterns of sound and effective administration of governmental policies and programs adopted at all three levels.

Federal, State, and local governments must be partners and not antagonists in carrying out public policies and programs.

Thank you.

Representative FOUNTAIN. Thank you very much, Mr. Nolting, for a very thought-provoking statement.

Senator MUSKIE. I would like to express my appreciation also, Mr. Nolting. I think you have raised questions that ought to be considered.

I am afraid I must take this opportunity, Mr. Chairman, to leave. We have a rollcall vote coming up in the Senate at 12:20. I am not sure how many minutes it would take to get out of this building. I can time the distance from the outside of the building to the Senate side of the Capitol, but because of the unknown factor, I think perhaps I ought to leave now.

Representative FOUNTAIN. Thank you, Senator Muskie.

Mr. Roush?

Representative ROUSH. No questions.

Representative FOUNTAIN. Mr. Dow?

Representative DOW. I think Mr. Nolting raised some very interesting questions and I would like to compliment him on the very thoughtful presentation.

Representative FOUNTAIN. I wish we had more time to ask questions.

We do have another witness we are very anxious to get in today, but I do want to ask you one question, Mr. Nolting:

What is your opinion as to whether, if priorities in connection with responsibility for Federal grants are to be established, local and State agencies should have that priority over private organizations?

Mr. NOLTING. Naturally, I think public officials would feel this way. We are concerned, I think—I can cite some examples but this is not necessary—in areas where, under the antipoverty program, local private groups have come in quickly and organized, say, with 25 people on a committee incorporated as a nonprofit organization with only one representative from a city government on this committee.

What does the local government, through the governing body of the city and county in that area, for example, have to say about the program that is carried out with Federal funds given to this organization? I think it is interesting that the Economic Opportunity Act has left the local units to local communities, as to how to handle this. This is an interesting experiment.

There are all kinds of arrangements. I know of one in Georgia where there is a seven-county area. The State has created or provided for the creation of regional planning districts in one particular area, a seven-county area, and the largest city has 10,000 people. This new organization, with the former city manager as executive director, was all set up to go with planning and along comes the Economic Opportunity Act. The first thing they did was make him director of the development of an action program for the seven-county area. This is fine, I think. This is kept within the government, the regional planning agency. But as I say, I think we are willing to experiment and I think the Advisory Commission and the Office of Economic Opportunity, itself, needs to and will, no doubt, study how to find out which is the best way to do this. Maybe these private groups will be all right.

Representative FOUNTAIN. From what I have been hearing from various sources, I expect this is an area for study on the part of many agencies.

Mr. NOLTING. Perhaps in some areas, maybe the local governments would not take action and it was up to some other unit to do it and this legislation makes that possible.

Representative FOUNTAIN. I wonder if that might not be the case in some areas. Local governments should have the right to initiate action, but where they are not interested or refuse, somebody might well contact private organizations. But I think you make an important point where there are already well-established institutions in the form of governmental agencies with the experienced people.

Mr. NOLTING. That is our concern.

Representative FOUNTAIN. Thank you very much. We will be in contact with you. If you have any additional remarks you would like to make, we will make them part of the record.

Mr. FOUNTAIN. I am pleased to welcome as the next witness Mr. Edwin G. Michaelian, appearing on behalf of the National Association of Counties. He is the county executive of Westchester County, N.Y. He served very constructively as a member of the Advisory Commission from 1959 to 1961, I believe.

We are very happy to have you here this morning. I would like to say that Congressman Ogden Reid, who represents the very fine district from which you come, was here and wanted to have the privilege of making some comments prior to your testimony. He asked me to express his regrets that he was unable to remain. I know he wanted to make some very complimentary remarks about you, and I am sure I can concur with anything he might have said because of my experience with you on the Commission.

We are very happy to have you with us and we will be happy to receive any statement you may have at this time.

STATEMENT OF EDWIN G. MICHAELIAN, PRESIDENT, NATIONAL ASSOCIATION OF COUNTIES, AND COUNTY EXECUTIVE, WEST-CHESTER COUNTY, N.Y.

Mr. MICHAELIAN. Thank you very much. I am very pleased to have this opportunity to be with you. In reply to your letter of April 15, sent by Senator Muskie and you, I was asked to evaluate the Advisory Commission on performance to date with respect to its assigned func-

tions, to further define the direction in which we are moving in the intergovernmental area, and thirdly, to analyze the Commission's further role.

On behalf of the National Association of Counties and in order to conserve time, I would like to submit a white paper on the role of counties in State-National partnership programs which we have adopted. If I may submit that for the record, if you please.

Mr. FOUNTAIN. If there is no objection, it will be made a part of the record.

(The white paper follows:)

WHITE PAPER ON THE ROLE OF COUNTIES IN STATE AND NATIONAL PARTNERSHIP PROGRAMS BY THE NATIONAL ASSOCIATION OF COUNTIES

SUMMARY

We are now in the age of partnership and governmental togetherness. In modern America, we are increasingly aware that the concept of separate levels of government, operating with exclusive responsibilities and exclusive sources of revenue, is now obsolete. We have embarked on bold national partnership programs designed to bring the combined resources of the Federal, State, and local governments to bear in solving basic problems.

Our 3,043 counties and their nearly 1 million employees are deeply involved in the local administration of these national partnership programs. We believe that these programs could become vastly more effective if county and other local representatives were given a wider policymaking role. Specifically, we believe the local citizen's voice in decisionmaking should be at least as great as the extent of financial participation by the local citizen. To expand the decisionmaking role of the local citizen, acting through his elected officials, we advance four major suggestions:

I. The Advisory Commission on Intergovernmental Relations should be strengthened and immediately begin a study of Federal, State, and local finances. Priority consideration should be given to proposals to return a portion of Federal revenues to the States and localities.

II. Congress should, by general law, provide that State and local officials shall be appointed as advisers in the administration of each and every national partnership program.

III. We respectfully request that the President designate a White House contact for the elected representatives of county government.

IV. The leaders of the National Association of Counties should meet at the earliest possible date with the leaders of the Governors Conference to explore a program to increase home rule for local government and to find ways and means of strengthening ties between the State and its political subdivisions.

PURPOSE

In this paper, we are primarily concerned about the role of county government in the national partnership programs. These are programs that are administered jointly in a direct partnership between the Federal, State, and local governments, and include such programs as public welfare, urban renewal, and highways. Our purpose is to support vigorously the partnership programs; to call attention to some of the counties' problems in partnership; and, finally to suggest for consideration some ways and means of increasing the effectiveness of the Federal-State-local partnership. There is special need to strengthen both the financial and policymaking roles of local government in national programs.

We will set forth our concepts of the new partnership role of county government, identify areas of concern to county officials, and suggest some policies to perfect the partnership to strengthen these programs.

Concept I. Counties and cities cannot participate fully in the solution of domestic problems unless we find some new ways to finance programs at the State and local level

The Federal Government gets stronger—we get weaker. The Federal debt of \$317 billion is less than half our gross national product (GNP) of an estimated

\$640 billion, and is diminishing yearly as a percentage of the GNP. In other words, the Federal debt is now equivalent to 26 weeks of our national income.

State and local debt, however, is increasing as a percentage of the GNP. In 1950, State and local debt was one-tenth of the Federal debt. Today, State and local debt is one-third of the size of Federal debt. Meanwhile, the Federal tax rates since 1950 have been constant and, since 1964, have diminished. At the same time, the State and local tax rates have been in a constant upswing. This is in spite of the fact that the Federal return of moneys to State and local government has been increasing.

Revenue derived from State and local sources has increased at a rate twice that of the Federal Government over the 5-year period from 1957 to 1962. This included an 18-percent increase in revenues derived from State and local income taxes, 30-percent revenue increase from sales tax, a 48.1-percent increase in revenue from property tax, and a 30-percent revenue increase from other sources.

In other words, while the Federal Government's financial condition has been strengthened without a tax raise, State and local government financial conditions are weakening in spite of sharply rising taxes.

Meanwhile, the major source of county tax revenues (the property tax) is reaching a saturation point (87.7 percent of all locally derived taxes in 1962).

County government's financial position is even more critical.

We cannot avoid the observation that local government is overly dependent on the property tax as a source of revenue and that local government faces a crossroad.

Debts and expenditures continually mount. County government's debt doubled in the last 10 years and trebled within the last 15 years. County expenditures more than doubled in the last 10 years. The direction in which local government goes must be a partnership decision made by the Federal, State, and local governments, and not one made by the Federal Government acting alone. Federal incentive grants have been increasing and have been very successful in stimulating normally low priority programs. However, as the Federal grants cease, local governments must find the funds to continue the program and must deal with the local interest groups which have formed to support each new activity. Thus, Federal grants, as they now operate, often compound local financial problems.

The table illustrates the relative financial trends between National and State and local government.

Analysis of Federal and local financial trends

[Dollar amounts in billions]

Fiscal year	Gross national product	Federal administrative budget expenditures		County general expenditures		U.S. public debt		State-local debt		Country debt		Percent of increase of county debt, 1952 base year
		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	
1942	\$140.5	\$34.0	24.2	\$1.6	1.1	\$77.0	54.8	\$19.3	13.7	\$2.0	1.4	-----
1943	178.4	70.4	44.5	(1)	(1)	140.8	78.9	(1)	(1)	(1)	(1)	-----
1944	202.8	95.0	46.8	(1)	(1)	202.6	99.9	17.5	8.6	(1)	(1)	-----
1945	218.3	98.3	45.0	(1)	(1)	259.1	118.7	(1)	(1)	(1)	(1)	-----
1946	202.8	60.3	29.7	(1)	(1)	299.9	133.1	15.9	7.8	(1)	(1)	-----
1947	223.3	38.9	17.4	(1)	(1)	288.4	115.7	(1)	(1)	(1)	(1)	-----
1948	246.6	33.0	13.4	(1)	(1)	252.4	102.3	18.7	7.6	(1)	(1)	-----
1949	261.6	39.5	15.1	(1)	(1)	252.8	96.6	(1)	(1)	(1)	(1)	-----
1950	263.9	39.5	15.0	(1)	(1)	237.4	97.5	24.1	9.1	(1)	(1)	-----
1951	310.7	44.0	14.2	(1)	(1)	255.3	82.2	(1)	(1)	(1)	(1)	-----
1952	338.8	65.3	19.3	3.8	1.1	259.2	76.5	30.1	8.9	2.0	.6	0
1953	339.7	74.1	20.6	4.0	1.1	296.1	74.0	33.8	9.4	2.5	.7	25
1954	362.0	67.5	18.7	4.2	1.2	271.3	75.0	38.9	10.7	2.7	.8	35
1955	377.0	64.4	17.1	4.6	1.2	274.4	72.8	44.3	11.8	3.1	.8	55
1956	408.4	66.2	16.2	4.9	1.3	272.8	66.8	48.9	12.0	3.5	.9	75
1957	433.0	69.0	15.9	5.5	1.3	270.6	62.5	53.0	12.2	3.5	.8	115
1958	440.1	69.0	16.2	6.2	1.4	276.4	62.8	58.2	13.2	4.3	1.0	140
1959	466.6	71.4	17.2	6.6	1.3	284.8	61.0	64.1	13.7	4.8	1.0	140
1960	494.7	76.5	15.5	7.4	1.3	286.5	57.9	70.0	14.1	5.1	1.0	225
1961	505.0	81.5	16.1	8.1	1.5	289.2	57.3	75.0	14.9	5.1	1.0	245
1962	539.3	87.8	16.3	8.6	1.5	298.6	55.4	81.3	15.1	5.4	1.0	270
1963	598.0	92.6	16.3	8.6	1.5	306.5	54.0	87.5	15.4	5.8	1.0	290
1964	604.0	97.7	16.2	9.1	1.5	312.5	51.7	94.2	15.6	6.2	1.0	310
1965 ²	641.0	97.5	15.2	9.6	1.5	316.9	49.5	101.5	15.9	6.5	1.0	330

¹ Not available.

² Estimated.

Suggestion No. 1: Study of State and local finance.—We urge the President and the Congress to request the bipartisan Advisory Commission on Intergovernmental Relations to review Federal, State, and local finance with particular reference to proposals to return a portion of Federal revenues to the States and local governments. Congress should focus national attention on the problem of increasing the staff of the Commission and by authorizing the President to appoint additional private citizens of the stature of former Presidents Harry S. Truman and Dwight D. Eisenhower.

All of us in county government have been impressed with the suggestion that has been advanced from time to time that a portion of the Federal income tax receipts be returned to the States and localities. We enclosed a summary of some of these proposals, as prepared for discussion only by the Advisory Commission on Intergovernmental Relations.

Any long-range solutions to the imbalance between Federal and State and local finances will require Presidential and congressional action and will involve Federal, State, and local governments. The congressionally created Advisory Commission is composed of presidentially appointed representatives of Federal, State, city and county governments and three lay citizens. The Commission has six congressional representatives and Congress has created special Senate and House Committees on Intergovernmental Relations.

Consideration might also be given in this study to the alternate possibility of Federal assumption of greater financial responsibility for one or more of the exceptionally costly programs such as education and public welfare.

It is our view that this Commission should also make recommendations with respect to many of our State, county, and city governments who, it would appear, have not properly tapped their existing revenue potential. Under no circumstances do we want to be in the position of shifting a legitimate local responsibility onto the Federal taxpayer.

Concept II. Counties have overwhelmingly supported a genuine partnership of Federal, State, and local officials to solve our national problems

Counties employ nearly 1 million people, the greater portion of which are engaged in the so-called partnership programs: highways, public welfare, public health and education, to name a few. With this magnitude of administrative involvement, we believe there should be the same magnitude of policy involvement by local officials in national programs.

For various reasons, county and other local officials have not always felt that they can participate meaningfully in administrative decisionmaking. Too often in the process of devising rules and regulations, for example, Federal agencies assemble local officials to announce regulations developed with little or no consultation with local officials. In the public welfare field in particular, great masses of Federal regulations have been developed by Federal officials, and efforts by local officials to participate in the decisionmaking process are rebuffed. County officials support the development and enforcement of national administrative standards, but want an opportunity to be heard when standards are formulated.

Strangely enough, this situation grows more depressing because so very few of the younger Federal officials have had State or local experience, as did their predecessors who came into Federal service from local government during the depression.

Perhaps the Federal-aid highway program is the single best example of the direction we believe that partnership programs should develop. While many people think that 90 percent of our highway money comes from the Federal Government, the plain fact is that of the \$10.5 billion spent to build and maintain roads and streets in the United States in 1962, only some \$2.8 billion, or 26.6 percent, came from special Federal highway user taxes.

On this partnership program, the standards for interstate highways are developed by the State and submitted for approval, promulgation and enforcement by the U.S. Bureau of Public Roads in the Department of Commerce.

In view of the fact that we in county government are responsible for 2.5 million miles of our Nation's 3.5 million miles of roads and have some 250,000 employees engaged in roadbuilding and related activity, the counties are beginning to participate more actively in this highway decisionmaking.

Suggestion No. 2. National advisory boards.—We suggest that the Congress of the United States pass a general law requiring that in each partnership program that provides stimulative or general support grants, planning or technical assistance or other aids to localities, or otherwise provides for cooperative Federal-State-local activities, must have a national advisory body and that State and local officials be appointed to that body and be authorized to make recommendations with respect to local administration of the program.

It must be clearly understood that Federal administrators must have complete authority and responsibility to administer programs under the direction of the President and in accordance with the laws enacted by Congress. To require by law that local officials be allowed to serve in an advisory capacity does not, in any way, detract from or interfere with the orderly administration of these programs, as can be shown conclusively in those programs that presently require local representation on advisory boards.

It is interesting to note, for example, that the Congress itself has, in almost every instance, requested the views of local officials on legislative matters that involve local government. We are always deeply appreciative of these invitations to participate in national policy deliberation and hope this process can now be extended to include an opportunity to be consulted on administrative matters involving large sums of local financial participation.

Concept III. Counties support partnership programs. The American county platform of the National Association of Counties has strongly endorsed most of the partnership programs and a great part of our associational activity has been designed to strengthen county participation in these programs

Nearly every partnership program has been thoroughly reviewed by our standing committees, our 44 State associations and our entire membership. Our county officials have been invited to testify before congressional committees. We have supported the programs editorially in our County Officer magazine. We have circulated hundreds of thousands of bulletins, advising of the status of congressional proposals. NACO has prepared, published and distributed hundreds of thousands of Federal-aid guides and technical advisory bulletins and provided a constant flow of information on partnership programs.

More specifically, the enclosed tabulation analyzes—on a program-by-program basis—additional activity in support of various aspects of partnership programs.

The point is that county officials, acting through this association, have embarked upon very extensive local programs in support of community-by-community realization of the goals of these national programs.

Suggestion No. 3: White House liaison.—To insure wider community understanding, strengthen support, and insure smoother administration of national programs, it is suggested that the President designate a top-level White House spokesman to be a point of contact and liaison with county officials.

NACO is very pleased to note that the President has taken the leadership in this area by designating former Gov. Buford Ellington, Director of the Office of Emergency Planning, as contact for the Governors; and Vice President Hubert H. Humphrey as contact for the big-city mayors.

Concept IV. County government is an important government for urban, suburban, and rural America

At the present time, there are three Americas. One-third of our population lives in central core cities; one-third in the suburbs; and one-third in the rural areas. Both the rural areas and the central core areas are declining in population—some very sharply.

It is apparent that the three Americas are, or should be, equally concerned and involved with partnership programs in education, public welfare, and slum clearance, to name a few.

This interrelationship is illustrated in the urban renewal and related public housing programs of the Housing and Home Finance Agency. They were established to clear slums and are often thought of as big-city problems. The plain fact is that 43 percent of all substandard housing is located in rural areas that have only 30 percent of the population. For every home the Federal Government has helped build in rural areas, it has helped build somewhere near 37 in the cities and suburbs.

The war on poverty has undertaken a very comprehensive program to help our people break the cycle of poverty. Of the 9.3 million families with incomes of less than \$3,000, some 46 percent live in rural areas. We must be sure that these very constructive national programs reach all these areas.

We are all alarmed at the concentration of the poor in the central city and the well-to-do in the suburb. These two groups can be brought together again by wider use of their common county government upon which both are represented.

County government has a unique potential of bringing all three Americas into more active participation in these programs. Of the 179 million Americans counted in the 1960 census, some 166 million are governed by counties, or 92 percent. Some 58 million, or 32 percent, are governed by big cities. Generally speaking, whether an American lives in the central city, suburbia, or in rural

areas, he is governed by his county, pays taxes to his county, and elects representatives to his county.

We often forget the fact that even in the largest cities, the county has responsibility for many of the most important functions; such as welfare, care of the aged and juvenile, education, courts, and penal administration. In suburban areas, the urban county has become a regional city and provides hosts of municipal services—once the sole responsibility of cities. In rural America, the county remains the dominant unit of local administration. Even in the relatively new phenomenon of the metropolitan area, you see the city being merged into a reorganized county structure, as in Dade County, Fla., and Davidson County, Tenn.

In most areas, the 20th-century responsibilities of counties are being administered by 18th-century governmental structures. Hamstringing constitutional provisions and State statutes hamper the full development of the county. The county citizen is allowed by the State to have his county serve him in only carefully prescribed areas. He often is prohibited by the State from streamlining the county administrative structure. He does not have freedom to use his county to provide services he wants. He is often restricted on incurring county debt, paying adequate salaries to county employees, and is even denied the right to increase his taxes to the county.

Suggestion No. 4: County home rule.—The officers and directors of the National Association of Counties and the president and executive directors of our 44 State Associations of Counties should meet, at the earliest possible date, with the Governors' conference and the Council of State Governments, to develop a joint national program of suggested State legislation to both strengthen county home rule and improve the cooperative ties with the State officials.

Each State, of course, has complete control of its political subdivisions. The purpose of this effort would be to discuss home rule experience in the various States and to suggest legislative and administrative changes. The Advisory Commission on Intergovernmental Relations has developed a series of excellent guides on home rule that have already been endorsed by the Council on State Governments in their suggested State legislation. We might initially concentrate on home rule authority for county participation in water pollution control, in keeping with our NACO national county effort to clean up streams.

A similar joint effort now well underway between NACO and the National League of Cities promises to be effective in controlling substandard development in suburban areas.

NATIONAL PARTNERSHIP PROGRAMS SUPPORTED BY NATIONAL ASSOCIATION OF COUNTIES

The following tabulation identifies the programs that are endorsed by the members of the National Association of Counties in our policy statement, "The American County Platform." In addition to general support mentioned in the text, we list here some of the other support activities for some of the major partnership programs.

<i>Program supported by NACO</i>	<i>NACO followthrough</i>
Federal aid highway-----	Support requirement of tying highway aid to local planning requirement. Conducting and publishing in a series of manuals the results of extensive research in improved local road administration. Working with State highway officials to reclassify and modernize all local road systems. Sponsoring Local Road Institute in cooperation with University of Indiana. Sponsored Urban Transportation Planning Institute with Coe College. In cooperation with HHFA, Bureau of Public Roads and National League of Cities, sponsored field meetings to gain support for 1965 planning requirement.
War on poverty-----	Conducting National Human Problems Congress in San Diego, July 11-14, 1965. Assisting counties in preparing county action programs. Sponsored numerous meetings explaining program. Sponsoring Economic Development Institute in cooperation with Princeton University, April 23-25, 1965.

<i>Program supported by NACO</i>	<i>NACO followthrough</i>
Water pollution control-----	Preparing and distributing 200,000 copies of series of 10 pollution control community action guides for local officials. Holding National Clean Water Congress in Atlanta in November 1965. Sponsoring, with our State associations, 25 State and regional clean water institutes, starting in 1966.
Air pollution-----	Support legislation for local governments to exclude air and water pollution treatment works when assessing industrial plants for tax purposes. Support of National Air Pollution Conference. Participation in Advisory Council of Air Pollution.
Mental health programs-----	Support community mental health programs in which county government assumes a major new responsibility with its accompanying new financial responsibility.
Parks and recreation-----	Adopted a "national policy for county parks and recreation" which provides broad policy guidelines for all county governments to follow in working cooperatively with the Federal agencies, as well as other levels of government and citizen organizations. NACO's historic "Recreation Development Congress" was the first national meeting ever held on this subject for the elected governing boards of local government. In August 1964, NACO published "County Parks and Recreation * * * A Basis for Action" (242 pages), which contains 71 actual "case histories" on all aspects of county recreation responsibility. The 75,000 copies of joint NACO-CORC booklet entitled "County Action for Outdoor Recreation" currently being distributed to leading county and citizen leaders across United States in coordination with the President's emphasis on "Natural Beauty." Established National Association of County Parks and Recreation Officials. Entered into cooperative program with National Recreation Association of providing increased services to county park and recreation programs.
Land and water conservation fund.	NACO was one of foremost national leaders in supporting establishment of this new program. Since its enactment into law, NACO has worked closely with Bureau of Outdoor Recreation on its implementation. During past month, NACO has provided strong national support for full funding of this program's initial appropriations request. To announce the new program, over 20,000 copies of NACO's Technical Advisory Bulletin No. 7 have been sent during last 2 months to leaders of county government across United States. On February 23-24, NACO assembled Board of Directors of its affiliated National Association of County Parks and Recreation Officials to provide informal consultation to Bureau of Outdoor Recreation on technical aspects of the program. NACO's Technical Advisory Report No. 1, "Federal Assistance Programs in Outdoor Recreation," has been widely distributed to advise county governments of the 20 different Federal programs available to local governments.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS. A STAFF ANALYSIS OF SIX ALTERNATIVE WAYS OF DISTRIBUTING A FEDERAL SURPLUS

December 8, 1964

SIX ALTERNATIVES	FEDERAL TAX EFFECT	INTERSTATE EQUALIZATION EFFECT	OVERALL TAX BURDEN EFFECT	EFFECTIVENESS OF PLAN FROM A STATE AND LOCAL STANDPOINT	FEDERAL INVOLVEMENT IN STATE & LOCAL EXPENDITURE DECISIONS	INTERGOVERNMENTAL RELATIONS EFFECT	TECHNICAL EVALUATION	POLITICAL EVALUATION
COMPENSATORY FISCAL APPROACH--cut Federal income tax or reduce the national debt or both depending on economic conditions.	Federal income taxpayers could expect further reductions in tax liability.	No significant effect.	The overall Federal-State-local tax system would be <u>less progressive</u> because the Nation would be required to place increasing reliance on proportional and regressive State and local taxes to finance rising domestic needs.	Least efficient because direct benefits accrue to individual Federal income taxpayers--indirect benefit to the extent that a compensatory fiscal policy promotes greater economic activity and expands the State and local tax base. Can affect willingness to raise State and local taxes either way.	None	Federal role somewhat diminished by the relinquishment of effective control of part of its fiscal resources and State and local government roles commensurately enhanced.	The most efficient plan if the objective is to reduce (1) Federal income tax burden, (2) Federal role in relation to State and local governments and (3) the progressiveness of the total Federal-State-local tax system. From a State and local aid standpoint, quite inefficient.	Probably the first choice of most political conservatives and the most objectionable course of action from a liberal point of view.
TAX CREDIT OPTION APPROACH--provide Federal income taxpayers a more generous write-off of their State and local taxes with an option plan permitting them either to itemize their State and local tax payments (as they can do now) or receive a tax credit for State and local tax payments in excess of <u> </u> % of their net taxable income.	Persons in the low and middle tax brackets carrying above average State and local tax loads would receive the most benefit. Persons in the high tax brackets now enjoy a liberal write-off privilege through itemization.	No significant effect.	The overall effect <u>slightly more progressive</u> because (a) low and middle income tax bracket taxpayers receive larger write-offs, and (b) State and local governments would be encouraged to place more reliance on income taxes in order to maximize tax credit possibilities.	More efficient than outright tax cut only to extent that tax credits overcome resistance to higher State and local tax rates. Much less efficient than sharing or grant approaches because direct aid is to taxpayers rather than to governments.	None	Federal role somewhat diminished--State and local governments somewhat enhanced because a more liberal write-off of State and local taxes could help to overcome resistance to higher State and local taxes.	The most efficient approach if the objective is to cut the Federal income tax while increasing the progressiveness of the tax system and maximizing indirect benefits of Federal tax reduction to State and local governments. However, it provides no benefit for persons at lowest income level with no Federal tax and renters could write-off State and local sales and income taxes but not the property tax. It has no significant equalization effect.	Probable appeal for many political conservatives and moderates (a) as compromise position between straight Federal tax cut and plans calling for greater Federal aid to State and local governments and (b) as a tax reform measure placing all Federal income taxpayers in a better position to write-off "excessive" State and local tax payments. Despite its progressivity feature, this approach would probably be opposed by most liberals as inefficient when contrasted to direct forms of Federal aid to State and local governments.
TAX SHARING APPROACH--distribute to the States a designated percentage of the Federal tax revenue on the basis of collection.	None	High income States with high tax payments would receive the largest shares.	No marked change in the tax incidence picture unless Federal dollars actually replace State and local revenue sources. In that case, there is a <u>slight progressive</u> effect.	An efficient aid mechanism because States are left free to allocate the funds among competing needs. Local governments' benefit dependent on how they share in the funds.	None	Federal role diminished; States' role enhanced because these governments determine how funds would be spent.	The most efficient aid plan if the objective is to shift a part of the rising costs of State and local services to a nationwide income tax without reducing the States' established responsibility for allocating public funds among competing needs. The tax sharing approach <u>ignores</u> the equalization issue.	This approach would probably be opposed by most liberals because it tends to aggravate the fiscal disparity as between wealthy and poor States. Some difficulty may be encountered in proving that State and local fiscal needs warrant general purpose Federal support. Probably the third choice of most conservatives.
UNCONDITIONAL GRANT APPROACH--through a permanent Trust Fund, distribute among the States for general government purposes, on a per capita basis, an amount equal to 1% or 2% of the Federal income tax base (proposal of President's Task Force on Intergovernmental Fiscal Cooperation).	None <i>reached</i> <i>national level</i> <i>annual state</i>	Moderately equalizing.	No marked change in the tax incidence picture unless Federal dollars actually replace State and local revenue sources. In that case, there is a <u>slight progressive</u> effect.	An efficient aid mechanism because States are left free to allocate the funds among competing needs. Local governments' benefit dependent on how they share in the funds.	None	Federal role diminished; States' role enhanced because these governments determine how funds would be spent.	The most efficient aid plan if the objective is to shift a part of the rising costs of State and local services to a nationwide income tax without reducing the States' established responsibility for allocating public funds among competing needs. The unconditional grant approach provides for a moderate degree of interstate equalization.	Because of its middle-of-the road position, it could pick up support from the left and the right as a compromise measure despite the novel character of this aid plan. Some difficulty may be encountered in proving that State and local fiscal needs warrant general purpose Federal support.
CONDITIONAL GRANT APPROACH--expand present type of conditional grant-in-aid programs to finance specific functions.	None	A mild to considerable effect depending on function aided and the factors cranked into equalization formula.	No marked change in the tax incidence picture unless need for State and local matching funds requires increases in regressive type taxes.	A fairly efficient aid mechanism. Both State and local governments are directly benefited but because of their specific expenditure focus, conditional grants tend to distort allocation of funds among programs.	Considerable	Federal role definitely enhanced in relation to State and local governments.	The most efficient aid plan if the objective is to help State and local governments to finance specific programs. While this approach has equalization possibilities, it tends to distort allocation of funds among programs.	Due to its Federal control and equalization possibilities this approach receives considerable political support from most liberals. Because of its time-tested character, it also enjoys a certain measure of general political acceptance not accorded to tax credit and unconditional grant proposals. Political conservatives can be expected to resist this approach since it would increase Federal involvement in State and local affairs and might preclude a Federal income tax cut.
DIRECT FEDERAL EXPENDITURE APPROACH--step up direct Federal expenditure for such programs as river and harbor construction projects; or launch new programs to deal with domestic problems of an interstate character, such as air pollution and mass transportation.	None	Mild to considerable effect depending on type of beneficiary and locus of expenditure.	No marked change in the tax incidence picture. Distribution of benefits for construction type projects likely to be less favorable to low income groups than expenditures on social purposes.	An indirect aid to the extent that direct Federal activity relieves State and local governments of the responsibility for financing the program. Far less effective than tax sharing or grant approaches.	Little or none	Federal role definitely enhanced in relation to State and local governments.	The most efficient approach if the objective is to bring direct Federal action to bear on the solution of a national domestic problem. From a State and local aid standpoint, quite inefficient.	Strong political appeal for liberals particularly if direct Federal expenditures fall in the social welfare category. Conservatives can be expected to oppose since it would increase Federal control on the domestic front and might preclude a Federal income tax cut.

COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

No.	Name	Address	City	State	Profession	Education	Experience	Remarks
1	Mr. J. Edgar Hoover	Washington, D.C.	Washington	D.C.	Director, FBI	Harvard University	1935-1936	
2	Mr. Clegg	Washington, D.C.	Washington	D.C.	Chief, Criminal Division	Harvard University	1935-1936	
3	Mr. Glavin	Washington, D.C.	Washington	D.C.	Chief, Identification Bureau	Harvard University	1935-1936	
4	Mr. Ladd	Washington, D.C.	Washington	D.C.	Chief, Intelligence Division	Harvard University	1935-1936	
5	Mr. Nichols	Washington, D.C.	Washington	D.C.	Chief, Administrative Services	Harvard University	1935-1936	
6	Mr. Rosen	Washington, D.C.	Washington	D.C.	Chief, Training School	Harvard University	1935-1936	
7	Mr. Tracy	Washington, D.C.	Washington	D.C.	Chief, Records Management	Harvard University	1935-1936	
8	Mr. Carson	Washington, D.C.	Washington	D.C.	Chief, Inspection	Harvard University	1935-1936	
9	Mr. Egan	Washington, D.C.	Washington	D.C.	Chief, Liaison	Harvard University	1935-1936	
10	Mr. Gurnea	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (Criminal)	Harvard University	1935-1936	
11	Mr. Hendon	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (Civil)	Harvard University	1935-1936	
12	Mr. Pennington	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (General)	Harvard University	1935-1936	
13	Mr. Quinn	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (Labor)	Harvard University	1935-1936	
14	Mr. Nease	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (Immigration)	Harvard University	1935-1936	
15	Mr. Gurnea	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (Criminal)	Harvard University	1935-1936	
16	Mr. Hendon	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (Civil)	Harvard University	1935-1936	
17	Mr. Pennington	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (General)	Harvard University	1935-1936	
18	Mr. Quinn	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (Labor)	Harvard University	1935-1936	
19	Mr. Nease	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (Immigration)	Harvard University	1935-1936	
20	Mr. Gurnea	Washington, D.C.	Washington	D.C.	Chief, Legal Coun. (Criminal)	Harvard University	1935-1936	

Some of these have been stimulated by grants-in-aid; some have been stimulated by the electorate themselves. We have gotten into completely new fields of endeavor. Mental health, I think, is one field that is relatively new to most local governments. As a matter of fact, we now find ourselves somewhat hampered because of the lack of financial resources with which to cope with many of these problems.

In that connection, it is our contention that the major source of county tax revenue, the property tax has reached the saturation point because as shown by our statistics for the year 1962, 87.7 percent of all locally derived taxes came from real property taxes. This does not leave us much room within which to operate when we are looking for new sources of revenue; consequently, when we move with these partnership programs into a completely new direction a study has to be made to review Federal, State, and local finance, with particular reference to proposals to return a portion of Federal revenues to the States and local governments. We think Congress should focus national attention on this problem by increasing the staff of the Commission and by authorizing the President to appoint additional private citizens of the stature of former President Harry Truman and former President Dwight Eisenhower, to this Commission so that a study and review of Federal, local, State, intergovernmental finances may be undertaken and some solution resolved thereon.

This we think is one of the most important things and should go hand in hand with the work of the Commission in the future.

Now, insofar as the Commission itself is concerned, we have a few other comments to make. We think it would be helpful if the legislation creating the Advisory Commission was revised to the extent that provision be made for a member to serve until his successor has been appointed.

As it is now, people are nominated for a 2-year term, and in some instances there have been extended periods of time when some categories have not been represented on the Commission due to the fact that a vacancy has existed and an appointment has not been made. We think it would be advisable, if possible, to tie this all in together and allow the incumbent to serve, even though his term has elapsed, until his successor has been named.

Another thing the National Association of Counties believes should be done, is to reevaluate the position of the Executive Director. This should be studied and we would like to suggest that the salary of the Director of the Commission be commensurate with that paid small agency directors or assistant secretaries of departments, in keeping with the status that we desire the Commission should have and maintain. This we think will add materially to the prestige of the Commission.

Finally, the Advisory Commission has been advisory to Congress. It has not been an implementation group and, as I said before, the record of the Commission itself has been splendid. But there is one thing that disturbs me and disturbs the National Association of Counties similarly, and that is, if I read the Commission's Sixth Annual Report correctly, of the 13 recommendations in the field of Federal legislation, only 2 have been implemented and enacted into law.

Now we are not suggesting that the Commission itself become an action group and attempt to impose its findings upon the Congress.

The record, however, of the States and local governments implementing some of the recommendations of the Advisory Commission has been far greater than that of the Federal Government.

We think it would be helpful if each of the reports of the Commission were signed or bore the signature or facsimile thereof of each member of the Advisory Commission and we feel in that respect it will give the report status and it will indicate the solidarity of opinion among the members of the Commission with respect to the content of the report itself and we think this might be helpful.

We look upon the Advisory Commission as representative, through elected officials, of various aspects of the Government and we feel that with the addition of three to six public members, perhaps additional stature can be given to the Commission.

Our own recommendation would be six. We think that that would tend to balance the Commission with respect to public at large members, elected officials and the Cabinet officers, who, of course, are appointed officials. We also believe that through this method, the public would have a greater say in some of the deliberations of the Commission and through the public members the Commission itself would have a wider distribution of its reports and recommendations.

Mr. Hillenbrand, our Executive Director, is here with me, if you would care to hear any remarks he might have to make.

Mr. FOUNTAIN. I would be glad to.

Mr. HILLENBRAND. Just the one single remark to emphasize again that one of our basic problems of intergovernmental relations in the United States is the inability of the States and localities to keep financial pace with the resources of the Federal Government.

We have failed to act in the area of human problems at the State and local level, not because we are indifferent to them, but because we simply have not had the money.

We have the technical know-how, we have the desire to act, we have the capacity to act, but we haven't the revenue.

In the chart that has just been made a part of the record here, it has been pointed out in the past 10 years the relative financial position of the Federal Government has improved tremendously as a percentage of the total gross national product of the Nation, whereas, at the same time, the position of the States and localities has become increasingly enfeebled.

At the county level alone in the past 10 years, we have increased our outstanding public debt 330 percent. That is an average of 33 percent a year, and the situation is that the Federal Government is concerned with tax cuts and we, at the local level, have been increasing our tax rates, increasing our new taxes and we are in a genuine financial crisis at the State and local levels.

It is the heart of all of our intergovernmental relations. We are asking, in Mr. Michaelian's testimony and in our statement, that, since the Advisory Commission has representatives of the Federal Government, the States, the localities, and public members, it should address itself to a thorough review of this whole question of finances; to add prestige and a certain note of urgency for the purposes of this study, we ask that the number of public members be increased so that we can come to grips with the basic problem.

Otherwise, many of the excellent things we are suggesting to improve intergovernmental relations will have to go by the board because we simply don't have the money at the State and local levels to be full decisionmaking partners.

Mr. FOUNTAIN. Thank you very much, both of you gentlemen, for very thought-provoking statements and observations.

We had a second quorum call, I believe, and I don't want to bring you back for the purpose of questioning. If, at some time in the future we would like to have you, I hope you will be available for some questions in connection with the testimony you have just given.

I want to say I agree very much with Mr. Michaelian that the county association has been one of the Advisory Commission's staunchest supporters and I have been impressed with the attendance of county representatives at all of the Commission meetings which I have had an opportunity to attend, and I have attended most of them.

You have raised a very significant question, one which has concerned the Commission ever since you served on it, Mr. Michaelian: the question of how to help the local government cope with the problems it faces continuously as a result of action on the Federal level.

As a matter of fact, this Congress already has passed a number of Federal programs which, however seemingly helpful at the local level, must increase the burdens at the local level.

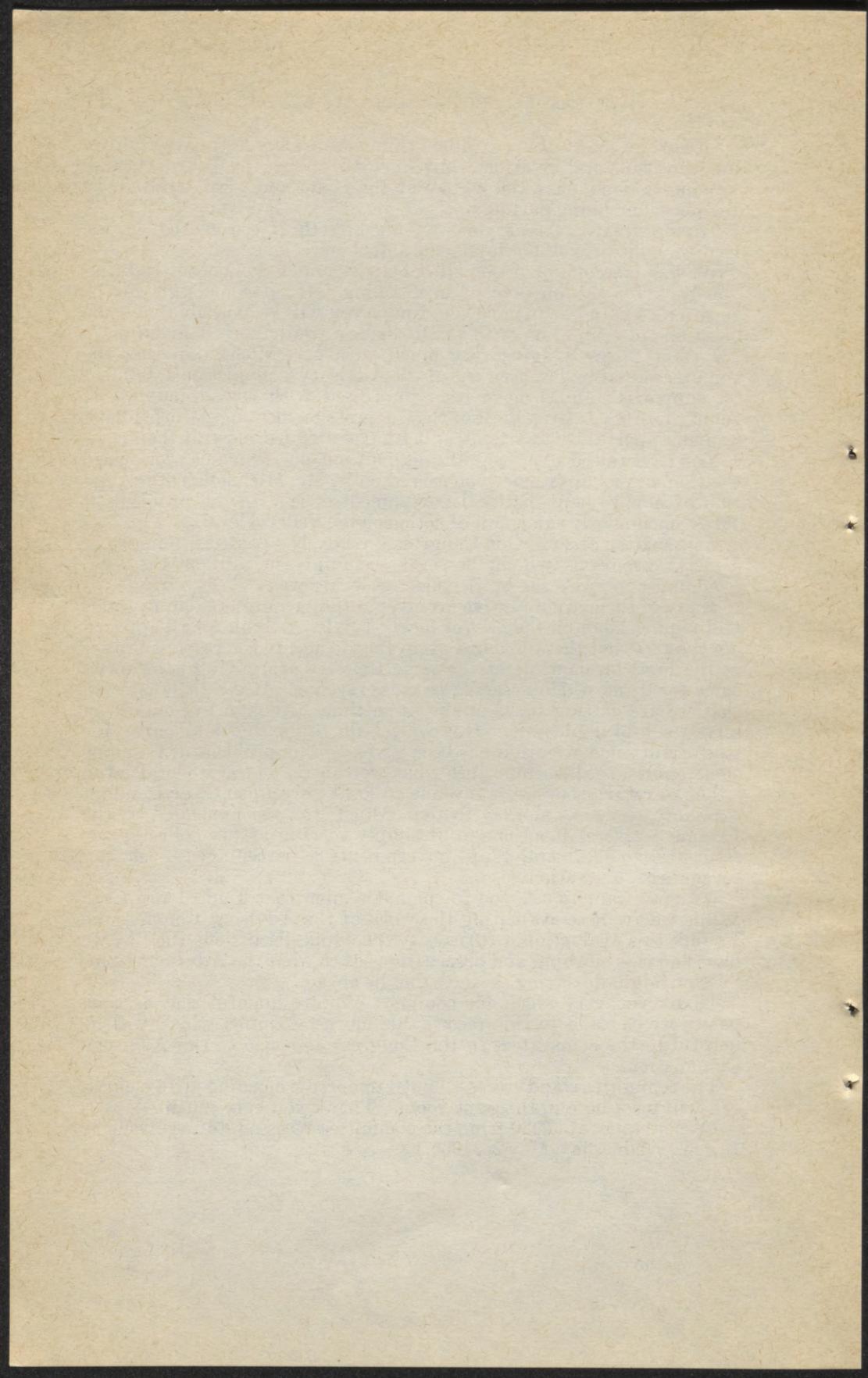
Many of them are incentive grants, but they require matching funds and require labor on the part of local officials. I think we all appreciate the fact that these Federal programs do add to the responsibilities at the local level, while at the same time we are paying substantial sums for them, which necessitates more revenue. It is a little unusual that we are cutting taxes at the same time, although tax cuts have served a useful purpose. However, I do think this is an area for study, and some attention has been given to this problem in Commission reports, to determine just what we can do at the Federal level, either to return sources of revenue to local governments, or to adopt a policy somewhat similar to that which was recommended to the President several months ago of simply serving as tax collector for returning to local and State governments a percentage of the tax revenues of this Nation.

We may want to ask you to comment upon that kind of proposal. While we are here evaluating the work of the Advisory Commission, I think this evaluation, of necessity, prompts discussions such as we have had this morning and observations as to what the Advisory Commission might do during the days that lie ahead.

Thank you very much for coming. We are hopeful that as time passes we can add to this record this morning things which will be helpful to the committees in the Congress and also to the Advisory Commission.

The committee stands recessed until tomorrow morning at 10 o'clock. We will meet here in the same room. Thank you very much.

(Whereupon, at 12:30 p.m., the committee recessed, to reconvene at 10 a.m., Wednesday, May 26, 1965.)



THE 5-YEAR RECORD OF THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS AND ITS FUTURE ROLE

WEDNESDAY, MAY 26, 1965

CONGRESS OF THE UNITED STATES,
JOINT HEARINGS OF THE SUBCOMMITTEES
ON INTERGOVERNMENTAL RELATIONS OF THE SENATE
AND HOUSE COMMITTEES ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met at 10:15, a.m., in room 2154, Rayburn Building, Hon. L. H. Fountain, chairman of the House Subcommittee, presiding.

Present: Congressmen L. H. Fountain (presiding), Florence P. Dwyer, J. Edward Roush, and John G. Dow.

Also present: Dr. D. C. Goldberg, professional staff member, House Intergovernmental Relations Subcommittee; J. Philip Carlson, minority counsel, House Committee on Government Operations; Dr. David B. Walker, staff director, Robert E. Berry, minority counsel, and Dee Craven, assistant chief clerk, of the Senate Subcommittee on Intergovernmental Relations.

Representative FOUNTAIN. Let the committee come to order.

I regret very much this morning that members of the "upper" body are not able to be with us. I think they have been forbidden to participate in committee meetings until they dispose of some business they have over there, some kind of unconstitutional legislation they are acting on at 9 o'clock; I believe it is the voting rights bill.

Our first witness this morning is Hon. Don Hummel. Mr. Hummel is the former mayor of Tucson, Ariz., and a former member of the Advisory Commission, about which we are seeking testimony. He was Vice Chairman of the Commission and a very distinguished and capable member. I am sure I speak for all of the members when I say we regret that you are no longer with us, Mr. Mayor, but we are certainly glad to have you here this morning to give us the benefit of your thinking on the work of the Commission and any constructive suggestions you may have for its future conduct.

STATEMENT OF HON. DON HUMMEL, FORMER MAYOR OF TUCSON, ARIZ., AND FORMER ACIR MEMBER

Mr. HUMMEL. Thank you very much, Mr. Chairman, and distinguished ladies and gentlemen. I welcome the opportunity to appear and present my views on the Advisory Commission on Intergovernmental Relations.

As the distinguished chairman has just said, I was privileged to serve for 2 years as a mayor representative and then 2 years as a public

representative and then Vice Chairman. My term expired on February 21, 1964, but I come to you to speak today, not as a member of the Commission, but as a citizen with some familiarity with the work of the Commission and more importantly, a vital interest in the services it performs.

Before discussing the program and value of the Commission, I believe a brief discussion of the climate of government might be appropriate.

It is no news to anyone who has served in some governmental capacity or who has taken even a cursory interest in governmental affairs, that we are in the midst of great social changes, brought about by expansions in our population and by the migrations of our people from rural to urban areas and from cities to suburban areas. Technological developments, a change to a highly industrialized society, and a rapidly rising economy aggravated by the dislocation of two wars, adds up to unrest and the need for readjustments.

New values are established and new demands arise for goods and services. Expanded requirements for educational, recreational, cultural, and work opportunities put new stresses on our governmental machinery.

In a federal system, such as ours, where we have divided responsibilities among three levels of government—Federal, State, and local—any major adjustment in location of people or their demands has a corresponding change in impact on these three levels of government. To some, this readjustment is good; others deplore this shift of responsibility, and misunderstanding and accusations result. Some resist all change, harkening back to the so-called good old days; others want drastic and immediate changes. Both extremes should be avoided. Differences of opinion are not bad in themselves and, in fact, are stimulating, but if they are to be constructive, a forum should be provided for a calm evaluation of the changes and the need to seek solutions to accommodate them. The stability of a political system is highly important, but so is its flexibility.

The Advisory Commission has provided not only research, but a meeting place for representatives of all three levels of government in our federal system to exchange views and recommend solutions. It has not been just a study committee making reports; it has its responsibilities in helping to stimulate positive action and, I may say, with some measure of success, particularly in view of its short duration, as its records will disclose.

The record also shows the need has long existed and other attempts have been made to meet this need. The Hoover Commission, the Kestnbaum Commission, and the call to the Council of Governors for action made some contributions, but the trouble was they had no permanency and full value was not achieved—nor can it be by a single set of changes. Ours is a dynamic society and changes will constantly be needed.

The facts disclose that we are still striving for answers to problems growing out of the shifting of our population from rural to urban. This has resulted in a call for the creation of a Department of Housing and Community Development on the Federal level. This is one of the impacts and attempts at solution being offered at the Federal level.

As a result of pressures for State governments to respond, various and numerous recommendations have been made for State constitutional revisions. The intervention of the Federal courts in the cause of reapportionment has been a direct result of the failure of the States to respond to these needs. Drastic actions of this kind are not in the public interest and certainly should be avoided. The normal processes of government, the political machinery are best adapted to provide changes of this kind. A more orderly transition than has occurred is desirable.

Local government that has shuddered under the impact of these new and expanded problems of growth, has established direct relationships with our Federal Government, bypassing the States and straining relationships that should be strengthened, if our federal system as we know it is to endure. The need for a continuous forum, and I stress the word *continuous* forum, is apparent. We are just beginning to make some progress in recognizing the need for reallocation of authority to local government and in loosening the limitations on them, to enable them to meet their expanded responsibilities. We must also be able to provide a coordinated approach to problems that are traditionally local in character, but through growth and mobility of our people now transcend jurisdictional boundaries and require areawide approaches. It is a movement of contradictory forces.

We have a compaction of people into closer areas, but we have the limitation of traditional jurisdictional boundaries, so the solution to the problem, while local in nature, cannot be handled entirely within the jurisdictional boundaries of a given governmental unit. So that the forces now are to handle some of these beyond the local level, on an areawide basis.

While some progress has been made, it is just the beginning, and it would be unfortunate not to continue to use the services of the only agency that I know of established with membership from all three levels of government working in an atmosphere, not of recrimination, but of seeking solutions. We need the services of this Commission.

A brief look at the record will show the variety of its inquiry. It will also show how much more remains to be done. I will not presume on your time to enumerate the areas of research and action, as others more familiar with its details will provide you that information.

I do feel that our federal system with its division of authority into three levels is worth preserving. To accomplish this, we must have constant inquiry and an area where the representatives of each level can meet for discussion and recommendations.

The record shows that the Advisory Commission has made a very commendable start. The program should not be interrupted. The Commission should be continued.

Thank you very much, Mr. Chairman.

Representative FOUNTAIN. Thank you very much, Mr. Hummel, for a very profound and constructive statement, one with which I believe few can disagree, and yet it is basic.

As I said yesterday, we have so little time and there are so many questions we would like to ask, particularly of those who have had experience with the Commission. But the time just won't permit it. Consequently, we may want to submit questions to you later on to get the benefit of your thinking.

Mr. HUMMEL. Fine, sir.

Representative FOUNTAIN. I have one question before yielding to other members of the committee. We would like to get the benefit of your thinking as to how the Advisory Commission might do an even better job. I would like to get your opinion as to whether you think it is proper and desirable for the Commission to devote a part of its resources to the promotion of its recommendations through legislative and administrative action, or do you feel it should devote an even larger proportion of its efforts to promotional activities, in contrast to research?

Mr. HUMMEL. I would say the greatest value will come from a greater emphasis on attempting to get implementation at all levels of government or recognition of the problem. Most of these problems are pretty well known. They have been discussed for many years. The factors requiring a change have been taking place over a number of years. I think what we need now is an emphasis to get as much implementation of the known solutions or the recommended solutions and this is particularly true at the State level. It is my feeling, and maybe it is a biased one, that the level of government that really needs our assistance more than any, is the State level. While the States have the authority, they have not exercised it.

Many of the problems that we face today, I feel, come as a result of failures at State leadership levels. The State in our federal system has all authority not given to the Federal Government or reserved to the people. The States have not acted to recognize the changing needs nor to provide leadership, or to provide solutions which can be done at the State level. This is unfortunate, but it has not been done. With the tremendous changes that may take place or will take place in the reapportionment of State legislatures, there will be a real opportunity for recognition of some of these problems which have been avoided for so long. And if there is a contribution that the Advisory Commission can make, it is to bring to the State level the recommendations that have been made on these rather fundamental problems that must be solved if our federal system is to endure with a proper allocation and emphasis at the three levels.

Representative FOUNTAIN. Thank you very much.

Mrs. Dwyer?

Representative DWYER. With your experience as a mayor and member of the Advisory Commission, do you feel the work of the Commission has eased the strain between the State and local governments? I noticed you mentioned the strain on page 3 of your testimony.

Mr. HUMMEL. Yes. I think that it does. I don't believe that you can expect too much easing of strain in a short period of 5 years, when the strain has been developing over many, many years. Rural domination of State legislatures has prevented municipal officials from attaining the authority or the tax resources to perform the functions that their citizens were demanding. You cannot erase that, nor can any commission erase that in a short period. But I think the value of the Commission has been to force a recognition of the problem and proposing solutions.

Representative DWYER. Well, then you feel it has been a good idea to have a commission which represents the State and local governments, where they can sit down and discuss their problems together, as has been done in the Advisory Commission?

Mr. HUMMEL. Very definitely. The interchange between municipal officials and State officials has served to clarify the problems at both levels; problems that the others didn't see clearly until the position of the representative of the other level was explained. The value of service on the Commission can be implemented and expanded by getting that same feeling and opportunity out into the field of operations, in the various States.

Representative DWYER. Thank you very much.

Thank you, Mr. Chairman.

Representative FOUNTAIN. That question leads me to ask if you can offhand think of any other specific changes for the better in intergovernmental relations in the past 5 years which you can attribute to the activities of the Advisory Commission, over and beyond the reports and recommendations which have been made. I think you just mentioned one; namely, the better relations that have resulted from each level seeing the position of the other, which heretofore I don't think has been as clearly seen as it ought to have been.

Mr. HUMMEL. One thing I might suggest, that we attempted to do but some obstacle always intervened, I believe that if the Commission were to periodically meet in the field it would be helpful. Much of what is done in Washington is old hat to most people, and you lose the news value. You would get a tremendous amount of dissemination of the recommendations of the Commission, if you were to hold some of the Commission hearings in the field where you could give State and local representatives and the population at large an opportunity to see the Commission in action.

I believe the amount of publicity that would be given and the chance to get the ideas disseminated would be much advanced if there were some money allotted and an opportunity given for the Commission to hold meetings other than just in Washington, D.C.

Representative FOUNTAIN. I agree with you on that. I realize the problem we have had. With three members from the House and three from the Senate on the Commission, and with so much going on in Washington the last few years, it has given the congressional Members an opportunity to serve on the Commission and at the same time to perform their legislative duties, as well as other service for their people when they come to Washington. And yet, I realize it is a problem for the Members of Congress to attend all the Commission meetings, even in Washington.

I think you are quite right. If we go out into the field occasionally, the press will become more interested and will gradually explain to the people just what their public servants are doing in this particular work. I think that is one way in which we can add to the very necessary prestige of a useful institution.

Mr. HUMMEL. I would like to add one thing, and perhaps I am on dangerous ground in saying so, but I believe that some of the decisions were made—and I might well be hanged in effigy, as a former representative of local government—that some of the decisions that were made were influenced and decided by the 100 percent attendance of local officials, and the absence of Federal officials. When you work in Washington, it is just like trying to do a job in your hometown—you are subject to the telephone calls and interruptions and you don't take the opportunity to limit your attention to the problems of the

Commission. If you took a day or a day and a half and went into the field, you would devote all your attention to the problems before the Commission. I think you might find that, instead of dwindling participation by Federal officials in the field, you might increase it.

I think some of our decisions were made, with too much emphasis on the local aspects and didn't represent some of the Federal interests that I think should have been represented at the time.

Representative FOUNTAIN. Thank you very much.

Mrs. Dwyer?

Representative DWYER. No further questions.

Representative FOUNTAIN. Mr. Roush?

Representative ROUSH. No questions.

Representative FOUNTAIN. Mr. Dow?

Representative DOW. I would like to commend Mr. Hummel for raising some very interesting points. I think it shows that his remarks are the result of some imaginative thinking. I have a feeling that out in the local communities and at the State level, Mr. Hummel, there isn't any realization of anything wrong in the way they are operating or in their relationships. I would hope that something might be done by the Commission to make it apparent to local and State officials that they are not operating always in the best situation, and that possibly they should think about whether or not their local and State governments are structured the way they should be.

Mr. HUMMEL. I would certainly agree, Mr. Congressman, because I think at the present time the one weak link in our federal system has been the failures of the States. And it is one that I think would be most unfortunate if it were allowed to deteriorate, rather than to perform the functions that it should within the State boundaries. And the strengthening of State government, I think, is one of the No. 1 problems that we have in the country today.

Representative DOW. That is all.

Representative FOUNTAIN. Thank you very much for coming. I wish we had time to get more of your thinking, but I guess we will have to do it another time. Thank you very much, Mayor Hummel.

Mr. FOUNTAIN. Mr. John Gunther. Mr. Gunther is executive director of the U.S. Conference of Mayors.

Mr. Gunther, you can tell us anything else about yourself you think we ought to know. We are delighted to have you here.

Mr. GUNTHER. Thank you, Mr. Chairman.

STATEMENT OF JOHN J. GUNTHER, EXECUTIVE DIRECTOR, U.S. CONFERENCE OF MAYORS

Mr. GUNTHER. Members of the committee: I am pleased to be here today. I am the executive director of the U.S. Conference of Mayors. The Conference of Mayors was started in 1933, early in 1933, as a continuing conference of the Nation's largest cities. Their particular concern was in developing relationships between the cities and the Federal Government to help solve some of the problems brought on by the depression.

The membership in the conference is limited to the cities with populations of 30,000 or over. There are just about 600 such cities in this country, and the great majority of them belong to the conference.

Our president this year is Mayor Neal Blaisdell of Honolulu, Hawaii, the immediate past president, Mayor Raymond Tucker of St. Louis, Mo. Normally we have followed a policy, since the beginning of the conference, of not having staff appear at congressional hearings. However, I understand that the invitation for these hearings meant to have staff in this instance, since we do have a particular relationship with the Advisory Commission on Intergovernmental Relations and with your committees in the House and Senate.

We work with the staffs of the two committees and with the staff of the Advisory Commission on reviewing proposals and questionnaires, helping devise ways of finding out what the mayors, county officials and governors are thinking. So we are indeed pleased to be here this morning to discuss the operation of the Advisory Commission on Intergovernmental Relations.

We believe that the ACIR has performed well and has a continuing contribution to make in the effort to improve our governmental institutions. These last five years have been marked by some real advances in intergovernmental cooperation.

Less and less we view a problem as being one to be solved by the local or State or Federal Government, and more and more we say this is a problem which the Government should solve, in cooperation with all of the other forces in society, and let's see how it can best be done. And we find in any given problem that comes along, that it probably involves some contribution from all three levels of government and not just one.

As you so well know, we in the cities looked with alarm on the destructive negativism which fostered the Federal-State Joint Action Committee. That group, building on the fears of the early and mid-1950's, set out to destroy important Federal aid programs. Those who had opposed the programs in substance, but had failed to defeat them in the Congress, set out to undo them through intergovernmental "reform."

The first reforms they suggested were to destroy important programs for the cities. Fortunately, the Federal-State Joint Action Committee failed and is no more. We know that some have viewed the Advisory Commission on Intergovernmental Relations as a logical continuation of that committee. We do not view it as such. We view it as a new, fresh approach.

The ACIR is a method for rational examination of governmental efforts to provide the services demanded by the citizen. While such an examination requires a knowledge of the structure of government, it does not dictate a concern with structure alone. For too many years we have concerned ourselves with the structural form of government rather than the actual operations. The ACIR has looked directly into the center of government to see how it meets the problem.

We see the work of ACIR from several differing points. There is the exceptionally high quality that the staff has maintained throughout its research. The collection and publication of the materials alone would make the Commission worthwhile.

The review of staff work by those of us outside of the staff has brought a better appreciation of the problems to those of us who take part and has afforded a means of early critical examination of new approaches and ideas.

The Commission meetings have been remarkable. When the Commission met the first couple of times, we were not at all certain that the thing was going to make a go of it. You will remember, those of you who were there, that some Commission members felt it necessary to make speeches so that their positions would be clear to all. Some of these early speeches were unrelated to anything then or since before the Commission. Soon the Commission got down to the nuts and bolts of intergovernmental problem solving, and the regional and sectional differences disappeared.

Also, I might say I think it has been remarkable that, as you know, Mr. Chairman, that there has never been any partisanship in the discussions. I know among the four mayors, which by law are two Democrats and two Republicans, I have never been able to discern any difference because of their party, and I think this has been true from the Members of Congress and the Governors.

With the possible exception of the representatives of the Federal executive branch, the 26 members sit and speak as individuals. Certainly the Commission members who are local government officials speak from their knowledge and background as do all other Commission members. But they do not concern themselves with following a conference of mayors or Governors' conference line.

Indeed, the man who just testified, Mr. Hummel, when he was on the Commission, certainly didn't check everything out with us or with the American Municipal Association, which he was then the president of. As you know, he often voted with the Governors or with the Federal people in different ways than some of the other mayors were voting. But there has never been any attempt by the organizations to set down a line for the people that they recommend, and I am sure if we did attempt it, we wouldn't get very far.

The Members of Congress who serve on the Commission don't follow a House of Representatives or Senate policy. The officials from the Federal executive do seem to be concerned with a Bureau of the Budget clearance complex.

I think it would be good if there was some way a Federal Cabinet member could sit down in there and talk, based on some of the internal experiences of his Department, without worrying whether it is consistent with the program of the President. This was never intended, I believe.

I appreciate the necessity of having a Bureau of the Budget develop the program of the President, but I think they sometimes overdo it a little bit.

Let us turn to the question of specific amendments in the Commission's charter. There has been a rather serious situation with respect to vacancies on the Commission. This could be cured by having the members who remain eligible for appointment serve until their successors are appointed.

From time to time the appointments run out and it takes a while for the White House, with all of the other matters that are before the President, to get priority to schedule consideration of this and to get the whole picture so the President will know whether he wants to appoint a certain person. I think the Commission suffers from this gap between one appointment expiring and another being filled, and it would be helpful to the Commission—and I can see nothing wrong

with letting the incumbent serve until he is reappointed or someone else is.

Another important matter that has to do with the prestige of this Commission is the salary of the Executive Director. This salary was set in the act of 1959, at \$20,000. Well, in the act of 1959, \$20,000 was pretty good Federal pay. It was pretty high up in the category; it was well above the top of the civil service. However, when the law was amended last year to put the pay increase through, the Executive Director of the Advisory Commission was not one of those included in the higher executive categories. This was an error, and it should be corrected in any amendments either this committee or the Civil Service Committee may make this year.

I think if we wait for another executive pay bill, it might take too long a time to get around to this. Therefore, if you have amendments this year, which I assume you will have, we urge you include a provision putting the Executive Director back into the pay system in a position similar to that which he occupied before the Pay Act last year. I don't mean back to \$20,000. I am talking about \$27,500 or something like that.

We understand that some have from time to time suggested that the Commission should receive a part of its operating funds from other than Federal sources. We oppose any change which would permit the ACIR to accept private funds. We would have no policy objection to permitting the ACIR to receive funds from State and local governments; however, we do not know of a practical way of making such State and local funds available. The amount of money involved here seems a small price for the taxpayer to pay in light of the fundamental questions under examination.

Some have said it would show the real interests of State and local governments if they made a financial contribution. Well, I think the interest is shown when these officials take time from their very, very busy schedules—the mayors, Governors, and county supervisors—to come to Washington without pay and sit on this Commission. This is a substantial contribution, not only personally from their point of view, but also from their governing body. The city continues to pay the mayor while he is here working on these matters. We have discussed this with Mr. Bane and others. We feel that we make a contribution which is not in dollars and cents, in that I spend a good deal of my time, and members of my staff spend a good deal of their time, working with the Commission staff to make certain they understand some of our problems as they are developing their studies.

I am sure the Governors' conference, the county officials, the National League of Cities and others, spend a lot of staff time working on these. We send draft reports out for review, we get the materials back, we prepare replies to the Commission. So there is this kind of a noncash contribution. But I believe it is quite substantial.

Thank you, Mr. Chairman.

Mr. FOUNTAIN. Thank you very much for a very thought-provoking statement. You made some pertinent observations. I would like to say, in connection with the higher salary level which you advocated for the Executive Director, that I and others did what we could last year and got the Executive Director into what we considered to be the proper salary bracket in the pay bill that passed the House last year.

But our distinguished brethren on the other side didn't go along with us. Ordinarily things are just the reverse, they put a lot of things in and we have to take them out. But in this case maybe some liaison work will have to be done to impress upon the Senate the importance of this matter.

I think you are quite right. I am very proud of the staff that the Commission has. I don't know of any agency of Government that has any better staff than this Commission.

I am impressed with the sincerity with which we went about the task of selecting our Executive Director to begin with. Very few people realize that a committee of six or seven Commission members was appointed, and they interviewed all of those who were interested in this job—and we all were seeking to encourage interest in it—and cross-examined the candidates pretty thoroughly about what they thought, what they had been doing, and what their philosophies were. We wanted objectivity, we wanted a person of competency, and when we selected Mr. Colman, we felt we had selected a capable and competent man. I think time and his services have shown that, and all of those whom he and Mr. Bane have selected have also been highly competent.

I think all of us who have been associated with the Commission have been extremely proud of the staff. I wish the opportunity would present itself for more Members of Congress to get the benefit of their thinking and knowledge in the many complex areas of intergovernmental relations.

In your opinion, is the Commission staff and budget—22 people and \$410,000—too large, too small, or do you think it is about what it ought to be for this kind of agency?

Mr. GUNTHER. We think it is just about where it ought to be. We hope it doesn't get any bigger, and we would hate to see it get any smaller. We need the help we are getting. We think the volume they are able to produce, at the quality they are able to produce it, is just about as much as we can digest and move forward at any time, from the point of view of our own organization.

While I wouldn't want to see it get any bigger, I think it would be a mistake to try to make a substantial reduction in it.

Mr. FOUNTAIN. In your opinion, has the Commission given adequate attention, or too much or too little attention to questions of State and local relations in comparison to questions of Federal-State relations?

Mr. GUNTHER. I think that if you would say Federal-State-local relations, I think we need a little more, and I believe some of the programs the Commission is now studying ought to give us a good balance.

We are concerned, in local government, with the organization, the new kind of organization that is necessary to carry on some of the new functions of government. The war on poverty presents a very substantial organizational question. As you know, at the last Commission meeting, they put this on their agenda. They are going to look into the intergovernmental aspects of this. And this ought to be extremely helpful.

As you know, the Congress is wrestling with this, the Governors are, and the cities are right now. This would be extremely helpful.

Mr. FOUNTAIN. I don't know how we can solve the problem, but you raise one question which I think is a basic one concerning mem-

bers of the Cabinet. They are very important people, and I believe we need them on the Commission. But I do think you are right when you say that quite often their hands are tied by what they think to be an administrative position in an area which we, ourselves, are studying. There ought to be some way—I don't know how we can handle it—for them to get the assurance that they can act a little more independently in their deliberations with the Commission.

I don't mean the Cabinet members haven't done a good job. When they have been there, I think they have done a wonderful job, and have brought to the Commission's attention a lot of valuable information and many constructive suggestions based on their experience as the heads of their respective agencies. That has been helpful. But I do think there is that problem.

Do you agree with Mayor Hummel's position, that State government is really the level of government which needs strengthening the most?

Mr. GUNTHER. I believe we are seeing that if the States will take on some of the tasks, it will be tremendously helpful to local government, particularly the smaller municipality. If the State will staff up and provide technical services to help some of the local communities in economic and physical development, give them technical help, this is of real assistance to the local community. It helps the big city because the larger city knows that it cannot have good and sound development when the smaller communities nearby have none at all.

The large city can't move forward if the rest of the area, the suburban areas, don't move forward also. But too often the one place the small cities wouldn't look to for help in technical services is to its big city neighbor. But they will accept it from the State. And this is one of the good things, actually, in the poverty program, Congressman.

Last year they provided some poverty planning funds for the States, and in those States where the Governor has appointed competent people, it has gotten started. Where they want to develop Federal-State-local antipoverty programs, work with the war on poverty, the cities are really in the game. They know what they are doing, they are moving forward, and I think this kind of relationship can help.

And the States can strengthen themselves by doing this and remove some of this fear or hesitancy about going through the State.

Mr. FOUNTAIN. Mrs. Dwyer?

Mrs. DWYER. Thank you, Mr. Chairman.

I was interested in what you said on page 2 in connection—

with the possible exception of the representatives of the Federal executive branch, the 26 members sit and speak as individuals. Certainly the Commission members who are local government officials speak from their knowledge and background, as do all other Commission members. But they do not concern themselves with following a Conference of Mayors or Governors' Conference line.

I would like to read into the record the intent of the Advisory Commission:

It is the committee's expectation that members will come to the Commission with open minds and with the intention of working toward the ultimate goal of responsible and effective government at all levels of our federal system. In this connection, the committee also believes that the members will not regard themselves as primarily representatives of any particular group, level of govern-

ment, or geographic area, for the advancement of a special point of view. It is intended that the Commission will not urge a Federal solution simply because Federal action appears the easiest course. It is rather intended that it will encourage the assumption of responsibility by the appropriate level or levels of government with respect to any given problem.

I would like to ask you one question. I think you have already answered it, but I am going to ask it all over again.

It has been suggested that the membership of the Commission, now 26, be enlarged to provide an increased number of public members; and alternatively, that representation be drawn directly from both labor and business. What is your opinion of these proposals? I think you implied you would be opposed to increasing it, but I would like to hear you comment again.

Mr. GUNTHER. Yes. I think, Mrs. Dwyer, that this is an intergovernmental relations commission. It is not a national economic planning body or a TNEC or something like that, national resources board. It is a commission concerned with intergovernmental relations. The principal participants in this, I believe, can best be the people from the different levels of government.

But at the same time we need some member on there—from outside of government, looking at it sometimes and saying, "Well, maybe all of you from government are too bureaucratic." We have three of these, and I don't believe it would be appropriate to give the nongovernmental forces more seats at the table than you would give the Federal Cabinet, or the counties. I think the balance is very good. I don't believe that the materials and the recommendations have been criticized because they failed to take into account the nongovernmental forces. I think that those forces are represented through the public members and through the various levels of government.

So I don't believe you would gain anything by making it larger. You would just have a bigger quorum problem.

Mrs. DWYER. Thank you.

That is all, Mr. Chairman.

Mr. FOUNTAIN. Thank you, Mrs. Dwyer, for bringing to our attention the intention of the Congress in passing this legislation. I think it is good to refresh our memories from time to time. I am sure that was our purpose, and I would like to concur with you in that I think those who have come there have, insofar as humanly possible, disassociated themselves from their own bailiwicks and have tried to think in terms of the whole picture. I feel I have, as a Member of Congress. And I think in most instances all of the other Members have.

But I think it would be bad if they completely disassociated themselves, because they would then not really be representative of the different levels and branches of government, as they ought to be.

Mr. GUNTHER. That is right.

Mr. FOUNTAIN. Just one further question, since we have to move along.

What kind of cooperation have you had from the Advisory Commission staff, in your contacts with them?

Mr. GUNTHER. The cooperation has been very good. We don't agree with the staff on all of their recommendations, and we don't agree with the Commission on all of its recommendations either; however, we feel that we have had a complete opportunity to make our positions known and they have discussed them with us at length.

We invite the Commission to send a staff member to our annual meetings, the big meeting of the mayors every year. They make a Commission staff member available to us. He doesn't come out there to lobby for the Commission. He comes out there to answer questions on intergovernmental relations that the mayors have, particularly at the resolution stage or at any other time. Also, I hope he comes to get ideas as to what he can go back and tell his fellow staff members the mayors are thinking about. The cooperation couldn't be better.

I agree with you when you talk about the staff quality. It has been extremely good, and the work is just a reflection of the people who did it.

Mr. FOUNTAIN. Thank you very much, Mr. Gunther, for a very worthwhile contribution.

Mr. ROUSH?

Mr. ROUSH. Mr. Chairman.

I may have missed this, Mr. Gunther, but as I understand your position, you are opposed to increasing the size of the commission. Do you feel that the staff is of adequate size, in view of the fact that there are new programs and there are new areas which must be explored? Would it be advisable to increase the size of the staff?

Mr. GUNTHER. I don't believe the 26-member Commission can digest more material than they are now getting, so the size of the staff has some relationship to the ability of the Commissioners to do the work. And I think that they are getting just about as much as they can handle.

I have talked with some of the mayors about this, and they could not handle much more material. Therefore, the staff, I think, is just about what it ought to be, in terms of size.

Now, there are other people making studies all of the time and doing various kinds of studies, but I think it is better to keep the staff working on matters which their Commission members feel should be given pretty high priority. At these Commission meetings, a good deal of the time is devoted to what matters we should study and in what order. And this is very helpful, because it gives some feeling to the Commission members and to the staff of the Commission what these people from various levels of government around the country think are the important issues now facing them.

So I think there is a value in having priorities and not trying to study everything at the same time.

Mr. ROUSH. Thank you.

That is all, Mr. Chairman.

Mr. FOUNTAIN. Mr. Dow?

Mr. Dow. Yes, I have one question for Mr. Gunther, mainly to make a comment of my own, if I might, sir.

Down at the foot of the first page of your statement, the sentence reads:

For too many years we have concerned ourselves with the structural form of government rather than the actual operations.

Now, Mr. Gunther, I don't think that you could apply too much study to the structural forms. In other words, I think in this country today the operations of our Government are changing, but the structure is not keeping up with them.

Now, consider that the money raised and applied in most of our local governments is not all received through local taxation, but it is coming down from the Federal, it is coming down through the boards of education, it is coming down through the counties and the States for all kinds of projects, it is coming down from even local incorporated agencies that run welfare programs. There is a big change in the operations.

We have big changes in our municipalities, where they are trying to cope with problems of transportation and commuter problems, and seeking ways to handle these on a metropolitanwide basis, which has no relation to the structure of the Government.

Take the way we are trying to handle our riverways problem. This spring in Congress we have three bills up relating to rivers, one relates to interstate compacts for handling riverways; another is called a wild rivers bill in the interest of conservation; and we have others relating to water pollution. This is a tremendous problem in our operations. And yet, we are trying to cope with all of these with structures of State and local and even the Federal Government that are 100 years old. It is just the same today as it was 100 or 150 years ago.

So I must say I think more emphasis of the Commission should be applied to the structure. Until you correct the structure to meet the operations, you are just going to be putting out fires. That would be my experience and I toss this out.

I know it is somewhat controversial. Perhaps I am being too emphatic, but I am only doing that to highlight the point.

Mr. GUNTHER. Yes, Congressman, I know the point. The other side of that is—let's say the problem is mass transportation. So you determine in the great New York area that what you need is—whatever they need up there—but they all sit down and determine what it is, if they can. And then you look at it, you say this is what we have to do, we have to get the man to work and back in a better fashion. Then you go ahead and do this.

You don't say well, we can't do it in New York, because of the government problem; therefore we have to change the government structure before we solve the transportation problem. If you do this, I am afraid we will never get anything solved.

My point is that we can solve our water pollution problem, our sewerage problems in the metropolitan areas, without going to the metropolitan government.

I am not against metropolitan government, but I am not for it, either. I am just saying if someplace wants to go to it, fine. They can go ahead. But to wait until they have the perfect structure and form of government in a metropolitan area, before you solve your problems, seems to me to not be a constructive way to move.

So what you have to really study is how is it done, how does it work?

This is what you have to work with. Actually, the Commission has spent a good bit of time on structure. They have found that the structures that come up without governmental bodies, the special districts, sort of special authorities that, once created, go on forever, doing what they want, without any control by the people, they think these are not very good, and they have recommended general units of Government to be the device through which Federal and State and local governments work.

These general units are elected, and if the people don't like what they are doing, they can kick them out and bring somebody else in.

I am not saying that structure is not important, but I believe if we are determined to solve the sewer or water problem in an area, that community need not sit back and wait until everything gets bad. They can go ahead, without a totally new structure. They can enter into new mechanisms, or minor variation of existing structure. So I think we have to see what the problem is and solve it, rather than looking at the structure and trying to make it neater. That is all.

Mr. Dow. The problems are really operational and not governmental problems. I had assumed that this Commission related to intergovernmental relations. In other words, I think the problem with this Commission is to adjust the governmental structure to the operations that a municipality or a State or the Federal Government has to carry on.

And it isn't the job of the Commission to solve the water problem or the sewerage problem or the pollution problem or the transportation problem, but it is the job of this Commission to adjust the government so it can handle these problems. Actually, I agree with you; we can't wait until we have the perfect government structure to solve the problems.

But I must say, I don't see much change in any of the government structure. It does seem to me it would be appropriate for us to be a little more flexible in our government structure and start it coming along where it can handle some of these problems.

Mr. GUNTHER. Yes, I think what you need is the flexibility. I would not want to see any high-level commission, such as this, coming up with models, because I don't know that any part of the country has a perfect form of local or State government. Each area has developed its own local structures to sort of meet its own demands. While we might still have nine members on the city council and a mayor and a city attorney, that is the structure, and we still have two Houses of Congress and a President and a Supreme Court.

I think there have been great changes made in the Federal structure, the addition of the Bureau of the Budget kind of thing, the Office of the President—and you have this at the local level. You have planning commissions; a few years ago we didn't have them.

You have budget, new budgeting mechanisms; you have automation. This has made a tremendous change. Maybe in the overall structure the councilmen and the mayors still remain, but below them there has been a lot of change in structure.

Mr. FOUNTAIN. Thank you very much, Mr. Gunther.

Our next witnesses are Mr. Burns and Mr. Atkins. Mr. John J. Burns, commissioner, New York State Office for Local Government, and Mr. Richard A. Atkins, director, division of local government services, office for local government.

**STATEMENT OF JOHN J. BURNS, COMMISSIONER, NEW YORK STATE
OFFICE FOR LOCAL GOVERNMENT; ACCOMPANIED BY RICHARD
A. ATKINS, DIRECTOR, DIVISION OF LOCAL GOVERNMENT SER-
VICES, OFFICE FOR LOCAL GOVERNMENT**

Mr. BURNS. Mr. Fountain, and members of the subcommittees, we are delighted, Mr. Atkins, and I, to come down this morning. I might

say we are pleased, also, with our position on the program here this morning, because we have enjoyed the two previous witnesses, and also listening to your line of inquiry on this most important matter.

We would compliment, also, the fact that after 5 years of performance, there is this review of how effectively the Commission has been operating.

I have a statement which I will refer to, but in view of some of the questions, I might, by way of introduction, make one comment, Mr. Chairman. As I look over several of those who have been invited to address the Members of Congress in these 3 days, I have no idea as to what level of service some of them have served in a local government capacity, and I might quickly indicate that, I still reside in the village of Sea Cliff, where I was born, and served there as mayor, in a village which, in 1947, had about 5,600 population, for a period of 5 years, and then went to the New York State Legislature, as an assemblyman, where I served for 6 years, representing the same area. Then for a period of 5 years, I returned to Nassau County, where Sea Cliff is located, in a township (Oyster Bay) during a period when, in 1950, the population of the town of Oyster Bay, 108 square miles, was 54,000 people, and in 1960, it had 295,000 people. In a 10-year period, some 240,000 people came to live in that township. As a supervisor in the State of New York, I was a county officer in the county of Nassau, which experienced a similar growth, from about a half a million people in 1950, to 1,300,000 by 1960.

Then, I was invited to serve in a rather new agency, which was started in 1959, the New York State Office for Local Government, which in our State, as you may know, is made up of a group of local governments, 62 cities, 62 counties, 554 villages, 932 towns, and, of course, the school districts and the special districts. I was struck by references on two occasions to flexibility and because this part of it is not in my statement, I would mention that the State of New York has given and shown great leadership in keeping tuned to the times in encouraging its local governments to become more suited to the needs of the current day.

It has given much encouragement to villages in recodification to village law, to towns, and, in fact, creating a new kind of town, suburban towns, those affected by rapid growth, and to cities, in enabling cities to adjust their charters more easily to current times, and to counties, and counties are rising in their importance in our State, and over the past 30 years, they have assumed more of the functions of local governments as conditions warrant their being taken over.

I might say quickly that the counties, as such, in being given new duties and new assignments, have been so affected by grassroot desires, there have been changes, as counties have assumed responsibilities, particularly in the field of social services.

The State of New York has been pleased to observe the workings of this fine Commission on Intergovernmental Relations over the past few years, and we are delighted, as I said before, to come here. Mr. Atkins and I will divide up the time which might be allotted to one person from our office, and then take on the questions as you may want to present them to us.

It is my view that the work and the program of the Advisory Commission on Intergovernmental Relations should be continued and

strengthened. In expressing this view, I am also stating the position of the local government advisory board, which is attached to our office.

The advisory board is representative of the cities, counties, towns, villages, and school districts of the State of New York, and its membership includes executives of the municipal associations comprising these units of local government.

The chairman of the advisory board is the Honorable Frank C. Moore, formerly State comptroller and lieutenant governor, who is well known in municipal circles throughout the country, and, as a matter of fact, serves as a consultant to the Advisory Commission on Intergovernmental Relations. It is my understanding that Mr. Moore will separately submit his views in writing to your committee.

By way of background, let me describe briefly our office for local government. I think it might be interesting to you. It is an executive agency created by State statute in 1959. Its functions are to advise and assist the municipalities of the State at the problem-solving level, to coordinate the activities of State departments and agencies as they relate to local government, to encourage intermunicipal cooperation and sound working relationships among the primary subdivisions of the State, and to act in a staff capacity to the Governor in matters of policy affecting local affairs. As such, we have a special interest in intergovernmental relations—not only State and local but also Federal, State, and local.

As you are doubtless aware, Mr. Chairman, the State of New York is deeply involved in programs affecting the welfare and progress of municipalities. These programs cover a very broad range in fields of health, education, social welfare, transportation, housing, community development, recreation, and others too numerous to detail.

In addition, I might point out that the State of New York distributes in excess of \$2 billion annually of State taxes to the municipalities to support these numerous programs. Finally, the State provides a wide variety of technical, advisory, and informational services to the municipalities as part of its broadscale effort to raise the level of the public service and to serve the welfare of the State.

At different points in the reports and position papers issued by the Advisory Commission, I have seen references to the responsibilities of the States in fostering strong and effective institutions of local government, and I wish to assure you that the State of New York is aware of its responsibilities in these broad areas of public concern, and backs up its concern with heavy programs and money aid running into the billions.

We fully concur, therefore, with the general position taken by the Advisory Commission that the strength of our federal system lies in the exercise of State leadership and responsibility and in the organization and support of strong and effective agencies of local government.

For this reason, we desire to see the work of the Advisory Commission continued. We are receptive to new concepts in State-local relations, and we are desirous of seeing these relationships improved and strengthened in every appropriate way.

It appears to us that the Advisory Commission on Intergovernmental Relations has drawn extensively upon the experience of the States and that it has performed a valuable public service in correlat-

ing this experience and in making the results widely available to the States and their municipalities.

All of us can afford to learn from each other, and we are anxious to see systematic study and research pursued in the various aspects of State and local relationships, so that comparative experience will be made just as widely available as possible.

We have been impressed by the high level of the reporting and research which have been carried out under Advisory Commission auspices. It reflects the experience and wisdom of the Chairman, Mr. Frank Bane. It speaks very well for the ability of the Commission's staff and for the competence of its professional direction under Mr. William G. Colman.

I should like to pay tribute not only for the formal material which has emanated from the Advisory Commission, but also for the courtesies shown by Mr. Colman and his staff in complying with requests for helpful information or guidance.

Also I would like to feel that there is a mutual relationship here, because we detect in the work of the Advisory Commission the influence and accomplishment of the States which exercise leadership and which are pioneering in State and local programs.

It is gratifying to us to find that the Advisory Commission has, at different times, endorsed the creation of State agencies similar to our own office for local government as representing a contribution to the solution of numerous problems, and as providing a means for bringing current issues into sharper focus.

We have received expressions of interest from a number of States in connection with the organization and activities of our office, and I feel sure that these reflect the interest which has been stimulated by the recommendations of the Advisory Commission.

We subscribe strongly to the policy of the Advisory Commission that there must be flexibility in working out structural and legal relationships between the States and the municipalities and among the municipalities themselves.

There has been at different times a tendency to take dogmatic positions and to reduce the problem of the organization of local government, particularly in metropolitan areas, to formulas. This is unrealistic in view of the great differences among the States with regard to their political, legal, and institutional backgrounds.

As the Commission pursues its work, and I trust it will, I am sure that it will want to keep flexible and to bear constantly in mind that we cannot reduce local government in the United States to a set of neat formulas and pat solutions.

Thus, in New York State, we necessarily have our own approach to certain of the problems which have received a good deal of attention by the Advisory Commission on Intergovernmental Relations. We have devoted a vast amount of study and investigation over a long period of years to such complicated matters as the organization of local government, home rule powers of local government, the question of tax and debt limits, and fiscal supervision generally, and to such difficult matters as annexation procedures, municipal incorporations, special districts and authorities, and the like.

It may be that in our solutions we have not adhered to doctrines or alternatives offered by the Advisory Commission, but we recognize the validity of its studies and feel that they are of helpfulness everywhere.

The problems of urban growth and change are so pressing and numerous that it is highly desirable to have an official commission at the Federal level to serve as a clearinghouse on all such problems.

It appears to us that the Commission has maintained good working relationships with agencies whose membership is close to the local scene and who are in touch with the States. This relationship should be continued if the Advisory Commission is to maintain a grasp of realities and the conditioning circumstances which those of us at the grassroots, so to speak, must live with.

Turning now to the question of Federal relationships with the States, I think I can again speak with conviction, since these relationships are very much in the forefront in the State of New York.

It can be offered as a general proposition that Federal grant-in-aid programs have largely evolved from State experience in comparable fields. I could point out the interest of the State of New York in housing and slum clearance which goes back many years before the Federal Government entered the field.

Also I think it is fair to say that action by the State of New York anticipated Federal activity in such comprehensive areas of the public service as social welfare and employment security.

While I observe that a great deal of the attention of the Advisory Commission has been devoted to State and local matters and to metropolitan areas, I sincerely trust that as the work of the Commission progresses, it will give equal attention to Federal-State and Federal-State-local problems of intergovernmental relations.

I do not mean to suggest that this area has been neglected—and I note that much valuable work has been done, particularly in the areas of tax administration. There are other aspects of the question which the Advisory Commission will doubtless want to examine. Again I shall speak from New York State experience, not because it is to be taken as a model, but simply because it is most directly related to my own particular background.

New York State, it seems to me, has made a special effort to maintain a partnership position in the complex of intergovernmental relations with which we are so greatly concerned. The elements of this partnership approach are as follows:

First, New York State has made a special effort to see that Federal aid programs are properly integrated with State law.

Second, the State of New York has made it a policy to contribute financially to programs involving Federal assistance. Where Federal aid is extended to municipalities, the State also makes a financial contribution in varied amounts or proportions, depending upon the program involved.

Third, the State of New York has made it a policy that Federal grants generally should be channeled through appropriate agencies of State government to the municipalities involved.

These procedures seem to me to be at the basis of sound intergovernmental relations. The Federal Government cannot legislate for the domestic and housekeeping affairs of State and local governments, and I do not believe that it intends to do so.

To keep everything in an orderly relationship, therefore, the States must be effective participants in the grant-in-aid process and this involves adequate State legislation, administrative procedures, money participation, and program standards.

It appears to us that this partnership approach to the problem of intergovernmental relations is the best way of doing things and that it provides the strongest assurance that our federal system of government will be maintained and that a proper balance of powers, functions, and responsibilities will be maintained as between the Federal Government and the States, and also the municipalities, which are the political subdivisions of the States.

It is our hope, Mr. Chairman, that as the splendid work of the Advisory Commission is continued under a very modest budget, it will not diminish its interest in local government or State-local relationships but that it will also contribute in positive ways to maintaining sound relationships among all agencies of government within our American system so that each will discharge its proper function within the Federal framework.

Representative FOUNTAIN. Thank you very much, Mr. Burns, for a very good statement.

Before questioning either you or Mr. Atkins, I think it might be well for us to hear from Mr. Atkins at this time. In view of our schedule, Mr. Atkins, if you could summarize your statement, it will become a part of the record, along with your statement, Mr. Burns.

Mr. ATKINS. It is about 12 minutes, Mr. Chairman.

Representative FOUNTAIN. All right, go ahead.

STATEMENT OF RICHARD A. ATKINS, DIRECTOR, DIVISION OF LOCAL GOVERNMENT SERVICES, OFFICE FOR LOCAL GOVERNMENT, STATE OF NEW YORK

Mr. ATKINS. Mr. Chairman and members, my name is Richard Atkins, and I reside in Delmar, N.Y. I am director of Local Government Services in the Office for Local Government of the State of New York. Commissioner Burns has stated the views of the office and I intend only to comment and expand slightly on the position he has already taken. My duties in the office for local government relate to the advisory services which the Commissioner has described.

In addition, I have assisted in other phases of intergovernmental relations in New York State. A few years ago I served on the staff of a special commission on State fiscal policy in connection with what was then the State counterpart of the Kestnbaum Commission.

I also did some work for the commission on revision of the New York State constitution, with reference to problems of urban areas. And from 1957 to 1961 I was staff director of the New York State Joint Legislative Committee on Metropolitan Areas Study.

In the course of my work I have often examined the reports and recommendations of the Advisory Commission on Intergovernmental Relations, and I have given rather close attention to those which are within my own areas of responsibility.

While I am sure that it is not the primary function of the Advisory Commission to serve professionals in the field, I think this is still an important aspect of the Commission's work and I see evidence on many sides that its findings are having an impact.

When I was working for the State legislature, we made it a regular practice to review the Commission's reports and recommendations for possible leads and new directions. Commission materials were a val-

uable source on the actions of other States and on developments generally in relation to the organization of local government in populous centers.

In the Office for Local Government we follow the practice of reviewing each year the State legislative programs of the Advisory Commission to determine what new areas of legislative action are being opened up and to check the position of the State of New York against trends and developments.

As Commissioner Burns has suggested, what we have here is a mutual relationship. In other words, I feel sure that the Advisory Commission on Intergovernmental Relations endeavors to keep abreast of developments in New York State and to communicate the results to the other States.

Three or four years ago at the office, we set up a program of State assistance to municipalities for pollution abatement and sewage works construction. Governor Rockefeller has since expanded this program and has come forward with a massive statewide program for pollution abatement, which has been unanimously adopted by both branches of the legislature.

I am certain that our original work was reflected in the Advisory Commission's study of governmental responsibilities for water supply and sewage disposal in metropolitan areas, and other New York State programs have had an influence upon the Advisory Commission's work.

So it seems to me, Mr. Chairman, that the Advisory Commission has a most important function to perform as a clearinghouse and catalyst. While it is not for me to say where this function should reside in the Federal establishment, I can observe that it should reside in an independent commission which takes an overview of Federal affairs and which enjoys a special, independent relationship to the States and their political subdivisions.

To draw a parallel from New York State experience, the Office for Local Government has been charged with this type of across-the-board function, and I do not think that it should be delegated to a department or agency of State government which has a heavy program of supervisory or regulatory responsibilities for local government.

It appears that the Advisory Commission is correct in dealing with problems step by step, rather than in attempting to deal with the total complex of intergovernmental relations. So many viewpoints are involved and so many conflicts of interest are present that there would be great difficulty in attempting to encompass everything within the scope of any single study or any single set of recommendations.

This was one of the problems which the Kestnbaum Commission had to cope with, and it would seem that there are values in dealing with things one at a time and doing followup work on a continuing basis.

I have observed with particular interest the work of the Advisory Commission as it relates to the structure and powers of local government and as it relates to the problems of metropolitan areas.

The Commission has adopted a generally well balanced point of view, and I certainly subscribe to Commissioner Burns' caution that there must be flexibility in dealing with these topics.

In New York State we are proceeding in two directions. Urban counties are being used, in considerable degree at local option, to support services and programs which are areawide or regional in character.

At the same time, there is mounting acceptance of intermunicipal cooperation and interlocal service arrangements to deal with questions which are plainly overlapping in character. However, situations differ among the States, and marked contrasts are presented by such matters as annexations, the incorporation of new municipal units, and special district procedures in New York State and elsewhere.

This is not a criticism of the Advisory Commission's activity with respect to such matters—rather it is an endorsement of the generally flexible position which the Commission has taken. It is an exceedingly difficult thing to prescribe for 50 States and thousands of political subdivisions.

The Commission has without question performed a most necessary service in underscoring State responsibilities. Commissioner Burns has alluded to the awareness of New York State in relation to its responsibilities, and this should not be a matter of surprise when you consider that over 80 percent of the people of New York State reside in standard metropolitan areas.

At times, it seems to me, the Advisory Commission on Intergovernmental Relations has shown a tendency to hold the States exclusively responsible for what are taken to be deficiencies in local government, and it may have overlooked the fact that there is also the factor of local responsibility. A State can mandate only up to a certain point. It cannot always dictate to municipalities under our prevailing system of home rule and local discretion.

As a practical matter, we have provided, in New York State legislation, choices and possibilities that are well ahead of the local procession. We have opened many possibilities for the municipalities which they have not yet fully utilized. If they were fully utilized, a lot of problems would disappear or at least appear in a different light.

If I may be permitted an observation, it seems to me there has been a tendency, perhaps on the part of the Commission, to lay too many things at the doors of the States. A State can only mandate or prescribe up to a certain point. We have legal and traditional views of home rule.

I think, truthfully, and I hope the Commissioner will agree, that one of the problems we have in New York State is to get the municipalities to avail themselves of all of the options and opportunities which are already available to them under constructive legislation.

If all of these choices and options were exercised it seems to me a lot of problems would disappear, or, certainly, they would appear in a different light.

So it is possible the Commission might have something to say on the subject of local leadership and responsibility, as well as State responsibilities.

One of the Commission's really outstanding reports was on the subject of property taxation, where much is made of State responsibility. No one could quarrel with the principles enunciated there. But the coldblooded fact is that under existing law and present arrangements, municipalities could do a far better job of property tax administration.

The Commission has mapped out an ambitious study program, and I understand that it has even more inclusive areas of research and report on its possible agenda. There is no dearth of problems, and one of the strongest reasons for continuing the good work of the Commission is that it should be permitted to follow the program which it has laid down, all of it being relevant and important.

At an earlier stage of the Commission's work, there was a tendency to be rather harsh in dealing with the States, and certain of the earlier reports and hearings of the Commission disclosed some intemperate views.

This particular phase seems to have passed, and people would now agree that its findings and recommendations are fair and well balanced. They are not equally applicable, however, to all the States. Nor is this to be expected. The main thing is that the Commission should be sound in principle and flexible in detail.

The Commission is to be commended for the high quality of its research and report output. Mr. Colman is entitled to his full share of commendation for this excellence and for the fact that the Commission's work commands increased respect as time goes on.

There is one thing which I miss in the reports of the Commission and that is enough specific reference to the accomplishments of the States and to the leadership which they have asserted in so many aspects of public service.

The work of the Commission reflects the experience of the States, and I wish this could be brought out more clearly in its publications. Sometimes one might get the impression that the Commission has originated many things which are only a reflection of what is being done already by various States and their municipal subdivisions.

Like Commissioner Burns, I should like to see more emphasis placed on Federal-State-local relationships. The Commissioner described the State partnership elements of the problem, and it would be desirable if these received greater emphasis. While the subject of metropolitan areas is virtually inexhaustible in all its aspects, it still represents only one facet of the issue of intergovernmental relations.

The Commission may wish to examine more closely the role of the Federal Government and to give the same careful attention to Federal and State relationships that it has, up to this point, devoted to State and local relationships. In working for the Bird commission on State fiscal policies in New York, those of us who were examining Federal-State relationships concluded that here was a very critical area indeed.

Surely out of all the experience and study there must be an area of agreement among those who are really concerned as to the essentials of the Federal and State relationship. In the field of grants-in-aid, which are a major segment of the problem, the partnership idea has up to now largely prevailed. This is the idea that assistance should be structured around State plans and channeled through State agencies.

Thus, a system of mutual and interacting responsibilities is created which not only works both ways, but which also contributes to sound State and local relationships.

Mr. Chairman, I greatly appreciate this opportunity to comment on the valuable work of the Advisory Commission, to urge its continuance

and progress, and to indicate some of the things which the Commission might want to consider in its future role.

Thank you, Mr. Chairman.

Representative FOUNTAIN. Thank you very much, Mr. Atkins. I hope none of the witnesses will think that our failure to ask a lot of questions is an indication of lack of interest. That certainly is not true, because many of you are making very complete statements that make it unnecessary to ask numerous questions. And also, we are faced with limitations of time, with additional witnesses scheduled to be heard.

Mr. Burns, I wonder if you might give us your opinion as to the impact which the Commission has had on State and local government in New York?

Mr. BURNS. We have had a very fine relationship with the staff of the Commission. I might say in that connection, the staff has been, and Mr. Frank Bane and Mr. Colman, particularly, only too anxious to come up to New York on occasions when we have had some meetings.

The office for local government runs a service of institutes and workshops of various kinds and seminars in connection with any of those programs, and, at times, it is most appropriate to have someone from the staff come to New York to tell the audience what kinds of programs, and what kind of thinking is taking place in Washington and among the States.

I believe that through the exchange of information which flows through its reports, drawing on the experience of the United States, as the Commission's reports move about the country, that we in New York derive some benefit from the experiences of others.

We would like to think that because the State of New York has been giving, we think, great leadership in many fields, we are also being helpful elsewhere in the country, in reverse, whereas the Commission is the only means we know of where our experience is made known to others.

As my statement said, an office like ours has an assignment similar to that of the Commission, in that it informs the President and the Governors about the programs affecting the entire country. In our office, we draw on the experience of all from whom we can to get the benefit of their experience, so as to inform, as a staff arm of the Governor, the things the grassroots are saying, to coordinate the State agencies, and do a research and development job on those things which are coming up.

So, in many respects the Commission serves as sort of companion to the program which is ongoing in the State of New York.

To answer your question, I think we are drawing a great deal from observing carefully those things which flow to us from the Commission and from the Commission staff.

There was a statement before about regional meetings. This is a difficult thing for the Commission to do, we can understand. But the staff's availability is such as to be quick to accept any invitation which comes to assist in that manner.

Representative FOUNTAIN. Mrs. Dwyer?

Representative DWYER. I was interested in what Mr. Atkins had to say about State government. I agree with you that, in many in-

stances, big cities shirk their responsibility, and then after their city has deteriorated, they run to the State and Federal Governments for help. I would just like to make that observation.

Representative FOUNTAIN. Mr. Roush?

Representative ROUSH. No questions.

Representative FOUNTAIN. Mr. Dow?

Representative DOW. No questions, Mr. Chairman.

Representative FOUNTAIN. I might add that the Advisory Commission has recommended that each State establish an office of local government, which New York set up prior to that recommendation. So they are "on the ball" up there.

I might say that my own State of North Carolina has had, for many years, an institute that advises and assists local government in many fields, as well as a commission that regulates local government borrowing. I think this has been very helpful to local government in my State.

Mr. BURNS. Through the Commission's encouragement, we have had many inquiries flowing from the States, and the standing offer continues. We will be delighted to receive any delegations that want to come to New York, or to furnish information which may be helpful.

We are prepared to send the statutes establishing our office, and to indicate the scope of the work, and to give some of the writing and research, volumes, and manuals, which flow from our office.

Representative FOUNTAIN. Thank you very much, both of you.

Representative FOUNTAIN. Our next witness is Mr. Patrick Healy, Executive Director of the National League of Cities.

We are delighted to have Mr. Healy with us. We have had experience with Mr. Healy before and he has been extremely helpful. I hope you can make some helpful observations and suggestions again this morning, Mr. Healy. It is nice to have you with us.

Mr. HEALY. Thank you, Mr. Chairman.

Representative FOUNTAIN. We would be particularly interested, Mr. Healy, in any views which you might have concerning some of the suggestions that have been made, such as increasing the membership of the Commission, the size of the staff, and broadening the Commission's responsibilities.

STATEMENT OF PATRICK HEALY, EXECUTIVE DIRECTOR OF THE NATIONAL LEAGUE OF CITIES

Mr. HEALY. Mr. Chairman and members of the joint committee, I am Patrick Healy, executive director of the National League of Cities. I am pleased to appear before you this morning as you conduct a joint hearing of the House and Senate Subcommittees on Intergovernmental Relations on the work of the Advisory Commission on Intergovernmental Relations.

The National League of Cities represents over 13,000 municipalities of all sizes throughout the country. On behalf of these cities and towns I would like to express our gratitude to you for the constructive work of your respective subcommittees in a field which is fraught with problems but short on rewards. The municipal officials of the Nation understand the diligent work you have undertaken in the complex

field of intergovernmental relations, not the least of which was your sponsorship of the legislation which created the Advisory Commission on Intergovernmental Relations.

We are happy to be in a position to comment on the work of the Advisory Commission on Intergovernmental Relations over the past 4 years. We like to speak with pride on this subject, since the National League of Cities—formerly the American Municipal Association—was one of the original sponsors of the legislation creating ACIR, which you gentlemen so ably handled in your respective committees.

In general, we are convinced that ACIR has established a record of sound and constructive activity in a field which can derive overwhelming benefits from the application of intelligent and thorough research. We believe that the heterogenic nature of the Commission—it consists of both executives and legislators representing all levels of government—is one of the features which allows it to make important contributions to the field of intergovernmental relations.

When this hybrid group of people sit down to consider the research activities of the Commission, the full interplay of opinions and interests creates a new understanding of the problem under discussion. This is governmental interaction at its best, because it maximizes the opportunities the Commission presents for reasonable men to arrive at desirable and practical solutions to the problems of intergovernmental relations in our federal system.

We feel that the Commission, under the leadership of Chairman Frank Bane, has secured an able and conscientious staff which serves the cause of sound intergovernmental relations well. We know that the Commission and its staff have a good working relationship with associations representing the public interest, and we are happy to have had many opportunities to work with the Commission on many problems of mutual interest. The occasions when we have differed with ACIR recommendations have been few in number and minor in importance.

Before making specific comments on the Advisory Commission on Intergovernmental Relations, I would like to point out some of the long-range considerations we believe govern the future of sound intergovernmental relations in the United States and which, in our judgment, should provide a framework of the ACIR's future activities.

For too many years people have assumed that government could and should be conducted with distinct and separate responsibilities allocated to local, State, and Federal levels of government. If this were ever true, it is certainly no longer the case today.

The business of government today is complex and made up of series of interrelationships between all governments, general and special alike, at all levels and between the levels themselves. The basic question before us today is how can we best distribute the limited public finances which are available for the total responsibility of giving governmental services to the public. The Advisory Commission on Intergovernmental Relations, through its continuing studies of public finance and governmental organization, has done much to substantiate this view of governmental action and interaction.

When the ACIR was established, State legislatures were malapportioned. The comment was frequently made that if State legislatures represented the urban areas properly, the State would then assume

many of the obligations, so it appeared, that had been shifted to Washington.

Well, the Supreme Court has decided that both houses of State legislatures must be apportioned on the basis of population, and it has now become popular to say that reapportioned State legislatures will assume responsibility for the needs of urban areas. We do not concur with this analysis. Even if we assume that the new, properly apportioned State legislatures will be completely responsive to the needs of urban areas, and the record on this point is not clear, major obstacles will prevent complete solution of urban problems.

One alarming but frequently overlooked fact is that State and local spending for goods and services for the first quarter of 1965 surpassed Federal spending for goods and services for the first time in nearly 35 years. All projections indicate that this trend will continue, barring, of course, a major war. State and local governments will spend increasingly more money than the Federal Government does despite the latter's lucrative tax sources. Similarly, State and local debt will surpass total Federal debt in the near future.

Compare all of this, if you will, to the fact that the Federal Government now collects 63 percent of all public revenues, while State and local governments get by on the rest. In 1902, over 51 percent of the public revenue went to State and local governments while the Federal Government used only 38 percent.

As John Kenneth Galbraith recently said:

The Federal Government, broadly speaking, gets the revenues. The States, and especially the cities, get the problems. As our fiscal system is now arranged, the fruits go one place, the burdens of growth go to another.

This is the backdrop for intergovernmental relations in the United States today—increasing costs and responsibilities locally with a diminishing share of public revenues being devoted to local government, including the States. Those who suggest that the State will step in magically and provide the funds which will be necessary to accommodate the problems of urbanization may be putting their money on a horse that is not even in the race.

We suggest, therefore, that this growing governmental crisis—adequate financing for the overwhelming majority of direct governmental services which are provided at the municipal level—is the most serious intergovernmental relations problem of our century. It should receive the attention of the best minds of our Nation; therefore it should become the top priority item on the Advisory Commission on Intergovernmental Relations' research agenda.

An example of the type of proposal which should be studied by ACIR is the so-called "Heller" proposal for solving this vexing problem of financing local government. This plan would call for a rebate of 1 to 2 percent of the receipts from the Federal income tax to the States, distributed, in the main, on the basis of population. We understand that this specific proposal has been withdrawn, in effect, from public discussion because of premature disclosure to the press and the criticism which the proposal evoked.

It is our judgment that the "Heller" proposal or any similar finance proposal designed to balance the tax revenue picture in the federal system should be undertaken by the Federal Government only after very careful consideration. While State grants-in-aid to local govern-

ments have generally increased over the last 20 years, they have not matched the growth and responsibilities of local government. Any proposal which would return federally collected revenues to the States for redistribution to local governments should be subjected to a thorough examination to insure that such redistribution will actually take place for the benefit of the citizens of urban areas.

We are convinced that all such proposals and the entire matter of financing local government, including the related organizational problems, should be subjected to careful ACIR (Advisory Commission on Intergovernmental Relations) study and review before the Federal Government begins to think seriously about any proposal which might initially distribute only \$1 billion but which might blossom into a fund for local government amounting to \$25 billion or more.

More specifically, I would like to mention several items which deserve your attention.

As you know, the Executive Director of ACIR is compensated at a rate which is fixed by the statute authorizing the Commission. This procedure was followed because of your interest in paying the Executive Director a salary comparable to the heads of other small Federal agencies, and the salary he has earned has been, until recently, higher than that provided for GS-18 at the time the statute was adopted.

With recent pay increases for Federal employees, this method of fixing the Executive Director's salary has proven to be unsatisfactory. We recommend that the original philosophy governing the salary for this position be followed and that the statute be amended to allow compensation of the Executive Director according to the Federal executive salary schedule.

In this connection, Mr. Chairman, I noticed that questions were asked about the size of the existing staff. I disagree with my colleague in the Conference of Mayors that the present staff is of sufficient size. I think the staff should be increased, and the budget should be increased, not necessarily to produce more reports for busy Commission members to try to digest, but to study in more depth those priority items which they do decide to study. They could certainly use more staff and I would strongly urge a higher budget for this purpose.

We are also concerned that the appointment of new members of the Commission, particularly those representing local government, takes an inordinate amount of time. While we would not suggest that the people suggested by the National League of Cities for appointment to the Commission not be subjected to proper character investigations, we would suggest that Congress give these appointments top priority by instructing that all investigations be conducted as promptly as possible. The relative lack of a sound working relationship between the Commission and the Congress and the White House concerns us.

Here I am talking about the awareness of the Commission. You have been over that ground this morning.

Gentlemen, the Commission and its staff are not made up of a group of impractical theoreticians, and we should do all that we can to dispel this notion. Members of the Commission, as well as members of the staff, are practical men with years of experience in government. Their practical experience has been the principal asset of the Commission and has led to the success it has experienced. Nevertheless, all of us should try to increase the awareness of the Commission and its work in both the Congress and the executive branch.

We would also urge you to encourage better coordination of the work of all commissions within the Federal Government which have an interest in the problems of local government. At the present time the ACIR (Advisory Commission on Intergovernmental Relations) may request testimony and comments from any Federal department, agency, or commission. Perhaps ACIR should be encouraged to do likewise with regard to the activities of other commissions, for example, the 1960 President's Commission on National Goals. Their recommendations have not been implemented by developing a national policy or program.

The ACIR is ideally suited to undertake this responsibility. Additional examples along this line include the Commission on Civil Rights and the recently disbanded Commission on Registration and Voting Participation. While it is necessary to have these bodies to coordinate specialized research in their respective areas, ACIR should be able to assist them whenever questions about local, State, or Federal governments and the relations between them arise.

We have always hoped that the Advisory Commission would be used increasingly as a forum by people from both private and public fields for discussion, consideration, and implementation of intergovernmental problems. This could be accomplished in a number of ways, including:

1. Requiring the Commission to hold at least one of its meetings outside of Washington, possibly in conjunction with the annual meeting of public or private associations with interests in the field of intergovernmental relations.

2. Sponsoring a nationwide conference on intergovernmental relations, cosponsored by such organizations as the National League of Cities and other associations with an interest in this important field. It would be helpful to hold such conferences on a regular basis at a time when State legislators could attend. To our knowledge a national meeting of this kind, where local, State, and Federal officials can meet to discuss ways they can help each other, has never been held. We would be happy to hold our annual meeting in conjunction with such a conference to insure the attendance of a large delegation of municipal officials, and I am sure other associations of local officials would do likewise.

3. Authorization for advisory committees within the ACIR with membership opened to both public and private people who would not normally be appointed to serve on the Commission itself. I believe this might answer your question about whether the membership of the Commission should be expanded. Rather than expand it, I think this advisory committee device might be a good one to consider. The use of such advisory committees would certainly increase the involvement of a cross section of our Nation in the important work of the Commission.

The Commission should inventory the problems of intergovernmental relations and suggest that other interested research groups or associations undertake studies in the areas included in the inventory.

They do have an inventory which they consider in connection with determining priorities. But such an inventory could be included in the annual report of the Commission to the Congress and the President where it will receive widespread attention.

Intragovernmental relations should also be considered within the purview of the Commission. Two areas which need immediate attention are municipal-school relations and coordination of Federal agency programs for local government.

Both of these problems are essentially limited to one level of government, and are, therefore, technically outside of the Commission's jurisdiction. However, the magnitude of problems such as these and the fact that they cross definite jurisdictional lines indicates that they should fall within the Commission's scope of authority.

On the points of accepting grants from research foundations, I have to take a different view than the one expressed earlier.

The enabling legislation for the Commission does not specifically allow it to accept contributions from general research foundations whose fields of interest touch upon intergovernmental relations. Such supplemental financing could materially assist the Commission with the completion of many items on its long list of research projects. Now that the Commission has established an excellent reputation for high-quality research which has a practical impact, we imagine that foundation support for special projects could be found.

The annual report of the Commission should contain information about the progress which it believes is being made in the area of its jurisdiction and interest. It would be interesting to know, for example, whether the Commission's recommendations for improving property tax administration have, directly or indirectly, led to such improvements on the part of the States.

Finally, we would like to make one technical suggestion. Late last year the name of the American Municipal Association was changed to the National League of Cities. Since our former name still appears in the enabling legislation, we request that the appropriate section be amended to reflect our new name.

I appreciate having this opportunity to comment on the work of the Advisory Commission on Intergovernmental Relations before this joint committee on behalf of the municipalities of the United States.

We are thankful that you and your colleagues in Congress have created this important research agency, whose work will improve our federal system. We recognize, as was stated in the Commission's sixth annual report, that ACIR can feel no compulsion to cover the entire field of intergovernmental relations within a fixed span of time. But within the past few years the work of the Commission has done a great deal to modernize and improve attitudes toward the relationships between Federal, State, and local governments.

Many of our suggestions this morning have the effect of broadening the scope of the Commission's activities, while others lead to intensifying its efforts. We feel a sense of urgency in finding solutions to the problems in this field, but, again, we are thankful that the Commission has already made many important contributions in the field of intergovernmental relations.

Representative FOUNTAIN. Thank you very much, Mr. Healy. I take it from what you say, and you made some very good suggestions, that the Commission is well worth the approximately \$400,000 a year the taxpayers are spending to support it.

Mr. HEALY. Very well worth it. To me it is a remarkable agency. The quality of work is superb, and it has had a tremendous impact in

my opinion, on this whole field, and as I have said, I think the amount of money should be increased.

Representative FOUNTAIN. Mrs. Dwyer?

Representative DWYER. No questions, Mr. Chairman.

Representative FOUNTAIN. Mr. Roush?

Representative ROUSH. Just one question, Mr. Chairman. On page 4 of your statement, Mr. Healy, you make reference to the Heller proposal, and then state that any proposal which would return federally collected revenues to the States for redistribution, should be thoroughly examined to assure that such redistribution would actually take place for the benefit of the citizens of the urban areas.

You don't mean the total exclusion of the citizens of the rural areas, do you? Rural areas have many problems, too. The rural schools in my area are perhaps the poorest schools in the State of Indiana. And we have bridge problems and highway problems and recreation problems in rural areas, as well as in our urban areas.

Mr. HEALY. I am sure we wouldn't suggest that the entire amount be distributed only for the benefit of urban areas. But the statement is in here because of the historic fact that in distribution of State revenues to the local units of government, the cities have been neglected, there is no question about it. And we would not want to see any system of Federal block grants to the States without some strings attached to insure that an equitable distribution of those go to the solving of urban problems. If we leave it to the States, we are afraid history will repeat itself and the cities will get the short end of the stick.

Representative ROUSH. That is all, Mr. Chairman.

Representative FOUNTAIN. Mr. Dow?

Representative DOW. No questions, Mr. Chairman.

Representative FOUNTAIN. That latter statement of yours prompts me to wonder if maybe you are not too skeptical about the potentiality for strengthening State government and encouraging State governments to become more mindful of the problems of local government.

Mr. HEALY. I am a firm believer in strengthening State government and in encouraging them to become more mindful of the problems of urban affairs, urban areas. The Commission has made a number of recommendations along this line and undoubtedly will make more.

I referred, for example, to reapportionment. We do not believe that the mere reapportionment of legislatures is going to cause an appreciably better attention on the part of the States to urban problems. States need to do a number of things. In my opinion one thing that should be done is to change some archaic constitutional restrictions.

For example, I think that each State that hasn't already done so recently, and about five have modernized their constitutions, but I think every State ought to take a good look at its constitution, with the idea of either holding a constitutional convention, or submitting amendments to remove some of these obsolete or archaic restrictions that are causing the weakness of the States. One of them being the legislature itself.

In addition to reapportionment, I think the legislature should be a full-time body, meeting annually, with trained staff people for each member and for the committees, and pay them, pay the members enough to permit them to leave their business at home, move to the

State capital with their families and work at the job the way Congress does. This is in my opinion the only way a legislature is going to give adequate consideration to these matters.

Another amendment ought to remove the constitutional limitations on the State's power to tax itself and its power to issue debt. The debt limitations and the tax limitations on local governments should be removed. These things should be left up to the State legislature.

The executive articles ought to be changed in a great many States. Certainly they ought to give a Governor a 4-year term. I think they also should centralize responsibility for the executive branch of the government in the Governor, instead of having it dispersed all over, a lot of constitutional officers being elected. These are some of the things the States can do, and I think some day they will do it.

Representative FOUNTAIN. Thank you very much.

Our next witness will be introduced by one of our very distinguished members, Mr. Roush, of Indiana. Mr. Roush.

Representative ROUSH. Mr. Chairman, I am pleased to present to the committee Mr. John V. Barnett, who is the executive vice president of the Indiana State Chamber of Commerce. Mr. Barnett is a distinguished citizen of our State. His organization is a thriving organization which has worked diligently for the benefit of the citizens of not only our State, but in this Nation, and he is appearing here as a representative of the Chamber of Commerce of the United States.

Representative FOUNTAIN. Thank you very much, Mr. Roush. We are delighted to have you, Mr. Barnett. I don't know whether you are a constituent of Mr. Roush's or not, and this is not a routine observation on my part, but I think the State of Indiana can be proud of his representation here in the Congress. He and I don't always see eye to eye on legislation, but in my opinion he reflects credit on his district and upon the State of Indiana.

Mr. BARNETT. We would agree with you, sir. I am not one of Mr. Roush's constituents, but we had the opportunity to be associated when he was a member of the assembly, and he did a distinguished job there, too. So we are very proud of him.

I will just enter this statement for the record, and quickly go through what we consider the highlights of the statement.

Representative FOUNTAIN. Yes, your statement will become a part of the record.

**STATEMENTS OF JOHN V. BARNETT, EXECUTIVE VICE PRESIDENT,
INDIANA STATE CHAMBER OF COMMERCE; AND HAROLD H. HAIR,
GOVERNMENT OPERATIONS AND EXPENDITURES PROGRAM,
CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA**

Mr. BARNETT. To identify myself, I am John Barnett, the executive vice president of the Indiana Chamber of Commerce, which is a member of the Chamber of Commerce of the United States, and I appear today on behalf of the national chamber.

We, along with the other groups, appreciate the opportunity to appear before this committee and to say we recognized the need for the Commission when it was first established in 1959, and the national chamber has supported the appropriations and its work since that time. I think all of us are agreed that there is a need for greater

understanding of the emerging problems in the field of intergovernmental relations. The national chamber and the various State and local chambers are involved in these problems. Day-to-day contacts impress us more and more of the problems we have in this field.

We feel we are moving in the direction of perhaps less separateness and more cohesiveness between the central governments, and the States and between the Federal and the local governments and the problem we see is one of trying to prevent the Federal Government from overcoming the advantages that flow from strong and effective State and local governments. And we understand that is an objective of this Commission also. Their purpose, of course, is to affirm and advance strong State and local governments.

I might comment here that we have another distinguished Hoosier, who I believe was the chairman of the first one of these intergovernmental relations commissions that was created, Dean Clarence Manning, of the Law School of Notre Dame, and he worked at it so enthusiastically and aggressively and effectively that they got another chairman after a while. But we do indicate our interest in that respect, and also would stress the fact that we do not believe that intergovernmental relations is a temporary thing or something that will pass in the night. There is a need for a permanent agency, such as this one, to do the research and provide some of the factual information that would hopefully guide some of the State legislatures and the local units in that respect.

Last summer I had the opportunity of participating in a conference at Claremont Men's College in California on local government finance, and my observation then was that much of the success of that conference—which I thought was very good—came from the fact that the research work that had been done by the Advisory Commission was basically that which was utilized in the discussions. And I think it was a very productive conference which will have some long-range benefits to the cause of local government in the State.

We would stress the increasing cost of government at all levels, which further emphasizes the need for continuing studies of this type, and also remind you perhaps of something that may be one step removed: the problems that the State governments and their political subdivisions are faced with now; the mounting costs of State-supported services, such as education, welfare, mental health, and highways; and the problems that a State legislature faces in raising this type of money or allocating present revenues.

All of these are very important, and we do need the guidance of studies such as the Commission makes. The constant review of the grant-in-aid programs is one that is, in our judgment, most important. We are not taking an adamant position opposed to grants-in-aid, because we think this system is well established, but it unfortunately is not the cure-all for almost every problem that I think some people feel it is. Actually it can't solve our problems, but it is sort of a vehicle to help the local units do a more effective job in some of these areas.

We suggest also that under grant-in-aid programs there are some instances in which the opportunity of the local units to exercise their best judgment in the administration of the program is defeated. This is another instance where we think this Commission can render a very

effective service, in seeing that the maximum amount of local and State autonomy is retained in those areas where we have Federal grant-in-aid programs.

We submit as one of the instances in our statement, the recent experience of Cleveland, with the urban renewal program there, when the Federal agency dictated to that city some of the work that should be done. We had an instance in our own State legislature this last time when we were attempting to rewrite our vocational education law and were unable to do it in the manner in which we wanted to, primarily because of the utilization of Federal funds.

So we think these are all things that should be very important and should have the continuing attention of this Commission.

Recently Commission Chairman Bane was quoted as saying:

The Commission's work is only partly completed with the publication of reports. The end product desired is the followthrough and the implementation of the recommendations designed to strengthen Federal-State-local relations. The Commission should continue appropriate promotion of legislation and other measures designed to maintain strong State and local governments.

We subscribe to that theory, not with the idea that we would be actively lobbying on the part of the Commission or its representatives in the State legislatures' halls, but that these studies would be made available to interim legislative study commissions, which I believe most of the States have now. And, after study by the State groups, they, in turn, could be considered by the legislature, when in session.

The national chamber is making every effort to cooperate with the Commission. Last November we sent the Commission's 1965 legislative program to the volunteer presidents and the chief staff executives of all of the State chambers in the country, and Mr. Coleman appeared before the chief staff executives of these organizations at a meeting last February where he had the opportunity of discussing the Commission's work, to invite our comments, and to solicit our cooperation.

Before closing I would like to say that we recall and cite my earlier reference to the recently enacted programs that add new dimensions to Federal-State relations.

A development we believe that will certainly be worthy of the Commission's attention is the trend toward regional government, such as that embodied in the recently passed Appalachia legislation. I think it is apparent from the bills now pending that great pressure is building up to extend the Appalachia regional concept to other areas of the Nation, and it is our judgment now that it is perhaps too soon to tell what impact this concept may have on the traditional federal system we have known, but it should be watched closely to assure that it does not degenerate into a series of regional governments that would be dominated by the Central Government and bypass the State and local governments.

I might add we in Indiana are taking some experimental steps in that direction with regard to air and water pollution, with the State of Illinois. So far it has worked very well. But this is an area we do need to give intensive study to, as we go through the early stages of this approach.

I would say, in conclusion then, that the national chamber commends the Advisory Commission for its past work and urges the Congress to continue its support for the Commission.

There are a number of areas which merit the Commission's attention, in order that our federal system of government can be strengthened, our tax dollars may be used most efficiently and our various freedoms may be maintained. We certainly think the Nation will benefit from the continuing attention by the Advisory Commission to those intergovernmental problems still facing us. Thank you very much.

(The complete statement of Mr. Barnett follows:)

TESTIMONY OF JOHN V. BARNETT FOR THE CHAMBER OF COMMERCE OF THE UNITED STATES

My name is John V. Barnett. I am executive vice president of the Indiana State Chamber of Commerce, which is a member of the Chamber of Commerce of the United States. I appear today on behalf of the national chamber.

The national chamber appreciates the opportunity to testify at this joint hearing to evaluate the record of the Advisory Commission on Intergovernmental Relations. This testimony will be limited largely to comments on the three basic purposes for which these hearings are being held:

1. To evaluate the Commission's performance to date with respect to its assigned functions.
2. To further define the direction in which we are moving in the intergovernmental relations field.
3. To consider the Commission's future role.

The national chamber recognized the need for the Commission when it was established in 1959. Commission activities since that time have been observed with great interest and the Commission's good work is commended. In recognition of the Commission's record, the chamber has supported the President's budget recommendation for the Commission for the coming year.

It is agreed that there is need for greater understanding of the emerging problems in the field of intergovernmental relations.

In the intergovernmental relations field, it is evident that we are moving in the direction of less separateness and more cohesiveness between the Central Government and the States, and between the Federal Government and local governments. The problem as we see it is how to prevent the Federal Government from overcoming the advantages that flow from good State and local governments.

It is our understanding that a purpose of the Advisory Commission on Intergovernmental Relations is to support, affirm, and advance the beneficial influence of viable State and local governments. We heartily support this goal. We need a strong Central Government. But we also need strong State and local governments as well.

THE COMMISSION'S PERFORMANCE TO DATE

The Advisory Commission follows a number of worthy Government bodies concerned with reform, reorganization, or review of the federal system. Noteworthy among these since World War II have been:

The Hoover Commissions on Executive Organization (1947-49; 1953-55).

The Kestnbaum Commission on Intergovernmental Relations (1953-55).

The Joint Federal-State Action Committee (1957-59).

However, these predecessors all were on a temporary basis with tenures generally of only a year or two. The present Commission's experience is already two to five times as great and on a current status.

Intergovernmental relations is not a temporary problem. It calls for continuing rather than spasmodic attention.

The Commission has conducted many studies and issued numerous reports dealing with problems in the fields of taxation and finance, governmental structure and functions, and metropolitan areas. The data developed in these studies are of immeasurable value. They are of particular benefit to officials in the executive and legislative branches of all levels of government. The reports and recommendations also are of benefit to citizens and organizations concerned about our federal system.

Potential savings in operations of the Federal Government are vital in the face of rising governmental costs. Adoption of one Commission recommenda-

tion—that for periodic review of Federal grant programs—would doubtless lead to curtailment or reduction of outmoded or overextended programs. This would result in savings that would probably pay operating costs of the Commission for years to come.

This recommendation for periodic review has been translated into legislative proposals by the chairmen of these two subcommittees. The Senate bill was approved unanimously last year. The national chamber has endorsed the current proposal and hopes that it will be approved by both the House and Senate this year.

The 1965 State legislative program of the Commission is a significant contribution toward the goal of strengthening State governments. The 35 legislative proposals in the program are being given serious consideration by the States. During 1963-64, 13 State laws were enacted in accord with Commission recommendations. In addition, many Commission proposals have the full support of organizations of State and local public officials.

CURRENT PROBLEMS IN INTERGOVERNMENTAL RELATIONS

Currently one major problem in intergovernmental relations is in the financial area—the production of revenues to support rising costs of government at all levels.

Total government spending—State, local, and Federal—is expected to pierce the \$200 billion level in fiscal 1965. The \$203 billion estimate compares with total government spending of \$70 billion in 1950—almost three times as much over a 15-year period.

In the same years, selected consumer outlays—clothing, housing, and food—increased from \$93 to \$183 billion, roughly twice as much. The chart illustrates better than figures how government spending has risen far more than consumer spending.

Not only in Washington, but in virtually every State capital, city hall, and town office, the trend of expenditures is upward. New ways of obtaining revenue to pay the bills are under constant study. In addition to tax revenues, borrowing or getting more grants-in-aid from higher levels of government receives serious consideration.

It is noteworthy that the Commission has given major study to this matter of taxation—and specific revenue sources.

State governments and their political subdivisions are faced with acute problems of mounting costs for State-supported services such as education, welfare, and highways. They have difficult choices to make in developing new revenue or tax sources to support these steadily rising expenditures.

State and local tax collections rose at the rate of slightly more than 8 percent per annum over the past 10 years. Expenditures in the same period increased about 9 percent.

Thirty-five States are now considering proposals which, if adopted, would add \$3 billion to State tax revenues. Such revenues were \$24.2 billion in fiscal 1964.

In view of the above situations and of what they imply, we believe there is ample reason to urge continuance of the Advisory Commission on Intergovernmental Relations. We believe the Commission can contribute materially by suggesting solutions for problems which will develop with increased government spending at Federal, State, and local levels.

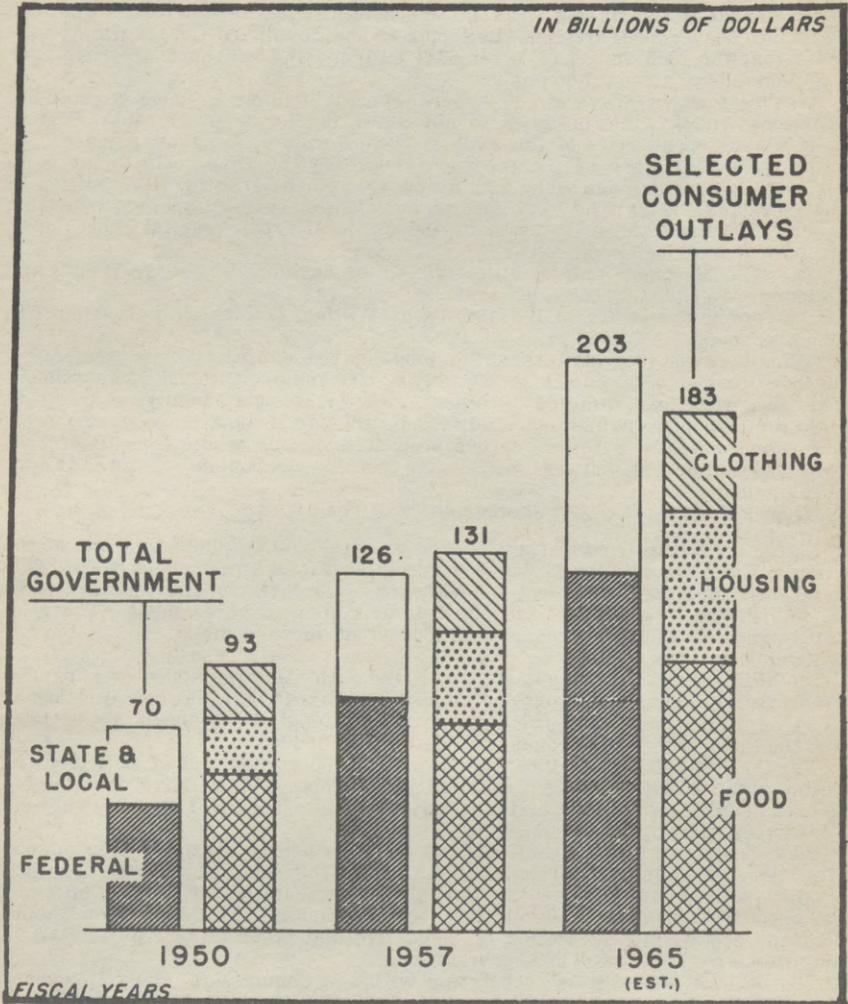
Another major problem stems from the growing use of the grant-in-aid device for providing Federal aid to State and local governments.

The system of grants-in-aid goes back at least to 1802, but got a real boost in 1916 when Congress approved grants to States for building rural post roads. With the depression 1930's Federal grant programs mounted rapidly in terms of both numbers and expenditures. In fact, when establishment of this Advisory Commission was approved in 1959, on an average the States were receiving from the Federal Government about one-sixth of the money they spent.

In a 10-year period total Federal aid to State and local governments will have more than tripled, rising from \$3.8 billion in 1956 to an estimated \$13.6 billion in 1966.

In the decade ending in 1966, highway construction grants will have increased more than fivefold, rising from \$729 million in 1956 to an estimated \$3.9 billion in 1966, the largest increase in Federal aid for any purpose during

this period. Grants for public assistance will have more than doubled since 1956, increasing from \$1.5 billion to an estimated \$3.5 billion in 1966.



(The above chart is from "New England Letter," May 1965, First National Bank of Boston.)

This is not an argument against the grant system itself. Grants are probably here to stay. As early as 1923 (*Massachusetts v. Mellon*) the Supreme Court ruled that neither a taxpayer nor a State has the right to contest the constitutionality of a grant.

But unfortunately the Federal grant system is looked upon by some as the cure-all for almost every problem. In fact, it cannot solve all problems. Furthermore, the grant system can be abused—and we believe strongly that it has been. For example, the Federal aid program for federally impacted school districts—supported by the national chamber when it was launched—has come to be abused.

This program was first authorized in 1950 on a relatively modest scale. During fiscal 1955, \$75 million was granted to 2,713 school districts having 907,-

929 pupils whose presence stemmed from Federal activities in or near these districts. The program proved extremely attractive to legislators representing the school districts receiving these grants. Contrary to President Eisenhower's recommendation for cutting back as the school districts become better qualified to finance their school systems, the Congress has liberalized the program to the point that the 1966 budget calls for \$347 million for 4,300 school districts with 2 million federally connected pupils.

Another form of abuse is the Federal control implicit in some grant-in-aid programs which, while designed to aid State and local governments, tend to make them dependencies of the Federal Government rather than partners. It is the perennial story of the piper payer calling the tune. The point is illustrated in a front-page story which appeared in the May 14, 1965, edition of the Cleveland Press. The local government (in this case, Cleveland) is getting orders from the Federal Government about a local urban renewal program, as the following excerpt makes clear:

"Cleveland is under *federal ultimatum* to 'produce or else' in the Hough and University-Euclid slum clearance area.

"The order was issued in Washington by William L. Slayton, national urban commissioner . . .

"Slayton also suggested that the long-delayed project be put under the direct supervision of James P. Friedman, city slum clearance commissioner. This suggestion is *considered an order* . . ." [Emphasis added.]

So it is our hope that serious study can be given to two matters—where, when, and how the grant system is or has been abused—and where it is ineffective. Both these lines of inquiry fall clearly within the bounds of the Advisory Commission.

THE COMMISSION'S FUTURE ROLE

As for the future role of the Commission, it should be noted that one of the virtues of the Commission is that it was established on a permanent basis. This is essential because the subject it deals with—intergovernmental relations—will be with us as long as we have our federal system of government. The relations—and attendant problems—are becoming more complex under today's dynamic condition.

In the category of grants-in-aid alone, the 88th Congress added or expanded 17 programs. Two new programs approved this year will add new dimensions to Federal-State relations—the Appalachian Regional Development Act of 1965, and the Elementary and Secondary Education Act of 1965.

The Civil Rights Act of 1964, the Economic Opportunity Act of 1964, and the voting rights bill now being considered in Congress, will all have considerable impact upon Federal, State, and local governments. They will generate subjects for further study by the Commission.

Commission Chairman Frank Bane is correct when he says that the Commission's work is only partly completed with the publication of reports. The end product desired is the follow-through—the implementation of recommendations designed to strengthen Federal-State-local relations. The Commission should continue appropriate promotion of legislative and other measures designed to maintain strong State and local governments.

The national chamber is cooperating with the Commission. Last November we sent the Commission's 1965 legislative program to the volunteer presidents and the chief staff executives of all State chambers of commerce and to the volunteer and professional leaders of more than 75 major city chambers of commerce. In addition, at our invitation, Mr. William G. Colman, Commission executive director, appeared before the chief staff executives of these same organizations, when they met in Washington this past February, to discuss the Commission's work.

In closing, let me recall my reference earlier to recently enacted programs that add new dimensions to Federal-State relations. Another development worthy of Commission attention is this trend toward regional "government," such as that embodied in the recently passed Appalachia legislation. It is apparent, from the bills now pending, that great pressure is building up to extend the Appalachia regional concept to other areas of the Nation. It is too soon to tell what impact this concept may have on our traditional federal system. But it should be watched closely to assure that it does not degenerate into a series of regional "governments," dominated by the Central Government and bypassing State and local governments.

SUMMARY

The national chamber commends the Advisory Commission for its past work and urges Congress to continue its support for the Commission. There are a number of areas which merit the Commission's attention in order that our federal system of government can be strengthened, our tax dollars may be used most efficiently and freedom may be maintained. The Nation will benefit from the continuing attention by the Advisory Commission to those intergovernmental problems still facing us.

Representative FOUNTAIN. Thank you very much, Mr. Barnett. While this subcommittee has no jurisdiction over the matter, I am curious to know if the chamber has taken a position concerning the Heller recommendation for redistribution of revenues to the States?

Mr. BARNETT. I would like to ask Mr. Hair to speak on that, Mr. Chairman.

Mr. HAIR. The chamber has no formal position concerning the so-called Heller proposal.

Representative FOUNTAIN. This is Mr. Harold H. Hair, government operations and expenditures program. We are glad to have you with us too, Mr. Hair.

Mr. HAIR. The chamber has examined the articles as they appeared in the press concerning the suggestion for returning some of the revenue to the States, sometimes referred to as revenue-sharing, or block grants. It is the chamber's position that, first of all, we don't have a surplus; we don't yet have any surplus revenue to return to the States. Also, the chamber has had a longstanding position that we would like to see some reduction in the Federal debt, and we would like to see additional tax rate reductions. So at this time the chamber would object to proposals to return money to the States from tax collections.

If a concrete proposal is made, then we will examine it at that time.

Representative FOUNTAIN. I note you are listed here as a witness. Do you have any further statement you would like to make? If you do have any prepared statement, we would be pleased to make it a part of the record.

Mr. HAIR. No. However, I would like to add—in connection with the activities of the Commission and Mr. Colman's cooperation—that the chamber is going to sponsor a 3-day seminar on community development next month here in Washington. During those 3 days community development techniques will be taught by representatives of cities who have had successful development programs. They will describe how their programs have worked. Attending, will be businessmen, officials, local chamber of commerce officials, and others. We have invited Mr. Colman, and he has accepted the invitation to speak to this group on the subject of improving local and State government action on urban problems.

Representative FOUNTAIN. Mrs. Dwyer?

Representative DWYER. No questions, Mr. Chairman.

Representative FOUNTAIN. Mr. Roush?

Representative ROUSH. Mr. Chairman, although this statement reflects the very conservative and cautious attitude of the chamber of commerce, I think it is as constructive a statement as I have ever seen the chamber of commerce produce, and I am very proud that one of my Hoosier citizens could make it. It is a very constructive statement.

On page 4, however, I would like to raise a question concerning the comparisons that are made there. It has to do with total Government spending. Now the comparison is between the Federal outlay and certain selected consumer outlays, and you have picked clothing, housing, and food. These are perhaps those areas where the increase in cost has gone up the least, and it doesn't seem quite fair to me that anyone glancing at this might say, "Oh, my, look what has happened here," when in fact hard goods have in fact perhaps gone up much more than clothing, housing, or food.

And then I would like to call your attention to the last two bars on the chart, the one on the left which reflects Government spending, both Federal and local. Mr. Healy testified, just a moment ago, that for the first time State and local spending was going to surpass that of Federal spending. The chart, if we were to take the bars, shows that, or indicates that almost two-thirds of all government spending is on the Federal level. It seems to me that the division point should be about the halfway mark there, and anyone glancing at the chart I believe would be misled. Of course it doesn't reflect the fact that the comparison is between the fiscal year, I assume, of 1950, which was prior to the Korean war, when our defense spending was at its lowest and 1965, when half of our budget goes toward defense expenditures. I wonder if either of you have a comment on these criticisms which I have leveled at this particular page?

Mr. HAIR. Yes, Mr. Roush. First of all, this was not intended to be a criticism of the total government spending as such. It was just to point up the fact that the total is large. In connection with your comparison of the Federal total with the State and local totals, this chart was taken from the Newsletter put out by the First National Bank of Boston. When you talk of the amount of Federal Government spending, there are many different opinions as to how much the Federal Government is spending. The budget talks in terms of \$100 billion. But we are also spending money in trust funds, and public enterprise transactions, and many people would point out that the total outlay by the Federal Government is \$143 billion, and not just \$100 billion.

Mr. BARNETT. Another factor that may enter into this is that the chart probably relates to sources of funds. Some of these expenditures by the local government are originally from Federal moneys that come down through grant-in-aid programs. So this may be based on source of funds rather than the spending agency.

Representative FOUNTAIN. We have one more witness, but I will have to recess the hearing at this time for about 15 minutes so the members can answer a quorum call on the floor.

(Thereupon, a short recess was taken.)

Representative FOUNTAIN. Let the committee come to order.

It gives me great personal pleasure to welcome and to introduce former Gov. John Anderson, of Kansas. Like former Congressman Brooks Hays, who testified at yesterday's hearing, Governor Anderson appears here today as a representative of the academic community, since he is currently a visiting professor, I understand, at the University of Massachusetts. Governor Anderson was an extremely constructive and active member of the Advisory Commission, and his views, therefore, should be especially helpful to the subcommittees.

I might also say that his standing among his fellow Governors was attested to by the fact that he was chosen to serve as chairman of the

Governors' Conference. There are a lot of other things we could say about Governor Anderson, who did such a superior job while he was a member of the Advisory Commission. I am quite sure, Governor, you have some interesting observations to make and we are delighted to have you with us this morning.

**STATEMENT OF HON. JOHN ANDERSON, JR., FORMER GOVERNOR
OF KANSAS AND FORMER MEMBER OF ACIR**

MR. ANDERSON. Mr. Chairman, and members of the committee, I appreciate very much the opportunity to meet with you this morning and to spend just a few minutes with you and to make only a few brief remarks. I might say for the record that I enjoyed very much serving on the Advisory Commission for the 4 years that I had the opportunity to serve my State.

I will submit for the record a written statement and I will review it briefly and then make some brief additional remarks.

I understand that Chairman Bane has given a full and a very impressive summary of the work of the Commission and its accomplishments during the some 5 years that the Commission has been in existence. And there have been continuing studies given by the Commission over that period of time and Chairman Bane and others have given constructive testimony before the committee on this, and have made recommendations.

I believe that the Commission's work has been very stimulating to public officials concerned with the problems of government at all levels in our federal system. The value of the work of the Commission over the period of years is inestimable and really the value of the work of such an advisory commission cannot be measured at any given point because the real value of the work of this Commission is intangible today, as to what its effect may be in a year or in a number of years to come.

But I presume that your subcommittee didn't ask me to appear or other witnesses to appear here just to praise the Commission.

Representative FOUNTAIN. Most assuredly we didn't.

MR. ANDERSON. I am sure your committee does know of the value of the work of the Commission, and really the record is before you at all times. So I would like to take this opportunity to explore just a little the ways and means by which the effectiveness of the Commission might be improved in the future.

In a real sense one of the basic purposes of the Advisory Commission is to stimulate public discussion on a continuing basis of the inter-governmental issues posed by the rapidly changing national life and the structure of our Nation in its social, economic, and political roles. Indeed the members of the Commission as well as the staff have always been concerned with furthering the discussion of its recommendations within the political institutions throughout the Nation, and it is difficult to stimulate appropriate review or discussion and evaluation of suggestions and recommendations, and it is even more difficult to correctly assess, I think, the extent to which policymakers in national governments, in State governments, and in the cities and counties have a working knowledge of the Commission's work at any one given period in time.

While the Commission is succeeding in developing reasonably effective working relationships with the research departments of Federal and State executive agencies, and with the State legislative research agencies, much scope remains for strengthening the Commission contacts with the political leadership with the legislative branches of our Government. And from the viewpoint of a Governor's position, I know that there is much in the reports and in the recommendations of the Advisory Commission that can be extremely helpful to the development of the legislative bodies. What is more important, this will tend to become increasingly so, with the passage of time, as the Commission delves further into the problems of an intergovernmental nature.

The importance of the legislative process has not been overlooked by the Commission, but it has not yet succeeded in developing a really satisfactory working relationship with either the congressional or the State legislative leadership. I realize this takes time, and we have a changing membership from time to time, but the effectiveness of implementing the research and the ideas of the Commission with the membership of State legislatures and congressional members and committee work is essential to bringing to fruition the research and development of ideas by this Advisory Commission.

The Commission may be able to organize itself better for responding to congressional requests for advice and comment I think, and I recognize that the Commission staff is not in a position to make policy decisions relating to many of the types of legislative proposals considered by the Congress, because time itself would not permit this solicitation of comments by the full membership of the Commission. Even in such situations, however, the experienced staff can be of value to legislators engaged in developing the intergovernmental framework within which the new programs under consideration can operate for maximum effectiveness. This problem of legislative relationships, of course, always exists with State legislatures throughout the country.

Now another aspect of the Commission's work which has given some concern is the degree to which the Commission confines its explorations within the limits of institutions already established in our federal system. From one standpoint, Public Law 86-380 limits the Commission's deliberations in this way. On the other hand, the pace of the change in the social, economic, and political life of the country is so rapid as to challenge the capability of these institutions for coping with them. Our system is not the only federal system in the world, and there may be experience in nonfederal systems of potential usefulness to this Nation and to our States. Tools of government cannot be insulated from the technological change which is overtaking all aspects of our national society, and it is going on at a greater pace than has ever happened in the history of mankind. The problem I am posing can perhaps be illustrated by reference to the fiscal plight that faces our States in the States' sphere of government today. The members of your subcommittee need no reminder, I am sure, that much of the postwar growth in the cost of American government has had to be absorbed by State and local governments. We have heard testimony here this morning and there has been considerable writing and publication to this effect in recent months. The State and local governments have succeeded in financing record increases in levels

of spending in recent years. It may be less widely appreciated, however, that in accomplishing this result, many States have gone a long way toward exhausting the conventional tax tools that we associate with State government today.

I am sure your members are also aware that the fear of driving business and industry to other jurisdictions is rapidly becoming one of the controlling determinants of State tax policy, especially from the viewpoint of political leadership, sensitive to the reaction of the voters.

I have mentioned on other occasions that we have a new and different type of war between the States going on throughout the Nation today. It is a real type of war, and a real problem for policymakers, particularly at the State level. Many legislators today, in session after session of State legislatures, are finding themselves in a position of enacting new laws, different laws than they are accustomed to in their States more or less as a reaction to what has happened in a State next door or even removed from the boundary areas.

Now I wonder whether the time is not rapidly approaching when the conventional devices of Federal financial aid to the States will not need to be supplemented in such a way that the superior taxing capabilities of the National Government might be shared with the States. Admittedly the general purpose of national grants and Federal sharing of tax revenues with the States is somewhat alien to our governmental system. Conceivably they should continue to remain so. I do not wish to prejudice the question, but I do presume to suggest that intergovernmental techniques should not be excluded from the consideration of the Advisory Commission solely because it hasn't done so before. This illustrates the range of problems in division of functional responsibility in governmental structures, and in sources of financing which have not yet been touched by the Commission in its work.

Now I want to conclude with reference to the statement here by associating myself without reservation of any kind with the four suggested changes made by the chairman of the Advisory Commission in provisions of Public Law 86-380. In my opinion they would be helpful to the work of the Commission. They would add to the ability of the Commission to function effectively, even more so than it has. And because the suggestion made before your committee is in my opinion of importance to all levels of government today, and since I have not had time really to, and don't want to take time, because I know I am imposing on you now by lengthening this hearing, I would like to request the privilege of supplementing my statement in that respect and furnish it in writing so you may add it to the record.

Now I would like to make one brief additional remark. It seems to me that this Advisory Commission can be helpful in ways that are imperceptible really to vast millions of people in our Nation, and knowledgeable only to those that are perplexed with these problems of government on a day-to-day basis. But the Advisory Commission probably is the single or sole agency that we have in the United States today in our federal system working with the intricate and changing problems of government on a day-to-day basis, and the only agency that may function in such a way as to look to tomorrow for ways and means of strengthening the State government, enabling the Central

Government to work with the State and local governments. I don't mean to overlook or ignore in any way the problems of the municipalities and the great metropolitan and urban areas of our Nation today, but some agency of Government recognizing the problems of all levels and structures of our Government today must concern itself with finding solutions to problems that will allow the continuation of the principles upon which we have operated now for 175 years, of maintaining the division of powers between the levels of government and the balance of powers between the levels of government. The demands of the people today for more and more services and the extremely high cost of furnishing those services on a day-to-day basis present an ever-present danger it seems to me of foregoing the maintenance of this balance of power and the division of power in government that is going to be required if we protect that which has been dear to us and was formulated by people whose wisdom I think we are unable even yet to properly evaluate.

I want to thank you very much for the opportunity of appearing here and I will be glad to discuss any particular facets of what I have said or other material before the committee.

(The statement of Mr. Anderson follows:)

STATEMENT OF JOHN ANDERSON, JR., VISITING PROFESSOR, UNIVERSITY OF MASSACHUSETTS

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to spend a few minutes with you discussing the record of the Advisory Commission on Intergovernmental Relations. While Governor of Kansas, I served for 4 years on the Commission and found this association both stimulating and rewarding.

Chairman Bane has already given an impressive summary of what the Commission has accomplished and how it has done it within the terms of its statutory mandate. The continuing study given by the Commission over the past 5 years to the relationships among local, State, and National levels of government has, in my judgment, been extremely constructive. The recommendations of the Commission have called attention to the fact that our public needs have changed, that traditional public responsibilities have shifted in terms of relative importance, that the structure and programs of government must be adapted to new demands. In short, I believe the Commission's work has stimulated public officials and concerned citizens to a new appreciation of the strength of our federal system and of the value of joint governmental efforts for solving the problems confronting today's America.

I presume, however, that you did not ask me to come before you to praise the Commission—its splendid record is there for all to see—but to give me an opportunity to explore ways and means by which the effectiveness of the Commission might be improved.

In a very real sense, one of the basic purposes of the Advisory Commission is to stimulate public discussion on a continuing basis of the intergovernmental issues posed by our rapidly changing national life. Indeed, the members of the Commission, as well as the staff, have always been concerned with furthering discussion of its recommendations within the political institutions of our society. It is difficult to stimulate appropriate review, discussion, and evaluation of suggestions, and recommendations, and even more difficult to correctly assess the extent to which policymakers in national governments, in State governments, and in cities and counties have a working knowledge of the Commission's work. While the Commission is succeeding in developing reasonably effective working relationships with the research departments of Federal and State executive agencies and with the State legislative research agencies, much scope remains for strengthening the Commission contacts with the political leadership within the legislative branches of our governments. From the viewpoint of one former Governor, I know that there is much in the reports and recommendations of the Advisory Commission that can be extremely helpful to development of legislative policies. What is more important, this will tend to become increasingly so

with the passage of time as the Commission delves further into problems of an intergovernmental nature. The importance of the legislative process has not been overlooked by the Commission but, in my opinion, it has not yet succeeded in developing a really satisfactory working relationship with either congressional or State legislative leadership.

The Commission, for its part, may be able to organize itself better for responding to congressional requests for advice and comment. I recognize that the Commission staff is not in a position to make policy decisions relating to many of the types of legislative proposals considered by the Congress because time would not permit solicitation of comments by the full membership of the Commission. Even in such situations, however, its experienced staff can be of value to legislators engaged in developing the intergovernmental framework within which the new programs under consideration can operate with maximum effectiveness. This problem of legislative relationships, of course, also exists with the State legislatures.

Another aspect of the Commission's work which has given me some pause concerns the degree to which the Commission confines its explorations within the limits of institutions already established in our federal system. From one standpoint, Public Law 86-380 limits the Commission's deliberations in this way. On the other hand, the pace of change in the social, economic, and political life of the country is so rapid as to challenge the capability of these institutions for coping with them. Ours is not the only federal system, and there may be experience in nonfederal systems of potential usefulness to us. Tools of government cannot be insulated from technological change which is overtaking all other aspects of our national activity.

The problem I am posing can perhaps be illustrated by reference to the States' fiscal plight. The members of your subcommittee need no reminder that much of the postwar growth in the cost of American Government has had to be absorbed by State and local government; that they have succeeded in financing record increases in the level of spending. It may be less widely appreciated, however, that in accomplishing this result many States have gone a long way toward exhausting the conventional tax tools we associate with State government. Your members are aware, also, that fear of driving business and industry to another jurisdiction is rapidly becoming one of the controlling determinants of State tax policy, especially from the viewpoint of political leadership sensitive to the reaction of voters. As I reflect over my own experience as Governor, I wonder whether the time is not approaching, and rapidly, when the conventional devices of Federal financial aid to the States will not need to be supplemented in such a way that the superior taxing capabilities of the National Government might be shared with the States. Admittedly, general purpose national grants and Federal sharing of tax revenue with the States is somewhat alien to our governmental system. Conceivably, they should continue to remain so. I do not wish to prejudice the question. I do presume to suggest that intergovernmental techniques should not be excluded from the consideration of the Commission solely because it hasn't been done before.

This illustrates the range of problems in division of functional responsibilities in governmental structures and in sources of financing which have not yet been touched by the Commission.

Let me conclude by associating myself, without reservation, with each of the four changes suggested by the Chairman of the Advisory Commission in the provisions of Public Law 86-380. In my opinion, they would add to the ability of the Commission to function effectively.

Because the suggestion made before your committee is in my opinion of importance to all levels of government, and since I have not had as much time as I would have liked for developing my statement to you, may I close by requesting the privilege of supplementing my statement.

Representative FOUNTAIN. Thank you very much, Governor Anderson, for a very thoughtful and helpful statement. I will yield to the members of the subcommittee before asking my questions.

Mrs. Dwyer?

Representative DWYER. Mr. Chairman, I would just like to compliment the gentleman for his very practical statement and to say we miss you very much on the Commission.

Mr. ANDERSON. Thank you very much, Mrs. Dwyer.

Representative DWYER. I have just one question. Do you feel our State legislatures, as a whole, are aware of the work of the Commission?

Mr. ANDERSON. I think I would have to give a sort of qualified answer to that question. I think many of the individual members of our legislatures are aware of the work of the Commission, but when we speak of a legislative body at the State level, we talk of this entity made up of many, many different individuals, and the membership is ever changing, and I think perhaps there is not enough awareness on the part of the individual members as there should be. And I think one of the problems really, that faces the Advisory Commission is getting over to those who can make the maximum usefulness and give to the people the maximum benefits of the work of the Commission.

I realize it can't become a lobby organization. But the leadership, perhaps, that continues in legislative bodies, could be more helpful in informing the new membership and the newly constructed committee structure of State legislatures, if there is a way of doing it.

Representative DWYER. They are usually so busy on local and State problems that they just don't have the time to read the reports that might come to their attention. I wondered if there was any way that our representative on the Commission, representing the State legislatures, might take it upon himself to do some propaganda work, so to speak, in educating the State legislatures as to the worth of the Commission to them.

Mr. ANDERSON. Well, I think so. I think it would be helpful if other already existing agencies, both governmental and nongovernmental, throughout the Nation, were to take upon themselves, as agencies with a public or civic-minded interest, the project of implementing the work of the Commission. The strengthening of our State legislatures today is one of the real problems of the federal system. The legislatures are, in my opinion, not moving as fast as the people in our Nation are moving. I think the Constitution is broad enough and flexible enough to meet these problems, if we will actually use the tools we have. But the working membership has to do things through people, rather than through laws and through principles. The ability of the people themselves in government, I think, is tending to be a little slower than the populace which is demanding the giving of services. On that subject I would add a little to what I have already said. I think the Commission can probably be the tool, the means whereby the Federal, State, and metropolitan governmental structures today can devise ways and means of serving the people in these great metropolitan areas that are growing. We are going to have to find a way to preserve the structure of State government, and at the same time give regional attention to the demands of people in these areas like the west coast and the east coast and the Great Lakes area, and the State lines mean nothing to the people there from the standpoint of service, and yet the State structure of government is caught between the city government and the Federal Government, and if we just skip the State government entirely, and let the Federal Government go directly to the cities, or directly to even nongovernmental entities for the provision of services, I think here is where we face the problem of losing this sometimes delicate requirement to maintain the balance of power and

the division of power. And I think it is the greatest problem facing the people in government and in our Nation today.

Representative DWYER. Thank you very much.

Representative FOUNTAIN. Mr. Roush?

Representative ROUSH. Mr. Chairman, Governor, I certainly would like to agree with your statement that the State legislatures of the various States are not keeping pace with the people of these States. My State of Indiana has a legislature—in which I have served—which meets 61 days every 2 years. I think this is almost a crime. It seems to me that unless our States do take action to update their State and local governments and their legislatures that we are going to have a serious disrupting of this balance of power which you so eloquently alluded to in the latter part of your remarks, and that the Commission will be doing a real service to the States if they can somehow, and in some way, impress our State legislatures and our Governors that this is a need which must be met if the States are going to keep their identity and local governments keep their local power and their local control.

I have no questions, Mr. Chairman, but I had to toss a remark in.

Mr. ANDERSON. Thank you, sir.

Representative FOUNTAIN. Mr. Dow?

Representative DOW. Just one thought, and that is that if the States, the State governments, are showing evidences of weakness, and we know that the problems in many cases are of a regional sort, is it appropriate to brace up the State governments? Maybe it would be better to develop regional concepts and let the State governments fade a bit, if they are not serving the purpose for which they were intended in a practical manner. I am not really advocating this, I am merely offering it as something to think about. And I would like to say that this thought was stimulated by your remarks, Governor Anderson. I think you have done a very fine job of analyzing this problem and much of what you have said I sincerely agree with.

Mr. ANDERSON. Thank you very much.

Representative FOUNTAIN. Governor, I think you have touched upon one of our basic problems, this business of establishing an appropriate relation between the Commission and the State legislatures, and the Members of Congress. It is an extremely difficult one. We know some of the problems of the State level. One has just been mentioned by Mr. Roush, the legislature meeting every 2 years, and for such a brief period of time. While they are meeting, they concentrate their attention on some of the continuing problems, such as education, roads, and things of that kind. They don't have adequate staffs to really prepare themselves to confront some of the emerging problems. As a result, on the Federal level, someone advocates a new grant program, it has appeal, and before long it becomes a law, and we have increased the burdens of local and State government largely because local and State governments have not assumed their responsibilities. I say to my friends who talk about States' rights that I too, am a firm believer in States' rights—but I add to that the States' responsibilities. I believe very strongly in States' rights; however, I think that if we are going to insist on the right to do something, we ought also to insist that we assume the responsibilities which are ours. And if we don't, our people have a right to come to their elected representatives in

Washington. Whether I agree or not with what we may do, the Congress, being elected directly by the people, has the right and the power to pass legislation in so many areas.

I wonder if you might have some specific suggestions or approaches that might be made to enable the Commission to strengthen its relation with the State legislatures, or with Federal and State legislative leaders at least?

Mr. ANDERSON. Well, I think perhaps any suggestion I might have might be divided into two parts, so to speak. One, procedurally, I think it is a matter of implementation and contact with the legislative leadership at the State level and, of course, at the congressional level. I think really it would be easier, from the standpoint of time and distance, to work here in the Nation's Capital. The contacting of State legislative groups and committees and individual members is a mammoth job, I know. But I think it is one simply of having the staff and the funds to carry out that type of contact, and do it on a day-to-day basis, throughout the years.

Now in the area more of substance in implementation of the work of the Commission and strengthening of the efforts of the State legislatures, I think the Commission has been doing much in this respect with its reports and the detailed research and analysis, and the specific recommendations that have been made and sent out to the legislatures, to reach into the problem areas and recommend solutions for them that would give cohesiveness and unity among the 50 States. I have in mind there the work in the fields of property tax, in the areas of local finance, in the areas of industrial and economic development in the States, and the work of just sifting out these problems and making recommendations. The problems of State and local government, all of them, are going to eventually come to the core of our governmental problems today, which is money and taxes and the payment for the services. It seems to me that we talk about States' rights and States' responsibilities sometimes and they sound really good in general phraseology, but when you start taking it apart, you find nuts and bolts and screws and nails and separate them and then try to put the pieces back together again, you have to deal with individual problems of government, the payment for the building of sewers, water development, highways, all of these other things. The States have been hampered, the local governments have been hampered, by not having enough money at any one time, and the policymakers provide it grudgingly because this is the political life of a man who must be elected to office, and that is what most of them are. So they wait until they have to do it, and then they provide it and sometimes do not provide enough. Our system today has a built-in problem that I think is going to become more recognized pretty soon by all of the people in this Nation, and certainly in my opinion (and I don't say this disparagingly of the public generally), they don't realize that the State and local governments today are spending as much money as they are, compared with the Federal Government. We went through a depression first, then we went through a war and the Federal Government started growing, has grown ever since, and spends more and more money and the people have the idea this is where all of their money is going because they are paying it in income taxes, and they are building a huge debt at the local level, paying high property taxes,

paying more for schools all of the time in tremendous amounts. We have reached the point where the State and local expenditures, as was mentioned here this morning, I think, in the first quarter are equaling or perhaps exceeding the expenditures at the Federal level.

Now when the people realize this, I think they will realize maybe they have more government at home and more responsibility for providing government at home than they do in Washington, and maybe they will have a little different feeling about it. But I don't think they feel this today. I think that they think that because they are sending income tax money to Washington, that they should also get their services there. Perhaps the States could be strengthened more and more quickly than in any other way by the devising of a means to give a share to the State and local government for expenditure of the income tax source of revenue. And that is not new.

Representative FOUNTAIN. Of course that is a basic problem. And every time we enact a new program on the Federal level, it seems to me we might be creating problems for the local and State governments. That is why I think it is important that local and State governments be strengthened, and it may be that some of these programs could be enacted at the local and State level rather than here. Also, the more programs we adopt at the Federal level, the longer we postpone, it seems to me, the day when we will work out a formula such as you are talking about—some kind of a program where our local and State governments will have the funds with which to do the job.

Representative ROUSH. Would my chairman yield?

Representative FOUNTAIN. Yes.

Representative ROUSH. Isn't it true, however, Mr. Chairman, that most of the legislation which we have enacted on the Federal level and which is directed to the problems of individuals, is for the benefit of areas where the local tax base is in the greatest jeopardy? I am thinking of our Appalachia bill, our school legislation, even our highway legislation. The reason we enacted the legislation on the Federal level was not particularly because they were weak in their government on the local level, but because the economy of that area was too weak to permit taxation which would solve the problem. This has occurred to me many times, and it puts us in a dilemma. I like to see this balance. I don't believe that the answer to all of our problems is through Federal legislation, despite the fact that I am a Democrat who sits on the so-called liberal side of the aisle. I don't believe this. I believe there are areas, however, where the Federal Government can properly intervene. I don't believe, either, that local government can solve all of its problems. And I think we are being blind if we think they can. And there has to be this balance. But when I see an area such as Appalachia—I voted against the bill incidentally—I wonder how they can solve these problems. Again, I don't believe it is due to the weakness in the structure of the local and State governments there, but just because of the economy of the area.

Representative FOUNTAIN. Well, I think there is a lot of truth in what you say. But it just seems to me that for political or other reasons we sometimes move into areas without adequate consultation

with State and local public officials. It seems to me that we see a need, it is true, but I wonder if we take enough time—the President, members of the Cabinet, executive agencies, and those of us in Congress—to consult with local and State leaders before we put these things together. Now this so-called antipoverty program, for which I must say I reluctantly voted, even though I had a lot of reservations about it, has great potentialities if it is properly administered. But we may be in the process of setting up a lot of private bureaucracies before this thing is over, composed of people who are not responsible to the voters, who are not elected public officials, and who are not appointed by the Governor or by anyone who is an elected official.

It just seems to me that we often move in too fast, in adopting a program that has appeal, and is humanitarian. And local and State officials can't do anything much but accept it, because it appeals to their people. Yet, they have accepted additional burdens on behalf of their people when they accept Federal funds. Quite often they have to spend money in ways which I am sure they probably wouldn't have spent it in order to get these funds. For instance, you and I saw alike on the Appalachia bill. In my opinion, it may well result in the expenditure of funds by States for roads that they otherwise might not have felt were essential, in order to get the Federal funds.

It may be that it wouldn't, in the long run, make any difference, I don't know. But it seems to me that we would have a little better balance. Like you, I vote for some of these programs with reservations, because there seems to be no available alternative. But I am concerned that we are more and more assuming responsibilities at the Federal level that I think could be assumed, and maybe would be carried out, if local and State governments had the tax resources with which to assume the responsibilities.

I realize that it is easier for pressure groups and for organized groups who are interested in particular programs to come to Washington, because they have only 435 Members of the House and 100 Members of the Senate to deal with, and they don't have to go to all of the State legislatures, all of the Governors, and all of the municipalities; they can come here. It is a temptation, but it seems to me it is becoming a dangerous trend.

I am frank to say I am becoming increasingly alarmed. And, notwithstanding the mandate which our President is supposed to have received in the last election, I am inclined to believe the American people are becoming concerned about these trends, even the people who have been supporting a lot of these programs.

Representative ROUSH. Mr. Chairman, would you yield again?

Representative FOUNTAIN. Yes.

Representative ROUSH. Maybe too many of us are following the personal motto of our colleague from West Virginia, Mr. Hechler. I had occasion to seek some information about him yesterday and I looked in the Congressional Digest, and he has listed there his personal motto, which is "It is better to jump the gun than not to jump at all when the gun goes off."

Representative FOUNTAIN. Well, there may be a lot of truth in that.

Dr. Walker, do you have a question?

Dr. WALKER. I have one question, Mr. Chairman, concerning the relationship between the Advisory Commission and the Governors' Conference. In light of this whole issue of maximizing the impact of the Advisory Commission on Intergovernmental Relations, I was wondering whether you feel the Governors' Conference is making its full contribution to promoting a greater awareness of the Commission's reports and activities?

Mr. ANDERSON. Let me answer that question by saying that I think there is room for improvement in the utilization of the Governors' Conference for conveying to the State legislatures the work of this Advisory Commission. And I would say that the 4 years that I had experience with the Governors' Conference—covering the same 4 years that I worked on this Commission—were 4 years that had an overlying or overriding problem of civil rights. And I think from the standpoint of the area of accomplishment, or potential accomplishment of the Governors' Conference itself, we spent too much time on that, because we weren't a legislative body anyway. But nonetheless this is the way it worked. Much can be accomplished in a meeting or a conference where even 3 or 4 days are spent by people together, rather than to try to do it through the mail and through time spent throughout the year. I think we were robbed of the opportunity during that time to give the proper effort to the implementation of these programs. Based upon that remark, I would say the future probably will prove more productive than the past, from the standpoint of the years of work of the Commission, because I think the Governors' Conference got off the civil rights track at the last meeting in Cleveland, and we accomplished more at that meeting than we did at the one before because we didn't just spend time on that. But you know we got bogged down completely at one conference.

Representative FOUNTAIN. Any other questions?

I would like to ask you, before you leave, what do you think of my suggestion that maybe there should be a little more consultation between those on the Federal level and those on the local and State levels, before we actually pass some of this legislation?

Mr. ANDERSON. I think it would be tremendous, if you can bring it about.

Representative FOUNTAIN. Before it gets started, actually. Because once it gets in a committee, and the President has advocated it, there seems to be a feeling it has to be passed.

Mr. ANDERSON. I would mention one area—I like to use this as an example, and I did for a number of years, really—in the mental health field, for instance, we have shifted a lot of the responsibility to the Federal Government in this field, and in the State of Kansas, years ago we started on a program of improving the mental health program, because we were at the bottom of the ladder. And I think it has been recognized that the State did a good job, and was providing governmental services in the field of mental health adequately without any aid of any kind from beyond the State's borders. I think that every one of our 50 States today is capable of doing this kind of job in the area of looking after its own citizens, particularly if some attention can be given to the imbalance in financial resources. But even to that extent, if the States will go to work at it, and particularly if the Federal Government will consult with them, I think from your suggestion they can work these out without just the Fed-

eral Government taking over completely the job of doing what has heretofore been done or at least been the responsibility of the States.

Representative FOUNTAIN. It seems to me that somebody representing the Congress and the President, if they can sit around a conference table and talk to the Governors and local leaders, ought to ask questions like these: What can you do in this area? What do you think we should do? How can we supplement what you can do? How can we go about establishing this partnership relationship which we should have, to keep each level strong so that each level of government will assume its share of the total responsibility?

Thank you very much, Governor. The committee stands in recess until tomorrow at 10 o'clock.

(Thereupon, at 1:30 p.m. the hearing was recessed, to reconvene at 10 a.m. the following day.)

THE 5-YEAR RECORD OF THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS AND ITS FUTURE ROLE

THURSDAY, MAY 27, 1965

CONGRESS OF THE UNITED STATES,
JOINT HEARINGS OF THE SUBCOMMITTEES
ON INTERGOVERNMENTAL RELATIONS OF THE SENATE
AND HOUSE COMMITTEES ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 2154, Rayburn Building, Hon. Edmund S. Muskie, U.S. Senator from the State of Maine, presiding.

Present: Senator Edmund S. Muskie, chairman of the Senate Subcommittee on Intergovernmental Relations; Representative L. H. Fountain, chairman of the House Intergovernmental Relations Subcommittee; and Representatives Florence P. Dwyer and John G. Dow.

Also present: Dr. D. C. Goldberg, professional staff member, House Intergovernmental Relations Subcommittee; J. Philip Carlson, minority counsel, House Committee on Government Operations; Dr. David B. Walker, staff director; Robert E. Berry, minority counsel; and Dee Craven, assistant chief clerk, of the Senate Subcommittee on Intergovernmental Relations.

Senator MUSKIE. The committee will be in order. We are represented this morning on both the Senate and the House sides, so we can proceed without any fear of discrimination.

It is a pleasure to be back, after spending yesterday interfering with States rights. Our first witness this morning is Mr. Robert L. Williams, executive director of the American Institute of Planners. Mr. Williams, it is a pleasure to welcome you. Will you come forward and present your statement?

STATEMENT OF ROBERT L. WILLIAMS, EXECUTIVE DIRECTOR, AMERICAN INSTITUTE OF PLANNERS

Mr. WILLIAMS. Thank you, Mr. Chairman. My name is Robert L. Williams. I am the executive director of the American Institute of Planners, with offices here in Washington, D.C. I have a prepared statement as follows:

Mr. Chairman, the American Institute of Planners appreciates being asked to comment on the work of the Advisory Commission on Intergovernmental Relations, for it is within a governmental context that planning operates. In our federal system, every level of government has a legitimate reason for existence—and every level has a responsibility to operate as efficiently and constructively as possible in the public interest.

This involves comprehensive planning for future growth. Indeed, the matrix of policy formulation is the framework for comprehensive planning. Effective planning requires effective governmental mechanisms. Thus, the objectives and concerns of the ACIR and of the planning profession are quite similar—both deal with adaptation to future growth.

We have worked closely with the Commission from its inception nearly 6 years ago. Our staff is in frequent communication with the ACIR staff. Our members review reports prepared by the ACIR staff, and serve on several advisory panels. We devote a good deal of attention to publicizing ACIR's findings and research.

During the past several years we have carried several stories on ACIR reports in our own AIP newsletter, which is read by our 3,900 members who occupy key positions in various levels of Government. Through the kindness of ACIR's staff, our members are able to receive copies of ACIR reports, and they have been fully used on the local level.

I might note, parenthetically, there are about 500 AIP members on ACIR's regular mailing list, and many individual members are sent reports that have been annotated in our monthly institute newsletter. We participate jointly with ACIR in a State-by-State survey of planning and zoning legislation. We have found ACIR a most useful clearinghouse on relations between governmental units.

In the specific work of the Commission, we have found the results to have been useful. We appreciate the emphasis on matters of planning importance, such as metropolitan problems. ACIR's work can be shown to have had a real effect in its emphasis on responsibility of governmental functions to local elected officials, as in its studies of special districts.

We were asked to suggest to you future directions for ACIR study.

It is obvious that the increasing urbanization of the American landscape will condition intergovernmental relations for many years to come, for problems of urban growth will continue to transcend the boundaries of political units.

There will be an increasing erosion of the local tax base as the problem of supplying urban services becomes more complex—and consequently, an increasing reliance on Federal grants. We must maintain local and State initiative in providing basic services, while equalizing opportunity and development all across the country.

AIP has devoted a good deal of attention to this subject. This was one of the foremost areas of concern at our governmental relations and planning policy conference held here in Washington, D.C., last January. The conference background paper prepared by Vincent J. Moore, of the New York State Budget Division, entitled "The Structure of Planning and Regional Development," is most instructive. I request that it be inserted in the record of these hearings as an appendix to my remarks.

Senator MUSKIE. Without objection, that will be done.

Mr. WILLIAMS. Within this context of increasing urbanization and resulting stress on all units of government we have two suggestions for future ACIR program emphasis: State planning and multistate-Federal-regional development.

Considerable emphasis has been given in past studies to problems of metropolitan coordination of urban services, and this emphasis

has been very useful. ACIR began studying metropolitan problems when there was a real need for concentrated attention.

Today nearly every metropolitan area has some sort of comprehensive planning framework and some mechanism for cooperation among local governments to solve common problems. The emphasis now must shift to the area outside the standard metropolitan statistical area—the land to be urbanized in the next several decades.

It has been shown that metropolitan planning agencies, often restricted to presently urbanized areas, just do not have adequate powers to deal with total urban growth. The only agency looking at all the land—central city, suburban and rural—is the State planning agency. It is here that ACIR can play a strong role, for State planning is in its infancy and needs support.

Earlier this year we testified before your subcommittee, Mr. Chairman, regarding S. 561 on the need for Federal encouragement of "continuing central planning and coordinating functions in State government." While only 29 of the States are now using Federal urban planning assistance funds for the preparation of statewide comprehensive plans, it is known that most of the States are now endeavoring to begin such programs.

But there is a surprising lack of knowledge about the techniques to be employed in the conduct of State planning—there is a great need for a clearinghouse service to acquaint States with their obligations and with new State planning techniques.

The newly formed Council of State Planning Agencies is struggling to develop sufficient accomplishment to justify membership from the great majority of States. It is a new organization, worthy of our acknowledgement and support.

In other words, ACIR could now provide the same breakthrough for State planning that it has so effectively created on metropolitan problems over the past several years. We understand the Commission recently considered authorizing a major study of State planning, and we would urge favorable action on this proposal in the near future.

Within the broad field of State planning, there are several meaningful specific research projects to be suggested. One concerns the coordination of Federal grants on a statewide basis to assure maximum economic impact and the best physical environment—highways, recreation, health facilities, airports.

Another concerns equalization of local taxes within a State and the interaction with Federal grants. Still another is the States' responsibility for providing leadership in delineating and developing the development regions of a State—the rational pattern of sub-State units.

The second major area of concern in the emerging pattern of inter-governmental relations concerns multi-State development commissions. It has been said that the Appalachian Regional Commission ushers in a new era of cooperation between the States and the Federal Government.

Two such programs are on the horizon in legislation before Congress at the present time—river basin commissions under S. 21 and H.R. 1111, and "multi-State regional action planning commissions" under S. 1648 and H.R. 6991.

Both of these emphasize, in the strongest terms, cooperative action among different levels of government. Indeed, S. 1648 provides for

State initiation of economic development districts, with Federal cooperation assured.

Under these bills, the Governors will appoint representatives to both kinds of multi-State development commissions—and for the many others that may be initiated in the coming decades of increasing urban problems.

To assure that there will not be an undue proliferation of Federal-State action commissions, thus diluting limited resources, we urged in the hearings on S. 1648 that the river basin be used as the basic unit of organization for most areas of the country and to the greatest extent possible, for area development commissions. This would mean a national system of development regions, tying together into a single significant program all elements affecting regional economic growth.

This represents only one problem that can be envisioned in the growing field of Federal-State action to stimulate economic growth. An entirely new set of governmental processes are needed. The Tennessee Valley Authority of 30 years ago represented effective but unilateral Federal action.

We are now faced with cooperation that is both desirable and required between local, metropolitan, State, and Federal levels of government. ACIR could provide a real service by devoting substantial attention to this issue. We, the professional planners who will actually be participating in this work out in the field, can use the research and recommendations that have made ACIR so effective on other subjects.

Finally, we were asked to recommend to you changes that would improve the work of the ACIR. For one thing, the ACIR's record justifies a greater budget. It has proved it can produce the work in a useful form. We would also suggest that the salary of the Executive Director be tied to the Executive Pay Act, rather than limited to a specific sum in the statutes.

This would give the Commission parity in dealing with other Federal agencies. We would also favor the Commission's proposed amendment allowing it to receive non-Federal funds for its work, and to contract for specific services or to perform special services for other governmental agencies.

Mr. Chairman, we look forward to continued productive interaction between the American Institute of Planners and the Advisory Commission on Intergovernmental Relations.

THE STRUCTURE OF PLANNING AND REGIONAL DEVELOPMENT PROPOSED POSITION
STATEMENT BY VINCENT J. MOORE, ASSOCIATE AIP

PART I. THE FOUNDATION

The role of regional planning in a Federal society

The United States of America, a century and a half from the founding of the Republic, faces the uneven and unchartered phenomenon of the emergence of the regional city. Whether this phenomenon becomes a specific stage of malignant urbanization, symptomatic of the utter alienation of man, or whether it becomes the "golden age" of urbanism and an important stage in the evolution of man as a social organism, it is an object of deserved concern.

The task of guiding the emerging regional city's orderly growth presents immense and complex problems, rooted deeply in traditional American government structure and political ideology. One needs but to glance at the range of proposed solutions for achieving sound regional growth to sense the depth of upheaval being caused by the emergence of the regional city. Although there are numerous proposals, three general approaches can be isolated.

(a) One proposal suggests that the solution to regional growth problems requires changing existing local governmental structure to better reflect the scope of regional needs.

(b) A second proposal suggests that the solution to regional growth problems rests with reallocation of the current planning and developmental powers while maintaining the existing geographic structure of government.

(c) The third proposed solution to regional growth problems holds that the development of highly sophisticated communicative and coordinative procedures will permit an effective joint effort without altering either the current structure of government or the existing distribution of planning powers.

Before considering the adequacy of any of these proposals, it is interesting to note the significant recognition of, and concern for, the impact of urban regional growth on the traditional form of American government.

The structure of planning can only reflect the structure of government. It would seem, therefore, that any statement regarding the structure of planning would have relatively well-defined parameters parallel to and integrated with our federal system of government. Planning, as in the case of other tools designed for the formulation, recommendation, and execution of governmental policy, cannot exist outside the sphere of official Government sanction.

The American federal system of government, however, is not static nor is it easily defined. Contrary to dictatorial systems, American democracy is founded on dynamic federalism which, through the merged and often competing efforts of the federal, State, and local governments, effects change where change is clearly needed in accordance with popular consensus. The current reapportionment activities in the statehouses of the Nation are responses to this need for change. While State legislatures are the most immediate causes for concern, it takes no great foresight to envision the application of "one man, one vote" to local levels of government. County governments are already feeling reverberations from the historic Supreme Court decision.

The conflict associated with legislative reapportionment is indicative that our government institutions may not be as adaptable to change as may be desirable. The nature and rate of change in this age of burgeoning population growth and high technological mobility demand government which is sensitive and responsive to such external evolutionary forces, and the development of this sensitivity and responsiveness becomes more critical as technology and knowledge advances with each net addition to the population.

Change in government, however, must be stimulated and achieved internally if the principles of democracy are to be honored, and if governmental development is to be placed on an evolutionary path closely correlated with our changing demands. Government change should not be synonymous with citizen-institutional warfare in the courts and a crisis approach to developmental needs. Neither the necessity for court-ordered alterations in government organization nor the wayward development of urban America are constructive of the development of civic pride and assurance of government progressivism.

To internally stimulate change in government structure and organization, within the principles of federalism, a built-in functional activity of government is required, which looks to the future to guide the continuing evolution of the federal system of government into an ever more improved form. It must be concerned with the future numbers, distributions and activities of people whom government represents, and with building a future environment in which the well-being of the people is an optimal balance between preserving the rights of the individual and enhancing the common good.

The issue is no longer whether it is American to plan cities, but whether the emerging regional cities of America can be planned to any degree of quality given their rate of growth and the time required to develop an effective array of regional planning and development tools. At stake is the quality of American life including the effectiveness of American federalism and its ability to survive the anarchy of uncoordinated urban regional growth.

In considering the general structural needs for planning the regional city, the most apparent and critical missing factor is an effective system for communication and coordination of the planning and development efforts of the various levels of government—Federal, State, and local—which would make possible a consensus for concerted action at the regional scale. Such a system would undoubtedly bring about a redefinition and reallocation of certain existing planning functions according to the responsibilities and capacities of the various levels of government, and this in turn should provide a more firm base for measuring the continued usefulness and effectiveness of our current structures of government.

Problems which face the profession

The problems of planning the regional city include problems of professional development for planners as well as procedural problems of government planning structure. Three general problems of professional development are worth mention here as basic to understanding problems of government organization for planning the regional city.

A. Understanding the intergovernmental context.—Planners, as a breed, are sometimes prone to understate the importance of maintaining the federal system of government. Little attention is given to the political philosophy of federalism in the education and training of planners, and many planners work in such an aura of concern for human and environmental goals that they fail to fully integrate within their proposals the underlying principles of federalism which breathe life into American democracy. Our challenge as a profession is to achieve the benefits of planning within the Federal system and at all government levels.

The institute's biennial conferences on government relations and planning policy and many other institute activities have done much to stimulate professional interest in intergovernmental relations, but these need to be augmented within the planning education system. Much of our planning education is premised on the development of municipal planners and the basic public administration studies are generally limited to the mechanics of local government.

The emergence of the regional city calls for joint government planning action, and in particular for leadership by the Federal and State governments, yet it is precisely in terms of intergovernmental public administration that planning education is often weakest. Those responsible for curriculum development in planning schools should take note of this need.

B. Developing political support.—While planning can be considered a vital, evolutionary function of government, searching the future and militating against the status quo, it necessarily must relate accurately defined future goals and objectives to the current decisions of elected government representatives to be effective. The planner must be able to communicate with and serve his political leaders in spite of the potential for conflict when political leaders favor the maintenance of the status quo. One of the side effects of the emergence of the regional city may be the reversal of the time honored truism that planning cannot survive without political support. It is becoming more apparent now that the politician can survive longer with proper planning support. The fact that planning is sometimes not formalized does not alter the politician's need for planning. What we are dealing with is a matter of degree. In areas of low population density, the politician is often the planner. However, regions of high population density and complex urban development activities, require institutionalization of a responsible planning function for regional interest and development of a staff of well equipped professional planners. All political leaders in the regional cities who are charged with maintaining government effectiveness should play their role to initiate and support regional planning not only to avoid erosion of government viability, but to enhance their own leadership abilities.

Part of the difficulty in obtaining political support for planning arises from a lack of correlation of long-term plan objectives with the more immediate decisionmaking activity which occupies the majority of a political leader's time. A political leader is preoccupied with his own survival—this is basic to his effective operation. No matter how "pro-planning" and excellent his philosophy, a politician must be in office to make any contribution. If planning does not contribute to his immediate objective with concrete action, the politician will lose interest in the planning function.

Before political support can exist for planning on a regional level, the planning function must prove its validity and efficiency at each level of government, and also at each functional operation within the various levels of government. This suggests a third problem area facing the profession.

C. Decentralization of the planner.—Many planners seem to have a distaste for sharing the position and ideals for which they have fought in the arena of government administration. In too many instances, the comprehensive planning function is kept shrouded by its functionaries in the misty heights of utopian dreams of a world never within reach. They possess the "truth" of the comprehensive approach as though they alone are capable of receiving the "vision." In their new prominence they sometimes reach out for functions which are more properly delegated to others, as though how much they do is more important than what they do, and as though their status is more important than their leadership.

It is essential that the profession become more dispersed within government to achieve a more perfect integration of the goals of comprehensive physical planning with specific functional planning efforts, and most importantly, with those other areas of central administration planning where the orientation is toward the framing of long-term political, legislative, and fiscal goals. Particularly, more effort is needed in the development of methods and procedures for integrating comprehensive planning and comprehensive budgeting and for staging developmental activities in accordance with long-term goals, thus translating long-range plans into current operating decisions.

A note of caution

This paper cannot enter very deeply into the complexities of the Federal theory without failing in its objective. Such remarks are intended only to stimulate more active discussions by the profession of the intergovernmental problems in planning the regional cities. The megalopoli which are emerging pose problems of Federal-State relationships which will soon overshadow the comparatively simple problems of State-local relationships. Great questions of Federal sovereignty versus State sovereignty, of centralization versus decentralization are certain to arise. The profession should be prepared to contribute to the solutions.

The planner's main contribution, however, should be directed toward the substance of ideas, methods, and devices for implementing regional growth goals. Too great a concern with the political complexities of intergovernmental relations would ultimately reduce the planner's effectiveness as guardian of the environment.

As C. P. Snow has noted :

"I know that we can draw diagrams of political responsibility which are able to make us feel that everything can be reconciled with the principles of parliamentary government. But if we do, we shall not even begin to understand what is happening. We shall fool ourselves, as we do too often, with that particular brand of complacency, of lack of gravity, which is one of the liabilities of the West, growing upon us perhaps as we become more affluent."¹

It is in the development of substantive mechanisms for planning and implementing orderly urban growth that the profession of planning has made its greatest contribution to intergovernmental relations and preserving the American federal system. Substantive physical planning mechanisms can greatly ease the critical nature of urban growth problems, and reduce the pressure for a major overhaul of the structure of American government that has served us so well to date.

PART II. THE STRUCTURE

The structure of regional planning includes collateral and functional components as well as hierarchal but the latter are of primary concern here. This paper will be limited principally to discussion of the hierarchal elements of structure in an analysis of National, State, and local interests in and responsibilities for planning the regional city, and whether these interests and responsibilities are currently stated and fulfilled in an effective manner.

This paper is also directed primarily toward the planning functions of the executive branch of government. It should be noted that the general capacity of the legislative branch to review, analyze, and act upon the proposals of the executive must be kept abreast of the executive capacity if representative government is to be maintained as a vital aspect of democracy. Likewise, the judicial branch, with its interpretative function, must have a full and complete understanding of the basic requirements for comprehensive planning advancement. Interpretations of local "home rule" rights, States' rights, and national interest can materially add to or detract from a government's ability to effectively plan for future growth and development.

At the Federal level

A. *The need for national policy.*—Are the emerging regional cities a matter of national interest? When one considers that more than 60 percent of America's human resources and industrial strength and over three-fourths of her economic wealth are concentrated in 200-plus metropolitan regions, it is difficult to deny a level of national interest in urban regional growth. A significant aspect of this national interest should probably be directed toward the growth of metropolitan areas across State lines, and the delineation of existing and potential areas

¹ C. P. Snow, "Science and Government," the Godkin Lectures at Harvard University, 1960. The New American Library, p. 10.

where giant megalopoli will span several States and house the great bulk of America's people in the years to come. In these areas, the demand for Federal leadership will probably be quickening.

Direct Federal Government involvement in comprehensive planning for the development of water resources of major interstate river basins such as the Delaware, Susquehanna, and Tennessee has been a matter of common acceptance for years. Yet today's Federal Government influence in shaping the pattern and direction of urban regional growth is splintered into a multitude of separate, uncoordinated activities. Some of these are direct Federal activities, such as the planning of the Interstate Defense Highway System, the allocation of defense industry contracts, the regulation of interstate commerce and transport, Corps of Engineers port and waterway improvements, and the development of the National Park System, to mention but a few.

Indirectly influencing regional growth patterns are more than two score Federal assistance programs for urban development which cover practically every conceivable aspect of urban development. Of these, the Advisory Commission on Intergovernmental Relations has noted:

"The Federal Government is now administering over 40 separate programs of financial aid for urban development, involving some 13 departments and agencies."

"* * * 14 of the 43 programs require only that projects assisted be 'not inconsistent' with existing comprehensive plans. They do not require such planning and they do not go out of their way to see that it is effective when undertaken. They merely refrain from intentionally damaging comprehensive planning efforts. Indifference of this kind slows down programs toward desirable urban development goals at the end of a road opened by comprehensive planning processes. This same kind of damaging indifference also exists in the functional planning provisions of 11 programs."²

The Advisory Commission further suggested an official "Unified Federal Urban Development Policy" and recommended the establishment of procedures for interagency program coordination at the Federal Government level. The American Institute of Planners should support the general direction of the Advisory Commission's efforts, but more thought needs to be given to the prerequisite need for comprehensive planning by the Federal Government, its nature, scope, and organizations.

B. Comprehensive planning by the Federal Government.—Effective interagency program coordination requires the development of accepted and agreed-upon goals and objectives via a process of comprehensive planning. There is a significant difference between program management to avoid overlapping, duplication, and agency collision in program areas, and the application of development programs to achieve long-range comprehensive objectives which reflect the human goals for a better urban environment in the Great Society.

Establishment of a certain degree of formalized comprehensive planning at the Federal level would require:

1. Determination of those direct Federal development activities which are clearly dominant elements in influencing regional development especially across State lines.
2. Analysis of the past, current, and future impact of Federal programs and their relationships first to State and then to regional and local planning goals and objectives.
3. Establishment of comprehensive national goals and objectives for future Federal development activities, particularly for those in the emerging interstate regional cities, including the development of criteria for defining the areas considered to be included in such regional cities.
4. Provision of comprehensive planning procedures, principles and standards to activate interagency coordination of Federal assistance programs.

It should be noted here that the national interest in regional development is not merely equal to the sum of the States' interests or local governments' interests. If this were so, it could be effectively argued that a Federal comprehensive planning function would merely parallel, and in all probability conflict with, State and local planning efforts.

Federal planning activities would probably be most effective when confined to delineating national development goals and procedures for insuring that the

² Advisory Commission on Intergovernmental Relations, "Impact of Federal Urban Development Programs on Local Government Organization and Planning," U.S. Government Printing Office, 1964, p. III, p. 35.

Nation's economic growth potential is supported by a comprehensive priority system for the application of Federal development programs. There are large interstate regions which are underdeveloped such as Appalachia where low economic growth potential retards social and cultural development. There are also many regions which are, in a sense, overdeveloped—where increased density and population growth threatens diminished social and esthetic development at the expense of economic expansion. The national interest could be well served by a Federal comprehensive planning function with heavy emphasis on the analysis and projection of regional accounts which would help determine the Federal Government's position in achieving both a consensus of regional needs and concerted action for regional development along with State and local government planning effort.

The Federal Government has also contributed to national development by acting as a research and development laboratory—particularly in agriculture and defense. Much needs to be done in terms of the development and testing of potential urban regional development amenities, services and facilities, such as high-speed rapid transit systems, more economical sewage and refuse disposal devices, water supply methods, and open space patterns. These are areas of potential innovation where State and local governments are inadequately equipped in terms of scientific and engineering manpower and fiscal resources. Breakthroughs in these fields might prove far more instrumental in accomplishing orderly urban growth than years of Federal assistance to local development efforts supported by community amenities, facilities and services known to be lagging behind the state of American technology. Organizing for such a research effort by the Federal Government would again call for a comprehensive analysis and projection of urban regional needs and wants for the establishment of basic goals.

c. Improving Federal-State relations.—In the development of a Federal comprehensive planning function, the specific definition of national interest and responsibility should not connote any disregard of the constitutional powers and responsibilities of the States under our Federal system of government.

As the Kestnbaum Commission noted:

"It is not enough to ascertain that the contemplated activity is within the constitutional competence of the National Government and that there is a national interest in having the activity performed. In the light of recent Supreme Court decisions, and in our present highly interdependent society, there are few activities of Government indeed in which there is not some degree of national interest, and in which the National Government is without constitutional authority to participate in some manner."

"The degree and limits of national participation must therefore be determined by the exercise of balanced judgment. In addition to appraising carefully in each instance the need for national participation, the National Government should hold essential participation to the minimum required for attaining its objective. In all of its actions, the National Government should be concerned with their effects on State and local governments."³

Before labeling such statements as "conservative" and filing them away in the "out of the mainstream" category, it should be remembered that our National Government has achieved its spectacular stability and strength only as a member of a federal system. In assessing existing or potential Federal programs, therefore, the questions should not be "Is this in the interest of local government" or "Is this in the interests of those Federal agencies with major programs centered on our urban areas" but rather "Is this in the interests of a strong Federal society?"

If the planning profession is to adopt, as one of its highest goals, the improvement and maintenance of our federal system of government, then planners at all levels must review their positions on Government legislation and programs with attention to effect on the federal system as well as to apparent need. No one will deny that this can be a painful experience when there is such uneven quality between the various levels of government.

The States, notably, have been lax in meeting the problems of urban growth. With few exceptions, the State governments have been dominated by rural interests. The Federal Government has indeed stepped into the gap on the basis of expediency and, while not legally bypassing the States, many Federal programs have favored the establishment of direct communication to Washington by

³ The Commission on Intergovernmental Relations, "A Report to the President for Transmittal to the Congress," June 1955, p. 5.

local governments, making it easier for both local and State governments to ignore State government inadequacies and responsibilities. The fact that State governments have been party to the bypass by their own inaction does not minimize the negligence on the part of both local governments or Federal Government to respect this aspect of the federalist basis of American democratic action.

Federal actions should seek to strengthen State government effectiveness, especially in view of the promise of more responsive government at the State level. By improving the potential for State government action and effectiveness, the National Government would also reduce the demand for Federal expenditure in areas where the State and local interest, for all substantive purposes, is parallel with the national interest.

By intensifying the efforts to develop and improve State planning, the Federal Government would help to establish Federal-State communication regarding region-wide needs and objectives, and facilitate a Federal partnership role in a joint-government action approach to regional development.

At the State level

A. New dimensions of State interest.—State government interest and responsibility for regional development, urban or otherwise, have been too thoroughly documented to reproduce here.⁴ There are, however, new dimensions to the State government planning function, particularly in large urban States, that pose interesting questions of policy regarding its nature, organization and implementation.

State government interest in urban regional growth contains an inherent potential for confusion regarding the definition of "State planning" as it is traditionally known. In reality, there appears to be developing a sort of schizoid posture on the part of the State's planning function. On one hand, there is a renewal and expansion of long-range planning for State government development programs. On the other hand, there is a totally new concept emerging of State government guidance and leadership in substate regional development—both urban and nonurban.

It is the contention of this paper that these two facets of State government planning activity call for a radically new organizational approach to planning by State governments.

Certain principles need to be established first. The most important responsibility in State government planning should be the effective planning of State government's various program activities, capital and noncapital, to assure efficiency and economy in State government operations. This includes the proper allocation of the State government's limited financial and human resources on the basis of priority considerations which include political, fiscal, legislative and locational elements. The dimensions and parameters of this planning effort must be statewide in scope, that is, based on the overall needs of the State, but directed primarily toward strengthening and improving the output of State government operations.

The second important responsibility in State government planning should be the development of State government leadership in directing the physical growth of substate regional areas, to assure continued strength and effectiveness of local government, and provide for joint participation of local, State and Federal governments toward development in accord with a consensus of regional needs. This aspect is less critical than the first but calls forth the responsibilities of State government as regional government—a generally more lofty definition than the States have managed or desired to meet thus far.

B. Comprehensive planning for State government programs.—State expenditures have been increasing at rates in excess of those for local and Federal nondefense purposes. The large fiscal burdens of local government have placed increasing demands upon State governments for State assisted and direct State operated programs which have grown immensely. As a result most State government functional programs are expanding both in scope and magnitude.

The programs of various line agencies, as expansion continues, are beginning to overlap in function and objective, and require a higher degree of central coordination. For instance, it is evident that social welfare programs now have strong interrelationships with programs in the fields of education, youth, correction, health, and mental hygiene, and that State parks require highway access, and programs for State economic development need to be correlated with

⁴The Council of State Governments, "State Responsibility in Urban Regional Growth," 1962, pp. 7-23.

taxation, law and banking regulatory programs. These cannot be properly coordinated by mere interagency liaison, but need a permanent central administrative office with statutory powers for overview and coordination. In most States it requires a large staff working on a day-to-day basis with the line agencies of the State government.

Thus, the need for coordinating the State's functional program activities is daily becoming a more urgent need. Long-range planning concepts have begun to pervade the activities of most of the line agencies of State government whether or not they have capital aspects. This is due first to the expansion of Federal assistance programs for both State and local government use. The more recent Federal assistance for State programs has required both functional and comprehensive long-range planning and integration with local government efforts. Secondly, the benefits of long-range State program planning by operating agencies are simply becoming more evident. A third factor is the trend toward State comprehensive budgeting based on performance and/or program approaches which requires more sophisticated long-range program planning.

What many State program planning operations are ill equipped to consider are the details of local and substate regional planning efforts. State programs are planned and coordinated in a near vacuum of knowledge about activities in both comprehensive and functional planning by the Federal and local governments and private enterprise. The need for "vertical" communication in order to effectively chart and allocate State program resources has prompted several States to devise intelligence operations to identify the developmental program activities, trends, goals and objectives of the Federal and local governments and private enterprise, and determine a general development consensus for the State and its various substate regions. This in reality is a comprehensive regional planning process by State government to serve its own particular program planning needs and should be conducted with an understanding that the regional programs defined by the State government may not have acceptance or official sanction by local regional interests, if indeed such interests are expressed.

It should be pointed out that, within this framework of the State need for State-local communication, the State does not have a choice of planning only where local governments are cooperative but must field an entire statewide operation.

Only State government can assume the responsibility for statewide coordination of development activities. This responsibility cannot be delegated to any substate regional planning and/or development council, although such groups could provide valuable advisory assistance and local coordination and should be encouraged. Substate regional planning and/or development councils, while invoking larger area interests than counties, cities, villages or towns, would still not act in the interests of the State as a whole.

If the New York State experience holds true, most States will probably find themselves faced with a better understanding of the problems of wayward urban regional growth and better insight into the potential erosion of local government effectiveness and increased costs to the State brought about by the inability of local government to guide the orderly growth of urban regional areas.

C. State guidance for regional planning.—This understanding and insight into the problems of urban regional growth establishes a second dimension to the planning function of State government. The sovereignty of State government gives the State ultimate responsibility for the manner in which the total development of the State takes place. Most States have passed permissive enabling legislation granting home rule powers to the local governments for planning and zoning. The emerging regional cities, however, are causing the States to reassess the nature of State government interest in local planning methods.

The State government interest is not equal to the sum total of its local governments' interests any more than the national interest is equal to the sum total of the States' interest, but unlike Federal-State relations, State-local relations are not impeded by questions of dual sovereignty. Even though previous State actions granting certain home rule powers which are no longer beneficial to either the State or local governments cannot be easily reversed, the potential for accomplishing more regionally oriented planning objectives by State action is most promising. As the Council of State Governments notes:

"The State is, in fact, an established regional form of government. It has ample powers and financial resources to move broadly on several fronts. Far-ranging State highway, recreation, and water resource programs, to name a few, have had and will continue to have great impact on the development of urban

and regional areas. Moreover, the State occupies a unique vantage point, broad enough to allow it to view details of development within its boundaries as part of an interrelated system, yet close enough to enable it to treat urban regional problems individually and at first hand."⁵

The absence of regional forms of government at the metropolitan level, however, is still critical and in view of the obstacles which accompany the development of such forms, and the difficulties which metropolitan regions face in planning without a general government base, the positive statement of State government interest, leadership, and responsibility in helping to achieve substate regional consensus is a known necessity and seems to have widespread local government support. At least this has been the experience in New York State. Local government planning has long been handicapped by inadequate knowledge of State and Federal Government developmental program plans, and the immediate benefit to local government is the promise of a voice in the formulation of such programs.

Rural substate regions have also evidenced support of this State interest, although such support is probably derived more from the potential of gaining increased State assistance to rural problem areas than from any strong feeling of need for a regionwide approach.

Within the terms of this new dimension of planning action by the State government, the States should first seek to bring together the planning groups within the substate regions and seek a regional consensus by voluntary agreement. Various incentives can undoubtedly be utilized. In all probability, the mere aggregation of local desires will not fit regional needs, but it is exactly at this point where only State government through the exercise of its sovereign powers can achieve action in accordance with majority decision.

The States and the planning profession both face a major problem in further defining and organizing for this radically new planning responsibility. Considering the literal thousands of local governments within the States, the task of providing State leadership in obtaining regional consensus in each substate regional area is immense and requires a sizable planning staff with special competence in diplomacy. In addition the orientation and approach to this effort differ significantly from that of the comprehensive planning and coordination of the State's various functional program activities.

If substate regional development councils are established, a planning agency of the State government established to activate and coordinate the activities of such groups would almost certainly become sort of an official lobby interest, much the same way that State agencies for local government are fast becoming standard bearers for greater home rule power. It is questionable whether such an agency could act completely on behalf of State government interest and still adequately serve substate regional interests.

One possible solution is the establishment of two planning agencies within the State government which would work closely together, each utilizing the other's staff as a resource, but each with policy-framing responsibilities which would not overlap. One agency would be responsible for the comprehensive planning and coordination of the State government's various functional programs, and the other would be responsible for the development of comprehensive substate regional plans on an optimum need basis—to serve both the State government in its need for knowledge of local and regional needs, and the substate regional areas and local governments in their need for effective, responsible regional leadership.

At the local level

A. Local interest in regional planning.—Local governments, irrespective of their legal status as creatures of the State, are essential elements in the federal system of government, and thus have certain responsibilities which are related to nonlocal objectives. Since local planning and development powers are largely set by State enabling legislation, many of the problem areas of local government facing the structure of regional planning cannot be viewed except in context with the State government's role, but there are two major points of local interest which will always exist.

First of all, local government interest in the emerging regional city should be defined in terms of more efficient and economic land development patterns with objectives of resultant economies in the provision of urban services. This

⁵ *Ibid.*, pp. 17, 18.

implies continued effort toward the development of effective metropolitan and countywide planning functions.

Second, local government interest in the emerging regional city should be defined in terms of a renaissance of environmental design. This is surely one of the most sadly neglected areas of local government planning in America. Yet the image of the city has far more immediate impact for the urban inhabitant than the entire host of regional needs.

B. Metropolitan and county planning needs.—The entry of State governments into regional development is sometimes viewed with alarm at the local government level and particularly by metropolitan and county planning interests. Metropolitan and county planning agencies may currently be weakest in terms of direct planning powers, yet their potential abilities to assist in the overall objective of obtaining a local regional consensus make their existence a prerequisite for concerted action by the Federal and State governments which will be beneficial for local interests. County planning in particular holds promise for the integration and coordination of local development objectives with regional goals, since it is tied to a general government base.

Currently, many county planning agencies are handicapped by the minimal advisory nature of their powers for coordinating local land development and zoning activities, if these can indeed be called powers. They are generally utilized only in instances where municipal governments voluntarily call upon the county, and where State enabling legislation requires county review of local zoning actions which have an immediate physical relationship to adjacent municipalities or certain county or State institutions. Generally, such advisory recommendations of county planning agencies are not binding upon the municipalities.

There are strong arguments for movement of certain essential aspects of the zoning function to at least the county level, and possibly to the regional and State levels if regional planning can be linked with responsible elected officials. The Regional Plan Association's "Spread City" report⁶ presents an excellent documentation of the inadequacies of local zoning administration in a regional context. By 1985, the 6,900-square-mile New York metropolitan region will convert, if current trends continue, an additional 2,800 square miles of raw land to urban development, adding to the region's currently developed 2,400 square miles. The projected population increase of 6 million people by 1985 could undoubtedly be accommodated on a lesser area with far greater economy and amenity. Much of the infrastructure cost will be passed on to the State and Federal governments, and much of the land will be blighted forever.

It should be noted by the States, then, that the State interests in urban regional development are liable to be frustrated unless quick attention is provided to strengthen county and metropolitan planning powers and remedy the malaise in zoning—a tool similar to fire—"a good servant but a bad master." This could conceivably require a diminution of local planning and zoning powers, but even local governments might benefit from the transfer.

C. Renaissance for municipal planning.—What is left then, for municipal planning? If the Great Society, whatever it means to all people, is a goal, then surely it can exist only in physical surroundings which give delight and pleasure to the eye, in which nature has an honored role and structural development reflects the sensitivity and creativity of a great American culture and technology.

As stated previously, the art of environmental design is one of the most sorely neglected areas of local government planning, yet the local interest in an esthetically pleasing urban landscape is far greater than State or Federal interest. If municipal planning agencies were freed from the more mundane aspects of zoning administration, utility, and transportation planning tasks, environmental design efforts could be intensified. It is not the intention of this paper to advocate a return to the "city beautiful" movement with all its eclectic disregard of the major social and utilitarian needs of the city, but one sometimes wonders if our distaste for the "city beautiful" has not made us gunshy.

Municipal planners should always be involved to some degree with the essential aspects of zoning, utility and transportation planning, urban renewal procedures and the like. These are the elements of anatomy, a knowledge of which the true artisan must possess. As Bill Ewald once said:

⁶ Regional Plan Association, "Spread City: Projections of Development Trends and the Issues They Pose." The Tri-State New York Metropolitan Region, 1960-85, Bulletin 100, September 1962.

"Above all we need to talk today of human scales and human needs, spiritual and emotional as well as physical. For urban design to have meaning there must be present in the designers an empathy for the personal interaction between people and their environments. Land use, pedestrian and vehicular circulation, the scale and massing of buildings, people watching, landscaping, and the economics of flower stands—the whole fabric of urban life must be readily comprehended and sensitively handled. One must look beneath the surface to make design live and real and satisfying."⁷

Municipal planning goals and roles should be restated with greater emphasis on the creative design of urban environments for human satisfaction in each neighborhood and community of the emerging regional city

PART III. RECONSTRUCTIONS AND NEW ADDITIONS

The recommendations stated below have been structured in accordance with the previous analysis of some of the problem areas in planning the regional city.

The following thumbnail summary of the beliefs and viewpoints earlier presented might be considered in assessing the recommendations.

(1) The planning profession should adopt, as one of its highest goals, the preservation and improvement of American federalism. This is a particularly appropriate goal for the planning profession because the planning function is a function vital to guiding the evolution of the federalist form of government.

(2) The planning profession must therefore seek strengthened Federal, State, and local government planning capacity, but only within the context of an even advancement of the strengths of all levels of government.

(3) The national interest and acceptance of national sovereignty mandate a comprehensive planning function by the Federal Government. Federal Government comprehensive planning responsibilities cannot be delegated to the States and local governments without neglecting national interest.

(4) State government is an essential level of government organization and promises to play an increasingly important role in regional development. The sovereignty of State government gives it a unique, dual planning role. On one hand the States must continue to improve the quality of State government by long-range planning of State government programs. On the other hand, ultimate State responsibility for local government planning gives the State a voice in metropolitan or substate regional development and calls for "active" leadership in regional planning which includes but extends beyond the more "passive" task of providing local and interlocal planning enabling legislation.

(5) Local government interest in regional growth demands a certain amount of sublimation of local municipal development powers to county, metropolitan or regional frames of reference. Unsuccessful attempts to bring about orderly regional growth, when local governments are strangling regionally oriented developments by individual municipal actions, suggest that local governments have been given a responsibility beyond their capacity. Metropolitan and county planning agencies, and possibly substate regional or State regional planning agencies should participate in the zoning function.

(6) Local municipal planning agencies need to be supported to enrich efforts to achieve sensitive environmental design. This is the most important responsibility of local government planning.

Recommendations at the national level

(a) A Presidential Commission should be established to formulate a statement of national interest and goals for urban development. In the establishment of such a commission, consideration should be given to the participation of congressionally appointed regional development councils for regions constructed on the basis of urban ecological criteria rather than on the basis of State or local government boundaries. The utilization of such councils would insure that the diverse urban forms and cultures of the Nation would be represented. The councils should also include responsible elected officials from all levels of government in the urban areas.

The Commission should be charged with the analyses and investigation of current urban regional growth patterns on a nationwide basis and the projection of potential areas of future urban growth including their relationship to rural areas and establishment of recommended procedures for achieving optimum

⁷ William R. Ewald, Jr., "Planning 1962," selected papers from the ASPO National Planning Conference, American Society of Planning Officials, p. 206.

urban development patterns in such areas. Particular emphasis should be given to the structure of the national economy and the relationship and responsibility of both direct and indirect Federal development programs in accomplishing balanced economic and social regional growth.

(b) The Federal Government should accept its responsibility for the comprehensive planning and coordination of Federal programs influencing urban development. To this end, it is recommended that the powers of the Bureau of the Budget be amended to provide for the organization and annual preparation of a Federal development program, containing a 5-year projection of coordinated Federal programs influencing urban development. Such a program would be used by the President and the Congress to assist in the preparation of the domestic Federal budget. It would seek to establish areas of needed Federal support in accordance with national objectives and set target levels to guide Federal functional program developments and provide adequate lead time for the preparation of required legislation.

The Institute should support the recommendation of the Advisory Commission on Intergovernmental Relations that all Federal assistance programs for urban development be channeled through the States, provided that the individual States have a demonstrable capability to qualify, a State should be required to have an active, statutorily based planning agency and an agency for local government relations.

All Federal assistance programs for urban development should also require a report from a regional planning agency, where present, on any local application for Federal funds for urban development programs. These local applications and regional reports should be channeled to the Federal Government through the State governments so that the States can be more adequately advised of local government actions.

It is further recommended that the American Institute of Planners prepare a statement of opinion regarding the function of the proposed Department of Urban Affairs with respect to the problems of strengthening State government.

Recommendations at the State level

(a) It is recommended that the American Institute of Planners' National Standing Committee on State Planning be directed to reassess institute policy on State planning with regard to the new dimension of State leadership in regional development suggested in this paper, and the need to bring about a more effective development and integration of State program planning development and budgeting.

(b) The States are encouraged to establish agencies for regional development to provide for continuing State leadership in the guidance of regional growth. Such agencies should not be charged with the coordination of State government functional programs, but should be organized to meet the needs for "vertical" communication between substate regional interests and the State government for the mutual benefit of both.

It is further recommended that the States, through the Council of State Governments or by individual action, analyze the current effect of State government planning and zoning enabling legislation on regional growth and development.

Recommendations at the local level

(a) Metropolitan and county planning powers need to be strengthened particularly in regard to broad land development regulations. It is recommended that the States pass legislation requiring the establishment of metropolitan development councils to provide for effective regional action by local governments in standard metropolitan areas consisting of more than one county unit. Such councils should consist of elected public officials from the municipal units and would serve as policy boards for joint county planning or optional metropolitan planning staffs. Metropolitan councils should have the authority to establish broad zoning districts defining areas for urban, agricultural or conservation purposes, and be required to review and submit to the State governments all local municipal applications for Federal or State assistance funds for urban development purposes.

(b) Local municipal governments should be encouraged to intensify planning programs for environmental design. To this end, the Federal and State Governments should provide funds and enriched technical research activity to guide the development of urban environments as esthetically pleasing environments. It is further recommended that the States require, in laws establishing special purpose authorities or governments at local levels, provisions mandating the integration

of planning activities of special purpose governments with those of related general government agencies, and provide tax bases for special purpose government units which do not result in conflict with sound land development objectives.

Senator MUSKIE. Thank you, Mr. Williams. Do you have any criticisms of the Commission? We don't want this record to be too fine.

Mr. WILLIAMS. From our organization, none, Mr. Chairman. So much of our relationship, of course, is on a staff-to-staff basis here in Washington, so I can't speak with any authority as to field conditions, other than what I have reported here in our testimony.

It is my impression, however, that our members are wholly satisfied and desirous of maintaining and perhaps increasing the levels of ACIR activity. From the standpoint of the people on the firing line, those who are having to work in the midst of urbanization, we are very pleased with the work of the Commission.

Senator MUSKIE. When I solicited criticism, I wasn't speaking so much of people, because I think we are all very much impressed by the work of the staff and the others associated with the work in the office here in Washington. I was thinking more of the Commission's structure, the scope of its authority, and the direction of its work. Would you have any observations that might be critical of those things?

Mr. WILLIAMS. None, but I am sure we could search our soul and perhaps make some constructive critique in this direction, Mr. Chairman.

Senator MUSKIE. Have you given any thought to the impact that the Commission may or may not be making upon the executive branch of the Federal Government, the Congress, the State legislatures, and the public, that could, in your judgment, stand improvement?

Mr. WILLIAMS. My personal impression is that the work of the Commission is, and probably will remain, evolutionary. There may be a latent impact in some areas. Certainly the impact is not going to be standard or even throughout the country. But within the more enlightened areas of our country, the work of the Commission is outstanding and well received.

I think the ACIR's work is going to be evolutionary, however, in terms of the buildup of effectiveness or impact. I would include, perhaps, the acceptance of some of the pioneering work the Commission is doing, or which they should do.

Senator MUSKIE. One of the purposes of the Commission should be to enlighten the unenlightened, as well as to enlighten the enlightened. Is there any way we can improve the Commission's impact in that respect?

Mr. WILLIAMS. Yes, perhaps by working through organizations such as ours, where we make our newsletter and other publication media available for stories and reports on the work of the Commission, and to bring attention to it through our annotated list.

I am sure these unenlightened areas will have to be isolated and identified, and perhaps special work done in those areas. I would be in no position today to suggest how this might be accomplished, however.

In my work throughout the country, in dealing with professional planners, I get the impression of a rather spotty record of local

planning accomplishment, a wide range of acceptance or nonacceptance of planning. As I mentioned in my testimony, there is a close relationship between governmental structure and effective planning structure. I think AIP and ACIR might be able to help and serve in this way, by educating elected officials on the essential relationship of government and planning structure.

Senator MUSKIE. I think your suggestions for future Commission studies are excellent. We are obviously getting into a new period, where we are developing national economic programs on a regional basis and on a local basis. These areas obviously spill over traditional jurisdictional lines. We have the problem of S. 1648, which proposes economic development districts and regional planning commissions. All of these have an impact upon the traditional structure of government, and, I suspect, ought to be reviewed, as you suggest.

I have a little pet project. It is unimportant and insignificant, but I would like to get your reaction to it. I think the title of the Commission is a very cumbersome one, even when you call it ACIR—

Mr. WILLIAMS. Yes, I stumble on that, myself, from time to time.

Senator MUSKIE. I have been tempted by the idea of changing it to Commission on the Federal System. How would you react to something like that? You won't hurt my feelings—I am just testing it out.

Mr. WILLIAMS. I am sorry, it doesn't move me. "Intergovernmental" is a jawbreaking word, but I think it has to be something of a descriptive nature that indicates the weaving together, and the interdependency of all levels of government, particularly in identifiable intergovernmental programs. I wouldn't identify it at the Federal level exclusively.

Senator MUSKIE. Thank you. Congressman Fountain?

Representative FOUNTAIN. Thank you, Mr. Chairman. I was hoping, too, the Advisory Commission would not become another alphabetical agency. I can see why, in the interest of describing it quickly, particularly when you refer to it so many times, ACIR would be used.

When we speak of it in our own subcommittee, we refer to it as the "Advisory Commission." Of course, there are so many advisory commissions, I expect some people would have difficulty with that shortened identification.

I think you asked the basic question a while ago, Mr. Chairman, and that is how we might increase the impact of the work which the Commission has been doing, and I believe will continue to do, in those areas where it can really do the most good. In fact, I believe most of the Commission's work has been directed in areas of local and State governments; and yet someone made the comment yesterday that he did not think the impact upon State legislation had been very much, that there were very few members of the legislatures who were familiar with what the Commission had been doing.

It seems to me that every organization which uses the work of the Commission in its particular areas, such as the American Institute of Planners, the Conference of Mayors, municipal associations, the county association, and all of these organizations, ought to accept as a part of their overall responsibility the dissemination of this information and these reports to at least the key people in State and local governments, to the key committee members within State legislatures.

I am sure all of these groups appear before State legislatures at one time or another to express their views on a given piece of legislation which affects their particular areas of activity. If they could set up some program, as a part of their overall activities, to be sure that the appropriate committees of these State legislatures are given a digest of the work of this Commission, it would certainly increase the impact.

I can't help but feel that in many local governments, and even at the State level, people are running around trying to find answers to a lot of problems where the Commission may have already made some concrete suggestions which would be helpful if they simply had come in contact with them.

Mr. WILLIAMS. Absolutely. I think your proposal is an excellent one.

Representative FOUNTAIN. I just have one question here. A number of Commission recommendations have called for increased planning in metropolitan areas and in municipalities. Do you think there is an adequate supply of qualified planning personnel to accommodate increased planning by State and local governments?

Mr. WILLIAMS. No, sir. We submitted testimony to this effect. We have rough measurements of this deficiency. Because of urban growth (e.g. new communities being formed, new local and metropolitan planning agencies, et cetera) around 500 new technical planning positions are being established each year throughout the country; however, the planning schools, primarily at the graduate level, are only turning out 325 to 350 qualified planners each year. Thus, we are generating about 60 percent of the required personnel just to meet the present needs, let alone the backlog.

And quite often, these new positions, by default, are being filled by others with less desirable technical qualifications. We feel very strongly on this question that there are not enough trained planners to provide for the needs of our urban growth.

Representative FOUNTAIN. You made reference to the salary of the Executive Director. I would like to say that the grade 18 prescribed for that position is tied to the Executive Pay Act, and, unfortunately, the Congress didn't see fit to give it the higher level that had been recommended.

I commented yesterday, Senator Muskie, that we included a provision in the bill that was passed by the House which did place it at a higher level, but the Senate decided not to accept it.

I think the Executive Director of this Commission ought to be placed on a par with comparative positions in Government. And this same principle should apply all of the way down the line, because, as I said yesterday, I think we have on this Commission extremely competent men and women; those of us who serve on the Commission, and those who are familiar with it, are very proud of that fact.

Mr. WILLIAMS. We think they are outstanding.

Representative FOUNTAIN. Thank you, Mr. Chairman.

Senator MUSKIE. Congressman Dow?

Representative Dow. Thank you, Mr. Chairman. I agree with many of your suggestions, Mr. Williams. I notice that you suggest, at the top of page 4, the idea of "multistate regional action planning commissions."

Now, you know throughout the country—I know it is true in my district—that we have fire districts; we have lighting districts; we have

boards of education; we have townships; we have villages; we have counties, and none of these are what you might call coterminous. They all overlap one another in different ways, and it becomes quite complicated.

Then we have the State and Federal Governments, and now we are thinking of multistate regional action planning commissions, where we are sort of piling mountains on top of one another—as they say in the Bible, I believe, we are piling Pelion on Ossa.

Even though I think we could all agree with your idea of these multistate regional action planning commissions, don't you think it would be good if the Advisory Commission was given the assignment also to find out ways of simplifying these various structures, these various levels of government that seem so complicated?

Mr. WILLIAMS. Yes; I do, Mr. Dow. I think this is inherent in the work of the Commission.

Representative Dow. That is all, Mr. Chairman.

Senator MUSKIE. Mrs. Dwyer?

Representative DWYER. No questions, Mr. Chairman.

Senator MUSKIE. Thank you very much, Mr. Williams. We appreciate your testimony.

Our next witness is Prof. Daniel J. Elazar, department of political science, Temple University.

STATEMENT OF PROF. DANIEL J. ELAZAR, DEPARTMENT OF POLITICAL SCIENCE, TEMPLE UNIVERSITY, PHILADELPHIA, PA.

Senator MUSKIE. We appreciate your coming this morning, Professor Elazar.

Mr. ELAZAR. It is my pleasure to be here, Senator. My name is Daniel J. Elazar. I am an associate professor of political science at Temple University and a citizen of the State of Minnesota. I would like to discuss the activities of the Advisory Commission on Intergovernmental Relations within the larger context of American federalism, particularly in regard to the immediate directions in which our federal system seems to be heading. My remarks must necessarily be somewhat general, since I have only viewed the operations of the ACIR from afar.

High commendation is due the Advisory Commission and its staff on the quality and utility of their work to date, and its creators for having had the foresight to secure the establishment of such a body. The widespread interest in the Commission among those interested in problems of intergovernmental relations is testimony to its value.

The Commission has performed several very important functions that were generally neglected or, at best, treated on an ad hoc basis before it came into existence. To some extent, at least, the Commission has served every one of the seven purposes set forth in the act creating it. It has served scholars and teachers by providing information previously unavailable or difficult to obtain, and those active in government by serving as a voice for raising the problems of intergovernmental relations in the highest national councils.

In its 6 years of existence, the Commission has had its difficulties. Those difficulties do not appear to be caused by problems of structure or personnel, but are inherent in the very nature of its field of interest and operations. The task of representing the interests of the federal

system as a system is not an easy one in the face of constant pressures to solve immediate practical problems without regard to the niceties of intergovernmental relations. The necessity for formally devoting attention to the federal system as such is sufficient reason to maintain a body such as the Commission.

Though the partnership between levels of government is as old as the Republic, the establishment of the Advisory Commission on Intergovernmental Relations represents the first permanent institutionalized effort to consciously strengthen the mechanisms of intergovernmental cooperation to improve the workings of the federal system. The Advisory Commission on Intergovernmental Relations was founded at the end of a period that called forth substantial efforts to strengthen the position of the States and localities within the federal system. By and large, those efforts were based on the notion that the separation of functions and their financing by level of government was the ideal way to maintain a vital federalism.

Most of them became attempts at "disentanglement" of the interlocking functions of Federal, State, and local governments. Some were directed to the devolution of powers and programs as well.

The establishment of the ACIR reflected a great shift in emphasis from those early studies because it involved recognition that disentanglement of the various governments in the United States was impossible, and simple devolution of functions was meaningless unless accompanied by corresponding changes in patterns of politics, law, finance, and administration. In a real sense, the ACIR is a reflection of what was learned by those who were stimulated by the earlier studies—that successful operation of the American federal system demands successful intergovernmental cooperation.

Thus, the emphasis of the ACIR reflects a nationwide effort on the part of government officials at all levels to make cooperative federalism more effective by strengthening the State and local partners as individual entities and the entire partnership as a process. I believe this to be a proper emphasis and one which should continue to be fostered.

The task of the Commission was made more difficult almost as soon as it got underway. Following a pattern of reform and retrenchment, concentration and reconcentration, which has become well established in American political life, the United States entered a new period of intensive Federal Government activity oriented toward domestic problems.

I need not tell the members of this committee that we are in the midst of this period now. This pattern of alternating periods forms a continuing cycle that has repeated itself at intervals of a generation—approximately 30 to 40 years—since the 18th century.

During the part of the cycle dominated by an upswing of Federal activism, proposals for strengthening the traditional processes of intergovernmental sharing are likely to encounter difficulties. This is true even though State and local governmental expansion is also taking place at the same time.

The Commission's task has been further complicated by the tendency in recent years to seek national standards in many new areas, standards that are embodied in Federal legislation. This not only makes the task of any agency that seeks to cultivate legitimate diversity more difficult, but may even affect the outlook of the agency itself.

To me, at least, there seems to be some evidence that the Commission itself has taken a limited view of what constitutes legitimate diversity from time to time.

At the same time, it is in just such periods that an organization like the Commission serves a most useful function: First, as an agency devoted to reminding those who are concerned primarily with programs and less with who manages them, of the importance of reconciling new programs with the institutions of federalism; second, to prepare the groundwork for the day that is likely to come—and, properly, should—when the administrative burden of maintaining the new programs is likely to fall almost entirely on the States and localities.

While a new period of Federal activism is upon us, its effect on the federal system is really to intensify trends established earlier. Most of the new programs inaugurated by Congress as I perceive them, fall within the framework of cooperative federalism to a greater or lesser extent. At the same time, the tendency to bypass the States has markedly increased.

Let me mention some figures here. Of the 16 separate grant programs enacted into law by the 2d session of the 88th Congress, only 7 must be channeled through the States. Six others may be channeled through the States or transmitted directly to local and private agencies and three are explicitly designed to go directly to the latter.

More important, from two-fifths to one-half of the total new expenditures authorized for those programs in that session, including some \$340 million for general community action programs under the Economic Opportunity Act of 1964, will go to specific agencies in such a way as to minimize opportunities for State or local coordination of the various grants made in their areas of jurisdiction. In several of these programs, Federal grants will go directly to private agencies.

At the same time, the present administration appears to be concerned about the inclusion of State and local governments in the development and implementation of the new programs. Thus, I see some evidence that there are closer consultations between Federal, State, and local officials in many areas than ever before, and the formal opportunities for State participation in programs directed toward the Nation's urban areas have been increased.

Moreover, the impact of the Federal tax cuts of last year indirectly benefited the States by increasing the amount of taxable income from which they could draw their own levies.

On the balance, however, the recent expansion of Federal activities may be extending a number of trends in such a way as to possibly alter the federal system as we know it, in the future. Some of the potential problems raised by these trends have already come to the attention of the ACIR. The others should be considered so that Congress and the American people may make some decision regarding them.

Direct Federal aids to local and private agencies are a case in point. Let me make it clear that programs involving direct Federal-local relations are not new. They are not even new to the 20th century. Such programs existed in the 19th century as well, in proportions probably not too dissimilar to those of our day, but the historical record shows that such programs, unlike those involving the States, were

often quite wasteful and, at least in the case of Federal aid to non-governmental agencies, were often tainted with scandal on a large scale.

There is, of course, no guarantee that history will be repeated today, but there appear to be substantial grounds for believing that the channeling of Federal aid through the States has a salutary effect on the responsible use of that aid, even beyond the important consideration that the States should have a right to integrate all governmental functions within their jurisdiction or the jurisdiction of their subdivisions into an overall policy framework.

I believe, for example, that with the proper incentives, the States could do more to bring about intergovernmental coordination within metropolitan areas through the application of legitimate pressure—theirs by constitutional right—than any other agent, public or private. The Commission has already given this problem some attention and will undoubtedly have to give it more.

Another problem that must be considered from the standpoint of intergovernmental relations is the special problem of civil rights. The necessity for increased Federal action in that realm raises problems enough for the maintenance of the Federal-State partnership.

To date, few distinctions have been made—at least publicly—between necessary Federal coercive action to protect citizens' rights in certain areas and the maintenance of cooperative intergovernmental relations outside of those specific areas, relations that should be maintained as far as possible even in civil rights matters. The development of such distinctions is an important task confronting all concerned with intergovernmental relations.

There are, in addition, holdover problems that remain to be solved. I can mention only a few of them.

The problem of Federal supervision of grant programs to an excess remains. We do not know the extent to which it could be a sheer economic saving to reduce such supervision, even at the risk of greater inefficiencies at the State and local levels, disregarding the larger policy consideration of allowing the States and localities to exercise greater discretion over programs that have such a significant impact upon their every activity.

The Advisory Commission has already treated some of these problems, recommending actions designed to allow the States and localities greater flexibilities in the public welfare field and to give them opportunities to coordinate Federal programs serving their metropolitan areas. I might make specific reference here to the importance of the now pending Intergovernmental Cooperation Act of 1965 (S. 561) which embodies so many of these recommendations so well.

In my opinion, it is unfortunate that these recommendations have run into opposition from the Federal departments on one hand and some of the larger cities on the other, preventing, or helping to prevent their implementation.

The problem of State assistance to metropolitan areas and cities generally remains of first importance. The States, thanks in part to the activities of the Commission, have done much in the last 2 years to enlarge the range of possibilities for local action to meet pressing urban problems, but, with a few exceptions, they have still done little to become active participants in urban improvement programs. This

is unfortunate. It weakens the case for their inclusion in such programs to the detriment of the States, the localities, and the programs. Here, too, the Advisory Commission can be of additional service.

At the local level, the problem of metropolitan area coordination of governmental services remains pressing. Again, promising starts have been made in the right direction in many metropolitan areas. Certainly, the Advisory Commission has devoted considerable attention to studying the problem of interlocal cooperation, recommending steps to be taken to meet those problems.

Indeed, one might well argue that at this point, the Commission has produced more than enough resource material on the metropolitan problem and must turn its efforts to securing the implementation of its recommendations or the development of alternative solutions that will do the job as well.

There is one final problem which may become serious, which, though more psychological in nature, and perhaps too subtle for study, requires serious thinking on the part of all those involved in American government. Until recently, most Americans thought of the federal system as one in which all levels of government operated unilaterally, even though the governments were actively collaborating with each other at the time. Then, intergovernmental cooperation had to be constantly justified in light of the commonly held theory.

This may well have helped keep the cooperative relationships within the bounds necessary to preserve the integrities of all the governments involved. Today we think as well as act in terms of cooperative federalism. This may be leading us to think "cooperation" while promoting policies of Federal coercion, or something close to it. That is, having eliminated most of the old constitutional and historical arguments, we may think only in terms of intergovernmental entanglements, with the Federal role central, and erroneously reject any possibilities for unilateral State and local action of significance.

Moreover, we run the danger of using circular reasoning—that just because the Federal Government is now involved with and has an interest in specific programs, it must interfere more than minimally to set new standards, further limiting the latitude allowed the States and localities. This would not be cooperation at all, but an increasingly less subtle form of centralized coercion, hostile to the spirit of our institutions, and up to now, something generally avoided by those active in the development and operation of cooperative programs.

Considering these trends, what of the future role of the Commission? I believe that the Commission will do well to continue its present study-by-study approach, considering the high quality of the work which it has produced and the possibilities that work offers for creative implementation of their recommendations. At the same time, the Commission should consider broadening the scope of its studies. It might be useful, for example, for the Commission to undertake a series of studies on the effects of the civil rights problem and the legislation which has emerged in response to it on intergovernmental relations.

One of the major problems affecting the implementation of the programs proposed by the Advisory Commission and others interested in improving State and local government is that of adequate staffing and personnel. The Commission might wish to undertake

studies of State and local recruitment practices and of Federal recruitment practices insofar as they affect the State and local situation. Even more apropos would be studies of staffing needs of State and local legislative and executive bodies and the possibilities for encouraging the increase of staff positions and expertise in those bodies through various means.

Beyond this, the question may be raised as to whether the Commission might not concern itself with larger questions of federalism. Its annual report to the President, which must, by statutory requirement, include a review of issues affecting intergovernmental relations during the year, might be broadened to serve that end.

It is clear from reading the Commission's reports that the staff and members have developed their ideas through a number of implicit and usually unstated assumptions about government organization and intergovernmental relations. Perhaps it is not the place of the Commission to examine its own assumptions. Yet, it might be worthwhile for the Commission to examine the various assumptions extant among those who manage our intergovernmental relations.

Somewhat related to this is the possibility that the Commission should expand its role as a forum for discussing the problems of intergovernmental relations generally, to bring together Federal, State, and local officials and private citizens who are not permanent members of the Commission, either nationally or in regional groupings to explore the same questions which the Commission explores formally as a body.

I am impressed that reports are not enough to reach the people who are busy engaged in maintaining their own high level of activity outside of the Federal Government or Washington, and the Commission's messages have suffered in this regard.

Such activities would be fully consistent with the second of the Commission's purposes as listed in the act creating it. It would have the beneficial effect of spreading knowledge of the Commission's work to a larger cross-section of officials and of stimulating their interest and thought on the problems of intergovernmental relations.

This brings up the question of implementation. The Commission's record in this field is mixed. At the State level, there has been a remarkably good response to the many recommendations put forth in the Commission reports, and effectuating legislation implementing those recommendations has been enacted on a wide variety of fronts. Congress has been considerably less responsive.

According to the Commission's 1965 annual report, only one of the nine legislative items officially advocated by it in the last session of Congress was enacted. There has been particular resistance to those proposals authorizing greater flexibility for the States in the implementation of Federal grant programs, or reducing Federal supervisory powers over those programs.

This may be a reflection of the present upsurge of Federal activism but it may also reflect a deeper trend on the part of Congress to seek greater consolidation of authority at the Federal level, not so much as a matter of general principle, but because particular Members of Congress sincerely believe that the programs which they support would be better managed if the Federal reins were held tighter.

I, for one, would hope that Congress would give more favorable consideration to recommendations of the Commission placed before it and

that the Commission might find ways to secure the kind of consideration of its proposals that it apparently has secured among the States.

In recent months, I have talked to a number of people in my home State of Minnesota who are active in local government affairs about those problems. Some of them believe that the Commission might add to its effectiveness as a constructive body by providing fieldworkers to spend time in various States and cities working with State and local officials on problems of intergovernmental relations, getting to know them, and helping them to know what the possibilities for improved action are.

Perhaps Congress ought to consider enabling the Commission to undertake one or two pilot programs of this kind, either unilaterally or in cooperation with such organizations as the Council of State Governments and the U.S. Conference of Mayors, to determine whether such an approach would be useful.

Finally, I believe that the Commission must take up the longer range task of laying the groundwork for the decentralizing reaction to the present period of intensive Federal activity that is likely to come, particularly if the States and localities are ready for it. Much of what it is now doing will further that end, even without being specifically directed toward doing so.

Perhaps there are other things that might be considered as well. Certainly there is room for a Commission report on the matter of Federal remission of unencumbered income tax revenues to the States, along the lines proposed by the President's economic adviser last year.

Studies of the potential value of block grants might well be in order. The other suggestions made above would very likely contribute to that end. Proper preparation now could assure that the period of retrenchment would be as productive for a healthy intergovernmental partnership as the present period of Federal activism may well be for dealing with the problems of our generation.

Senator MUSKIE. Thank you very much, Professor Elazar, for a very thoughtful and perceptive paper. I think it is an excellent contribution to the record of these hearings.

You indicated in your opening remarks that you feel there is widespread interest in the Commission. Is that an assumption on your part, or is it the result of observations?

Mr. ELAZAR. It is not the result of research, but it is the result of observation. The interest is there, even among people who do not know much about the Commission, and particularly among people such as representatives of citizens' groups at the State and local levels, newspaper reporters who handle local public affairs and the like, who try to follow these things, and try to bring them to the attention of the public officials with whom they meet. They are very interested, though they often feel they don't have enough information on what is being done.

Senator MUSKIE. Your observation is limited to your own State, or does it go beyond that?

Mr. ELAZAR. About three or four States around the country.

Senator MUSKIE. It is very reassuring to get this reaction. I don't suppose we have any way of taking a Gallup poll on this, but this is very useful. I think many of us have wondered whether there is this kind of interest.

Mr. ELAZAR. I might add that there is a feeling that the public officials involved—I wouldn't say they are not as interested, but they haven't had the time to become acquainted with the Commission work.

Reports, unfortunately, reach them when they are busy, as they almost always are. Therefore while they know the Commission exists, and these things are brought to their attention by the citizen groups, it has been my experience that they don't really know the contents of the Commission reports as well as they might.

Senator MUSKIE. Your discussion on pages 2 and 3 of your statement, and even subsequently, suggests that there ought to be something in the nature of a real crusading effort here in Washington to stamp the flavor of the Commission's work and its recommendations upon public policymakers here at the Federal level.

Am I right that you suggested this? Do you think the Commission could fill that role, or must it be filled by someone else?

Mr. ELAZAR. You are certainly right in suggesting that is what I had in mind. In certain respects the Commission has had the least success in Washington. In part the Commission—particularly the members of the Commission, rather than the staff—might be able to undertake some of the necessary crusading activities itself.

These Commissioners are drawn, after all, from every level of government and from private life and perhaps they could do something along these lines. I suspect that assistance would have to come from outside of the Commission as well.

Of course the interested Members of the Senate and House of Representatives are in a good position to do much of this. These two subcommittees, I think, have a very important role to play in this regard.

Perhaps private groups have a similar role to play. I think that most of the support for the Commission from nongovernmental bodies has come from the Commission's recommendations to State and local government.

While those recommendations should be supported, perhaps now we should encourage them to think a little beyond them to consider the Federal level as well.

Senator MUSKIE. For example, you point out, and I think validly, that the grant-in-aid programs and other Federal-State action programs approved in the last Congress or being considered in this Congress, tend to reject, implicitly, if not directly, many Commission recommendations for strengthening the Federal-State partnership, by strengthening the State's roles.

Now when this takes place, particularly in the case of pending legislation, should the Commission stand up on its hind feet and protest loudly and publicly, against the legislation? Should the Commission become an active public lobbyist for its particular point of view, insisting that this particular point of view modify the legislation that is involved?

Mr. ELAZAR. As a general rule, I would say "Yes," that this would be a good and useful role and an important one, in the same way that some of the other commissions that report to the President on problems are also, in effect, publicly lobbying for positions.

Now as you certainly know, there are many times when this might not be the most effective way to call attention to the problem. But as a general rule, I think the Commission has a public function, a lobbying

function, especially in times like these, when many of its recommendations are not only not being added to improve existing programs, but are being ignored in new programs now being enacted.

Senator MUSKIE. Some people insist that Congress is unaware of the Commission's position on some of these things. How is the Commission going to do this? It has 26 members. The Chairman of the Commission is a public member who has viewed his role as one of bringing these 26 members into some kind of consensus, rather than of supporting the kind of role we have been discussing.

The Chairman is the only voice in the Commission in a position to speak for the Commission and he might, if he were to assert this role, find himself in conflict with members of his Commission.

Is there some way that we could change the structure of the Commission, to serve the function that we are discussing here? And I think there is a great deal of validity in what you are saying.

Mr. ELAZAR. I really don't know of any way, except perhaps to do something to increase the level of concern of members of the Commission with the federal system as a whole.

As I said very briefly in my statement, one of the problems on the Commission as elsewhere in government is that Commission members tend to think first of the programs with which they are most concerned. Therefore, in most cases, when these programs are not supported, they will, in the reports of the Commission, act without considering the larger concerns of the system as a whole. I must add, however, that there actually has been relatively little dissent from the Commission reports, considering the numerous possibilities for disagreement. As I reviewed the reports, I was surprised at this. Of course, where there has been dissent, it has been in some crucial places and it makes it hard for the Commission Chairman to stand up and say much about them.

However, I think that, if the members of the Commission agree to assume this role, they might be willing to allow the Chairman to speak in this way, provided, of course, that they can also file their dissents more publicly than they file them now.

There is no question that the reports of the Commission are public property. The problem is bringing them to public attention. As long as the Commission is making decisions and making recommendations, and rather firm recommendations at that, then I think the Commission should be able to speak out, even within the present structure, in favor of its recommendations.

Senator MUSKIE. If the Commission were to consider that role and endorse it, we would have to have a continuing staff to oversee legislation pending in the Congress in order that the Commission's position could be brought to bear upon specific bills. This may enlarge the staff function in ways that we ought to explore.

Well, I think this is very useful. I have urged the Commission from time to time to take controversial positions in order to attract public attention and this may be one way of doing it.

On page 5 of your statement, you say that, and I quote:

I believe that with the proper incentives the States could do more to bring about intergovernmental coordination within metropolitan areas through the application of legitimate pressure which is theirs by constitutional right, than any other agency, public or private.

What kind of incentives?

Mr. ELAZAR. It seems to me that if the Federal grants presently going directly to local governments, or in many cases to local or private agencies within our communities, were channeled through the States, with requirements that the States exercise themselves to participate in these programs, at least as coordinators, that would in a sense force the States to begin to use some of their own powers to bring about metropolitan coordination.

Now I think it would have been rather foolish to suggest this approach 2 years ago. But, partly because of the work of the Commission, and partly because of the recent actions of States throughout the country that have become increasingly conscious of the fact that they are becoming almost entirely urbanized and that they have obligations arising from their new status, this is now a feasible approach.

Today, legislatures are concerned with urban problems, and with proper incentives through the Federal aid programs that exist, or that are in the process of being established, I believe they could be encouraged to take the lead in this regard.

For one thing, the States' planning function could be strengthened. I think the way to do it is not to try to strengthen metropolitan planning commissions alone, which are, after all, rather fragile reeds, because they must depend on so many diverse jurisdictions for support, but to strengthen the State planning function, which can then be used to reinforce the metropolitan planning agencies. This has been the case in those States presently having strong planning agencies.

This can also be done by giving grants to the States to be transmitted to general local governments, rather than special purpose governments. The States are certainly in a better position to insist upon utilizing general local governments than either Federal or local decisionmakers, given the structure of interests in America today. Such grants could be used to strengthen county governments, for example. In Minnesota this is now being done on a State-local basis to a limited extent.

Senator MUSKIE. Aren't they exercising the coercion which you deplore in other parts of your statement?

Mr. ELAZAR. They are not, because if the grants are being made, and if they are being made with requirements, as they are, the question is really, How does one best utilize the requirements? Do you utilize them to strengthen independent institutions within the States, or do you utilize them to strengthen the State governments themselves?

It seems to me that implicit in the notion of giving Federal funds is that there are going to be some general requirements for their use. And if the requirements exist, it could be just as handy and perhaps much more useful in the long run to put the requirements right where the States can make the most use of them in a real sense, turn them to their own advantage. This is what was done in earlier Federal grants to great advantage for the Nation as a whole.

Senator MUSKIE. In the latter portion of your testimony you refer to the possibility of the Commission making studies of the staffing needs of State and local legislative and executive bodies. I think you touched on a real problem in the State legislatures.

I think one of the reasons State legislatures, especially in the smaller States, do not move ahead as fast or as progressively in such complex fields as metropolitan problems is that, (1) There is a very great turnover in the legislatures themselves every other year, and (2) there

is inadequate staffing of committees. There is not the expertise or knowledge of these problems, let alone understanding of them. I don't know what you can do about that.

Mr. ELAZAR. Well, for one thing, I think that the depths to which this is so have not been brought to the attention of the public, perhaps not even to the attention of the people who are most concerned with State government.

Many people have thought about this problem in relation to their own agencies and perhaps their own States or local governments, but simply focusing the bright light of a good study by the Advisory Commission on the problem and some publicity following that would be a useful start toward considering it on a broader scale.

Of course we have to go beyond a study, but perhaps we could take steps beyond that once we knew the extent of the problem and had developed some good and realistic recommendations for remedying it.

Senator MUSKIE. Thank you very much.

Congressman FOUNTAIN?

Congressman FOUNTAIN. Thank you, Mr. Chairman. I want to compliment Professor Elazar for his very thought-provoking statement. I am sure I find myself in agreement with most of what he says. What I like about it is that it is designed to make us think. I guess that is what you political scientists are supposed to do, basically.

I am afraid sometimes we don't do enough thinking in Washington. In fact, I don't know that we have too much time for it. We are either in committee meetings or answering correspondence, conferring with constituents, or going out to functions at night, and a variety of other things.

I find myself thinking when I am riding in a train or an automobile—and sometimes you can have a wreck doing that—but I am beginning to wonder if we are doing enough thinking in Washington, not just in Washington, but at all levels of government.

Those in your field render a great service, as I think your statement does. You raise some questions which have bothered me, as I know they have bothered Senator Muskie and others of us who are serving on the Commission, particularly your observation about the impact of Commission recommendations at the Federal level.

Personally I think the Commission still will have to feel its way and determine with the passage of time how far it can go in the direction of seeking full implementation of its recommendations.

As you know, we are spread all over the Nation, from the local to the national level, and there isn't too much political power in the Commission. My experience here has convinced me that it takes political power to get some things done, however meritorious they may be.

But I do think that the Commission, through its members and through its staff, can do more to let those on the Federal level, those of us in the Congress, and the President and his staff in particular, know what its research is about, what its findings have been, and what its recommendations are.

In fact, I think if that is done, the leaders in appropriate places will take hold and probably lead the fight for the Commission to get some of these things done.

There are also private institutions and groups throughout the country that are extremely interested in legislation of one kind or another. And here again I think the Commission, if we can get help in the dissemination of information, and help also in getting its recommendations implemented, I find that some of these groups can really do a good job of politicking when there is a particular piece of legislation in which they are interested. And they can do it in a variety of ways. All of us who are public officials are familiar with the way they do it. And it seems to me that they can get behind some of these things, and put the fire under us here in the Congress and under the President.

In addition, it seems to me that the prestige of this Commission, whether we like it or not, and what it can accomplish, depends to a large extent upon the attitude of the President of the United States and members of his Cabinet and those who work on his staff.

If the President and the executive agencies feel that they should go along with this Commission only when it serves the purpose of the party in power, or the Administration, then I think it minimizes the effect of the Commission.

But if the Administration indicates a sincere interest in the work of the Commission, and does what it can to give it the prestige it needs, then I think the Commission is enabled to do the job we expect of it.

And until the Commission is accepted, it seems to me it can't do too much effective lobbying; otherwise, it can become highly controversial before it gets the necessary prestige. Once an institution gains the power to get things done, it doesn't matter how controversial it becomes; but if it becomes too controversial beforehand, then it can be destroyed.

As a Governor of North Carolina told me two or three weeks before he died, "Fountain, you know people are always saying those of us who go into public office ought to be statesmen," and I quite agree.

He said: "You know, but they overlook the fact that before we can become statesmen, we have to be politicians, we have got to get elected."

So those of us in public office are in that position, if we don't get elected, we can't be effective in a lot of these areas.

Now there appears to be the assumption throughout your thoughtful and thought-provoking paper that the States are competent to manage their part of the cooperative programs, a statement or assumption with which I am inclined, generally, to agree. But I wonder if you would amplify your thoughts on the merit of loosening the reins of Federal supervision and controls?

Mr. ELAZAR. I would be happy to. May I first comment briefly on your previous statement? I quite agree with you that up to now the task of the Advisory Commission on Intergovernmental Relations was to become accepted as a contributing part of the governmental system in this country. Perhaps what the Advisory Commission now needs more than anything else is something like the National Parks Association, a private agency that serves to support and criticize the National Park Service. Perhaps there should be an Intergovernmental Relations Association, composed of private citizens interested in these problems, who can push the Commission from one side and thereby give some freedom to act on the other side. But I am not

certain whether enough members for such a group could be found or whether, if they could be found, the group could be organized without running into the same problems that the Commission does.

Representative FOUNTAIN. Before you proceed further, let me make this observation.

If the Commission were an institution which had the power to withhold or to grant funds for programs, if it could cut off a project here, or add a project there, then it would have some of that political power I am talking about. It doesn't have that. It is giving advice. In other words, the Commission is doing a job which is designed to strengthen our federal system. And I think if the recommendations of this Commission, which have been made—some of which I don't agree with, although I do agree basically with most of them—were to be put into effect, we would have a much stronger America, and a much stronger federal system today.

Go ahead, Professor.

Senator MUSKIE. May I add to that thought? I quite agree with the Congressman that if you become controversial before you have power, it is maybe too great a risk. But I think considerable power can be generated by effective disclosure and presentation of what the Commission thinks. And I think this is what is implicit in your paper.

I think if we could find a way to more effectively bring the Commission's positions to the attention of the President and the Congress, and also to the attention of the public which might become aroused thereby, we might then begin to generate some political power. It is a fine line to draw. I think Congressman Fountain's statement is an excellent one, and one that ought to be carefully examined by the Commission, before it goes overboard. But nevertheless I do think we could be doing a better job of publicizing the Commission's position, and maybe timing publicity in connection with pending legislation. I think that would generate political power in and of itself.

Representative FOUNTAIN. I think you are quite right. Maybe I didn't say it as clearly as I intended. That is one of the points I was making. The Commission's political influence depends largely on its success in publicizing what it has done in bringing its position to the attention of the people who have the power to act; that in itself can be an extremely helpful thing. Of course, the Commission has been involved in some controversial matters. I don't think it should stay away from them. The Commission must be careful to avoid creating the appearance of lobbying for a particular interest, a certain segment of the economy, or a certain philosophy. Otherwise, it can destroy the effectiveness of the organization, and alienate the various State, city, county, and other groups who have supported it.

Mr. ELAZAR. Yes. In regard to your earlier question as to the merit of loosening the reins on the States to give them greater flexibility in handling Federal grants, first of all let me say that I don't view the imposition of Federal standards as "dictation from Washington" or anything like that. I think we all know that even when standards are formulated by Congress or by Federal agencies, there is usually extensive consultation with those people who are involved in administering the programs in the States and localities, particularly the professional people involved, who contribute as individuals and through their professional associations, to formulating the standards,

making the so-called Federal standards something more than dictation from the center.

At the same time, it seems to me that there is a tendency, on the part of Federal officials, which is quite natural, to want to assure that everybody handling Federal funds or responsible for implementation of certain Federal-aid programs, must account fully for what they are doing and how they are expending Federal funds doing it. This sometimes leads to an expansion of detailed controls which cannot possibly take into consideration the individual problems or particular characteristics of the individual States and their local subdivisions.

Even when standards are agreed upon nationally by an association of State officials, there must be some compromise with local conditions in the individual States. It is in this regard I speak of greater flexibility.

I am strongly impressed that as programs become established, even the weaker States administering them reach levels of professional expertise in administering those programs similar to the level in Washington, or in the Federal agencies in the field. Moreover, there are no substantial disagreements among the professionals as to what the goals of the program are, or that the funds available should be used intelligently, and not wastefully. With this expertise, it seems to me it is possible for the Federal people to say to their State counterparts: "You are now free to make wider decisions on your own."

It is sometimes true, of course, that professionals in the States and localities prefer to be able to say to their political counterparts: "We were ordered to do this by Washington" because this gets them off the hook and they do not have to win the States political leadership over to support their actions. But in many cases I think that they, too, are willing and eager to take more control over these programs, to be able to adjust them to local conditions, and even to stick their necks out for the sake of their own ideas.

Admittedly, in some cases the States will not be able to rise to the level expected of them. Different States will fail in different programs. Where they do, there quite probably will be some waste and inefficiency. Perhaps the virtues of democratic government are sufficient to make even this a reasonable price to pay. At the same time, it also may become possible to build up some public pressures to improve services at the State level, pressures which do not exist now and will not exist as long as people don't think it is necessary for them to exist. This would also strengthen the federal system. So, in a sense, then, State competence could be encouraged simply by allowing the established programs to be handled with the central emphasis on flexibility, rather than rigid direction. I believe that it would be worth trying this approach to see what comes from it.

I might just add that I think there is probably a great deal of excessive cost in the present system. There is certainly a great cost in time. The State officials I have interviewed spend a tremendous amount of time filling out detailed applications to meet Federal specifications. They must learn how to fill them out correctly, not to reflect exactly what they are doing, but to reflect the standards that they have to meet,

in order to gain freedom to do what ought to be done with the funds. This is time which probably could be used in other ways, for planning and thinking, for example. They also have the great problem of lack of time to plan and think, as we all do. If this time were only saved for thinking, it would be useful.

Senator MUSKIE. Mrs. Dwyer?

Representative DWYER. Mr. Chairman, I haven't any questions, but I would like to compliment the professor on a very intriguing statement.

Mr. ELAZAR. Thank you.

Representative DWYER. That is all, Mr. Chairman.

Senator MUSKIE. Congressman Dow?

Congressman Dow. Thank you, Senator.

Mr. Elazar, I have picked up something in your statement and also from some of the earlier statements that have been made in these hearings which leads me to think that of all of the instrumentalities of government we are dealing with, the States and the State organizations are in a form of decline. In other words, I have seen a number of evidences which to me point to a question about the strength of the State governments, speaking in a general way. For instance, we have indicated here that they haven't undertaken proper measures of planning. We know that there is a lack of uniformity among the States in the way that they handle problems. And I even know of cases of jealousy among the States and the metropolitan areas. There is a very obvious dependence by the States on Federal aid. As you pointed out, there is some tendency of the Federal Government to bypass the States, and reach down to the localities through some of the legislation.

Senator Muskie has indicated that there is a lack of expertise in and near the State legislatures. And at the same time we have the emergence of regional concepts. It seems out of necessity, this regional thinking is rising to the surface. So I would be willing to raise a question as to whether the States in our system are not really recessive instrumentalities.

I just wonder if we don't have a problem here. I am not prepared to offer rapid answers, but there are various ways of approaching this problem. Perhaps our committee or the Advisory Commission should set out on a program of warning the States of what appears to be a decline in their status. Or maybe we should undertake to brace them up. Perhaps we should let them decline feeling it is futile to brace them up, and throw our influence in the direction of regional concepts.

Now these thoughts I have expressed here may seem to be a little extreme. I don't want to thrust them forward except as a suggestion. But I was wondering if you had some philosophy to offer about the status of the States in the future of our country?

Mr. ELAZAR. I can only offer what I observe around me. When I look at the States—and I must say respectfully, that I don't believe they are on the decline at all—it seems to me that the States are in a position that is not too different from the position they have always been in. They are like the man in the middle. This means that in one

sense they are the keystones of the American governmental arch, and in another sense they are pressed from all sides, just because they are in the middle.

One looks at the record and can see evidence that supports all sorts of theories of decline, and one sees evidence that strengthens the view that the States are active and vital institutions, perhaps more so than ever before. Both views are true to some extent and always have been.

The States, it seems to me, are working in many fields where they have never worked before, even though they had the authority to do so. Some of their new activities are stimulated by Federal grants; others are demanded by interests within the States, and, as democratic governments, they respond accordingly. It seems to me that if one considers the lack of uniformity among the States as a symptom of decline, this itself may be a little unfortunate, since diversity in State responses is to be desired, while uniformity would defeat the very purpose of federalism. I am often afraid that we do not encourage enough diversity at the State level.

I think that State jealousies, reasonably handled, are useful. They stimulate useful competition in much the same way as competition is useful in some other fields. It seems to me that if we had regions to handle these functions, there would be regional jealousies, because different people would want to obtain the same resources. They would compete for those resources in the name of regions as well as States and be jealous just the same.

We acquired much of the American West because of the interests of the individual States. Particularistic State interests there were quite helpful. I think that similar particularistic interests are helpful now, even if they appear to be "jealousies." It seems to me that one problem with the States is that they sometimes have to work harder than they should to coordinate actions in areas in which they are willing to act. That is to say, States that are strong in planning—and there are too few of them—often have to work hard to coordinate the planning that goes on within their boundaries, because of the direct Federal grants to localities, even though they are willing to undertake planning responsibilities, whereas the weak States are excused from doing so, because somebody else does it for them—not very well, but well enough to make them feel that someone is doing it.

In the last analysis, there is always the problem of trying to smooth out the problems, but over the long run, I think the several levels of government in this country have done a rather decent job of pulling their own weight in cooperative programs.

Representative Dow. Thank you.

Senator MUSKIE. Thank you very much.

I have just one observation to make and one more question to ask. I would like to say that your suggestion for fieldwork, for spending time in the various States and cities working with State and local officials, is one I think the Commission might well consider with a view to making recommendations to the Congress on the point. I have not given any great thought to it, and have no judgment on it, but I think it is worth thinking about.

The question is this: Should a new well-staffed, separate division of the Budget Bureau be established to assist the President in providing executive oversight on intergovernmental relations?

Mr. ELAZAR. I haven't given that proposal enough thought to make any serious comments about it. Perhaps it would be useful. I think it should be explored further because it seems to me there are many problems involved aside from having another voice close to the President's ear, as is sometimes the reason offered for establishing such a division. Before those other problems were explored, I for one, would be very hesitant about making any kind of recommendation.

Senator MUSKIE. Thank you very much. We do appreciate your coming and you obviously have provoked some thought.

Representative FOUNTAIN. Before he leaves, Mr. Chairman, let me ask one question.

An elder statesman in your field of political science—you may know who he is from your research—made the statement more than 10 years ago, that if the present trend in government continued, with the Federal Government doing more and more and assuming more and more responsibilities, State governments would, in effect, become mere hollow shells, administering programs for the Federal Government. Do you agree with that view?

Mr. ELAZAR. As I recall, it was Prof. Leonard D. White who made the statement. He was my teacher, and we talked about this. My feeling is that the trend toward Federal participation is not, in itself, likely to produce such consequences. The problem may come when Federal participation is used as a justification for the imposition of more uniformity than the minimum necessary to maintain the national interest. Under such conditions, I think Professor White's warning must be taken seriously. But simply increasing Federal participation and intergovernmental cooperation in the manner which historically has been shown to be helpful to all parties, rather than harmful, is not likely to lead to such a result.

Representative FOUNTAIN. Thank you very much.

Senator MUSKIE. Thank you very much.

At this point I would like to indicate for the record that the May 1965 issue of *The Annals of the American Academy of Political and Social Science* devotes considerable space to this field of intergovernmental relations. I understand from the staff that every contributor to that issue has been asked to testify or submit statements for these hearings, and Mr. Colman, of course, and Professor Elazar have appeared. I commend this publication to members of the committees. There are some excellent articles in it.

Our next witness is Prof. Victor Jones, an old friend of the chairman of the Commission, and a member of the Department of Political Science, University of California, Berkeley. He certainly must be exposed to some of the emerging problems at the State and local levels of government.

We welcome you, Professor Jones.

**STATEMENT OF PROF. VICTOR JONES, DEPARTMENT OF POLITICAL
SCIENCE, UNIVERSITY OF CALIFORNIA, BERKELEY**

Mr. JONES. Thank you very much, Mr. Chairman, Mr. Fountain, and members of the committees. I am very grateful to you, Senator Muskie, for reading into the record the notation of my friendship with Frank Bane.

Mr. Chairman, I do not have a prepared statement. I would like to make a few comments now, and then I would appreciate the privilege of turning into the committee a prepared statement to be used in any way they may wish.

I think one of the most significant features of the American political system today is the attention that is being given in many agencies of the Federal Government and in some of the State governments, to intergovernmental relations. The Advisory Commission on Intergovernmental Relations has been in the forefront. I do not think all its influence can be identified at the present time. We will see its influence turn up years after particular reports and particular actions or recommendations have been made.

I know, for instance, from talking with staff members of the Housing and Home Finance Agency who are concerned with metropolitan matters, that they have read carefully and have given considerable thought to the recommendations of the Commission. Already in some instances, and I am sure in many others, the effect of the Commission's work will appear in actions which will not be overtly credited to the Commission. This is happening far and wide not only in Federal agencies, but in many States and localities. I can testify that this has happened in California, at both the State level and among local governments, at least in the San Francisco Bay metropolitan area.

In addition to the Commission, of course, the Subcommittees on Intergovernmental Relations of the Senate and House Committees on Government Operations, of which you are members, have all played an important role in supporting the work of the Commission.

It is quite doubtful that the work of the Commission would have gotten the publicity and review and examination that it has received without the public hearings and staff work that your subcommittees have provided.

The Executive Office of the President has also taken formal cognizance of the effect of Federal programs on State and local governments. The Bureau of the Budget has been increasingly concerned with such effects.

And, since 1959 there has been some kind of special assistant to the President, dealing with urban and metropolitan affairs.

I already mentioned that in the Housing and Home Finance Agency there is what you might call a metropolitan desk. I understand that other operating agencies of the Federal Government also have assigned similar responsibility for the continuous review of intergovernmental aspects of their programs. These are just a few instances of the kind of developments since the war, accentuated after 1957, 1958, and 1959, that I think add up to basic changes in the American federal system.

I want to come back in a moment to some structural changes that are taking place, without our calling them structural changes. But the Commission plays a particular role here because it is not an operating agency. Although it is set up under congressional act, and its members are appointed by the President, it is interdepartmental; it is interbranch (in the sense that it has members from the legislative and executive branches); and it is intergovernmental. So it has a role to play that no other agency can play. This does not mean that other Federal action should not be taken to strengthen our federal system.

For instance, I personally believe that the Housing and Home Finance Agency should be reorganized into a Department of Housing and Community Affairs. However, I don't think that such a Cabinet department would bring about a coordination of the many Federal programs that affect local governments, particularly in metropolitan areas. Only the President of the United States can do that, and he probably can do it only through some kind of staff in his own Executive Office. But certainly it is encouraging to local officials and to State officials, both elected and appointed, at least in the State of California, that the Federal Government at last is not only asking itself how to carry out a particular program efficiently and effectively, which is generally the question that specialists ask with respect to their own interests, but are now asking in many places—following the leadership of the Commission on Intergovernmental Relations—how the many programs can be administered in such a way that a viable local government can be maintained.

It is, of course, necessary that the recognition that a viable local government is as important as clean water, as important as an interstate highway system, as important as a beautiful America, be accompanied by a recognition at the local and State levels that programs which affect the way people live and work must be effectively and efficiently executed. In California, at least, there is increasing recognition of this fact.

So I think there is a growing recognition that both values are important: the carrying out of a program and the general health of the whole system of government. The Commission on Intergovernmental Relations had led us to this recognition.

There are two other instances, Mr. Chairman, of the influence of the work of the Commission that I would like to mention. One has to do with the gradual development into what I hope will be, and many people in California hope will become, a kind of limited purpose, general metropolitan decisionmaking body for the San Francisco Bay area.

The Association of Bay Area Governments was organized in 1961 under the California Joint Exercise of Powers Act. It is a voluntary organization in that the cities and counties, the nine counties around the bay may join, or they may not. They may pull out at any time they wish. Only one county and a few municipalities are not now members of this organization.

The ABAG was set up at the beginning primarily to furnish a forum through which locally elected officials in the bay area might come together and reach a common stand with respect to proposed State and Federal programs as they might affect the bay area. It has gradually taken on important governmental functions. It has taken them on only when the members (cities and counties) were convinced they had to do something about a regional problem or face State or Federal intervention.

Now, at the very beginning of ABAG's existence, the local planners in the area came to ABAG and asked them to endorse a bill in the legislature which would have created a special metropolitan planning district for the bay area, supported by tax funds, to be levied by the planning district. This was a very crucial point in the life of ABAG. If it had endorsed the proposed legislation, the result would have been another special district, even though it was con-

cerned only with physical planning. The special planning district would have been isolated from the elected public officials in the cities and counties of the bay area. It would have been a floating planning district.

The general assembly of ABAG refused to endorse this bill, but at the same time recognized that something had to be done. Regional planning had to be undertaken and they agreed to take the responsibility for it.

The point of interest in these hearings is that ABAG was encouraged to do this by a statement in a report of the Commission on Intergovernmental Relations. Without the Commission's statement that planning should be associated with political decisionmaking, I think the chances are they would have gone along with the recommendation for a special planning district. Not only staff people, but some elected officials in the area had read the Commission's report, and I can testify that this had an important effect upon the decision they made.

The second example of the Commission's influence in the State of California, and I am sure there are many others, is that the legislature created 2 years ago a State Coordinating Council on Urban Policy, modeled after the Advisory Commission on Intergovernmental Relations. After this session of the legislature, its name will probably be changed to Intergovernmental Council on Urban Growth.

In addition to public members, certain members of the Governor's cabinet are on the council. Municipalities, counties, and school districts are represented. I think this is an important step in the development of intergovernmental relations in the State of California. And later on I want to talk about the possibility of cooperation between the U.S. Advisory Commission and such State agencies as the California Coordinating Council.

The council has been given responsibility for performing the following functions: Analyzing the trends, conditions, needs, and problems affecting local government in California's rapidly growing urban areas; defining the complementary roles of State and local units with respect to such growth; developing long-range policies to assist the State and local agencies in meeting growth problems; and recommending appropriate policies and programs to the Governor for the attainment of these ends.

May I read just one other paragraph from the report, the first report of the coordinating council?

This council, officially inaugurated on January 14, 1964, represents a significant step forward in the development of an alliance

I want to stress the word "alliance"

for urban progress in California. The most important accomplishments of the council's first year derives from its unique composition of local, State, and public members. A conversation has been started among the respective interests of State, city, school district, and county units of government, and with respective citizens at large. The early results are promising. It has been found, as illustrated by the joint policy statements included herein, that there is common ground from which we can move forward with understanding to approach the many individually significant urban problems at hand, and those soon to be before us.

Now, I suggest to you that is no mean accomplishment to start an enduring continuing conversation among such diverse interests and to

organize the conversation to lead to policy statements. Again, the model for this development in the State of California was the Advisory Commission on Intergovernmental Relations.

I would like now to make a few remarks upon the American federal system, somewhat along the lines of Professor Elazar's statement, but emphasizing certain aspects which I consider to be important. I don't think there is any doubt that American politics is being nationalized as various groups in the United States find, or at least are led to believe, that the only way they can get satisfaction (either in getting governments to do something for them or to permit them to do something, or to keep others from doing what they don't want them to do) is to come to the National Government.

I don't mean to say that everyone is turning to Washington, but an increasing number of groups in the country are doing this after they have experienced either disinterest or antagonism, or inability to perform on promises at the local or State level.

Now this is not a new thing in America. This has been going on from the very beginning of our government. It is normal, natural, and constitutional in this country for any person or any group that finds that it cannot get what it wants at one level of government to turn to another level of government, or if it can't get what it wants from one agency within any given level, to turn to another agency.

But recently, such groups—among which we might mention the Negroes, or labor, agriculture, business, professional people, and so on—have increasingly turned to the Congress and the President for a declaration of national policy with respect to their interest, and with appropriations and machinery to effectuate those interests. The result is a nationalization of American politics. At the present time almost all of the domestic policy of the United States is metropolitan policy, insofar as the effect, the impact, the point of contact with people and with goods and institutions are at the local level. Most of the people of the United States are now living in metropolitan areas. This means that by and large most of the domestic policies of the National Government are in effect metropolitan policies.

This development has been going on for three or more decades at a fairly rapid pace. Nevertheless, the pace has been accentuated since the war. During this time local government in the United States has been restructured. Slowly and gradually local government is changing, without any, or at least with only a few, formal modification in statutes or charters.

Now the principal change has been in the orientation of local officials represented, in part, by the location at Washington of the National League of Cities and the U.S. Conference of Mayors, and of many other associations of public officials. It has meant inevitably that State and Federal officials have been involved in local affairs. And one of the principal structural consequences of this involvement has been the development of special districts or special authorities. This has come about, I think, for two reasons: One, because program specialists, outside and inside the bureaucracy, have wanted to talk and to work with their counterparts at the State and local level. Program specialists at the State level have wanted to work with their counterparts at the Federal and local levels. They have not wanted to go to the trouble, or to run the risk, of having a general body, with

the responsibilities of weighing competing claims for many things, induce general politics into their special politics and thus dilute their special program objectives. So that when Federal programs or State programs have been set up, the tendency has been to get some kind of special, semispecial, semiautonomous unit in order to bypass general politics.

The second reason that special districts seem to be the only real alternative, the only realistic way of trying to set up a metropolitan organization to do things on a metropolitan basis, is that we haven't been able as yet to create a general policy government. So that whether or not we want to change local government, it is being changed.

I think the great danger to home rule in this country is not Federal and State involvement in the affairs of the people, although you might believe this as you listen to some home rule and States' rights people talk of the Federal and State Governments as if they were hostile, alien powers. The enemy of home rule is not State and Federal involvement in metropolitan affairs, but the gradual development of special districts and authorities, that are eroding the traditional general-purpose local government, which we have known in this country, such as cities and counties.

Nevertheless, given this involvement, we need somehow or other to develop at the metropolitan level a *modus vivendi*, a way of living, a way of operating, in which all three of our levels of government will be responsibly involved.

The major question, it seems to me, is how can a general local government for metropolitan areas be developed. And another way of putting that question, from the local point of view, is how can local governments, as they are now organized in the United States, particularly within metropolitan areas, reorganize themselves in order to play a meaningful role in the formulation as well as the execution of intergovernmental urban programs. I don't think there is any doubt—in my mind there is no doubt—that the principal reason for having some kind of a metropolitan political organization is not to reduce taxes or increase the efficiency of government, but to enable local government to sit down at the poker table of intergovernmental relations and play as an equal partner against State and Federal agencies.

Few, if any, cities and counties acting alone can play as equal partners. However, if they organize themselves into a regional political metropolitan body, then they can talk almost with the strength of the State division of highways, or the Housing and Home Finance Agency, or Bureau of Public Roads.

If we don't want residents of metropolitan areas to participate at the local level in the formulation of intergovernmental urban programs, then our so-called intergovernmental problems are relatively simple. The best way to carry on government in the United States, as it affects people in the metropolitan areas, would be through Federal and State programs that use local government officials as administrators. I do not believe, nor does the Advisory Commission on Intergovernmental Relations, that this is the kind of local "government" we desire.

Mr. Chairman, throughout government there are three basic processes that somehow or other have to be carried on. I do not mean to suggest that they have to be carried on separately, or one before the other. But involved in any kind of organized activity are planning, decisionmaking, and execution. This is a commonplace statement.

But now I want to talk a little bit about the effect of intergovernmental urban programs upon local government, the local governmental system of planning, decisionmaking and administration. When planning is emphasized, and when no provision is made to insure that responsible, political decisionmaking is institutionalized in the same context at the same time, the effect is to change the relationship among these three processes. The consequence is a basic structural modification of local government. This is the principal criticism that I would make of the Intergovernmental Cooperation Act of 1965. It requires a metropolitan planning process to be underway, and this will require some kind of formal metropolitan planning organization through which applications for Federal aid to be spent in the locality will be reviewed. At the same time, the agencies administering grant programs will see increasingly that it is desirable that there be some kind of metropolitan organization "to build and run the railroad," to execute and administer the programs. There is no suggestion anywhere that there be some kind of political discussion, review, criticism, and decisionmaking at the local level of governments operating in metropolitan areas. This is the major, constitutional problem facing the American federal system—how to maintain Federal and State interests, direction and participation in all aspects of metropolitan affairs and at the same time, maintain a viable local political body in our metropolitan areas.

I mention this as one of the problems of our federal system to which I hope the Advisory Commission will give a good deal of attention.

It has already highlighted the metropolitan political problem in its report on the impact of Federal development programs and in many other reports and recommendations. But it is exceedingly difficult to organize a responsible and representative political body in metropolitan areas.

However, I believe that with conditional grant-in-aid programs requiring metropolitan planning and metropolitan administration, without requiring some kind of local metropolitan political decisionmaking in between planning and execution, we are radically changing our system of local government.

Now, there are certain other things I would like to mention quickly. How can Federal agencies participate at the metropolitan level in planning, decisionmaking and administration? The California Coordinating Council on Urban Policy recommends that consideration be given by the Federal Government to the reestablishment of regional offices of the Bureau of the Budget. I would like very much to endorse that proposal. It is impossible at the present time in the San Francisco Bay area—and I am sure this is true in Los Angeles and other large metropolitan areas of the country—to get the Federal field agencies together and get them to come to a common position or carry on a conversation with the local people.

We do have Federal executive boards in large metropolitan areas now, but without staff, they are not likely to meet the need for regional liaison and coordination.

The other major recommendation I would make—it has been made in many ways by other people who have talked before you—is that steps be taken by the Commission to involve metropolitan and State officials in their own habitat—not in Washington and not solely through State and local representatives on the Commission, but in their

own State and metropolitan habitat—involve them in the work of the Advisory Commission on Intergovernmental Relations. One way this might be done is to set up advisory commissions by jurisdictions, by metropolitan areas, and by States, maybe by regions in some instances, as well as by subject matter. The movement both ways of information about developments in intergovernmental relations would be very desirable for local and State organizations, like the Association of Area Governments and the California Coordinating Council on Urban Policy, and the New York Office of Local Government, as well as for the Advisory Commission and other Federal agencies.

One thing that might be done is to invite State and local officials to meet with the Commission and its staff. Last year when Chairman Bane was in Berkeley as regents professor at the University of California, he met frequently with the Association of Bay Area Governments and with the State coordinating council. Also, when Mr. Colman was out last November, he and Mr. Bane met with the chairman and the executive secretary of the State coordinating council.

This is good, but some way should be devised to take the Commission's reports and recommendations in draft form, if possible, to the localities and to the States, and there discuss them in joint meetings with State and local officials. There are several reasons for doing this. Certainly, the Commission can get some good advice and some good criticism. Perhaps even more important would be the sense of joint responsibility for recommendations which State and local officials had some advisory or consultative part in making.

Unless the Advisory Commission takes the initiative, this kind of collaboration will not develop. The Association of Bay Area Governments, for instance, will not, on its own initiative, go through the recommendations of the Advisory Commission and come to a policy decision about those they consider of importance to the bay area. Yet, somehow or other, they have to be brought to do it, if all three levels of government are to work together—cooperate and disagree—in the governance of our metropolitan communities.

I also think it would be useful to hold joint sessions with State legislative leaders in the States themselves, not in Washington, joint sessions of the State legislative leaders, and the appropriate committees of the legislature. Perhaps it would be proper for joint meetings to be held between your subcommittees and your counterparts at the State legislative level. Of course, I can't speak for the speaker of the California Assembly, but I can say that this is the kind of thing that might excite him because it has the possibility or the intellectual and policymaking confrontation with problems of our urban society that he wants to develop in the assembly. And the same is true of the assembly committee on county and municipal government.

Of course, my suggestions, as well as others made at these hearings, will require an increase in the staff of the Commission, but I won't develop that. You understand this better than I do.

Thank you very much, Mr. Chairman.

Senator MUSKIE. Thank you very much, Professor Jones, for your statement.

You indicated an interest in submitting a further statement, which we would be happy to have for the record.

(Subsequently, Professor Jones submitted the following material for inclusion in the record :)

THE ROLE OF LOCAL GOVERNMENT IN FEDERAL-STATE-LOCAL PROGRAMS

Local government in the bay area can be understood today only in the context of the nationalization of American politics. Federal-State, Federal-State-local, and State-local activities are old features of the American constitutional system. However, in the future, many more policies and decisions with sharp local impact will be made directly by State and Federal legislatures and administrative agencies or through new and expanded intergovernmental programs. What role should local government play in formulating intergovernmental programs, in adapting them to the bay area so that they do not impede or prevent the realization of other objectives? What role should local government play in administering such programs? What role can local government play as it is now organized into 9 counties, 85 cities, and 6 large special districts?

Local officials in the bay area are more aware of the urgency of finding answers to such questions than at any time in the area's history. Perhaps their concern is consciously shared by local officials in all large metropolitan areas in the United States. Frank C. Moore, in reporting the first local government workshop sponsored by the New York State Office of Local Government, has stated that:

"There was general agreement at the roundtables that the traditional home rule concept of the 19th century can no longer obtain. It was recognized that many functions require joint exercise of power, and that a home rule concept which attempts to divide powers of government into convenient and exclusive packages is no longer fitting. Those attending agreed with one of the speakers (Luther H. Gulick) when he said that municipal home rule is now not the right to be left alone behind a legally defined bulwark, but, rather, the right to participate as an equal partner in arriving at decisions which affect community life."

The problem is to develop a means whereby local governments may participate as equal partners. Recent trends in urban programs of the Federal Government sharpen the urgency of finding such means. Most urban programs of the Federal and State Governments will follow the familiar pattern of conditional grants-in-aid. This means that there must be a recognized local public agency to receive and spend the grant. Many of the new intergovernmental urban programs will require the "local public agency" to be metropolitan in scope and jurisdiction. The recently enacted National Urban Transportation Act can be taken as prototype of the organizational conditions that will be specified in urban programs likely to be authorized in the next decade. The act provides:

"* * * no Federal financial assistance shall be provided pursuant to section 3 of this Act unless the Administrator determines that the facilities and equipment for which assistance is sought are needed for carrying out a program, meeting criteria established by him, for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area."

When the bill was first introduced in 1962, this section was officially explained in an accompanying statement:

"This does not mean that such a program has to set forth a specific schedule for a series of detailed projects, which together would comprise a complete transportation system for the urban area. Urban transportation and development, especially in metropolitan areas where many jurisdictions may be involved, is inevitably very complex and must be carried on as a continuing and evolving process. It does mean, however, that a transportation plan must have been prepared which sets forth the basic framework of the highway network and the mass transportation system needed for the urban area, that the proposed project is needed for this mass transportation system, that there is a program for the establishment of the system, and that the system will be administered either by one agency or by officially coordinated agencies. Also, the proposed transportation plan itself must have been prepared by an organization, or officially coordinated agencies, carrying on a continuing areawide program of comprehensive planning, under which comprehensive plans for the urban area have already been prepared in sufficient detail to provide a satisfactory basis for the highway and mass transportation plans." (Congressional Record, Apr. 5, 1962.)

Thus, in order to meet the Federal conditions for financial assistance in building and acquiring rapid transit facilities and equipment, there must be in the bay area two metropolitan organizations: a metropolitan planning agency and a mass transportation operating agency. The Association of Bay Area Governments may be recognized as the metropolitan planning agency but there will be competition for this role from the rapid transit district and perhaps from the Bay Area Transportation Study Commission. The Bay Area Rapid

Transit District, since electoral approval of a \$792 million bond issue, is "in business" as the constructor and future operator of a three-county system of rapid rail transit.

Perhaps even more significant is section 9 of the Federal-Aid Highway Act of 1962 providing that:

"After July 1, 1965, the Secretary [of Commerce] shall not approve under section 105 of this title any program for projects in any urban area of more than fifty thousand population unless he finds that such projects are based on a continuing comprehensive transportation planning process carried on cooperatively by States and local communities in conformance with the objectives stated in this section."

The Bureau of Public Roads will require:

"The establishment of a formal procedure—supported by a written memorandum of understanding—between the State highway departments and the governing bodies of the local communities for carrying out the transportation planning process in a manner that will insure that the planning decisions are reflective of and responsive to the programs of the State highway departments and the needs and desires of the local communities. The agreement may be directly between the State highway department and the local governing bodies or by way of an agreement between the State highway department and an agency or agencies embracing the urban area encompassed in the transportation planning process qualified to act in behalf of the local jurisdictions for this purpose. The State highway department will be expected to show by suitable evidence that scrupulous efforts have been made to carry out the intent of the act with respect to cooperative action by all political subdivisions. If there is an unwillingness on the part of a local political unit within the entire urban area to participate in the transportation planning process in such area, a determination shall be made as to whether the percentage of the urban area affected is such as to negate an effective planning process for the whole area."

Fortunately for the bay area, the Bay Area Transportation Study Commission (BATS), established by statute in 1963, is now operative. By the deadline for approval of programs without a metropolitan transportation plan, July 1, 1965, a comprehensive, continuing, and cooperative transportation planning process should be underway. ABAG (Association of Bay Area Governments) has a representative on the commission, and in addition there are 18 county and city representatives constituting 54 percent of the voting membership. BATS is directed by statute to coordinate its work closely with the regional planning program of ABAG. Obviously, ABAG's only hope to prepare a regional plan for the bay area is to work closely with BATS staff in collecting and analyzing data.

In many ways BATS resembles the type of regional planning organization (except that Federal representatives are participating only as observers) that I suggest later in this paper as desirable for the bay area. In any event, the bay area will be ready by July 1, 1965, with an intergovernmental regional transportation planning agency.

We may be required to broaden almost immediately the emphasis of regional planning from transportation to the whole panoply of intergovernmental urban programs. On January 23, 1964, the Senate passed S. 855, introduced by Senator Muskie, which provides that

"* * * all applications made after June 30, 1965, for Federal loans or grants to assist in carrying out urban renewal and open-space land projects or for the construction of hospitals, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and public housing within any metropolitan area * * * shall be accompanied (i) by the comments and recommendations with respect to the project involved by a planning agency designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and (ii) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application."

With ABAG in operation, the metropolitan planning requirements of Federal grant programs can be met without bypassing the political review and decision-making of a metropolitan body composed of elected local officials.

Although for a time it was uncertain that ABAG would be recognized by the State and Federal Governments as the metropolitan planning agency for the bay area, this doubt has now been resolved. HHFA has formally granted the planning funds requested by ABAG to match local funds to support the preparation of a regional plan. Furthermore, the State legislature has recognized ABAG

by name in one act⁸ passed during the 1963 session and clearly by exclusion in another.⁹ Moreover, under 1963 legislation, the State planning advisory committee will undoubtedly designate as the regional planning district for the San Francisco Bay area all of the nine counties eligible for membership in ABAG.¹⁰

Many people doubt that ABAG can make comprehensive metropolitan plans that are anything more than inventories of municipal and county plans. There are others who believe that a political body, organized like ABAG, should not try to function as a metropolitan planning agency. These doubts and criticisms will be discussed later.

Nevertheless, a metropolitan planning agency of some kind is necessary if the bay area is to participate in intergovernmental urban programs. The question then is how are we to organize ourselves to make metropolitan plans that are related to county and municipal plans on the one hand and to State and Federal plans on the other hand? Is metropolitan planning to be entrusted to an independent ad hoc planning district? Will it be done as a byproduct of the special program planning of the San Francisco Bay Area Rapid Transit District or of an ad hoc coalition of Federal, State, and local agencies assembled to make a mass transportation study?

The push of professional opinion is toward one or the other of these two organizational arrangements for making metropolitan plans.

Undoubtedly, it is easier for the Federal agency entrusted with the administration of a national urban transportation program (or any other intergovernmental program), to deal with professional planning and operating counterparts at State and local levels. In this way, an agency does not run the risk of becoming involved in, or having its program complicated by, nontransportation policies and politics.

However, the use of special planning and operating agencies in the administration of an intergovernmental program does not remove the program from politics. Decisions must still be made. If authority to make decisions about a particular metropolitan problem is assigned to a special metropolitan district or authority, the result will be a protective isolation of a part of the decision-making process of the community. Governmental boundary lines and jurisdictional autonomy will isolate the politics of the problem, the politics of the clientele, of the special bureaucracy, of professional interests associated with particular problems, and the politics of the financiers and other business associated with the enterprise.

REACTION OF STATE AND FEDERAL AGENCIES TO ABAG

The attitude and behavior of State and Federal officials and administrators are crucial to the development of ABAG as an effective metropolitan body. They can ignore it or attempt to undermine its position, or they can recognize it and encourage its institutional evolution. The confidence in its potential role shown by Urban Renewal Administrator William Slayton at a recent speech at

⁸ Senate bill 371, creating the Bay Area Transportation Study Commission, provides in sec. 66503(b) that ABAG shall appoint a representative to the study commission. Eighteen additional members are to be appointed, half by the nine-county boards of supervisors, and half by the mayor of San Francisco and city selection committees (mayor and councilmen) in each of the other eight counties (sec. a). For counties that are members of ABAG, the members of its executive committee could be named to the study commission (Cal. Stats. 1963, ch. 911, sec. 66503 (a) and (b)).

Sec. 66508 more specifically recognizes ABAG as the regional planning agency for the nine-county bay area: "The study commission shall coordinate its work closely with the continuing regional planning program of the Association of Bay Area Governments. It shall make maximum use of that program and all other pertinent studies and plans in the bay area" (Cal. Stats. 1963, ch. 911, sec. 66508).

⁹ Senate bill 856 authorizes an active regional planning district in any regional area designated by the planning advisory committee if the legislative bodies of two-thirds of the cities and counties, respectively, resolve that there is a need for regional planning. The bay area is excluded from the terms of the act respecting the organization and activation of a regional planning district by sec. 65061.4: "A district shall not transact any business or exercise any of its powers under this chapter if two-thirds of the cities and counties within the district are participating in regional planning pursuant to a joint powers agreement under ch. 5 (commencing with sec. 6500) of division 7 of title 1 of the Government Code" (Cal. Stats. 1963, ch. 1811, sec. 65061.4, California Department of Finance, State Office of Planning, "California Plans Annual Report, 1960-61," December 1961, p. 25).

¹⁰ The State office of planning recommended in 1961 that the eastern parts of Solano and Contra Costa Counties be excluded from the Bay Area Planning District. Under new legislation, "no county, city and county, or city can be divided in determining the boundaries of a regional planning district" (SB 856, sec. 65061. Cal. Stats. 1963, ch. 1811, sec. 65061).

the general assembly of ABAG should encourage similar reactions by timed State and Federal administrators.

"* * * I am vigorously enthusiastic and hopefully optimistic about elected officials organizing for metropolitan action. ABAG represents an innovation in local government which can breathe the new life into our American tradition of local home rule, and as a Federal official I strongly endorse this new approach to home rule.

"But first a word of warning. In my enthusiasm for the civic experiment which is ABAG I cannot help but recall a statement by Woodrow Wilson, then in the thick of the battle over the League of Nations. Someone asked whether the League would actually work to prevent world wars. Wilson replied: 'It's got to work.' Well, the League of Nations did not work. A simple resolve that it had to work was not enough.

"And it is not enough for us today to resolve that local governments working together have to do the job on the metropolitan scene. We need skills, clear programs, direction—in short, a new metropolitan technology."

Association of Bay Area Governments has been accepted by Governor Brown and many other State officials. It is significant that it has been recognized by name in several recently enacted statutes. Yet it should be remembered that many planners and public officials are lukewarm, skeptical, or even antagonistic. There may be many reasons for these attitudes. Perhaps events of the next few years may remove the skepticism of the State office of planning, and of such legislators as Assemblyman Nicholas C. Petris,¹¹ of Oakland, and Senator Eugene McAteer, of San Francisco.

A metropolitan strategy on the part of State and Federal officials—both legislators and administrators—which accepts ABAG's claim that local governments are willing to work through it to tackle metropolitan problems; assists ABAG through legislative and administrative action to assume such responsibility; and then after a reasonable period of time holds ABAG responsible by giving it credit where due and taking remedial action where necessary—this strategy is more likely to succeed than a resort to special districts or to the creation of an all-embracing metropolitan government.

Federal grant-in-aid programs are increasingly directed toward meeting metropolitan problems, and some State grant programs are moving in the same direction. These adjustments are likely to accelerate during the coming decade. In this section of my paper, I shall suggest how State and Federal intergovernmental programs can be used to encourage and support metropolitan planning, metropolitan administration, and metropolitan political decision-making. These are the three processes that must in some way or other be carried on in a metropolitan area.

Until recently the attention of functional specialists has been on the first and second of these functions: planning and execution. It is generally admitted that grant-in-aid programs should be conditional upon adequate planning and effective administration. Federal and State intervention in these two phases of local government will inevitably involve the restructuring of decisionmaking in the metropolitan community.

I believe that the State and Federal Governments should require as a condition for grants-in-aid a demonstration that proposed intergovernmental urban programs have been duly considered by a politically responsible metropolitan body. Otherwise political decisions will be made "in the guise of technical decisions" by planners or administrators in special districts and authorities.

This does not mean that it would be desirable, either for reasons of political and administrative expediency or as a matter of principle under the ideology and practice of American federalism and home rule, for the Federal Government to specify the form of local government in metropolitan areas. Even so, State and Federal agencies should organize themselves so that the effect of the relationships arising out of their programs on the structure and functioning of local government will be constantly considered and reviewed. If such questions are to be asked about the effect on the system of local government, and not confined to the program interests of a particular agency, deliberate action must be taken to reorient Federal and State officials and administrators. The chances of weighing and balancing local government as an effective agent of State and Federal programs against local government as a viable political orga-

¹¹ See the San Francisco Daily Commercial News, Oct. 15, 1963, reporting Assemblyman Petris' reference to ABAG as a "mutual back-scratching society."

nization of the community can be improved by assigning to a distinctive organizational unit responsibility for at least keeping these questions on the agenda.

The U.S. Advisory Commission on Intergovernmental Relations (with congressional, Federal administrative, State, county, and municipal representation) and the Senate and House Subcommittees on Intergovernmental Relations have raised many of these questions for public discussion and administrative consideration. In California, the new coordinating council on urban policy, the assembly committee on municipal and county government and the senate committee on local government are beginning to play a similar role.

Nevertheless, there is need for an executive agency to participate in the day-by-day administrative development and refinement of policies and procedures. This is a principal reason for supporting the proposal of Presidents Kennedy and Johnson to create an executive department of urban affairs. It may also be desirable for the President to appoint a special assistant for urban affairs in order to locate the coordinating function in the executive office. A special assistant, however, unless he comes to head a large operating staff, cannot develop policy programs in Washington and in the field. A most important role of a department of urban affairs, with a natural interest in pushing its own programs in metropolitan areas, would be to counterbalance the program interests of other Federal agencies with urban programs (as, for instance, the Bureau of Public Roads in the proposed bay area transportation study).

The fear of the National Association of Counties that the creation of a department of urban affairs would mean a "controlling central agency or ministry of municipal affairs commonly found in other free countries of the world" is unfounded. The development of a prefectural system is inconceivable in this country with a Federal governmental and political system, the local orientation and jealousies of Congressmen, and the strong power position of the many bureaucracies that make up our local, State, and national governments.

The danger, in fact, as I have already emphasized, is that each intergovernmental program will become the "private property" of a coalition of specialist bureaucrats, their clientele and, in some instances, their financiers. In this way the city as a communal political and governmental organism can wither away.

However, with or without a department of urban affairs in State and National governments, these governments can require local governments to meet standards of metropolitan debate and decisionmaking as well as of metropolitan planning and operations as conditions for receiving aid. The development and application of performance standards of planning, political decisionmaking, and administrations¹² would make the question of local and metropolitan organizational details irrelevant.

The application of performance standards will be tricky and vexatious until a consensus based on trial and error is reached. I have said that a particular way a metropolitan area organizes itself to meet the performance standards is irrelevant. This is not wholly correct, however, because some forms of metropolitan government could not meet the standards. For instance, a floating metropolitan planning agency, which would have to be depended upon by State and Federal agencies to perform the political function in the guise of planning would leave the performance standard of responsible political action unmet.

Senator Muskie's bill (S. 855, 88th Cong., 1st sess.) to require a referral of all applications for certain Federal grants-in-aid to a metropolitan planning agency for comment and recommendation could result in the creation in many metropolitan areas of such independent, floating metropolitan planning agencies. The fact that many regional planning commissions consist of elected officials from a few cities and counties in a metropolitan area does not "gear metropolitan planning into the practical decisionmaking process." Unless a full-fledged metropolitan government exists, as in Nashville and Miami, the least that the Federal and State Governments might require of local elected officials in metropolitan areas is that they associate themselves to review and debate plans proposed by a regional planning staff.

¹² My recommendation that a "performance standard" of politically responsible review and decisionmaking be met in metropolitan areas, as well as the more familiar performance standards of metropolitan planning and metropolitan administration, for certain Federal aid programs, should not be confused with proposals that a metropolitan "workable program" be required. A good example of a performance standard will be found in the instructional memorandum of the U.S. Bureau of Public Roads to State highway agencies, dated Mar. 27, 1963, pursuant to sec. 9 of the Federal Aid Highway Act of 1962.

The determination of the "desirable development of the metropolitan area as a whole" is a political decision. To place the sole burden of making such decisions on a metropolitan planning agency would be to vest such an agency with legislative power. Planning, which touches all aspects of community life and takes its rationale from the "meshing of things," is either isolated from policymaking, even under a system of mandatory referral, or becomes heavily involved in policymaking; and the planning organization becomes in effect a special-district type of metropolitan legislative body. The Federal Government should, therefore, distinguish between metropolitan planning as a staff function to facilitate the policy formulating process, and the policy formulating process itself.

In the bay area, fortunately, local elective officials have organized themselves into ABAG. Undoubtedly all mandatory referrals of State and local applications for Federal grants-in-aid will be channeled through ABAG if it can assemble an adequate professional staff and move quickly into metropolitan planning. This will enable ABAG to realize the following objectives: (1) The technical and professional expertise of the planning staff will be brought to bear on specific applications; (2) the assumptions and values underlying the local conception of the "desirable development of the metropolitan area as a whole" will be made more explicit through the analyses of the planning staff and the discussions of public officials and interested groups in the community; and (3) specific proposals for State, county, and municipal action will be publicly discussed and reviewed by a metropolitan body of responsible public officials.

I do not mean to suggest that ABAG itself should perform all of the three major governmental functions of planning, policymaking, and operations. For the same reasons that city governments are differentiated, ABAG will naturally experiment with and arrive at various ways of specialized organization of planning and administration. Even special districts and authorities, as I shall show later, can be used as operating agents of ABAG.

INTERGOVERNMENTAL PLANNING OF BAY AREA UNDER JOINT EXERCISE OF POWERS ACT

Planning is a process of defining needs, objectives, and goals; of collecting and organizing information and data to determine the characteristics, magnitudes, and relationship of needs, objectives, and goals; and of considering alternative ways of meeting needs and realizing objectives and goals. All these actions are present, in greater or less degree, throughout organized activity. Plans, therefore, will originate, be developed, and put into operational form in many parts of the governmental and nongovernmental system of a society.

Certain kinds of planning, however, are most likely to be done well by assigning responsibility for them to a distinct organization oriented to detect and analyze the spatial, temporal, functional, and goal relationships among established and emergent activities and programs, and the conditioning social and physical factors operative at a given time and place. The further one desires planning to be removed from site planning, project planning, neighborhood planning, etc., the greater the need for a special organization for this kind of comprehensive and long-range analysis and synthesis. Furthermore, the opportunities and requirements of electronic analysis of data and the applications of the newer techniques of the social sciences are developing a professional corps that can be employed effectively and economically only in an organization designed for this purpose.

Metropolitan planners, therefore, should be organized to serve both as a staff agency to ABAG and as professional analyzers and synthesizers of a data to be infused into communal goals and objectives and, finally, into operational programs of Federal, State, metropolitan, municipal, and county governments.

It is generally agreed that metropolitan planning should be "geared to the political decisionmaking process." However, as Coleman Woodbury reminds us, "The basic difficulty in applying this conception of planning to metropolitan areas stems, of course, from the fact that many of them have not one or a few but dozens and even hundreds of policy formulating centers for such matters."

Of course, the difficulty may be ostensibly avoided by proposing a metropolitan organization which excludes all interests except those which are presumably "local." Even to attempt this kind of metropolitan organization is not simple. Even more fatal to the present and future development of the metropolis would be the failure to recognize, and to involve, the "dozens and even hundreds of policy formulating centers" operating in and on the metropolitan community.

The essence of my proposal is that citizens of the bay area, the elected officials of its counties and municipalities, and interested State and Federal officials deliberately act to provide a metropolitan political body to function intermediately between "planning" and "administration." It is my contention that ABAG can develop into such a body. It took the first major step in this direction when it assumed responsibility for metropolitan planning. We still have to see how well it will implement this decision. Furthermore, the entire question of administration and operation of metropolitan facilities and programs is unresolved although ABAG is beginning to explore some of the ramifications through its committee on intergovernmental relations.

ABAG will establish, under its executive director, an adequate staff of professional planners. For several reasons, however, ABAG should create a metropolitan bay area planning commission to enable important interests in the metropolitan community, in addition to municipal and county governments, to participate in the formulation of objectives and to consider together alternative ways of achieving them. To mention only two such interests undoubtedly both organized labor and organized business (perhaps through the Bay Area Council) should formally participate in this process. There are many other identifiable interests.

Among these are such State agencies as the State office of planning, the department of public works, and department of natural resources, and such Federal agencies as the Housing and Home Finance Agency, the Bureau of Public Roads, the Army Corps of Engineers, and other agencies of the Department of Defense. They should be involved in metropolitan planning not only because of their interest in many metropolitan projects and programs but because they are among the principal users of land in the bay area. If they were given a role in this stage of metropolitan planning, it should be possible to secure Federal and State commitments to abide by the metropolitan plan.

Perhaps even the General Services Administration would agree to respect such plans in the location of post offices and Federal office buildings. The U.S. Administrator of General Services is already required by an Executive order of July 9, 1961, to "take steps to relate programs for Federal office space to metropolitan planning and redevelopment objectives."¹⁸ The agencies of the Federal Government, as users of land, have as vital a stake in the development of the community as any large private interest. This interest should be recognized in the organization for metropolitan planning.

An alternative to my proposal for a separate organization to act as a regional planning commission, to be created by ABAG through a joint exercise of powers agreement among itself and Federal, State, and local agencies, is the scheme now under consideration by the regional planning committee of ABAG. It would constitute the executive committee of ABAG as the regional planning board and create three advisory groups: (1) a planning directors' advisory group to consist of one county and one city member from each county; (2) a planning commissioners' advisory group with one county and one city member from each group; and (3) a consultants' advisory group composed of an administrative official from each State, regional, and Federal agency "having regional planning impact."

The proposed organization goes a long way toward the recognition of the intergovernmental nature of metropolitan planning, policymaking, and administration. Will the involvement of the Federal and State Governments and regional special districts be sufficiently deep to reduce the likelihood that each will go its own way after praising the idea of regional planning with the kiss of death?

ABAG should explore the advantages and possibility of negotiating, under the Joint Exercise of Powers Act, an agreement with the Federal and State agencies most deeply involved in developing and governing the bay area to commit themselves to participate in regional planning and to help carry out the

¹⁸ See the statement of the executive secretary to the mayor of Milwaukee while testifying on S. 855 requiring applications for certain Federal grants to be reviewed by a metropolitan planning agency: "I would further suggest that direct construction activities of the Federal Government should also be subject to local planning review and comment even though in cases of national defense projects the overriding needs of the Nation may force Federal action regardless of local desires. In cases such as post office construction or construction activities by various other civilian departments of the Federal Government, such a review would appear to be desirable as a matter of local law in addition to a matter only of departmental good will or commonsense." U.S. Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, "Metropolitan Planning"; hearings pursuant to S. Res. 45, May 21-23, 1963 (88 : 1, 1963), p. 107.

"plan," once it has been put through the furnace of political debate and acceptance by local, State and Federal governments. Membership in an advisory committee is not sufficient to achieve this kind of commitment.

The terms of the Interstate Federal Compact for the Delaware River Basin are suggestive of the kind of joint powers agreement for regional planning that ABAG could negotiate.¹⁴

The metropolitan planning commission suggested here is similar to the Bay Area Transportation Study Commission,¹⁵ except that many more State and Federal agencies will have to be brought into general comprehensive regional planning. Perhaps several such special metropolitan planning agencies will have to be established, with coordination provided through overlapping membership and a common executive committee for all such special regional planning agencies.

Perhaps it will be found that the Joint Exercise of Powers Act is not the proper vehicle for the creation of an advisory metropolitan planning commission of the kind I suggest. Certainly, the creation of a commission of this sort involves not only local governments acting through ABAG and the appointive heads of State and Federal agencies, but also the Governor, the State legislature, the President of the United States, and the Congress. The complications of negotiating an interstate compact will not have to be faced, but it may be necessary or desirable to have specific statutory authorization and commitment from the Congress and the California Legislature.

Nevertheless, the broad provisions of the Joint Exercise of Powers Act should not be overlooked. It specifically authorizes agreements for the joint exercise of common powers among "the Federal Government or any Federal departments or agency, this state, an adjoining State or any State department or agency, a county, city, public corporation, or public district of this state or adjoining State."

Certainly, no additional statutory authority of any kind is necessary for ABAG to convene representatives of State and Federal agencies to explore together their common responsibilities for comprehensive regional planning. If further legislation is ultimately necessary or desirable, it should be based upon a negotiated prospectus such as the one prepared for the State legislature recommending the creation of the San Francisco Bay area transportation study.

In suggesting that metropolitan planning for the bay area be organized on an intergovernmental basis, I do not advocate that ABAG, the Federal Government, or the State of California relinquish their authority and responsibility to act.¹⁶ As will be shown in the next section of this paper, it is desirable to strengthen the autonomy of ABAG in order that it may then be able to collaborate with powerful State and Federal agencies in joint planning, joint compromising, joint decisionmaking—that is, in the joint development and government—of the bay area.

¹⁴ 75 U.S. Stats. 688 (87: 1, 1961), secs. 11.1 and 11.2. Mel Scott, in proposing the creation of a San Francisco Bay Conservation and Development Commission, would require the express approval of the Governor for a State agency to overrule the decisions of the commission and of the President of the United States or his designated representative "who should be of Cabinet rank" for a Federal agency to do so. Op. cit., p. 103.

¹⁵ The study commission consists of 18 county and city representatives (a supervisor and a mayor or councilman from each of the 9 counties); a representative from ABAG; 3 representatives from regional special transportation districts (1 each from the Bay Area Rapid Transit District; the Alameda-Contra Costa Transit District; and the Golden Gate Bridge and Highway District); 2 State officials (State highway agency and State office of planning); 2 Federal officials (U.S. Bureau of Public Roads and U.S. Housing and Home Finance Agency); 2 assemblymen appointed by the speaker; 2 State senators appointed by the rules committee; 7 members at large appointed by the Governor (all of whom shall be bay area residents and 3 of whom shall represent labor organizations). S.B. 371 (ch. 911, 1963 Statutes), sec. 66503. For an analysis of the organization, functions, and methods of recent transportation study commissions, see California, University, Institute of Transportation and Traffic Engineering, "Summary Review of Major Metropolitan Area Transportation Studies in the United States"; by Richard M. Zettel and Richard E. Carll (special report), November 1962.

¹⁶ The history of drafting and approving the Interstate Federal Compact for the Delaware River Basin demonstrates the difficulties of committing a multitude of State and Federal agencies, Congress and State legislatures, to participate in planning that may, even morally, limit their freedom of action. For a discussion of the conditions for Federal participation in the Delaware Compact, see "Washington Center for Metropolitan Studies, "Interstate Compact Water Commissions; Selected Case Studies"; by David Berman (mimeo.), September 1962, pp. 23-35; Water Resources Association of the Delaware River Basin, Special Bulletin, v. 3, No. 1, December 1961; and U.S. Senate Committee on Public Works, Delaware River Basin Compact; hearing before a subcommittee of the * * * pursuant to S. 856, Aug. 24, 1961 (87: 1, 1961), pp. 11-12, 28-40, 46-49.

ROLE OF ABAG AS REGIONAL POLITICAL BODY

Although the regional planning commission should be representative of State and Federal as well as local interests, and should also be representative of the major nongovernmental interests of the bay area, the political body that acts on behalf of the residents of the metropolitan area in reviewing the plan or plans, accepting, modifying or rejecting all or parts of them, should be wholly local. In this respect, ABAG is more appropriately constituted for making political decisions than are metropolitan councils in some other parts of the country, which have State legislators and State and Federal administrators as voting members. The advantages of Federal, State and metropolitan agencies working together can be achieved through formal collaboration in metropolitan planning and in formal and informal negotiations while plans are being reviewed, debated and acted upon. At the same time, the three levels of government should retain independent responsibility for accepting, rejecting, or requesting modifications of plans prepared by a joint metropolitan-State-Federal planning commission. Differences among the reviewing and decisionmaking agencies will have to be resolved through the familiar processes of negotiation and bargaining.

Local governments will have more chips with which to play for the high stakes of intergovernmental urban programs if they are organized on a metropolitan basis to make an independent judgment of proposed plans and programs.

Can ABAG as presently constituted function as the metropolitan political body to review, debate and act upon the recommendations of its planning staff and of an intergovernmental regional planning commission? There are many who are doubtful and their doubts have already been discussed. I believe that it can evolve into such a body.

State and Federal agencies, however, can thwart such evolution through the assumption of regional responsibilities by associations of local government if they do not consider politics of this kind necessary or desirable. This is why I think Federal and State agencies should insist upon metropolitan political debate and metropolitan decisions as well as metropolitan planning and metropolitan administration as performance standards to be met as conditions for grants-in-aid.

T. J. Kent, Jr., believes that ABAG should not try to play this kind of metropolitan political role. He thinks a metropolitan government is necessary and that it will eventually be created in the bay area, provided "an effective method of controlling and limiting the specific functions of any metropolitan government proposed for the bay area is * * * in existence at the time efforts are made to 'do something' about the obvious need for such a government * * *." He considers ABAG an ideal organization to act as "the kind of jealous watchdog agency that is needed." He believes that if it attempts to perform "impossible tasks" it will lose the confidence of its members.

All that can be said of these fears at the present time is that tasks considered to be impossible two years ago have now been undertaken by the free choice of the members of ABAG. The best watchdogs of ABAG and of all other governmental activities in the bay area are the municipal and county members of ABAG and the interested citizenry of the bay area.

Another criticism of ABAG is that its membership is unrepresentative of the interests of the bay area. If ABAG were to be nothing but a watchdog such objections would be irrelevant. Undoubtedly, however, as ABAG develops, pressure for direct election of at least some of its governing body will increase.¹⁷

I believe that the best system of representation is a mixed one of city and county legislators, directly elected members from districts (counties or assembly districts), and at least one member, its chairman, elected at large throughout

¹⁷ On Feb. 1, 1963, the San Francisco Labor Council adopted a resolution calling upon "the Legislature of the State of California to promptly amend the existing legislation to provide that the Directors of the Rapid Transit District shall consist of one elected representative from each assembly district in the counties of Marin, Sonoma, Napa, Solano, Contra Costa, Alameda, Santa Clara, San Mateo, and San Francisco." San Francisco Labor Council, Official Bulletin, vol. 14, No. 4: 1, Feb. 6, 1963.

The question of representation on a metropolitan body and the forms, and combination of forms, it might take are thoroughly discussed, with reference to the bay area in California, Assembly Interim Commission on Conservation, Planning, and Public Works, Subcommittee on Zoning, "Regional and Metropolitan Planning in California"; by Stanley Scott, May 1957, pp. 65-76. See also Michigan, University, Institute of Public Administration, "Political Representation in Metropolitan Agencies" (Michigan Governmental Studies No. 42; by Arthur Bromage, 1962.

the bay area. Given the desirability of the direct election of approximately half of the metropolitan legislators, it should not be forgotten that we are discussing representation in a multipurpose (but nevertheless functionally limited) federated metropolitan government. The constituent members of the federation (cities and counties) should be represented as a means of protecting themselves from absorption into a unitary government.

The equal representation of all municipalities and of all counties, irrespective of differences in their population, will also be questioned.¹⁸ To some extent the objections to equality of voting among constituent members would be met by the election of half the members by assembly districts.

In any event unless we want to wait for the millenium to be squeezed into the next 20 to 50 years, ABAG should be nursed as the first step in the evolution of a politically feasible, locally controlled and limited metropolitan government. To judge the future by the past, there is no other feasible alternative to a congeries of special districts and authorities.

We have already seen that the police power to regulate the behavior of individuals and corporations cannot be delegated to ABAG through a joint powers agreement. However, this police power is not always essential to the metropolitan political process I have been discussing in this section of my paper. And when it is necessary or desirable it can for particular purposes be delegated by the State legislature as easily as it has been delegated for a particular purpose to the bay area air pollution control district.

METROPOLITAN OPERATING AGENCIES UNDER ABAG (ASSOCIATION OF BAY AREA GOVERNMENTS)

As to the third governmental process—construction, operations, administration—ABAG can assume responsibility for the discharge of any line function that cities and counties are empowered to undertake at any time it (i.e., its member cities and counties) wishes to amend the agreement of association. The joint Exercise of Powers Act authorizes the joint exercise by agreement of "any power common to the contracting parties." Within this limitation, the act grants broad authority to be as selective or as comprehensive as the members of ABAG may wish. It also grants full leeway in devising organizational means for carrying out the joint exercise of a power either through one of the member governments, through its own agencies, or by contract with a person, firm, or corporation.¹⁹

It is possible, therefore, for ABAG to create its own administrative department to administer a program or to establish a commission or board to administer it with whatever controls ABAG wishes to impose upon it. In fact, most of the advantages, except mandatory membership and the power to levy a property tax, claimed for a special district or authority, could be obtained through the joint exercise of powers, if the agreement be properly drawn, without the disadvantage of complete independence from a responsible general political body for the bay area.

Undoubtedly, some activities for which a regional administration is sought do not fall under a power common to cities and counties. For such activities, of course, ABAG could not use the joint exercise of powers agreement as a means

¹⁸ A side but not irrelevant issue, since boards of supervisors are represented in ABAG, is the inequality of representation among supervisory districts of the bay area counties.

¹⁹ Cal. Gov. Code, title 1, div. 7, ch. 5, art. 1, secs. 6506, 6508, 6512.1 (1963) sec. 6506 (Government Code). The agency or entity provided by the agreement to administer or execute the agreement may be one or more of the parties to the agreement or a commission or board constituted pursuant to the agreement or a person, firm, or corporation designated in the agreement.

Sec. 6508. The agency shall possess the common power specified in the agreement, and may exercise it in the manner or according to the method provided in the agreement. If the agency is not one of the parties to the agreement but is a public entity, commission, or board constituted pursuant to the agreement, such agency is authorized, in its own name, to do any or all of the following: to make and enter contracts, or to employ agents and employees, or to acquire, construct, manage, maintain, or operate any buildings works, or improvements, or to acquire, hold or dispose of property or to incur debts, liabilities, or obligations which do not constitute the debt, liability, or obligation of any of the parties to the agreement, said agency shall have the power to sue and be sued in its own name.

Sec. 6512.1. If the purpose set forth in the agreement is the acquisition, construction, or operation of a revenue-producing facility, the agreement may provide (a) for the repayment or return to the parties of all or any part of any contributions, payments, or advances made by the parties pursuant to sec. 6504 and (b) for payment to the parties of any sum or sums derived from the revenues of said facilities. Payments, repayments, or returns pursuant to this section shall be made at the time and in the manner specified in the agreement and may be made at any time on or prior to the recession or termination of the agreement or the completion of the purpose of the agreement.

of creating a regional administrative agency. However, if ABAG takes the initiative in drafting a bill to create the regional agency, the chances are much better that the legislature will accept ABAG as the controlling political body over the special district or authority. In fact, ABAG itself could be designated to act as a special district or authority.

Another shortcoming of the use of the Joint Exercise of Powers Act is that neither ABAG nor any other subsidiary agency created by it under the act can levy a tax. Here too the Legislature could invest ABAG with a limited power of taxation when and if it were desired.

There is little or nothing that ABAG can do to coordinate such oldtimers as the East Bay Municipal Utility District, the East Bay Regional Park District, and the Golden Gate Bridge and Highway District, or the recently organized Alameda-Contra Costa Transit District. Each, except the Golden Gate Bridge and Highway District, has an elected board and is independent of city and county governments. The latter, though the members of the board are appointed by county boards of supervisors, contains only three Bay area counties—San Francisco, Sonoma, and Marin. ABAG could impose in practice if not in law budgetary and policy controls over the two special districts with governing bodies appointed by counties and cities: the Bay Area Air Pollution Control District and the San Francisco Bay Area Rapid Transit District. At the very least, the accounting and preauditing services and controls exercised by the controller on San Francisco for the Bay Area Air Pollution Control District should be exercised by ABAG.

ABAG Committees on Air Pollution Control and on Regional Transportation maintained liaison with the two districts. At the meeting of the general assembly of ABAG on October 4, 1963, a progress report from the Air Pollution Control District was distributed to the delegates. However, there was no discussion of the report.

The invention of organizational ties between a general metropolitan political body and special operating and administrative agencies will be one of the most difficult tasks of ABAG. Without the imposition of budgetary and policy controls ABAG will have no real impact regardless of how magnificent the technical job of regional planning may be. ABAG's Committee on Intergovernmental Relations is studying the many small intracounty special districts, but has not yet been concerned with the larger intercounty regional agencies.

[Excerpt from California Urban Policy for Intergovernmental Action, January 1965
(pp. 19-22)]

FIRST REPORT OF THE COORDINATING COUNCIL ON URBAN POLICY, EDMUND G. BROWN, GOVERNOR

LOCAL-STATE-FEDERAL COORDINATION

VI. The State should establish forms of liaison at the regional level which would better serve to coordinate State programs on a regional basis and to serve as a focal point for contact by local agencies, acting individually or collectively, in the solution of local and regional problems.

One of the problems discovered in seeking solution to some of the organizational problems in the State's urban areas was the lack of any specific correlation or direct contact between Federal and State operations as they impinge upon local activities, particularly local planning for land utilization. The State and the Federal Government are vitally concerned with the development of urban regions and have developed regular programs relating to the problems affecting these areas. Highways, water resources development, and beaches and parks are three examples at the State level; flood control and prevention, urban redevelopment and other Federal aids for urban programs are examples at the Federal level. At this point in time it becomes imperative that local, State, and Federal Governments actively coordinate their planning, programs, and projects with each other within each urban area.

Some specific issues to be resolved

1. There are many overlapping administrative districts among State agencies. It is suggested that the present configuration of State agency districts for program administration and regional field operations be reviewed with the intent of considering adjustments so that (1) State agency functions geared to urban services would correlate better with those regional functions performed by local

units of government, such as in the case of ABAG and (2) State administrative districts also would correlate better with each other.

2. Stemming from a meeting of the Coordinating Council on Urban Policy in early 1964, a permanent liaison has now been established between the Association of Bay Area Governments and the State resources agency to work on fish and wildlife enhancement, water quality, recreational opportunities, and effective planning in the ABAG region. Such an arrangement could be extended by providing, through State executive directive, that all State programs and projects be coordinated through the planning, review, and execution stage with projects of local agencies on an areawide basis and in the context of recognized regional objectives.

VII. The State development plan program should be accelerated and the information, forecasts, and projections should be published and made available (1) to provide a continuous, comprehensive statewide source of information for regional planning and program coordination and (2) to serve as a reference for the formulation of urban development policies.

The findings and data resulting from the State development plan program can serve as guides or benchmarks for local investigations and planning. Also, the facts and background material obtained through the State developing plan program can be used for rationalizing State, regional, and local development objectives. There is a need to provide both State and local government with a unified set of development objectives to serve as a framework to guide urban regional growth, to serve as a basis for effective coordination, and to provide a background upon which to make intelligent judgments. The State development plan would provide such guidelines—by pulling together facts and information, making projections of economic, social, and physical development trends, and formulating development goals and alternatives.

VIII. The State should act as a coordinating agent in the administration of Federal programs in urban areas, provided (1) there is a statewide interest to be served and (2) the State establishes appropriate administrative machinery to carry out relevant responsibilities.

There are numerous Federal activities and programs which focus on urban problems such as mass transportation, housing and community development, regional planning, and recreation and open space. Most of these programs involve Federal aid to units of State and local government for a specified purpose with criteria for aid eligibility, controls for expenditure of the money, and standards for program performance. A recent report by the Federal Advisory Commission on Intergovernmental Relations identified more than 40 programs of Federal financial aid in the field of urban development. This list did not include such direct Federal operations as veterans' hospitals, post offices, and military installations. The Housing and Home Finance Agency, alone, administers 24 programs, each of which concerns urban planning and development directly or indirectly.

Up to this time, Federal aid has tended to bypass the States and has been administered primarily on a single-purpose basis. The Federal Advisory Commission on Intergovernmental Relations in another report states that "the fragmented and conflicting impact at the State and local level of disparate Federal programs concerning urban highways, urban renewal, housing, airport, and sewage facility construction, and so on, are well known." Each Federal aid program such as for highways, or for hospital construction; or for airports is administered independently of one another. Prerequisites for aid under several of the Federal programs includes the preparation of or compliance with a local, regional, or statewide hospital plan or airport plan, but there is no requirement or procedure which correlates these strictly functional plans. Federal aid programs should carry a requirement that eligible activities and projects are to be formulated as part of a continuous, comprehensive planning process for urban development. Steps in this direction already have been made by the Federal Highway Act of 1962 which requires that there be "continuous, comprehensive transportation planning process" carried on cooperatively between State and local agencies in each urban area by July 1, 1965, or face the loss of Federal highway funds. The Urban Mass Transportation Act of 1964 expands upon this strictly functional requirement and states that a "program for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area" is a requirement for obtaining Federal funds under its provisions.

It is difficult and, in some cases, almost impossible to separate the State's interest in the solution of urban problems from those of the Federal and local levels of government. Governmental services and controls are intermixed in almost all public programs—from dental care to sewage systems. In fact, major problems of urban growth require this sharing of functional responsibility. As a general rule, no one of the partners can handle the whole job, and no one should because all are involved. At present, just about half of the Federal programs in California contain some degree of State supervision or involvement ranging from the State Highway Division expenditure of \$612 million for the building or repairing of roads—the standards to which the roads were built and more than half of the funds came from the Federal Government—to the certification by the State department of education to the Federal Government that local school board data appear to be correct. In each instance, however, the State has equipped itself with the administrative machinery necessary to responsibly represent the State's interest and to perform the State's responsibilities under the Federal program. In some cases, such as highway development and employment services, the State provides financial and technical assistance to complement and supplement Federal efforts. In any case, the coordinating council feels that State government should not undertake the channeling of Federal funds just to be rubber-stamping or second-guessing an urban program which is being successfully carried out under a direct Federal-local relationship. When it is considered important and necessary that the State government more actively exercise its interests in a Federal urban program it should equip itself with the appropriate staff and resources. Moreover, the coordinating council agrees with the Council of State Governments which in its publication, "State Responsibility in Urban Regional Development," says: "State government possesses singular qualifications to make profound and constructive contributions to urban regional development practice * * * [it] occupies a unique vantage point, broad enough to allow it to view details of development within its boundaries as part of an interrelated system, yet close enough to enable it to treat urban regional problems individually and at first hand. * * * Strong State leadership will in the long run determine its role within the Federal system in influencing the character of development within its boundaries."

In planning and performing urban development programs and projects, local, regional and State objectives should be considered and evaluated along with the Federal objectives which the program and projects were intended to fulfill. There are two Federal Government activities which could help serve this end. One which could provide an opportunity for the development of closer working relations between Federal, State, and local officials is the Federal Executive Board program. This program was established under a November 10, 1961, memorandum of President Kennedy to provide a means for the closer coordination of Federal activities as they occur at the local level. It was also intended as a means of establishing and perfecting liaison arrangements with State and local governments. Although 2 of the 12 boards established across the country are located in San Francisco and Los Angeles, their activities have been primarily concerned with internal agency "housekeeping" problems. A Federal effort which could be renewed was an activity of the Budget Bureau. From 1943 to 1952, the Federal Bureau of the Budget maintained four regional offices, including one in San Francisco. Among the functions of this office was responsibility for promoting coordination of Federal field programs, consulting with State and local officials with respect to Federal programs affecting them, and appraising the effect of Federal fiscal policies on State and local governments. The San Francisco office was the most successful in achieving Federal-State-local coordination, being instrumental in the establishment of the advisory Pacific Coast Board of Intergovernmental Relations (PACBIR). This has since been discontinued and new Budget Bureau field offices were not approved by Congress.

Senator MUSKIE. Professor Jones, I have just one question. I could ask others, but in the interest of time, I will restrict myself.

It seems to me in what you said that there are questions as to the degree to which the Federal Government should force a restructuring or reorganization of local government. S. 561, in proposing a review of grant applications by planning agencies, undertakes to do so by minimal persuasion, if you will. There is some element of coercion in it, nevertheless. I don't see how it would be possible for the Fed-

eral Government to go much further without appearing to be coercive. I believe Professor Elazar also touched on this point.

Now, let's take the Economic Development Act, S. 1648. Here is the case of a Federal agency, which after 4 years of experience with the Area Redevelopment Act, found that the objectives of the act could be better served by a different kind of organization for economic development in the States. One new approach is the economic development district, combining undeveloped or underdeveloped or depressed areas with viable economic centers that could constitute the seed for greater economic activity in those districts. There is no necessary structuring of existing units of local government along these lines. The development of local units of government has no more been consistent with or coextensive with the areas of economic activity or potential economic growth than that of the States. Now two questions are raised.

One, to what extent should the Federal Government undertake to coerce a restructuring of local government to fit this new concept and,

Two, to what extent should the units of local government, which are within such economic development districts, hold a veto power over the creation of such districts and over the activities of such districts?

These are two emerging questions with respect to the economic development districts. I suspect they are also applicable to the proposed River Basin Commissions, which are being considered in other legislation. In other words, in developing the concept that the economic advance of various regions can be geared to kinds of areas that are different from the present political subdivisions, these are the two key questions that are involved. Now, how do we go about getting politically feasible answers to them?

Mr. JONES. In the first place, Senator, the Federal Government is already restructuring local government by insisting upon metropolitan planning review of applications. Now we already have this in the Mass Transit Act and in the Highway Act. Even if the Intergovernmental Cooperation Act of 1965 is not enacted at this session, undoubtedly it will be a condition of other grant-in-aid programs, new ones. My guess is this is a question of years when it will come about. So the field government is going to require some kind of regional planning organization. Furthermore, if it gives money for mass transit, it is going to be done on a metropolitan basis. So there will have to be some kind of metropolitan operating agency to run it. So, in a sense, you are already restructuring local government.

Now political decisions are going to be made somewhere. The great danger I think is, in the absence of some kind of body of politicians in metropolitan areas to make some of these decisions, that they are going to be made by regional planning commissions in the guise of technical decisions. So it is not a question of whether you are going to have some influence on restructuring local government.

The Federal and State Governments, even without resorting to statutory mandates, are already doing it. Now I don't know, Senator, how the Federal Government can see that metropolitan political decisions are made by metropolitan political bodies. It certainly cannot be done according to a common pattern in all parts of the country, in all metropolitan areas, even within the same State.

Southern California has not been able to organize yet, an organization equivalent to the Association of Bay Area Governments.

In the Philadelphia area, you have multi-State metropolitan areas. The system of local government in New Jersey and the system of local government in Pennsylvania are very different, and the system of State governments are different too.

I don't know how it can be done. But let me mention a possible analogy. It is required by statute that all applications for Federal aid for urban renewal be reviewed by the city council. Now I don't know whether it is possible for the Federal Government to require not a binding decision, but at least a review by politicians in the metropolitan area, as well as planners and other professional specialists. The difficulty in answering your question is why I hope the Commission will put the problem high on its agenda.

Senator MUSKIE. Thank you very much.

Congressman Fountain?

Representative FOUNTAIN. Thank you, Mr. Chairman. I want to thank Professor Jones for another very interesting and thought-provoking statement. I regret that more of those invited from the field of political science were not able to come and testify, because I think you have been extremely helpful. I have just one question.

We have been talking a great deal about what the Federal Government has been doing or ought to do and what the Commission should do in terms of State and local governments. I am wondering on the other hand, if there are things the local and State governments could do to help the Federal Government.

Do you think the Commission has tended to give too much attention to matters primarily of State and local concern, such as what the Federal Government can do to help State and local governments with their problems, and perhaps too little attention to the question of how State and local governments can assist the Federal Government with its problems?

Mr. JONES. Yes, Congressman, my suggestion that the Commission meet with local officials and with State officials in their own habitat was designed to get them to address themselves to the question of how all the programs of government in the metropolitan area can be effectively carried out within that metropolitan area, including the direct functions of State and Federal Governments, and the indirect functions which they exercise through local government. This would involve, in the bay area, many Federal agencies. And there is no doubt that local and State governments could do more to help Federal agencies carry out their metropolitan responsibilities, and at the same time probably elicit the cooperation in the field of Federal people who can help the State and local people.

Representative FOUNTAIN. Several witnesses have testified about the extent to which the Federal Government is calling upon private organizations and institutions to carry out programs. There are indications that at the Federal level people are becoming increasingly suspicious of politicians and elected city representatives in the poverty program, and private organizations are being given preference over local governments in the sponsorship of community action programs. Would you care to comment upon this development?

Mr. JONES. Well, Mr. Chairman, about all I know is what I read in the newspapers. And conversations with city managers and some mayors in the bay area.

Certainly as a general objective, the involvement of interested groups in governmental activities is a good thing, the more the better, it seems to me. When, however, do you reach the point when you get another special district, in effect, a special district for the poor, special district for the lame, or whatnot, which will have the same effect upon the general political structure that other formal special districts have.

I don't think there is any doubt that this is another illustration of the restructuring of local government.

In the early days of such a program while trying to come to an understanding and means of working with each other, there will be a lot of conflict. By the way, we hear much about cooperation, when we talk about intergovernmental relations; but conflict is just as important, it seems to me, as cooperation. We need institutions which will not stifle conflict but will conflict with each other in such a way that as much as possible of conflicting values will be realized.

There is little more that I could say at the present time. It seems to me very clear that the development to which you refer, good in some ways, may have very bad effects in other ways.

Representative FOUNTAIN. Thank you very much. You made some observations concerning the Intergovernmental Cooperation Act of 1965, which Senator Muskie introduced in the other body and which I and others introduced in the House, I am sure that Senator Muskie and I and the other sponsors would be very happy to receive any suggestions or any proposed language which you might have to take into account the problem that you discussed or any deficiency which you think may be in the bill.

Thank you, Mr. Chairman.

Senator MUSKIE. Thank you very much.

Mr. Dow?

Representative Dow. Professor Jones, I don't think that you did the State of California the fullest justice when you were reciting the various areas of political innovation out there, because I didn't hear you mention the developments on the campus at Berkeley. I have a son out there. His mother and I seize on his letters, hoping to learn some personal information, but they contain reams of data about free speech and the political complexion of the board of regents, and all kinds of profound political doctrines, and I really think that in a way there is a little contribution there that need not be overlooked.

Mr. JONES. Congressman, may I just remind you that a little earlier I said that conflict is a value, and if there is not conflict over things that are important, someone ought to stir it up.

Representative Dow. I think that is well illustrated in Berkeley. I don't have too much to say. I enjoyed your remarks, Professor. Your observation that the regional authorities need to be held in some kind of check by reference to political, you might say the normal political agencies, I think is a very good one. And that is illustrated in our area by the Port of New York Authority, where there has been a good deal of frustration as to the way their decisions are held in check, through the operation of the democratic process. And I might

say the Port of New York Authority has done an awfully good job in many respects, so that the criticism hasn't dimmed the bright side of their accomplishment; however, there is a political problem here. I should like to endorse your observations, and the fact that you have highlighted that problem for us.

Thank you.

Senator MUSKIE. Thank you very much, Professor, we are most appreciative of your traveling this long distance to come here and to give us such a useful contribution for the record.

Our final witness is Mr. John C. Davidson, vice president, National Association of Manufacturers. Mr. Davidson, I must apologize at the outset. I must leave. I have an important luncheon engagement at 12:30 with the representatives of the wool-textile industry, and they have problems which I cannot ignore.

I will say I glanced through your statement hastily, and I think it will be a very meaningful contribution to the record. We do appreciate the interest of your association in the work of the Commission, and in the work of our subcommittees. I know you follow it closely and that you have given thoughtful consideration to the suggestions and recommendations that would be helpful in this field. I want to take this opportunity to express my appreciation.

Mr. DAVIDSON. Thank you very much, Mr. Chairman.

Senator MUSKIE. If there is no objection on the part of the members of the subcommittees, I would like to submit for the record just a brief summary of my initial reactions to these hearings for the purpose of pinpointing some of the suggestions we have heard and which I think might be usefully emphasized.

(Senator Muskie's summary follows:)

At this point I would like to make a few summary observations concerning the points of agreement that seem to exist among the various witnesses who have testified here.

First, many have cited a need for a broad-scale Advisory Commission on Intergovernmental Relations study—with recommendations—of intergovernmental finances. Only one witness took exception to this proposal.

Second, all witnesses who discussed the topic approved the proposed changes in Public Law 86-380 cited in the Advisory Commission testimony. These include: (1) Amending section 3(c) so as to eliminate gaps in the tenure of Commission members; (2) changing the former names of two organizations mentioned in the act to conform with their present designations (National League of Cities and National Association of Counties); (3) modifying the wording in section 7(b) regarding the compensation of certain Commission members in order to avoid potential constitutional problems; and (4) adding a new section 9 to the act to permit the Commission to accept non-Federal contributions.

Third, a number of witnesses urged that, during the course of a year, the Advisory Commission on Intergovernmental Relations hold one of its meetings outside Washington, D.C.

And finally, several witnesses cited the need for better implementation of the Advisory Commission's proposals at the Federal level.

To sum up, no witness advanced any substantive criticisms of the Commission. Instead, there was general commendation of its record to date and high hopes for its future.

As I leave, then, may I express my appreciation to Congressman Fountain, and to the members of the House Subcommittee for providing us with such comfortable quarters, and such a provocative atmosphere for these discussions, and for the cooperation which the Senate subcommittee has received from them over the years? It has

been one of the most stimulating and pleasant associations of my 7 years in Congress.

Representative FOUNTAIN. Thank you very much, Senator.

In the interest of continuity, since we have just had a quorum call in the House, I think it would be best if we recessed until we can return.

(Recess.)

Representative FOUNTAIN. Let the committee come to order.

I believe, Mr. Davidson, you have already been introduced for the record. We are delighted to have you with us.

STATEMENT OF JOHN C. DAVIDSON, VICE PRESIDENT, GOVERNMENT FINANCE DIVISION, NATIONAL ASSOCIATION OF MANUFACTURERS; ACCOMPANIED BY WILLIAM G. MURTHA, WASHINGTON REPRESENTATIVE

Mr. DAVIDSON. My name is John C. Davidson. I am vice president, Government Finance Division, of the National Association of Manufacturers; and I am appearing here on behalf of the association, to voice our interest in and appreciation of the work of the Advisory Commission on Intergovernmental Relations.

The association is a voluntary organization of industrial and business firms, large and small, located in every State. As businessmen, taxpayers, and citizens, our members are concerned with the effective organization and operation of our Nation's governmental structure, the most desirable intergovernmental allocation of functions within the framework of our Constitution, improvement in the working relationships among the three levels of government, and the maintenance of our federal system of a union of responsible States. We are interested in any activity which affects the character and viability of that system.

We are, therefore, particularly mindful and appreciative of the constructive role of the two subcommittees conducting this joint hearing in creating and furthering the work of the Advisory Commission. We are pleased to have this opportunity not only to commend the Commission for the objectivity, excellence and utility of its work, but to recommend its continuance and a broadening of its sphere of operation. In addition to its distinguished Chairman, and membership roster of outstanding public officials and citizens, the Commission has benefited greatly by its exceptionally able and public-spirited Executive Director, its fine staff under the Executive Director, and the blue-ribbon group of scholars serving as consultants.

Among the constructive purposes served by the Commission, we would place high on the list its contribution to a better understanding of the workings of three-tier government, the formalized knowledge and counsel offered to the States for improving their governmental structure and management, and the strengthening of the State role in our federal system.

In the future, we would especially favor the Commission undertaking research and study on the need for, policy basis of, and role of Federal grants-in-aid in the intergovernmental framework.

Furthermore, we believe the widening sphere of multi-State planning and action calls for examination and counsel.

On a broad philosophical basis, we believe there might well be deep examination in contemporary terms of the workings of the federal system:

First, with specific regard as to what the National Government might forbear from doing; and,

Second, with special reference to the reinforcement of State authority and responsibility.

We do not believe that too much stress can be placed on the importance of refocusing public attention on the strategic position of the States in our open society. In our opinion, it is time to close down the bypasses of State governments in dealings between the Federal and local governments, and give renewed recognition to the dependence of our system on strong and resourceful State governments.

In short, we believe that in this era a save-our-States approach should be the key to resolving problems of intergovernmental relations.

THIRTY YEARS OF ATTENTION TO INTERGOVERNMENTAL PROBLEMS²⁰

As background for review of the work of the Commission, it is of interest to note earlier efforts in the intergovernmental area. For more than 30 years various commissions and committees have been involved in studying the variety and scope of problems of intergovernmental relations.

In the 1930's: Studies dealt exclusively with conflicting taxation and the financial resources of different levels of government. Their recommendations involved the allocation of tax sources among the three levels of government, with frequent emphasis on a goal of reasonable jurisdictional self-sufficiency. This was in the mid-1930's when Federal tax receipts (including social security) averaged about \$3 to \$6 billion, State-local taxes raised about \$6 to \$8 billion, and Federal aid to State-local governments averaged under a billion a year.

In the 1940's: Concern was extended to the functions and services of government as well as their sources of revenue. This period included the important assignment of the Government Operations Committees to study intergovernmental relations, and culminated with the Hoover Commission on Organization of the Executive Branch with its special task force on Federal-State relations. On the functional side, the task force stressed a division of labor between these levels of government in certain pertinent services and activities, but joint ventures in others. On the revenue side, it made proposals to increase State ability to finance its own functions. In the middleground of cooperative governmental action, it recommended an equalization mechanism for Federal grants-in-aid and the consolidation of social welfare and related grants into a single comprehensive grant. This was in 1949 when Federal tax receipts totaled under \$39 billion, State-local taxes were not yet \$16 billion; and Federal grants to the States and local governments were \$1.8 billion.

In the 1950's: Studies of intergovernmental problems turned their emphasis to the concept of the federal system as such, particularly Federal-State working relationships, and the division of labor between the public and private sectors of the economy. The scope as

²⁰ Tax Foundation, "Facts and Figures," is the source of the fiscal data cited in this section.

well as the concern had widened. NAM outlined one answer in its "Bring Government Back Home," a program released in 1950 for the reallocation of tax resources and service responsibilities between Federal and State governments.

The most searching and imposing study of the period was made in 1955 by the Commission on Intergovernmental Relations with its 12 study committees, advisory committees, and subcommittees on various subjects—only one of which was devoted to taxation.

In 1957-58, the House Committee on Government Operations, through Congressman Fountain's subcommittee, conducted comprehensive inquiries of a most informative nature, including questioning of State and local officials, on the functional interrelationships of three-level government. The pendulum of concern had swung almost fully from the revenue to the service side of the fiscal arc. By the end of this decade, when the Advisory Commission on Intergovernmental Relations was created in late September 1959, Federal grants to State and local governments had risen to \$6.3 billion, the Federal taxes brought in receipts of \$76.2 billion, and the tax-take of State and local governments was \$34 billion.

Over a 30-year period: As the following data indicate, the intergovernmental fiscal picture has taken something of a somersault, and then began to regain its balance:

	Per capita by fiscal years—			Percentage distribution by fiscal years—		
	1932	1952	1962	1932	1952	1962
Tax receipts:						
Federal.....	\$15	\$412	\$516	22.7	75.5	68.2
State.....	15	73	126	23.7	13.3	16.6
Local.....	34	61	114	53.6	11.2	15.1
Total.....	64	546	756	100.0	100.0	100.0
Expenditures: ¹						
Federal.....	34	461	614	34.3	71.7	64.4
State.....	21	86	158	20.6	13.4	16.6
Local.....	45	96	182	45.1	15.0	19.1
Total.....	100	643	955	100.0	100.0	100.0

¹ Grants-in-aid are counted as expenditures of the 1st disbursing unit.

Population increased only 50 percent over this period whereas government expenditures increased 14 times and tax receipts 17 times. Thus the recent reverse-trend of these per capitas and their distribution among levels of government reflects a notable correction in the topheaviness of the National Government in the earlier picture.

THE SIGNIFICANCE OF THE COMMISSION'S WORK

The long record of attention to intergovernmental fiscal problems began this reversing of the fiscal imbalance in the federal system, and it was underway when the Advisory Commission on Intergovernmental Relations received its orders; but we believe that the Commission's work has accelerated it. We believe further that acceleration of it can come from the continued implementation of the Commission's responsibilities to create a functional forum for consideration of intergovernmental problems, to give critical attention to Federal

grants-in-aid, to help Federal officials determine the effect of proposed legislation on the federal system, and to recommend the most desirable allocation of functions and responsibilities among the levels of government.

We believe an increase of pace in redressing the balance in the federal system is needed for its greater effectiveness, and that every effort should be made to encourage the States and their localities to accept and discharge greater responsibility for the performance of public services appropriate to their jurisdiction. We are convinced that this goal is being, and should continue to be, served by the Commission's efforts to improve the structural organization and administrative operations of State and local governments, and its conscious and articulate concern with safeguarding and strengthening the constitutional powers and responsibilities of the States under our Federal system of government.

There are distinctive differences between the Advisory Commission on Intergovernmental Relations and its predecessor commission or study committees which are of significance and value.

First, its members are predominantly State and local government officials or private citizens; only 9 out of its 26 members are from the two Houses of Congress and the executive branch. It is thus mainly composed of those in day-to-day contact with the problems which States and their localities face in dealing with the National Government. Bringing three-level governmental officials together as a court of peers to discuss intergovernmental problems is in itself advantageous to the effective operating of a federal system of government.

Second, the Commission's approach to problems of intergovernmental relations is not academic or theoretical, but highly practical. It deals with the operating facts of intergovernmental life; its working procedures involve critical review of proposals by experts of differing philosophical views; and it presents recommendations in a framework of realistic documentation. In fact, Commission reports are often a source of reliable information not readily available elsewhere.

Third, the Commission has actively championed the position of the States in the federal system by stressing a strong and positive role for them in a variety of situations where, either through default or the vigor of proponents for Federal action, the assumption of Central Government responsibility might otherwise have been taken for granted. The Commission's record indicates a deep concern that National Government action should in no way disregard or weaken the constitutional powers and responsibilities of the States in the federal system, but should, to the contrary, conduct itself in such a way as to give free reign and encouragement to the initiative of the States in solving State-local problems.

Fourth, the Commission balances its work of research and study with active concern for the implementation of its proposals at all levels of government. It provides information and advice in regard to pertinent Federal, State, and local legislation. In fact, with the benefit of its particular perspective, the Commission has taken the initiative in identifying problems and recommending legislative attention in various specifics regarding Federal grants to States and other matters. Furthermore, some of the Commission's reports constitute a kind of technical assistance to States and their local governments in actual

management problems. In the area of public information, the Commission participates in various forums which discuss policy issues involved in intergovernmental relations.

The particular reports which especially illustrate major advantages we have mentioned are appended to this statement.

By referring to particular reports, we, of course, mean no disparagement to the content of other reports. Nor, by pointing up specific values of given reports, do we mean that we are in agreement with all their policy particulars; we may not be. But we do mean to stress the competence and usefulness of the reports, the constructive aid they offer for more effective and responsible State government, and the substantial contribution made to the body of research and literature on intergovernmental problems and the character and operation of our federal system.

In NAM, our use of Commission reports has been extensive. We regard them as an exceptional and competent resource for our own research work; and they have brought to mind ideas useful in testimony before congressional committees. Our relations with the Executive Director and his staff have been most helpful and productive. It is a pleasure to have personal contact with such a well-conducted and constructive activity.

PROSPECTIVE NEEDS IN INTERGOVERNMENTAL RELATIONS

One of the areas of intergovernmental activities which is opening up problems, and needs clarifying forums as well as new or adapted mechanics, is the horizontal reach of government-to-government relations. Compacts between municipalities, States, and even regions are being increasingly planned and used. Port authorities were early examples of this, but the instrument has application to watersheds, river basins, electric power grids, metropolitan transportation, economic development, and planning. The Commission so far has concentrated mainly on the traditional vertical pattern of intergovernmental relations—Federal-State-local. The horizontal approach has been limited to interlocal problems. However, States are being more and more concerned with multistate problems and projects, particularly planning relationships which are prerequisite to specific undertakings.

An example of such concern is the current effort to establish a New England Interstate Planning Commission for the coordination of and planning regarding interests and activities of interstate significance in the physical, economic, and social resources of New England. The proposal is that this commission would undertake pertinent studies and make practical recommendations for achieving those goals. Consistent legislation in the six States involved is naturally necessary, and a bill has been drafted which the six Governors have approved. This bill was developed out of the deliberation and cooperation of three New England organizations and the Council of State Governments.

This venture into an untried field indicates an area where extension of the Advisory Commission's work might be fruitful. Its State legislative program might be widened to cover suggestions for uniformity of legislation basic to multistate action of various kinds.

Because there is this sideways shifting of the pattern of intergovernmental relations, contemporary studies of the Commission might be geared to bring into focus a new need for each level of government to reexamine its respective responsibilities in a properly balanced federal system. Such examination, and an awareness of being a part of a whole, has always been needed of Federal, State, and local governments. But as the framework of intergovernmental action adjusts to changing requirements, so does the need increase for contemporary reexamination.

Within such reexamination there is a vital need to develop a discriminatory sense both of when the National Government should act in a dominant capacity—and when it should not, that is, when national activity should be relatively minor or advisory, but not controlling.

Inevitably, however, there will be subjects in which an intergovernmental body should not make or influence policy. One area, for example, in which it might not be wise for the Commission to become involved on a substantive policy basis is that of the proposal for tax sharing between the Federal and State Governments. It is easy to conjure up a picture of huge Federal, and limited State and local, resources, but actually through one tax method or another all governments get their income from the same resource, private income. The only reason the Federal Government seems to have such great tax resources is that it levies such high rates of tax on income. It is peculiarly a national level problem whether such high rates per se are intolerable on a continuing basis and—aside from the question of restraint on economic growth and job creation—whether such rates (48 percent on corporate income and up to 70 percent on personal income) would severely restrict the flexibility of the Federal Government to meet future emergencies.

We believe the need to invigorate the power and prestige of State government is paramount among the public policy issues stemming today from intergovernmental activities and we do not agree that tax sharing is germane to the basic issue. Bearing witness to the need is the growing number of grant-in-aid programs in which national governmental financial and technical assistance goes directly to local governments, specially created districts, and even to nonprofit organizations for community action. Such operating bypasses of the State may be with tacit or expressed State agreement or may have been occasioned by State default or through the strength of requests from localities. Whatever the reason, bypassing the States is not, in our view, the proper answer. The proper answer may take time to realize; but that answer is to elicit more responsible State action in regard to their localities, to save the legitimate authority and restore the key role of the States in the Federal system. As the Council of State Governments said:²¹

Strong State leadership will in the long run determine its role within the federal system in influencing the character of development within its boundaries.

And, we would add, State leadership, in our view, can become strong enough to do so.

As already indicated, the Commission has made contributions to this end; but there is an area into which its jurisdiction might be extended,

²¹ "State Responsibility in Urban Development," a report of the Governors' conference, 1962, pp. 17-18.

which would considerably increase the potential. This is to review and appraise existing grant-in-aid programs from the viewpoint of their purpose and need before developing recommendations for their more effective continuation or coordination with other governmental activities or programs. We would like to see the Commission's franchise clearly extended beyond managerial questions concerning a given program to cover evaluation of the policy postulate for the program. The Commission works now primarily from the premise that a given program is to be continued; therefore the assignment is to improve its operation.

There are many grant-in-aid programs which were created under conditions no longer existing and for purposes which may no longer need to be met. Although there has been legislation before several Congresses which would require periodic review of new grant programs, it has not been enacted and, furthermore, it would not require review of existing grants. The initiative for this proposal came from the Advisory Commission in its 1961 report on the subject. But that report also recommended that existing grants be reassessed, and said: ²²

* * * the Commission does not wish to imply that existing grants are not in similar need of attention and review.

The Commission believes that each department or agency should examine and report periodically to the President and the Congress as to operation and accomplishments of each grant-in-aid * * * where it is found that the original purposes and provisions of the grant are no longer germane, or where such provisions are being rendered obsolete by changing circumstances, the report should contain recommendations for statutory changes designed to terminate or redirect the program.

Since this has not been undertaken either by the executive branch or the Congress, perhaps the Commission itself should be instructed to carry out its own practical suggestion.

A further specification for extended work of the Commission in this same area is suggested by the same report: ²³

This report does not encompass general questions as to the overall role of grants-in-aid in our federal system of Government, the efficacy of grants-in-aid as devices for intergovernmental cooperation, nor does it treat upon questions of the continuance, discontinuance, or modification of specific grant-in-aid programs, nor upon the question of administrative controls associated with grants-in-aid. These and related questions may be dealt with as appropriate in later reports of the Advisory Commission on Intergovernmental Relations.

Approach to the fourth point has begun with the Commission's 1964 report on Statutory and Administrative Controls Associated with Federal Grants for Public Assistance. But, to our knowledge, inquiry into the other questions raised has not been undertaken. We believe these are key questions, and that answers to them within the framework of the Constitution can be found in today's context. These answers could be highly significant in terms of both policy and practice, and could have great force in shaping the intergovernmental framework of the future.

The policy basis of Federal grants as a device in intergovernmental relations needs reappraisal, for example, in the light of the trend toward multistate action. The Appalachia regional program has broken new ground in this regard. And it suggests one potential criterion for

²² Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments, pp. 27-28.

²³ P. 3.

changing the policy basis of Federal aid: should the National Government limit grants of financial assistance to programs of interstate impact and to multistate compacts—leaving the full financing of government activities contained within State geographical borders to the States and their localities? On such a basis, public housing and urban renewal, for example, would become independent of Federal funds; whereas forest fire control, communicable diseases, watershed development, and multipurpose power projects, would continue to share in Federal funds. Consideration of such a policy basis for Federal aid would offer a solution to the intergovernmental problems created by direct Federal-local programs, since such aid would be limited to States or multistate compacts. And it would enforce stronger and more responsible State-local ties, thus reinforcing the role of the States in the federal system.

We appreciate this opportunity to present our views on the Commission's activities, and our reasons for hoping that its work will be continued, and expanded into the areas we have mentioned. In closing, we would like also to pay tribute to Senator Muskie and Congressman Fountain for their able and constructive leadership of the Congressional Subcommittees on Intergovernmental Relations. We hope our comments and suggestions will be of value to these subcommittees and will help convince them to recommend further authority for the Advisory Commission on Intergovernmental Relations.

APPENDIX

Illustrations of Major Advantages of Advisory Commission Reports.

Reference value, compiled information not readily available elsewhere.

Directory of Federal Statistics for Metropolitan Areas, 1962.

State Constitutional and Statutory Restrictions on Local Public Debts, 1961—upon the Structural, Functional, and Personnel Powers of Local Government, 1962.

Impact of Federal Urban Development on Local Government Organization and Planning, 1964.

Tax Overlapping in the United States, 1964.

State-Federal Overlapping of Cigarette Taxes, 1964.

Statutory and Administrative Controls Associated with Federal Grants for Public Assistance, 1964.

The Problems of Special Districts in American Government, 1964.

Metropolitan Social and Economic Disparities; Implications for Intergovernmental Relations in Central Cities and Suburbs.

Technical assistance

Investment of Idle Cash Balances by State and Local Governments, 1961.

Alternative Approaches to Governmental Reorganization in Metropolitan Areas, 1962.

Apportionment of State Legislatures, 1962.

Transferability of Public Employee Retirement Credits Among Units of Government, 1963.

State Technical Assistance in Local Debt Management, 1965.

Strengthening the Role of the States

Intergovernmental Responsibilities for Mass Transportation Facilities and Services, 1961.

Local Nonproperty Taxes and the Coordinating Role of the State, 1961.

Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas, 1962.

The Role of the States in Strengthening the Property Tax, 1963.

Impact of Federal Urban Development Programs on Local Government Organization and Planning, 1964.

The Problems of Special Districts in American Governments, 1964.

State Legislative Program, 1965.

Representative FOUNTAIN. Thank you very much, Mr. Davidson. After the staff and the members of the subcommittees have had an opportunity to study your statement in full, we may have some questions that we would like to submit to you, to add to our record.

In your opinion is it appropriate and desirable for the Commission to devote at least a part of its resources to the promotion, through legislation and administrative action, of the recommendations made by the Commission?

Mr. DAVIDSON. Yes, I think so. I might say, by the way, that we have tried to help in this somewhat. We took the State legislative program of the Commission to our government expenditures committee to develop a policy, not in terms of support for the particulars of the program, but to develop a policy directed to the proposition that our members and affiliated organizations in the States and localities, stating that they should support those things which in their opinion would be useful and constructive in their States. That was approved by our 170-man board of directors as a basic policy.

Representative FOUNTAIN. As you stated, and it is quite natural, your group does not necessarily agree with all of the conclusions and recommendations of the Commission. However, I gather from your statement that you do generally approve of the work of the Commission and feel it is an institution that should be continued?

Mr. DAVIDSON. Oh, yes, sir.

Representative FOUNTAIN. Do you have any criticisms to make?

Mr. DAVIDSON. I was asked to try to find some, and this may seem unusual, but actually except to make the suggestion that they may be—no, I can't even say that, in the environment in which the Commission was created. But we just think the time has come to perhaps put greater emphasis on the major philosophic contribution, to reenergizing the role of the States in our federal system. We think this is part of the movement of today, and we would like to help in that in every way possible. But I would not say it is a criticism for anything that has not been done in the past.

Representative FOUNTAIN. I think it is constructive criticism and we do want to get the benefit of all constructive criticism, because I don't know of any institution which cannot be improved. Of course this Commission has not been in existence very long; it is an innovation, as we have said so many times, and I don't know of any other institution of its kind in history.

You say on page 10 that bypassing the States is not in your view a proper answer, and this has been said by many people. You say a proper answer may take time to realize, but that answer is to elicit more responsible State action in regard to their localities, to save the legitimate authority, and restore the key role of the States in the federal system. What suggestions do you have to make as to how we can best accomplish this?

Mr. DAVIDSON. I find it rather difficult to be more specific than we are in the statement. You see, we do suggest a reexamination of grants-in-aid from the standpoint of always bringing the States back into the picture. Perhaps also from the standpoint of looking with a jaundiced eye on old grants before too much is done to coordinate and cement into permanent position new grants, and we would like especially for you to give consideration to establishing some line of

demarcation in the whole Federal grant-in-aid program, in which there would be a deemphasis of money designed for local governments, even though channeled through the States, and limiting to the extent possible the Federal-State-local relationship. After all, the local governments are the creatures of the State, and we, of course, can't accept the basic idea that the resources to do a job within the States are unavailable to the States. They are. Even what we would call a poor State is rich by comparison with most nations around the world. Also we can't believe at all that the capacity to do the job is not there. After all, the people in Washington came from the States, and I don't think it makes any of us smarter by being in Washington than if we had stayed wherever our hometowns might be.

So, by and large, we can only suggest to you that the greatest possible emphasis be put on reorientation, building the States up and influencing them to accept their responsibilities for the intergovernmental job within the State itself. And we have been highly impressed by the tremendously informed, competent, and constructive opinions that have been presented to you. It is pretty hard for us—for me at least, since I am not an expert in this area—to add much to the record in this respect.

Representative FOUNTAIN. We appreciate your statement. I agree basically with the idea that the local and State governments ought to be strengthened. I am not sure how it can be done. But even if local officials sometimes may not have as much competency, I have a little more satisfaction when I know I can call John Doe on the local level about something that involves me or my family or my property, rather than wonder who in Washington, or even on the State level, I would have to contact. But the problem is, how do we get this sort of thing done? How do we encourage local and State governments to assume the responsibilities which are theirs? Maybe your organization has taken some steps for encouraging this objective on the local and State levels. Do you have anything in mind in particular which you have done to encourage local and State governments?

Mr. DAVIDSON. No. As a policy organization, I should explain, NAM operates on the national level, and, as you know, in most States there are State manufacturing associations, which are affiliated with us, but we would not feel it proper for us to go into the State of North Carolina, for example, and give advice and counsel to the Governor or the legislature as to what should be done in that State.

Representative FOUNTAIN. The State organization could do it?

Mr. DAVIDSON. Yes; this would be done through our affiliated State organization, based on their own view of the situation in their State. The thing we have done repeatedly, we put speakers on our rostrums, we talk to the State association executives themselves about it. I don't know whether we have been too effective, but we have stressed, through every channel available to us, the importance of the State organizations making certain an adequate job is done in the States and localities, as the condition precedent to getting some of the Central Government out of their hair.

Representative FOUNTAIN. I think Professor Jones, who testified ahead of you, and others have emphasized the fact that under our federal system a group of citizens, for example, in my hometown of Tarboro, can go to the city board to get something done. If they

can't get it done there, they can go to the county board if it has jurisdiction. And if they can't get it done there, they can go to the State legislature, or to see the Governor. And if it is something they think is important enough, and they can't get results there, they have a right to come and see their Congressmen in Washington, who are elected directly by them. But somehow there seems to be a tendency to come here first, in many instances.

I think one of the problems we face is how best to encourage local and State governments to do the job that needs to be done. I know I have some constituents who are very much opposed to all Federal programs, but I also find them fighting increases in taxes on the local and State levels, and opposing the very same programs at the local and State levels. I don't know exactly how to handle that kind of situation. My whole philosophy is based upon the idea that local and State governments should do everything they can do for themselves and then call on the Federal Government only as a last resort. There are certain areas in which we know traditionally government does furnish services.

But I don't know exactly how to handle a situation where people fight programs on the local level, and also fight the same program on the State and Federal levels. Now if they fight it because they simply think it ought not to be done by government, then of course they have a right to that opinion, and I certainly would fight for them to have the right to express that opinion. But where the majority of the people know that a particular service ought to be rendered by government, and opponents fight against it at the Federal level on the grounds that it ought to be performed at the local or State level, and then proceed to fight against that program at the local and State levels also, we have a situation which is conducive to centralization.

I am sure you are familiar with that tendency on the part of some people.

Mr. DAVIDSON. That is right. We are aware of that tendency within the business community itself. It is a problem. All we can do is talk at it, from where we sit, and I am sure you talk at it. I do believe that over the past few years there is beginning to be some breakdown in this attitude and a greater recognition in the business community that the role of a business organization and the business company is to be constructive and help get the kind of government that is needed. More so in some areas than in others. I don't believe the attitude is the same today as it was a few years ago. And I think the work of this Commission is partly responsible for that change. But it is a problem, Mr. Chairman, there is no question about it.

Representative FOUNTAIN. Thank you very much. Mr. Dow?

Representative Dow. You should be complimented, Mr. Davidson, on a very clear statement. I have just one question and that is: If we are thinking about bracing up the State governments, I wonder if that accords with the thought contained on page 12 of your statement, where you say:

Should the National Government limit grants of financial assistance to programs of interstate impact and to multistate compacts, leaving the full financing of Government activities contained within State geographical borders to the States and to their localities?

In other words, if the Federal grants are channeled into the interstate compacts, why, they are going to be growing fat and strong.

Whereas if these funds are withheld from the States, it might have the effect of further weakening the States, rather than strengthening them.

Would you have any opinion on that?

Mr. DAVIDSON. I think that is a very penetrating question, Mr. Congressman. I might say by the way that this whole paragraph doesn't reflect any policy, but was thrown out because of provocative ideas that occurred to us as we put this together. Actually I don't think we crossed this bridge when this was written. Our own feeling is that the States should be the pivot point for contact, whether you go below the State level or go to the interstate. Our policies and thinking haven't really contemplated putting money directly into regional programs. But I would think it is implied here. I think we better look a little more deeply at what we say here.

Representative Dow. I was not trying to be critical, I was just trying to get the thought clear in my own mind. I will tell you my own opinion. I really think there is some doubt about the merits of trying to shore up the State governments, because if evolution is gradually weakening the States, we may be going against nature, to try to brace them up artificially or by synthetic devices, and it might be better to let nature take its course. But I do think in their place we might erect these regional compacts and regional groupings which may be closer to the practical demands of the society in the future. I am only thinking out loud, but I do feel that the Commission should address itself to this kind of thinking, at least for the purpose of answering the question, if not to carry out the suggestion. Thank you, sir.

Mr. DAVIDSON. I agree with you that we should pay great attention to the regional innovation. Thank you.

Representative FOUNTAIN. Mr. Davidson, there is just one other portion of your very fine statement that I would like to question you about. On page 9 you say:

Inevitably, however, there will be subjects in which an intergovernmental body should not make or influence policy. One area, for example, in which it might not be wise for the Commission to become involved on a substantive policy basis is that of the proposal for tax sharing between the Federal and State Governments.

I don't think any of us are crazy about that idea.

Mr. DAVIDSON. I am happy to hear that.

Representative FOUNTAIN. But some of us are getting to the point where we are about convinced that as long as we have defense as an excuse, or as a justifiable reason to extract high taxes from our people, we are going to continue to tax high at the Federal level. And many of these services ought to be coming from the local and State levels, but because they don't have the tax resources, they can't go much further. If the Federal Government is not going to work out some formula whereby it can stop taxing in a given area and permit the local or State government, or both, to tax in those areas, then about the only resort we have is to insist on the Federal Government's sending back to the other levels some of our money which it obtained by taxation and which it didn't really need. Otherwise we will keep thinking of new ways to spend money on the Federal level.

And I think that probably was one of the reasons for the Heller approach. I wonder if you would elaborate further on your statement? I don't know how I would feel about it if I were confronted with such legislation right now and had to vote on it. It would de-

pend on how equitable I thought it was, I guess; as to whether I thought the other States were getting more than their proper share, or whether my State was getting its proper share. And I think that is important. It could be very dangerous if it is not. And the formula would be awfully important as to how the money is returned. I expect if New York State got back all of the money it paid into the Federal Treasury, and each State did the same thing, it would probably not be the kind of formula which would enable the States to do what has to be done. We would need an equalization formula of some kind.

In the absence of something like the Heller approach, we will probably see more grant programs enacted. As Professor Elazar pointed out, during the 2d session of the 88th Congress we enacted 16 separate grant programs. I didn't realize that. And I can assure you that we are going to keep on enacting them, whether I vote for them or not, if the majority of the people of this country conclude that they want them, or at least if enough people can convince Members of Congress and make them think a majority of the people want them. It doesn't matter; the result is the same.

Do you have any further comments on that?

Mr. DAVIDSON. Yes. This is a subject on which I may be better qualified, that I have spent more time on. I happened to have talked to Dr. Heller a few days after he made his statement last July. Basically at the time you remember he related his statement to the use of the revenue gained from economic growth. As the subject has evolved over the years, there has been a more sophisticated realization that you can't really tap the revenue growth, you tap a percentage or portion of the Federal revenue take. But for many years we have advocated a program of tax rate reform, in which we have felt that the revenue gain from economic growth, because the Federal Government doesn't grow on a population or economic basis like the States and localities do, that the revenue gain from economic growth shouldn't essentially be looked upon as if it were available for additional Federal spending, but in a sense it ought to belong to the taxpayers, and priority should be given to a policy of returning this in some orderly manner to the taxpayers, both to reform the rates and to reduce the overall burden.

We used to talk about this phenomenon, and people thought we were reaching a little to talk about a \$3 billion growth figure, and now it is accepted that there is a \$6 billion growth figure to deal with. This is what touched off Walter Heller's comments last summer. He felt the States should have some claim on this, because by and large the State and local revenues don't grow as fast as the increase in government expenditures have in those areas in recent years, although over decades this might not be so. Certainly no element of government will continue forever to grow faster than the economy or the population, because eventually there wouldn't be anything but government, if this didn't level out and perhaps even turn down at some future time. I am getting to the functional point that you can help, in our opinion, the State and local governments just as much by reducing the Federal tax burden and letting each State and locality decide how they want to use the additional resources that are released, rather than having a uniform provision for returning money to the

States. In view of the lack of uniformity, the diversity of problems, the diversity of tax structures, we think this would be a more constructive approach.

Representative FOUNTAIN. If that were done by legislation, do you think there should be any conditions attached so that a State would get its pro rata share when and if it enacts legislation to assume any particular responsibility which the Federal Government is relieving itself of?

Mr. DAVIDSON. No. As of a particular time, Mr. Chairman, every State and every locality does not need money. Even today I am sure there are several, maybe quite a few, States, that are in quite a comfortable financial position and will be until a year or 2 or 3 years hence, and there isn't any crying need for what they haven't got. Each State and locality's needs build up, based on when they last looked at their tax structure, how constructive and realistic they have been in the past in accepting their responsibilities at the government level, and in levying taxes to meet these responsibilities, or how they tended to let the needs build up and all of a sudden they are confronted with meeting an emergency situation with not enough revenue. The condition is simply not uniform. A uniform grant, you see, at the Federal level, all of a sudden, would create some problems—more problems in a State which had done an adequate job, perhaps, than in a State which had not done an adequate job in the past. I don't believe it would ever go to a locality. We come back to the basic fact that the tax resources are still the income of the people. It doesn't matter whether a property tax or sales tax is used, the revenue still comes from the income of the people. And it is true, in our opinion, the very high rates of Federal taxes create a prima facie case for reducing the rates. The fact that after all of these years the rate of taxes at the State and local levels are relatively moderate by comparison would indicate if they have broader public responsibilities they are not discharging, they should take on the responsibility of levying rates sufficient to support them.

I didn't bring it with me, but I had one of our people prepare a statement of property tax resources, and I wanted to check it with Mr. Colman and his people for accuracy, but looking at the real property base, going back for some years, the proportion, the relation of the tax take for real property on a valuation basis, comparing back years to the present, these figures—and again I would like some other people to check them before we would try to use them publicly—seem to indicate to me that the take from real property in relationship to the current value of real property in this country is not significantly greater than it has been in bygone days. If this is so, certainly in all parts there is an acceptance of the Government doing things, assuming larger and larger burdens today than in years gone by. One would expect this basic resource perhaps could be stretched beyond the point where it has been. Certainly, we could see nothing in these figures to support the general notion that this is a tax resource or tax method that has been fully exploited. I am sure that looking at any State's tax structure everyone would concede with the backdrop of the Federal rates that the States have unused possibilities.

I am not advocating increased taxes in any State, because some States don't need more revenue at this time.

Representative FOUNTAIN. Thank you very much, Mr. Davidson. You are part of an organization which has had a number of heads from my own State. I remember one, Mr. William Ruffin, from Durham, N.C., an able and competent businessman. We are happy to get the views of your organization. Thank you very much for coming.

Mr. DAVIDSON. Thank you. I was very happy to be here, Mr. Chairman.

Representative FOUNTAIN. I would like to announce, before we adjourn, that the subcommittees have received a number of statements from organizations and persons who found it impossible to participate as witnesses in our hearings. If there is no objection, these statements will be made a part of our hearing record. I believe Senator Muskie has already indicated he wants to put a statement in the record also. I should like to reserve the right to do the same thing, and other members of the committee, if they so desire, will have the same opportunity.

I thank all of you who are still here for coming. We may be calling on you again sometime. I feel we have had some very helpful testimony and I am sure the two subcommittees of the House and the Senate will give careful consideration to everything which has been said. Out of it all, we hope to come forth with some ideas and suggestions that will be helpful to the Commission in its future work. Thank you very much.

The subcommittee stands adjourned subject to the call of the Chair. (Thereupon, at 1:35 p.m. the hearing was adjourned.)

COMMUNICATIONS AND STATEMENTS

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., May 26, 1965.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Governmental Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter of April 29 requesting the views of the Bureau of the Budget relative to the joint hearings on the Advisory Commission on Intergovernmental Relations to be conducted by the Senate and House Subcommittees on Intergovernmental Relations. The review being undertaken is timely and highly desirable.

The ACIR was established in 1959 in response to the need for a special organization to deal with the increasing problems growing out of the relationships among the Federal, State, and local governments. There is no doubt that this need is just as great, if not greater, today.

While certain intergovernmental problems have existed and been debated since the beginning of our Republic, the last several decades have seen an ever increasing growth in the size and complexity of governmental activity at all levels. In the course of that growth, a major increase in the interdependence of the various levels of government in our federal system has occurred.

President Johnson has stressed the need for creating a more dynamic federalism and has noted the vital role of State and local governments in achieving the goals of the Great Society. In a statement before the American Municipal Congress in August 1963, he said:

"What much of the world has still to learn—and we must not forget—is that levels of government must function interdependently if any are to succeed independently. Ours is a system of interdependence. Authority is divided not to prevent action but to assure action."

The purposes for which the ACIR was established are in keeping with the President's objective. The Commission was designed to bring together representatives of various levels of government to consider common problems, tax laws and Federal grant programs; assist in reviewing legislation to determine its:

effect on the federal system; study problems requiring intergovernmental cooperation; and recommend the most desirable allocation of governmental functions, responsibilities and revenues among the level of government.

The need for an organization to focus on problems of intergovernmental relations cannot be questioned. There is no doubt that the ACIR has provided a useful forum—indeed, the only forum of its kind—for their consideration on a systematic basis.

The Commission has made notable contributions toward the solution of problems of the federal system in its short period of existence. It has developed an excellent research capability, and its staff is of a high caliber as is reflected in the scholarship and integrity of its research reports.

Our objective at this point, and the purpose of the suggestions which follow, is to insure that the organization which has been developed is improved and made to work even better.

Today, the Commission's organization is somewhat anomalous. As noted in one of its publications:

"* * * of the 26 members of the Commission, 9 represent the National Government (6 from the legislative, and 3 from the executive branch), 14 represent State and local government, and 3 the public at large. Consequently, although created by the Congress, the Commission from a practical point of view is not a Federal agency in the usual sense of the word. Rather, it is a national body responsive to all three levels of government and to their executive and legislative branches."

However, despite its unusual organization, the ACIR has many of the characteristics of an executive agency of the Federal Government. For example, its funds are derived exclusively from the Federal Government, and its personnel are Federal employees. The majority of its members are appointed by the President, and its Chairman is designated by the President.

From the standpoint of State and local governments, we believe, this arrangement raises certain problems. Complete dependence on the Federal Government for funds, for example, could restrict the Commission in the courses of action it might take and prevent it from fulfilling a broader mission as a national organization reflecting the views of all levels of government. Further, as an agency of the executive branch, it would be expected to clear reports on pending legislation under the procedures applicable to other Federal agencies, even though the position of the Commission might not be compatible with that of the executive branch.

On the other hand, the device used to give the Commission an intergovernmental character—that is, by requiring the President to appoint its members in large part from panels named by outside groups of Government officials—is undesirable from an administrative standpoint. Further, it can produce confusion when, as an executive branch agency, the Commission's position differs from that of the administration.

The subcommittee may wish to consider several approaches to clarifying the organizational status of the ACIR. Taking one extreme, it would be possible to convert the ACIR into a federally-chartered, private organization through an act of Congress. This has been done in the case of the American Red Cross, the National Academy of Sciences, and many other organizations, some of which carry out quasi-public functions or provide services to various levels of government. Such an organization would be fully controlled by its constituents, and would not be the creature of any one of them. In general, the management would be free to exercise the powers set forth in its charter, including performance on contracts and acceptance of gifts. Such an arrangement would not preclude various forms of Federal financial support. Under such a charter, any necessary Federal controls, such as annual audits, could be established. There already exist precedents for these provisions. However, we believe this approach could have certain serious drawbacks, largely because the Commission would lose its governmental status and character. It would no longer have a locus within the federal system, and it could well become simply another nongovernmental research organization.

On the other extreme, it would be possible to organize the Commission more clearly as an executive branch agency, for example, by giving the President complete freedom in his choice of Commission members and the authority to appoint its director. However, as noted above, this approach would run counter to the objective of providing a forum where all levels of government may meet and discuss problems on the basis of equality.

We believe necessary clarification of ACIR's organizational status can be achieved without resort to either extreme. In large part, the recognition of the ACIR's intergovernmental responsibilities can be achieved through a more representative financial base. At the time of the passage of the bill establishing the ACIR, the Senate committee report which recommended approval of the bill indicated:

"Consideration was given to providing for contributions by the States of a portion of the Commission's operating expenses. Although the committee believes that joint Federal-State financial support is desirable in principle, considerable doubt existed as to the practicality of such an arrangement. Accordingly, in order to avoid handicapping the Commission with difficulties which are apt to arise from a joint arrangement, it was deemed advisable to have the Commission's operating expenses paid wholly from Federal funds. However, the committee is of the opinion that the States should, and will desire to, contribute indirectly to the Commission's support by furnishing staff assistance to the Commission and its working committees."

At present, the ACIR operates solely with Federal funds and is barred from using other funds. Nevertheless, it benefits all levels of government. It would, therefore, appear that the principle of mixed financing has merit and should be reconsidered at this time. This could be achieved by authorizing the ACIR to accept outside contributions and gifts, including grants from foundations, perform on contracts, and otherwise acquire funds and revenues.

In addition to providing for mixed financing, we believe it would be desirable to give consideration to several alternatives to the present manner of selecting members of the Commission. As noted above, the present statute places severe and undesirable limits on the President's authority to select certain members representing outside groups of Government officials. At the same time, from the standpoint of those outside groups and others, the statute also limits the President's flexibility and ability to respond to changes in their organizations. We believe it would be more consistent with the intergovernmental character of the ACIR if, in lieu of the present practice of having the President appoint the non-Federal members of the Commission, he were given general authority to invite private organizations of Government officials to name members to the ACIR. Such persons would not be Federal officials.

Our other concern relates to the fact that the ACIR has tended to concentrate primarily on matters of State and local concern. It has had a disposition to emphasize what the Federal Government can do to simplify the problems of State and local government, rather than what State and local governments can do to assist the Federal Government in solving its problems. We would not want to overstate this issue, but it is an area warranting attention. In the same vein, we also believe that the ACIR has tended to overlook its responsibility for recommending the proper allocation of functions and revenues between the various levels of government.

If the Commission is to make a maximum contribution in assisting the Federal, as well as State and local governments, Federal participation in the Commission's deliberations will have to be strengthened. At the moment, only the views and interests of the small number of individual departments represented on the ACIR are usually brought to bear. They do not reflect the total range of Federal interests in intergovernmental matters, nor do they provide a parallel to the broad interests of the State and local members.

It would appear to us that one solution would be to give the President greater flexibility to name additional Federal representatives to the Commission without fixed terms. This would enable him to develop a method for insuring broader executive branch participation in Commission affairs and to involve all the agencies having major programs affecting the Federal system.

Finally, in view of the fact that ACIR is intended mainly to provide a national forum for the consideration of issues affecting the federal system, we believe that the present approach of having a formal vote to establish a Commission position on most matters is inappropriate. It would be more proper, we believe, for ACIR to attempt to develop an informal consensus on those matters.

Let me emphasize again, we believe ACIR is performing a most useful role in the Federal system. The suggestions made above are intended to clarify its intergovernmental character and to improve the organization which has been developed over the last 5 years.

Sincerely,

ELMER B. STAATS,
Deputy Director.

FEDERAL POWER COMMISSION,
Washington, D.C., June 17, 1965.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Govern-
ment Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We received the release announcing joint hearings of the Senate and House Intergovernmental Relations Subcommittees to evaluate the record of the Advisory Commission on Intergovernmental Relations. We should like to acknowledge the help which the Advisory Commission has lent us. On a number of occasions, particularly in connection with the national power survey, the Federal Power Commission has secured useful information and advice regarding intergovernmental problems from the Advisory Commission.

In our experience, the work of this agency has benefited from the existence of the Advisory Commission.

Sincerely,

JOSEPH C. SWIDLER, *Chairman.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 3, 1965.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Govern-
ment Operations, U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of May 19, 1965, states that the Subcommittees on Intergovernmental Relations of the Senate and the House of Representatives planned to hold joint hearings to review the work of the Advisory Commission on Intergovernmental Relations and solicited the comments of our Office on any or all of the following matters which you referred to as the basic purposes of the hearings.

- (1) To evaluate the Commission's performance to date with respect to its assigned functions.
- (2) To further define the direction in which we are moving in the intergovernmental relations field.
- (3) To analyze the Commission's future role in light of changing conditions in our federal system.

From our review of the sixth annual report of the Commission, dated January 31, 1965, which you enclosed with your letter, it appears that the activities of the Commission during 1964 encompassed a widely diversified range of important public problems and extensive efforts in legislative and other areas at Federal, State, and local governmental levels.

Recent and current developments in the Congress indicate a marked trend toward greater interest by the Federal Government in social and economic advancement as related to certain local communities and segments of the national population. This trend is illustrated in the recently authorized Federal programs for economic opportunity and for the development of the Appalachia region; in the proposed programs for public works and economic development now being considered by the Congress; and in the enlargement of programs in the fields of education, health, and housing. These and similar programs, all of which involve participation in varying degrees by both governmental and nongovernmental bodies at the State and local levels, add further to the complexities of Federal, State, and local relationships.

It is our view that the diversity and financial magnitude of existing and oncoming Federal programs involving State and local relationships bring into sharp focus the compelling need for maximum economy and efficiency in the administration of these programs at all levels of government. Such programs are especially susceptible to problems of coordination and cooperation and thus warrant particular attention to effective management controls and procedures as a means of minimizing such problems. To the extent feasible, such management functions as planning, program surveillance and evaluation, accounting, auditing, and financial reporting should be synchronized so as to meet the valid needs and responsibilities of all participating governmental levels with a minimum of overlapping or duplicating effort and at the most economical cost.

One of the functions of the Commission under Public Law 86-330 is to "give critical attention to the conditions and controls involved in the administration of Federal grant programs." We suggest that the subcommittees consider recommending to the Commission the advisability of undertaking studies of

selected aspects of administration such as those mentioned above, relative to major Federal grant programs, particularly in the fields of highways, housing, education, and health, with due regard to the limits of the Commission's resources and to appropriate priorities in other areas of its activities. We note in this respect that during 1964 the Commission completed a study of statutory and administrative controls associated with Federal grants for public assistance and approved a report containing certain recommendations for amendments to the Social Security Act.

We appreciate your request for our comments and trust that our views expressed hereinabove will be helpful to the subcommittees.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

STATE OF RHODE ISLAND & PROVIDENCE PLANTATIONS,
Providence, June 4, 1965.

HON. EDMUND S. MUSKIE,
*Chairman, Subcommittee on Intergovernmental Relations,
Committee on Government Operations, U.S. Senate,
Senate Office Building, Washington, D.C.*

DEAR SENATOR MUSKIE: Thank you for giving me this opportunity to present this statement to the hearings that are being held jointly by the Senate and House Subcommittees on Intergovernmental Relations of the Committees on Government Operations in the Senate and House to assess the role to date and in the future of the Advisory Commission on Intergovernmental Relations. Unfortunately, I am unable to attend these hearings because of the press of business here resulting from the windup of the general assembly. However, I hope that this statement will prove helpful to you in your deliberations.

I would like to voice my wholehearted endorsement for this advisory Commission. Formation of this Commission 5 years ago was an important step toward a better understanding and increased cooperation among the Federal, State, and local levels of government. This Commission provides a forum for the discussion of common problems and works as a sounding board for the various views and opinions about Federal programs that are held by State and local officials.

It was with great pride that I swore into office as a member of the Commission a few months ago, Senator C. George DeStefano, the minority leader in our Senate. I am sure that Rhode Island will benefit by Senator DeStefano's addition to this group. A direct result of Senator DeStefano's membership on the Commission has been a growing understanding in Rhode Island of the merits of legislation urged by the Advisory Commission on Intergovernmental Relations to permit interlocal contracts providing services. Such a bill was introduced in the legislature this year and had the support of Democrats as well as Republicans. It would have passed except for the objection of one member on the final day. This legislation should be adopted next year.

The question of State-Federal relations covers a broad field. Certainly, this Commission has been helpful in minimizing the frictions that develop among Federal-State-local agencies and officials.

I would like to take this opportunity to set forth some of my views on the subject matter of your hearings.

In the past few years the Federal Government has been constantly increasing its support of various activities formerly paid for by the States particularly in the field of social welfare and highway construction. The Federal Government has also embarked on entirely new programs such as the poverty program and Appalachia. At the same time the States have been assuming responsibilities formerly paid for entirely, or nearly entirely, by the local communities. For instance, here in Rhode Island as of July 1, 1964, the State pays 100 percent of all local public assistance costs. As of July 1, 1966, the State will take over and pay for all local public health programs. State aid for school operations and construction has increased from a very small amount 8 years ago to a minimum of 35 percent as of July 1, 1964.

All these new State expenses have placed a heavy financial drain on the States. It is my sincere desire that the Federal Government make a greater share of its help to the States in the form of an unfettered proportionate return

of Federal tax revenues. Currently the States are often in areas where they don't feel there is a real need but proceed because there is a higher proportion of Federal money earmarked and "why pass up Federal money."

It would also be a great help to the States if Federal money, if it has to be earmarked, could be assigned to more "bread and butter" programs. For instance, in our work with the mentally retarded, all expenses are paid for by the State and the Federal Government only helps with very specific research grants that don't help pay the salaries of attendants and doctors or help maintain the buildings.

I think it perfectly proper for the Federal Government to set certain standards when it gives money for "bread and butter" matters. Often these standards are helpful although, as you know from your experience as Governor, they are sometimes too rigid and inapplicable to certain local conditions.

Both the States and the Federal Government are going to be here for a long time and I think the Advisory Commission can serve an ever increasingly helpful role.

I hope these views will be of some help.

Sincerely,

JOHN H. CHAFEE, *Governor.*

CONNECTICUT STATE BOARD OF EDUCATION,
Hartford, Conn., May 10, 1965.

Re hearings of the Subcommittee on Intergovernmental Relations.

HON. EDMUND S. MUSKIE,
*Committee on Government Operations,
Subcommittee on Intergovernmental Relations,
U.S. Senate, Washington, D.C.*

DEAR SENATOR MUSKIE: Since it may be difficult for me to arrange my schedule to appear at these hearings later in the month, I am glad to accept your invitation to submit a statement.

I will confine my remarks to relationships within the area of educational activities. For the most part, Congress has succeeded in providing financial aid that has strengthened State and local educational efforts. I should urge the continuance of the Advisory Commission on Intergovernmental Relations in order to assure, in the future, arrangements that will preclude the confusion that might ensue in the absence of such a commission.

The policy of the Connecticut State Board of Education is to stimulate and direct local initiative and planning in educational matters rather than to control. The board is convinced that improvements and innovations should emerge from local educational authorities with the encouragement and assistance of the State agency rather than by State or Federal mandate. Over the years, this approach has resulted in school programs that are models for the Nation.

Our State plans, as approved by the U.S. Office of Education for grants such as those under the National Defense Education Act, have provided for the strengthening of this approach, and we have not felt that local and State initiative or responsibility has been ignored. We should hope that the compatibility of Federal goals and State goals will be underscored as Public Law 89-10 is implemented.

I should like respectfully to call the attention of the committee to some difficulties in administering Federal acts that indicate the need for the continuance of this Commission:

1. In the summer of 1964, when the State board of education received an order to train 1,300 workers for the General Dynamics Corp. in New London, which builds atomic submarines, and after arrangements were made for the leasing of space and the employment of training personnel to conduct the program, it was discovered that the allotment for this purpose had been diverted to a community action program in a city in the State without notice being given to the State department of education. There was considerable delay in getting this project underway although finally this was accomplished with funds from the national reserve. This delay worked a hardship on the men who were to be trained, upon the company, and upon the State department of education.

2. In another instance, also in the summer of 1964, because of a dispute between the U.S. Department of Labor and the U.S. Department of Health, Education, and Welfare, over the handling of funds, an excellent project for the training of cooks, for whom there were splendid opportunities for employment,

was seriously delayed. This experience caused considerable distress to the people to be trained, to those who contracted to do the training and to the State, which, as the agent of the Federal Government, bore the burden of criticism. It is necessary that the respective duties of different Federal agencies be clarified and that their procedures for dealing with State agencies be less subject to confusion.

3. An example of still another area of confusion arises from the 1962 amendment to the Federal Welfare Act dealing with the licensing of child day care centers. In Connecticut this act is being interpreted by the State welfare department as a mandate to that department to license all nursery schools. However, it is not appropriate that a State welfare department undertake the approval of educational programs. The development of preschool centers licensed for health conditions by the State department of health and approved for educational programs by the State department of education is already being accomplished by the appropriate agencies in a manner agreeable to the people and to the best interests of the State and Nation. If the State legislature, under the impression of licensing must be done by the State welfare department if Federal funds are to be made available, makes the error of following the recommendations of the State welfare department the development of creditable preschools will be hindered in the State. Care should be exercised to avoid this in Washington.

Congress is vigorously developing means to improve the social and economic welfare of the Nation through increasing support of education, health, and welfare services. Congress obviously will continue to pursue the laudable course of administering these programs through agencies of State governments. The Commission, in my opinion, has been successful in advising on the drafting of legislation to provide for efficient State administration of programs. The relations of this department with the Office of Education, therefore, have been excellent; enough cannot be said for the helpfulness of that Office. As Federal programs multiply, however, it is necessary for the Commission to continue its work, particularly to guard against poorly drafted legislation that will lead to confusion and dispute among Federal agencies, as well as to guard against legislation that will result in bypassing appropriate State agencies. It appears to me that unless the Commission is maintained to do this, not only will the effectiveness of State agencies be weakened, but the intended effects of the Federal legislation will not be realized. Instead there will be fragmentation of effort and dissipation of public funds.

It was good of you to give me this opportunity to express my opinion.

Respectfully yours,

WILLIAM J. SANDERS,
Secretary, Board of Education.

THE COUNCIL OF STATE GOVERNMENTS.
Chicago, Ill., May 12, 1965.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: We are delighted that the Senate and House Subcommittees on Intergovernmental Relations propose to evaluate the record of the Advisory Commission on Intergovernmental Relations and to assess its future role in the light of changing conditions in our Federal system. It was thoughtful of you to ask us to participate. Unfortunately, we shall be unable to offer testimony in person, and it would be appreciated if this letter could serve as our statement for purposes of the record.

As you know, the Council of State Governments and its several affiliated organizations have long been interested and active in promoting increased harmony in intergovernmental relations. In point of fact, our articles of organization declares that a major purpose of the council is "to promote interstate cooperation and to facilitate and improve State-local and State-Federal relations."

Given our interest and activities, it is not surprising that we welcome the attention given to Federal-State-local problems by the Senate and House Subcommittees on Intergovernmental Relations, by the Advisory Commission on Intergovernmental Relations, and by any additional instruments of a similar nature that may be developed in the Congress or the executive branch. As

might be expected, we also cooperate on many occasions with other organizations of State officials and with organizations of local government officials.

With respect to the Advisory Commission on Intergovernmental Relations, as Public Law 86-380 specifies, the Governors' Conference has nominated panels from which its gubernatorial members have been chosen. Similarly our board of managers has nominated panels of State legislators. Beyond this formal and legal relationship, we have sought to cooperate with the Advisory Commission and its staff in every way possible. We have distributed its reports to appropriate State officials. We have submitted suggestions to the Advisory Commission concerning subject matter areas it might explore. Members of our staff have met informally with Commission staff members and others to evaluate and criticize draft Commission reports. One or more of our staff members have attended as observers most Commission meetings. Many proposals for State legislation, drafted initially by the Commission's staff to implement recommendations in Commission reports, have been submitted to the Committee on Suggested State Legislation of the Council of State Governments. Many of such proposals, sometimes in amended form, have appeared subsequently in volumes of "Suggested State Legislation." Certain of the proposals for Federal or State action made by the Advisory Commission have been endorsed by resolution or in reports of organizations of State officials affiliated with the Council of State Governments.

As implied above, not every recommendation made by the Advisory Commission has been endorsed by those who make policy decisions for the Council of State Governments or organizations affiliated with it. This is only natural, since such recommendations often deal with controversial matters and since, by definition, the Commission is concerned with the volatile area of intergovernmental relations. Be that as it may, Commission reports have served to focus attention on areas of vital public concern, regardless of the "batting average" of Commission recommendations.

We can venture no more precise definition of the direction of movement in the intergovernmental area (the second purpose to be served by your evaluation) except to note that there continues to be a greater involvement by States in matters hitherto of almost exclusively local concern, and of the Federal Government in matters hitherto of almost exclusively State or local concern. Moreover, there appears to be a growing tendency among States and among local governments to develop formal and informal cooperation and coordination in carrying out governmental functions. We might add that there is also an increased intensity of such concern and involvement.

Assuming that this particular purpose of your evaluation extends beyond the role played or to be played by the Advisory Commission on Intergovernmental Relations, we are convinced that satisfactory machinery is yet to be devised at the Federal level to insure that State and local governments participate fully in determining policy and in its implementation. We submit that if these programs are to be Federal-State or Federal-State-local in nature, full consultation with State and local government officials, legislative and administrative, will be necessary as programs are developed by Congress and as they are administered subsequently. It seems to us that adequate devices to serve these ends are vital if we are to preserve the American federal system from decay. We should like to have an opportunity to explore further with you this fertile field for study, but we believe our doing so now would not assist the overall aim of your present inquiry.

As to the Advisory Commission's future role, we feel that it should continue to study and make recommendations much as it has done. Our suggestion is based neither on our approving generally nor disapproving generally the work of the Commission. We feel that, inasmuch as some of the recommendations in any one of its reports may be addressed to the Federal Government, to 50 State governments and to a much larger number of local governments, adequate time must be allowed for evaluation and possible implementation of such recommendations by those who determine policy for such governments. (The present inquiry is welcome, but we believe that the Commission's record can be judged only by those who must say yea or nay to its recommendations. Since the record is still open, we believe it would be premature on our part to suggest any basic change in the Commission's future role at this juncture.)

Thank you very much for giving us an opportunity to comment on your inquiry.

Sincerely,

BREVARD CRIHFELD, *Executive Director.*

GOVERNORS' CONFERENCE,
Chicago, Ill., June 28, 1965.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

HON. L. H. FOUNTAIN,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. House of Representatives, Washington, D.C.

GENTLEMEN: I was very pleased to learn that the House and Senate Subcommittees on Intergovernmental Relations were planning to hold joint hearings to assess the record of the Advisory Commission on Intergovernmental Relations and to inquire into its possible future role in light of the continuing changes in our Federal system. I had hoped to be able to testify in person, but that proved to be impossible. In lieu of testimony, I hope that you will accept this letter as a part of the record of the hearings.

Let me state at the outset that I am an interested witness. I have been chairman of the Governors' conference committee on Federal-State relations since 1959. In addition to my personal interest as an individual Governor, I have been charged by the conference with keeping informed on and, through the committee on Federal-State relations, keeping my colleagues informed of major developments in relations between the Federal Government and the States. Necessarily this has meant recommending to the conference specific courses of action on occasion.

In addition, I have been a member of the Advisory Commission on Intergovernmental Relations since it was organized. I have participated in making many of the decisions which led to particular studies or particular recommendations. Obviously not in every case have I been in the majority with respect to Commission recommendations, but this does not dissuade me from commending all of them for study to appropriate officials of Federal, State, and local governments. In this connection, I should point out that each year the report of the committee on Federal-State relations calls to the attention of the Governors' Conference studies and recommendations of the Advisory Commission. In turn, the Governors' Conference, as a whole, has seen fit to endorse certain of these recommendations and urge that there be State implementation of them.

In your evaluation of the performance to date of the Advisory Commission, I know that you will consider what actions may have been taken by the several levels of government on the recommendations addressed to them by the Commission. This is only fair and reasonable. I know, too, that you have been furnished with this information. In connection with this phase of your evaluation, I should like to make two observations.

First, even though there has been shown to be a high degree of receptivity for Commission recommendations, it is much too early, for example, to assign a significant value to how many States have adopted a specific Commission proposal. Such proposals are not like excursion tickets in being good for a given day only. States differ markedly in total population, population density, degree of industrial development, major industries, and other significant factors, not to mention historical and organizational differences. I would suggest to you that it will be more fair to test Commission recommendations of the first 5 years by Federal, State, and local action on them over the ensuing 5 years. I am confident that during such period there will be a significantly larger number of such actions than the record discloses to date.

Second, what may be described as the intangible result of Commission activity is to me of far greater importance than any record of action that may be traced to specific recommendations. Today, it is a truism to point to the volatility of intergovernmental relations which is marked by an ever-increasing number of programs administered and financed by more than one level of government, and to point out that this requires improved cooperation among governments and better organizational arrangements at all levels. Commission studies and recommendations have gone beyond the "pointing" stage. They have inspired officials to consider and to make changes. They have given to such busy officials an opportunity to look at the forest, not just the trees. They have caused to be examined procedures and organizational arrangements that have persisted out of habit or neglect. They have inspired efforts to adapt to meet current conditions and needs. This type of "fallout," unlike that of an atomic explosion, cannot necessarily be traced to its source, but, as I have indicated, I believe it to

be of great significance and I believe that Commission studies and recommendations have contributed greatly to it.

Another observation may be in order. The composition of the Advisory Commission is notable. Brought together are representatives of the policymaking branches of every level of government. These people have a high degree of sensitivity for what is possible. Their knowledge and experience are focused on major problem areas having intergovernmental implications. Each is aware of what his difficulties are with respect to a particular problem area. Together they see the problem whole and are able to formulate proposals to cope with it. Such proposals receive sober consideration by the governments to which they are made, and, as the record shows, are acted on favorably in many instances.

One area where I hope there will be action by the Congress is represented by S. 561, H.R. 6118, and similar bills. As you know, these bills embody certain Advisory Commission recommendations designed to meet many of the outstanding fiscal, administrative, and organizational problems that beset Federal-State relations. Enactment will not solve all such problems—nor even all of those that admit of legislative solution. Nevertheless, enactment of the provisions contained in these bills will do much to relieve some of the causes for exacerbation of relations.

Concerning the future role of the Advisory Commission, it is my recommendation that it continue to function as it has been functioning. There are many areas yet to be explored. We are entering an era of even closer intergovernmental relations in an ever-increasing number of subject matter fields. The Advisory Commission on Intergovernmental Relations can help us from perpetuating or repeating old mistakes and avoiding new ones.

Thank you very much for affording me this opportunity to comment.

Yours very truly,

ROBERT E. SMYLLIE,

Chairman, Committee on Federal-State Relations.

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS,
Chicago, Ill., May 26, 1965.

HON. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: You have requested information which would assist your committee to make a proper evaluation of the activities of the Advisory Commission on Intergovernmental Relations.

This appraisal of the Advisory Commission's activities in the property tax field is best summarized in the attached laudatory resolution passed by the IAAO membership at the last annual meeting.

Thank you for this opportunity to comment on the Advisory Commission's activities, which are necessary now and certainly in the future.

Very truly yours,

PAUL V. CORUSY, *Executive Director.*

RESOLUTION V

Whereas the Advisory Commission on Intergovernmental Relations has published "The Role of the States in Strengthening the Property Tax" and has made a major contribution to the literature on property taxation and assessment administration; and

Whereas this is a most comprehensive and objective survey of current assessment principles and practices, and contains recommendations for their improvement; and

Whereas the Advisory Commission on Intergovernmental Relations has approved and recommended to the States methods and techniques for improving the administration of the property tax; and

Whereas the publication of this report calls attention to the importance of the assessment function and the assessing official: Therefore be it

Resolved, That the International Association of Assessing Officers commend the Advisory Commission on Intergovernmental Relations for the publication of this report and for the leadership role it is exerting and for encouraging improved assessment administration; and

Resolved further, That the members of the International Association of Assessing Officers give careful and urgent attention to these recommendations from the viewpoint of possible value in their respective jurisdictions.

Approved by the IAAO membership, October 6, 1964, Biltmore Hotel, Los Angeles, Calif.

STATEMENT BY QUINN TAMM, EXECUTIVE DIRECTOR, INTERNATIONAL ASSOCIATION OF CHIEFS OF POLICE, WASHINGTON, D.C.

With the increasing complexity and seriousness of the local law enforcement function and the expressed interest of the Federal Government in assisting local law enforcement with increasing problems of crime and highway safety, there is a greater need than ever for continuing dialog among Federal, State, and local government representatives.

Crime in itself has become a problem of national concern, as indicated by the creation of the President's Commission on Law Enforcement Administration of Justice and the President's proposal of the establishment of the Law Enforcement Assistance Act of 1965. As President Johnson has stated, "The Federal Government now provides financial assistance for research and training in other professions, science, mathematics, foreign languages, medicine, and nursing. Trained professional law enforcement personnel are fully as essential to the preservation of our national health and strength—and no less deserving of increased Federal support.

In line with the President's abhorrence of a national police force, the International Association of Chiefs of Police is vitally interested in helping to insure that Federal support for local law enforcement will be wisely meted out, will be profitably used, and will be aimed at significant problems. There is always the danger, of course, that studies and programs could come into being which would be of little help to local law enforcement, and since the International Association of Chiefs of Police is the leading, most authoritative, and most prominent association of top law enforcement executives in the Nation, it is obvious that the members of this association should be called upon for advice relative to how the crime situation may be improved upon.

Certainly, the Advisory Commission on Intergovernmental Relations has a role in serving to bring about the successful coordination and administration of programs which, if they are to be successful, must rest firmly upon full understanding and rapport between Federal and local governments.

The newly created Office of Criminal Justice in the U.S. Department of Justice, which has the working responsibility for these programs, has already indicated its need for guidance from local law enforcement executives, and we have declared our intentions of being as cooperative as possible with that office. It is to be hoped that the Advisory Commission on Intergovernmental Relations will continue to provide its most invaluable assistance along these lines.

At the same time, with the growing system of interstate highways creating new and perplexing problems insofar as the police service is concerned and with the burgeoning motor vehicle and pedestrian traffic causing a tremendous toll in life, limb, and property, it is obvious that there will be and that there must be increasing involvement of Federal and local officials working together to bring about solutions.

In fact, the International Association of Chiefs of Police adopted at its 71st annual conference in Louisville, Ky., October 24-29, 1964, a resolution to the effect that the police administrators of this association endorse and encourage frequent meetings of all law enforcement, highway engineering, and traffic safety groups on a State or local level to determine the causal factors, set the objectives for remedial action and then join in a united effort to combat the traffic accident problem for maximum effect. Needless to say, there is also a role here for Federal administrators.

The State and provincial section of the International Association of Chiefs of Police which, as far as the United States is concerned, consists of the heads of State police and highway patrols has also set forth a number of programs which it feels are indispensable to the proper functioning of the police service in the area of highway safety. Some of these are:

Develop program for effective recruiting techniques to attract the best qualified applicants.

Improve records systems, both for accident reporting and departmental administrative records, including possible streamlining of the present systems,

taking into consideration that all States should have a central system for all accident reports in the State.

Reviewing and improving form control programs to include providing instructions for proper form usage, functionalizing forms to promote production in numbers, reviewing existing forms for obsolescence and duplication, and promote uniformity in size and format of forms designed.

Development of a method of determining manpower needs based on mandated services and responsibilities and the proper development of personnel to provide these services in relationship to frequency, time and place of the instances. This should apply to both criminal and traffic missions.

Develop standards for police manpower needs and for measuring the productive efforts of police organizations.

There is a need for a study in establishing nationwide criminal intelligence information. Development of techniques to assist in combating organized criminal problems including systems to effectively disseminate intelligence to all State and provincial agencies. Also to develop a public education program under the sponsorship of IACP to focus public attention on organized crime and vice and its influence on political life, as well as economics and morals of our communities—all of which constitute a serious threat to the American way of life. Such an educational program should take into consideration the various types of gambling, such as syndicate, social and charity, and the effect and influence each has on the community. Planned programs to keep the public informed on police matters and furnishing police management with ways of influencing public support.

Study the feasibility of various State level enforcement organizations furnishing to a central pool those of their staff who have specialized training and extensive experience in the various facets of police work. Such a pool would be able to provide talented instructors to agencies who may need help in specific areas. Each department would contribute men in accordance with their ability to do so and the requesting agencies would be expected to pay expenses of these men. An arrangement of this sort could make available to any needing agency especially trained men for a short period to assist them in solving a specific problem. These pools could be set up on a regional basis. Key personnel could meet and correspond on a regional basis to develop such a program and explore other programs which exist in theory and implement them in some practical form on an interstate basis.

Centralized depository and reference library. Staff studies, training films, annual reports, etc., to facilitate exchange of information within the division of State and Provincial police on a continuing basis. Perhaps a loose leaf manual listing all studies conducted by or in progress throughout the country, updated monthly with references to current studies.

Development of conferences and seminars for top-level State enforcement administrators to improve management and supervisory training programs, and for orientation on our collective problems with view toward standardizing the present diversity of methods in our systems and procedures.

IACP-sponsored meetings on a regional basis for second and third level police administrators which would bring together groups whose responsibilities are similar on training, operations, budget, etc. This could bring about a constant interchange of information.

Development of a uniform manual of operations for State level enforcement agencies.

Program for evaluating and researching electrical data processing systems (and manual) of various police operations for improved efficiency. Topics to be considered could be in the area of records, communications, one-car accidents, drunken drivers, and uniform procedures for handling "skip" violators, either resident or nonresident. This study should include determining the best way to adopt a new concept of staffing, feedback of information and control for State police organizations.

State police and highway patrol support in establishing an education system for all police personnel.

IACP should furnish evaluation services for determining the applicability of any new developments in the field of police work. This should include reviewing legislative matters to assist management and include formulation of operating policy for police organizations.

Development of standards for minimal amounts of data required for efficient departmental administration at State level. More effective record analysis could

be conducted by specific "in depth" studies rather than by routine collection and production of unrelated and static data.

It is clear that in some of these areas Federal assistance is warranted, in others Federal advice is needed, and in still others Federal cooperation and encouragement are required.

The Advisory Commission on Intergovernmental Relations has, in its existence of almost 6 years, contributed to the full and successful cooperation and coordination of activities involving State and local governments as they enter into the common sphere of interest by the Federal Government, and as this contribution affects the police service we are grateful and appreciative.

MINNESOTA STATE TREASURER,
St. Paul, April 22, 1965.

Senator EDMUND S. MUSKIE,
*Chairman, Subcommittee on Intergovernmental Relations,
Washington, D.C.*

DEAR SENATOR MUSKIE: As immediate past president of the National Association of State Auditors, Comptrollers and Treasurers, our organization's executive secretary, State Auditor Henry L. Bridges, of North Carolina, has just written me. He suggests that I join in response to the letter you sent out April 16 inquiring as to views of State fiscal officers on functions of the Advisory Commission on Intergovernmental Relations.

It is a pleasure to make this response and to indicate unhesitatingly the high opinion which I and others in our nationwide organization have as to this agency and its numerous worthwhile contributions.

With our group, at annual national conventions, the man who has done most to develop this genuinely favorable reaction is Mr. L. L. Ecker-Racz. We have had Mr. Ecker-Racz speak to us a number of times, at our Denver convention in 1961, again invited to our Phoenix convention last fall—and I think we shall be insisting upon another "repeat performance" at our convention next September in Asheville, N.C.

The man is a walking encyclopedia as to fiscal information of almost any and every kind, concerning every State in the Union. His perceptive mind and his stimulating presentation of subject matter make his appearances of tremendous value to all of us. Where he really shines is in the skill and detailed knowledge shown in his answering of a wide variety of questions raised in discussion from the floor.

The publications of the Advisory Commission on Intergovernmental Relations are most valuable, and I think your committee can be assured that as far as State fiscal officers from all over the United States are concerned, we feel a good job is being done and that it should by all means be continued.

Sincerely yours,

VAL BJÖRNSON, *State Treasurer.*

NATIONAL ASSOCIATION OF STATE AUDITORS, COMPTROLLERS AND TREASURERS,
Raleigh, N.C., May 5, 1965.

Senator EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Washington, D.C.

DEAR SENATOR: As secretary and executive director of the National Association of State Auditors, Comptrollers and Treasurers, I am happy to join with other officials of the association in requesting that the Advisory Commission continue its study of the problems affecting intergovernmental relationships. At no time in the history of our country has a better understanding been so necessary to our economy and the need for the continuing study increases with our new way of life.

In my various discussions with Mr. L. Laszlo Ecker-Racz, assistant director of the Commission and the members of the association that I represent, I have come to fully realize the need of the studies by the Commission and Mr. Ecker-Racz has presented the results of the studies in a most admirable manner. In my contacts with officials of many of the States it seems to be the consensus of the group that the Commission's performance to date has made real progress in its assigned functions.

With so much discussion relative to States rights and the complexity of dependence of one governmental unit on another, the work of the Commission be-

comes very vital to those in an official capacity. The reports of the Commission are invaluable in guiding the actions the various States are taking toward resolving the problem at hand.

The future role of the Commission is well defined and becomes more so as new legislation is enacted affecting all levels of government. The findings of the Commission on future problems of Federal, State and local governments will be of great value to those charged with the responsibility of coordinating the functions of their respective governmental units.

While no official action has been taken by the executive council of our national association, I do know that as individuals we feel that your subcommittee should recommend the continuance of the work of the Advisory Commission on Intergovernmental Relations.

Sincerely yours,

HENRY L. BRIDGES,
Secretary and Executive Director.

NATIONAL ASSOCIATION OF TAX ADMINISTRATORS,
Chicago, Ill., June 8, 1965.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: On behalf of the tax commissioners of the several States, I should like to submit a brief statement on the programs and work of the Advisory Commission on Intergovernmental Relations which was established by Public Law 86-380.

It has been our experience that the Commission and its staff have made a number of first-rate contributions in fields of interest to State tax administrators. These include fact finding reports, analyses, and proposed solutions for problems of importance to the State generally as well as in the area of Federal-State intergovernmental tax relations. The Commission's work and recommendations on property taxes, on the coordination of Federal and State inheritance, estate and gift taxes, on constitutional and statutory restrictions on local government taxing powers and debts, on measures of State and local fiscal capacity, on Federal documentary taxes and on the administration of cigarette taxes are examples of these activities which have both current and long-range implications of importance.

The Commission's report and recommendations on the Federal documentary stamp tax is especially timely in view of the proposals recently made in Congress. The kind of program outlined by the Commission would enable the State legislatures to take whatever action is necessary to provide sources of data for sales-assessment ratio studies when Federal documentary stamps are no longer available.

The Commission's recommendations in the property tax field are now being picked up by the States and the prospects for an improvement in the quality and effectiveness of property tax administration are considerably brighter than they have been in some time. As this revenue source still accounts for only slightly less than half of all State-local tax revenues, it is essential that this tax be equitably administered.

I look forward to equally significant contributions in the future from the Commission and its staff and I can assure you that the tax commissioners of the several States will continue to give the Commission and its staff their full cooperation in these many projects of common interest.

With every good wish, I am

Sincerely yours,

LAWTON B. CHANDLER,
President, National Association of Tax Administrators.

NATIONAL INSTITUTE OF MUNICIPAL LAW OFFICERS,
Washington, D.C., April 16, 1965.

Hon. EDMUND S. MUSKIE,
*U.S. Senate, Committee on Government Operations,
Washington, D.C.*

DEAR SENATOR MUSKIE: In response to your letter of April 16, I advise that in my view the Advisory Commission on Intergovernmental Relations has done a

good job. Government in our country is in a state of revolution due to the reapportionment decisions of the Supreme Court. State legislatures are the most out-of-date parts of the governmental machinery, yet State governments are spending more and more money and needing more and more a complete reform and updating of their machinery. This means that Federal, State, and local problems require constant and informed attention. And the Advisory Commission on Intergovernmental Relations can certainly help in doing this.

There has never been a time when there have been so many changing conditions in our whole governmental structure. This is the time when we need more concentrated attention to the road ahead in government with some informed planning being a must to avoid confusion, overlapping of function, and waste of tax dollars. On all of these things the Advisory Commission can be of tremendous aid as it is about the only agency we have taking an overall look at some of these problems and making recommendations on them. If anything, its work must be intensified and expanded, and implementation of its recommendations should be provided for in a more realistic way.

Very respectfully yours,

CHARLES S. RHYNE, *General Counsel.*

MEMORANDUM OF FRANK C. MOORE, CHAIRMAN, ADVISORY BOARD, NEW YORK STATE OFFICE FOR LOCAL GOVERNMENT, STATE OF NEW YORK

My name is Frank C. Moore and I am chairman of the advisory board of the Office for Local Government of the State of New York. I served as State comptroller of the State of New York from 1943 to 1950, and as Lieutenant Governor from 1951 to 1953, when I resigned to become president of the Government Affairs Foundation, Inc., a position I presently hold. I am now also chairman of the board of trustees of the State University of New York, chairman of the State board of equalization and assessment, and chairman of the temporary legislative commission on State-local fiscal relations.

I am familiar with the statements made before the joint hearings of the Senate and House Subcommittees on Intergovernmental Relations on May 26, 1965, by John J. Burns, commissioner of the Office for Local Government of the State of New York, and by Richard A. Atkins, director of local government services in such office, and I concur in them.

Continuously since March 1920, or for more than 45 years, I have held official positions in one or more of the several levels of government with responsibilities relating to our local governments.

Samuel Butler, the English essayist, in one of his writings observed that the only way to understand a subject is to understand it historically. In appraising the work of the Commission on Intergovernmental Relations it may be helpful to review our experience since the end of the First World War with the problems assigned to the Commission and particularly with the difficulties of the metropolitan areas resulting from the growth and movement of population.

Since the end of the First World War, political scientists, economists, sociologists planners and others have discussed the problems of metropolitan areas but not until the middle 1950's do we find the beginnings of substantial progress toward the resolution of these difficulties.

In speaking about these difficulties at the annual conference of the National Municipal League held at Buffalo in 1950, Dr. Thomas Reed, a political scientist, recalled that he had presented a paper on the same subject at the St. Louis meeting 25 years earlier. Reviewing the intervening period, he said:

"City planners and political scientists * * * have poured out millions of words * * * on the same theme, but frankness requires me to say that so far we have accomplished little more than a world's record of words used in proportion to cures effected."

In 1955, those concerned with these problems began to move away from the unsuccessful methods of attack of the previous 35 years and toward greater cooperation among the many interested groups and individuals in the development of cooperative intergovernmental arrangements between and among the several levels of governments for resolution of common difficulties.

The Kestnbaum Commission, established in 1953 for "study, information and guidance in the field of Federal-State relationships," in its 1955 report, among other things, recommended permanent arrangements within the National Government to deal with intergovernmental relations. It pointed out that:

"The time is long overdue for an intensive nationwide study of governmental areas with special attention to metropolitan communities. The study should engage the cooperation of the national, State and local governments, as well as the universities, private foundations and civic agencies."

To bring together for the first time various groups of interest that had been working separately, Government Affairs Foundation initiated a national conference on metropolitan problems which was held at the Kellogg Center of Michigan State University at East Lansing, Mich., in the spring of 1956. In this undertaking, the foundation obtained the cooperation of about 20 national organizations representing different interests or attitudes and developed an excellent program. Approximately 250 persons, representative of business, labor, universities, research agencies, professional and civic groups, and Federal, State and local governments attended from the United States and Canada. It was the first conference of this type ever held in the Nation.

At the East Lansing conference, it was spontaneously proposed by participants that there be developed a plan for continuing cooperation among the organizations, agencies and individuals concerned with the problems confronting metropolitan areas.

The report of the committee appointed to prepare such a plan recommended, and the participants approved, the establishment of a continuing national conference on metropolitan problems.

In May 1957 Government Affairs Foundation provided staff for the new agency and initiated the conference's bimonthly publication which was prepared by the staff of Government Affairs Foundation and totally financed by the foundation until late in 1959.

Subsequently it was continued by the Institute of Public Administration with grants from the Ford and Rockefeller Brothers Foundations until 1962.

Since 1962, the State University of New York, which had recently established a graduate school of public affairs, recognizing the value of the bimonthly publication—the only one of its kind in the Nation—has continued the publication.

This publication, "Metropolitan Area Problems—News and Digest" now has a circulation of 3,700 among major university and college libraries, political scientists, sociologists, economists and planners, State officials, various public and private organizations interested in metropolitan problems, and some circulation outside of the United States. Through a group of more than 300 correspondents information is gathered for the publication.

George Deming, director of the publication until a few weeks ago, has stated that in recent years progress in resolving the problems of metropolitan areas has been almost entirely achieved through the cooperative approach of intergovernmental arrangements and that the publication has encouraged use of this method of overcoming common difficulties.

Like many others he has attributed much of the progress to the work of the Advisory Commission on Intergovernmental Relations established by Congress in September 1959.

Frank Bane, former executive director of the Council of State Governments, Chairman of the Commission since its organization, and William Coleman, director, have given splendid leadership to this work.

Two events in New York State in 1959 have made it possible for the people of our State to derive substantial benefits from the activities of the Commission.

In that year our State constitution was amended to eliminate longstanding obstacles to intergovernmental cooperation and to authorize two or more local governments to finance jointly any service or facility they could provide separately. In the same year—1959—legislation was enacted establishing in the executive department an office for local government as a medium of cooperation between the State and among its local governments and with the Federal Government.

The combination of these two events and the establishment in the same year of the Federal Advisory Commission on Intergovernmental Relations provided a most favorable climate in New York State for the advancement and improvement of government and public administration.

My further comment will be in the nature of several suggestions which may be inspired by my present activities in government.

First of all, despite the fine work of the Commission there has been comparatively meager utilization by public officials of the opportunities to improve the efficiencies and economies of their local governments through intergovern-

mental arrangements. Worse yet, there has been a disappointing inertia in even exploring these opportunities at the local level.

We have been confronted with this situation here in New York State and are not satisfied with our progress but we have initiated a method of coping with it which has provided some encouragement.

For some time the Office for Local Government has issued a biweekly newsletter with a circulation of almost 20,000, largely local officials but also including the press of the State. (Attached are two recent copies of this newsletter.) In the newsletter you will note attention is directed to specific instances where local problems are being resolved by intergovernmental arrangements.

We would welcome continuing and increased emphasis by the Commission on the advantages of intergovernmental arrangements. This might take the form not only of widespread publicity indicating possible uses and identification of the communities that have utilized such techniques in resolving their common problems.

We believe there is urgent need everywhere for in-service training programs for local officials and particularly for guidelines in the initiation of such programs, their sponsorship, operation, and financing. Here, too, the Commission could be helpful to our governments—State and local.

Without disparaging the past efforts of the Commission we believe there is need for continuing emphasis on the generally wretched local property assessing practices with occasional and notable exceptions.

In most States we find a continuing extension of exemption from property taxation, spasmodic outbursts of complaint and official agreement that "something ought to be done about it" but rarely willingness to tackle the problems.

Over the years in our State, and probably in other States, various commissions have been set up by the legislature to explore and offer recommendations concerning a wide variety of problems. Typically, when the membership of a commission has been determined and assembled, a director selected for its studies, and a research team set up, the staff starts from scratch in assembling their facts and statistics. Almost invariably they duplicate in large measure the work previously performed by the staff of some other commission.

Here in New York State we are considering collating the studies of such commissions, analyzing their contents, and preparing a consolidated index of all such studies with a goal of avoiding the expense and delay of repetitious inquiries.

As the Commission on Intergovernmental Relations continues to add to its publications on a broad panorama of subjects it would be increasingly helpful to all who rely upon the Commission for guidance to have available a consolidated cross-reference subject index to all such publications with supplements from time to time.

On behalf of all those with whom I have been associated in my several assignments in government I express appreciation for the splendid quality and remarkable breadth of the work of the Commission on Intergovernmental Relations and some amazement as to how all of this has been accomplished within a very reasonable appropriation.

I vigorously urge that the Commission's most helpful services be continued and expanded.

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION BY JOHN C. LYNN,
LEGISLATIVE DIRECTOR

We appreciate the opportunity to present the views of the Farm Bureau. The American Farm Bureau Federation is the Nation's largest general farm organization with a voluntary paid membership of over 1,647,000 families in more than 2,750 county farm bureaus in 49 States and Puerto Rico.

We believe in self-government; in limitations upon government power; in maintenance of equal opportunity; in the right of each individual to worship as he chooses; in separation of church and state; and in freedom of speech, press, and peaceful assembly.

Property rights are among the human rights essential to the preservation of individual freedom.

Individuals have a moral responsibility to help preserve freedom for future generations by active participation in public affairs.

Stable and honest government with prescribed and limited powers is essential to freedom and progress.

The Constitution of the United States has been well designed to secure individual liberty by a division of authority among the legislative, executive, and judicial branches; the diffusion of Government powers; and the retention by the States and the people of those powers not specifically delegated to the Federal Government.

The trend toward centralization of power and responsibility in the Federal Government violates constitutional purpose, has reached a point dangerous to State sovereignty and individual freedom, and should be reversed.

The constitutional prerogatives of each branch of the Federal Government should be preserved from encroachment by the other branches.

We believe that expansion of the power of the executive branch is undesirable.

We recommend that the executive branch:

- (1) Exercise restraint in seeking broad, discretionary powers from Congress;
- (2) Avoid pressures on individual Congressmen to obtain enactment of legislation; and
- (3) Refrain from interpreting laws beyond the scope affirmatively spelled out by Congress.

We believe that Government propagandizing of the electorate is increasing. It jeopardizes self-government and should be discontinued.

We deplore the use of Government-financed agencies, organizations, or committees to develop policy or promote legislation. This practice is contrary to sound principles of self-government.

Secrecy in Government affairs should be avoided except when essential to national security.

Congress should assume a responsibility to preserve our federal system by reversing the trend toward centralization of authority in the Federal Government.

Grant-in-aid programs should not be used as vehicles to force States to conform to Federal authority.

We urge Congress to safeguard its legislative prerogatives by:

- (1) Insisting that Federal expenditures be approved by Congress on an annual basis;
- (2) Avoiding delegation of broad, discretionary powers to the executive branch; and
- (3) Enacting corrective or conforming legislation where the Supreme Court has invaded the legislative area.

We believe that the maintenance of strong, independent, and responsible State and local government is imperative to the preservation of self-government and individual freedoms.

Public functions should be performed by the qualified unit of government closest to the people. State governments should not perform functions which can be efficiently performed by local units of government.

We favor the assumption of responsibility by State and local units of government for the exercise of their appropriate functions.

We recommend the enactment of Federal legislation to establish the principle that State law continues to be valid and enforceable except where there is a direct conflict between an expressed provision of Federal law and State law.

Thank you for the privilege of presenting our views.

AMERICAN PUBLIC POWER ASSOCIATION,
Washington, D.C., June 7, 1965.

Senator EDMUND S. MUSKIE,
Chairman, Senate Subcommittee on Intergovernmental Relations,
Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: American Public Power Association, representing 1,200 local public power systems in 45 States and Puerto Rico, has followed with interest the work of the Advisory Commission on Intergovernmental Relations in the area of intergovernmental cooperation at the local level.

I understand that the Senate and House Subcommittees on Intergovernmental Relations are currently reviewing the work of the Commission. APPA offers the following comments for your consideration:

Ability to exercise jointly powers which may be held by one or more systems and to contract with another public agency for performance of governmental services are matters of keen importance to many municipal electric utilities, who constitute the bulk of our association's membership.

The Federal Power Commission's recently released "National Power Survey" notes that 1,997 of the Nation's 2,168 publicly owned distribution systems can be classified as "small"—having annual energy production or requirements of less than 100 million kilowatt-hours. While size is not a key factor in the effectiveness of a distribution operation, it is of basic importance in generation and transmission. Because substantial gains in efficiency can be realized through use of economies of scale in the production of electricity, it is in the best interests of small systems to join forces to construct and operate large generating units and interconnect these facilities by high voltage transmission. All participants in such ventures stand to benefit from such cooperative endeavors.

Unfortunately, legal impediments to this type of action on the part of municipal electric systems exist in a number of States. These restrictions, of course, frequently affect not only electric utility operations, but also the performance of other municipal functions.

These two facts—the desirability of obtaining benefits of "bigness" in the generation of electricity and the obstacles to implementation of this goal presented by lack of appropriate legal authority—have stimulated sharp awareness on the part of our members of the significance of the work that the Advisory Commission on Intergovernmental Relations has directed toward local intergovernmental cooperation in carrying out common responsibilities.

We believe that this is an area of very real importance to municipalities in all parts of the country. By preparation of model statutes and by offering technical advice on these problems, the staff of the Commission has performed a substantial service to local units of government. We urge that this work be continued.

We wish to also take cognizance of the cooperation of the staff of the Commission in meeting with representatives of local public power systems to discuss problems of mutual interest. The staff of our Association has met with employees of the Commission on a number of occasions to discuss items affecting operation of municipal electric utilities, and two staff members of the Commission participated in a seminar on industrial development bond financing held last year by our association. In these meetings the Commission staff has supplied pertinent information or otherwise materially aided in attempts to arrive at workable solutions to practical problems.

Sincerely,

ALEX RADIN, *General Manager.*

AMERICAN PUBLIC WELFARE ASSOCIATION,
Washington, D.C., June 4, 1965.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: I am pleased to respond to your invitation to express our views on the work of the Advisory Committee on Intergovernmental Relations and on related matters.

There are probably no tax-supported programs which directly involve Federal, State, and local governments to a greater extent than public welfare, and this three-way partnership seems destined to be an increasingly prominent characteristic of this field. The ever-changing problems and responsibilities, as well as the organization, financing, and administration, of public welfare programs are under continuing review by the welfare agencies and legislative bodies at all levels of government, and by our own association. However, the Advisory Commission is the only body representative of all levels that is directly concerned with overall intergovernmental features of these components. It can take a more detached look, and it can see the individual programs in a perspective that is not open to others. These are among the reasons we would cite, from the point of view of our interests, in support of the present and continuing need for a mechanism such as the Advisory Commission.

In the few short years of its existence we believe the Commission has admirably fulfilled its purpose. It has built up a staff of superior competence in which specialized fields of interest have confidence. And it has conducted investigations and formulated proposals which will undoubtedly bring long-term beneficial results in a range of governmental functions.

When the Commission's study on intergovernmental relations in public assistance was underway, our association was consulted and our views were given fair consideration. That study was competently conducted and we are confident it

will make a substantial contribution to the support and improvement of our public welfare programs. When the 1962 public welfare amendments come up for congressional review upon their expiration in 1967, we shall again look to the Commission for further constructive contributions with respect to the inter-governmental aspects of public welfare.

We have no specific recommendations to make as to structure or function, but we congratulate the Commission on the successful completion of its first 6 years, and we look forward to many more valuable contributions to result from its work.

Sincerely yours,

HAROLD HAGEN,
Washington Representative.

BUILDING OFFICIALS CONFERENCE OF AMERICA, INC.,
Chicago, Ill., May 18, 1965.

HON. EDMUND S. MUSKIE,
*Chairman, Subcommittee on Intergovernmental Relations, Committee on Govern-
ment Operations, Washington, D.C.*

DEAR SENATOR MUSKIE: We appreciate your letter of April 16, 1965, requesting comments concerning the activities of the Advisory Commission on Intergovernmental Relations in connection with hearings scheduled concerning this by the Senate and House Subcommittee's on Intergovernmental Relations. We have previously been only indirectly involved in the activities of the Advisory Commission, however, we have recently become directly involved in this through a proposed review by the Commission of the field of government in which we are active—building codes and related laws which control the construction, use, and maintenance of buildings. We are happy, therefore, to have the opportunity to submit our comments concerning the activities of the Commission in relation to this particular field.

We recognize the need for study of governmental operations at all levels. We applaud the investigation of intergovernmental relations and the objectives of establishing Government organization and operation that will serve the public efficiently and adequately. In the field of building regulations there is need for such review to clearly identify the proper sphere of activity of the various segments of government at all levels to avoid overlapping of jurisdiction at each level and between the several levels—Federal, State, and local—so that the public will not be harassed by multiple and overlapping administration of such laws as is sometimes the case at present.

In this field of government activity, unlike many other fields of such activity, we are dealing with two conditions: the technical requirements of the codes which are necessary to regulate the construction, use, and maintenance of buildings for the safety of those who occupy them or come in contact with them; and the Government function of administering these codes. The first is primarily a matter of engineering science since the requirements must be based on acceptable standards for safety, materials, and systems of construction and building technology. The latter deals with the proper relationship and delineation of authority and responsibility between several segments of government at all levels.

The technical phase of such regulations is presently handled by existing organizations that have been active in this field for many years (the Building Officials Conference of America is celebrating its 50th anniversary this year). It is generally acknowledged in the industry that the present system of providing and maintaining technical requirements for building codes is satisfactory. It is recognized that improvements in this system can be and should be made and the organizations involved are constantly striving to accomplish those improvements as rapidly and effectively as possible. Through these efforts substantial uniformity has been attained and as they are expanded and improved it can be expected that greater uniformity will be accomplished, especially as the use of the available codes produced through these efforts is extended.

The administration of building regulations is primarily a local government concern. As a result of past conditions in some States some regulation has been established at the State level. Because of the broad range of matters involved in the construction of buildings several divisions of State and local governments are involved in one way or another in the administration of these regulations. Unfortunately, there is not a clear-cut delineation of the desirable division of responsibility and authority between these various government agencies in many instances, resulting in an overlapping of such jurisdiction.

It would seem that a study of this situation would properly come within the scope of the activity of the Advisory Commission on Intergovernmental Relations and we believe that such a study would be helpful. We have noted, however, in recent proposals concerning such a study, the reference to the technical phase of building regulations as well as the administrative, and we believe that this would be a duplication of studies already made and, therefore, unnecessary.

We have been concerned also, to some extent, by observing in some of the reports of the Advisory Commission the tendency to recommend greater activity and control by Federal Government in matters that could and perhaps should be handled by local or State governments. We believe sincerely, especially with respect to our field of interest in government, that regulations which so drastically affect the property rights of individuals as building regulations do should be administered by the unit of government closest to the people governed wherever this is practicable. We do not think it desirable for the Federal Government to establish building regulations or to attempt to influence them.

We hope that these comments will be found to be constructive and we assure you of our interest in this matter and willingness to supply additional information if desired.

Respectfully yours,

PAUL E. BASELER, *Executive Director.*

HONOLULU, HAWAII, May 27, 1965.

Senator EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Government Operations Committee, Senate Office Building, Washington, D.C.:

The Chamber of Commerce of Honolulu supports the national chamber's endorsement of the role of the Advisory Commission on Intergovernmental Relations. Your favorable consideration is respectfully requested.

C. J. CAVANAGH,
Executive Vice President.

JACKSONVILLE AREA CHAMBER OF COMMERCE,
Jacksonville, Fla., May 27, 1965.

Hon. L. H. FOUNTAIN,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. House of Representatives, Washington, D.C.

DEAR MR. FOUNTAIN: It would be very much appreciated if my statement of May 24, delivered May 26 to Mr. Goldberg of your staff, were included as a part of the official record of the hearing on the Advisory Commission on Intergovernmental Relations.

Sincerely,

C. H. HILL,
Director of Community Affairs.

STATEMENT OF C. HOWARD HILL, DIRECTOR OF COMMUNITY AFFAIRS, JACKSONVILLE AREA CHAMBER OF COMMERCE

The deponent hereof while originally scheduled to appear before the committee May 26 was prevented from being present by conditions over which he had no control. Being of such complete persuasion to the goals of the Advisory Commission on Intergovernmental Relations he feels compelled to present the following information for whatever value it may have.

Jacksonville, Fla., as a municipality has a population hovering at the 200,000 mark. Its metropolitan area represents in excess of 500,000 people all contained in Duval County, and Jacksonville is the center and county seat. It has its share of the problems that face municipalities everywhere.

This is a conservative community and is dedicated to the principles of local initiative in government as opposed to Federal subsidies.

In recent years it has demonstrated its willingness to solve local problems by creating the Jacksonville Expressway Authority and building a \$100 million local expressway with minimum Federal participation.

It has created a port authority for the development of the Jacksonville Port and will finance this project by local taxation.

An air improvement authority has been created by the 1965 legislature to cope with air pollution.

This is positive expression of its firm belief in local initiative. The community looks upon the expansion of Federal and even State authority into the area of local government with grave concern.

The Jacksonville Area Chamber of Commerce, on whose staff I serve, reflects this concern and over a period of years through committees it has expressed the need for a continuing study of Federal, State, and local governmental relations.

The Advisory Commission on Intergovernmental Relations fulfills this need.

Anticipating an appearance before the committee, I made some effort to bring with me the opinion of people whose expression would be valued by those whose authority it is to evaluate the effectiveness of the Advisory Commission.

Gordon T. Butler, secretary of the Florida League of Municipalities, advised me that the league receives a terrific supply of information from the Advisory Commission. Involved as he is in the present session of the Florida Legislature, he gave me no evaluation of this service. Both Gov. Haydon Burns, who also served as president of the U.S. Conference of Mayors, and our present Mayor, Louis H. Ritter, have served as president. Ritter is serving now.

I have the honor to present the following quotations from outstanding Floridians:

Broward Williams, State treasurer and insurance commissioner of Florida on May 17:

"Certainly, I am in complete accord with the aims of the U.S. Chamber of Commerce to promulgate a closer working relationship with the Federal, State, local governmental authorities in areas involving Federal grant programs.

"It has long been my experience that close liaison between interrelated agencies makes for a better coordinated overall program that is more effective for all agencies involved.

"I am happy to add my voice as State treasurer and insurance commissioner of Florida in support of the U.S. Chamber's effort to gain maximum cooperation for the Advisory Commission.

"Naturally, that portion of the act which relates to an improvement in 'coordinating and simplifying tax laws * * * to reduce the burden of compliance for taxpayers' is of great interest to us in Florida."

Tom Adams, secretary of State, State of Florida, on May 17:

"As a member of the Florida cabinet, which acts literally as the board of directors of our State government, I am much aware of the pressing need to establish closer lines of communication and better cooperation between all levels of government within our federal system. In this day of big government and expanding governmental services, such a close working relationship is absolutely necessary for good and efficient government. Yet, it is something that all too often has been neglected. Frequently, in the implementation of intergovernmental programs, the left hand does not know what the right hand is doing. As a result we sometimes find ourselves working at cross purposes, enmeshed in unnecessary duplication of effort and wasting taxpayers' money.

"Due to the magnitude of this problem of governmental relationship, some misunderstanding and waste is inevitable. But we can do a much better job of communications, of sharing ideas, of joint planning to solve mutual problems; in short, of working together for the well-being of our people.

"For these reasons, then, I welcome the efforts in this direction by the Advisory Commission of Intergovernmental Relations. I hope this Federal agency can do an even better job in this important undertaking in the future. At the same time, I am fully cognizant that the State of Florida has a like measure of responsibility to cooperate and assist in fostering a closer working relationship between itself and all other levels of government. I think you will find our State and its leaders eager to do their part in carrying out this important responsibility."

John E. Mathews, Jr., Florida State senator, 18th district of Florida, and the winner of every public service award presented to members of the Florida House and Senate on May 17:

"One of the primary difficulties in the field of government, at the present time, is the lack of communication between the various facets of State, Federal, and local governmental agencies. This, of course, extends to the lack of communication and understanding between each governmental agency and the general public as to whose responsibility a specific project may be.

"I believe that anything that can be done with reference to improving the understanding and communication between governmental agencies would be

more desirable and would ultimately result in not only greater efficiency, but more economic operation of government."

W. Ashley Verlander, president, American Heritage Life Insurance Co., Jacksonville, Fla., on May 13:

"I am very interested in the Advisory Commission on Intergovernmental Relations as established by act of Congress September 24, 1959. I feel that in this day of rapidly changing events, increasing public problems due to population increases, and the necessary additional functions placed on our governments in order to properly service the demands of our people, closer coordination between Federal, State, and local governments and our business community is an absolute must. This Advisory Committee on Intergovernmental Relations would be a tremendous help in effecting the necessary liaison and coordination between our leaders of government and leaders of the business community."

Jack H. Quaritius, president and treasurer, Peninsular Life Insurance Co., Jacksonville, Fla., on May 13:

"As you know, I am opposed to the maze of overlapping commissions, committees, and functions of government and believe this Advisory Commission can make real progress in streamlining relationships between levels of government and especially taxing authorities."

Haydon Burns, Governor of Florida, sent me the following telegram on May 24:

"Am pleased to know that you will represent U.S. Chamber of Commerce for a joint House-Senate committee on government services with regard to Advisory Commission on Intergovernmental Relations. I have been advised by the director of the Florida Legislative Reference Bureau that he and others in official capacities with the State of Florida have been highly impressed with the role of the Commission in creating a channel of communication between the National Government and the State and local governments and that the Commission serves a worthwhile long-range function in reducing isolation between the National Government and the States and their local agencies. It would seem that the Commission's activities will do much to develop solutions to problems in which all governmental entities can take a part."

Governor Burns, as previously identified, served as mayor of Jacksonville for 15 years. While mayor he was elected to the presidency of the U.S. Conference of Mayors and was also president of the Florida League of Municipalities.

This material is presented in lieu of a personal appearance and coming from the sources cited should be of considerable value to the joint committee.

KANSAS STATE CHAMBER OF COMMERCE,
Topeka, Kans., May 25, 1965.

Hon. EDMUND S. MUSKIE,
Chairman, Intergovernmental Relations Subcommittee, Senate Government Operations Committee, Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: The Kansas State Chamber of Commerce joins the national chamber in commending the Advisory Commission on Intergovernmental Relations for its past work and in urging Congress to continue its support for the Commission.

We have found reports of the Commission in specific areas of interest to be very helpful, and have urged the creation of a similar continuing agency in our own State.

Sincerely yours,

ROY H. JOHNSON,
Tax Research Attorney.

STATEMENT IN SUPPORT OF THE WORK OF THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS TO THE SENATE AND HOUSE SUBCOMMITTEES ON INTERGOVERNMENTAL RELATIONS BY THE LEAGUE OF WOMEN VOTERS OF THE UNITED STATES

The needs for which the Advisory Commission on Intergovernmental Relations was established in 1959 are no less pressing today than they were at the

time Congress created the Commission. But there seems to be more recognition now by the public of the problems of federalism than there was at the time Congress established the Commission. There are some hopeful signs of willingness, as well as ability, on the part of governments to seek and accept changes which will bring about solutions to these problems.

The role of the Commission in contributing to the volume of research has been invaluable. In addition, a backlog of experienced Commission opinion is being built up at a time when this can make a real difference.

The impressive list of State adoptions of Commission recommendations in the Commission's Sixth Annual Report is proof, if any is needed, of its effectiveness.

We want to congratulate the Commission on its first 5 years of successful operation. By creating and supporting the Commission, Congress demonstrates its concern for strengthening a mature federalism suited to the second half of the 20th Century.

MICHIGAN STATE CHAMBER OF COMMERCE,

Lansing, Mich., June 3, 1965.

Representative L. H. FOUNTAIN,
*House Office Building,
Washington, D.C.:*

We have reviewed the testimony of John V. Barnett who appeared before your committee on May 26, 1965, to testify on the Advisory Commission on Intergovernmental Relations.

We want you to know that we agree with the views expressed by Mr. Barnett, and sincerely hope that you will give careful consideration to his comments and proposals.

Sincerely,

HARRY R. HALL,
Executive Vice President.

MISSOURI STATE CHAMBER OF COMMERCE,

Jefferson City, Mo., May 28, 1965.

Senator EDMUND S. MUSKIE,
*U.S. Senator,
Senate Office Building, Washington, D.C.*

DEAR SENATOR: The Missouri State Chamber of Commerce supports the position of the national chamber in regard to its testimony before the Joint Senate and House Intergovernmental Relations Subcommittee.

We commend the committee on the excellence and depth of your studies. They are most valuable to the business community, government organizations and labor. The information developed is most objective and useful.

We should like to add some additional items for your consideration. We are concerned with the increased role of the Federal Government in the lives of its citizenry. The Federal Government's encroachment on the affairs of the State and especially local government is most dangerous.

Accepting the premise that there are only two assets—the human and physical, the Federal Government with its increased revenue and intent on solving "all its citizens' problems entices the capable local leaders into Federal and urban positions. The enticement is increased wages beyond the capability of the smaller units. This out-migration of leadership causes a void and an acceleration of small town deterioration.

Secondly, the Federal Government too frequently tries to adjust this by providing research grants to capable persons remaining, but these grants are not to solve local problems but problems elsewhere, again compounding the problem of needed talent for local problem solving. Illustrations of these are in areas of health, pollution, job generation, etc.

Your continued considered judgement in restraining the Federal Government in areas foreign to its original purpose is urged and supported. One of the clues to a democracy's vitality is the quality of life in its small communities, and bearing this worthwhile premise in mind will keep America strong.

Very truly yours,

LAWRENCE A. SCHNEIDER,
Executive Vice President.

NATIONAL ASSOCIATION OF HOME BUILDERS,
Washington, D.C., May 20, 1965.

HON. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: Pursuant to the request in your letter of April 16, 1965, we are pleased to submit this comment on the Advisory Commission on Intergovernmental Relations, for inclusion in the hearing record of the joint hearings scheduled for May 25, 26, and 27.

While this association has not had particularly close contact with the work of the Commission, we have studied its reports from time to time. We have noted therein subjects considered by the Commission which directly affect the building of homes and apartments. Its sixth annual report, for example, includes sections on such subjects as "Impact of Federal Urban Development Programs on Local Government Organization and Planning" (p. 15), "Intergovernmental Responsibilities for Relocation of Persons and Businesses Displaced by Governmental Programs" (p. 29), and "Effect of Tax and Expenditure Practices on Location of Industry and Economic Development" (p. 29).

Further, the October 1964 report of the Commission contains significant and far-reaching "model legislation" in the fields of (a) taxation, (b) urban problems, and (c) other governmental problems including a model law on "open space." Governmental action on all of these subjects can have a profound effect, whether for good or ill, on the homebuilding industry.

This association, therefore, has an increasing interest in the work of the Commission. We are pleased to report that representatives of the Commission, recognizing that interest, have actively cooperated with us on our land use research program, conducted jointly with the Urban Land Institute, which program has resulted in model land use legislation, and have exchanged views with representatives of our association in the study of building codes—an area that is of serious concern in attempting to produce good housing economically.

The home building industry, perhaps more than any other industry which occurs readily to mind, is subject to extensive and complex governmental regulation—much of it based on outmoded building and zoning codes, all resulting from the pressures by local vested interests. For many years this association, as the organized spokesman for the home building industry, has attempted to develop modern ordinances and regulations in these fields, based upon more scientifically considered good practice. It is important to us that the Advisory Commission on Intergovernmental Relations thoroughly understand the work that we (and other organizations such as the Urban Land Institute and the several associations of building code officials) are doing in these fields.

We think it important also that the Commission continue to work to reduce conflict, duplication and overlap of various levels of governmental regulation. By helping to modernize and simplify the mass of regulation with which home builders must cope, the Commission can contribute greatly to increased efficiency in home building. Thereby it can help attain an increased supply of good homes for persons of moderate and lower income—a goal to which this industry has long dedicated itself.

In this respect, we think the Commission is performing a needed function.

We appreciate this opportunity to have our views incorporated in the record of the joint hearings.

Sincerely,

BERNARD L. BOUTIN,
Executive Vice President.

NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS,
Washington, D.C., June 7, 1965.

HON. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: I do appreciate the opportunity to comment upon the activities and functions of the Advisory Commission on Intergovernmental Relations.

The staff and membership of this association has been interested in and followed closely the activities and recommendations of the Commission during the period of its existence as well as those of its predecessor commissions. It is our appraisal that this Commission has covered the various subject and program

areas in greater depth than done heretofore. This is most encouraging since the complexities of our governmental structure and its financing challenges the most astute minds and experienced people in their endeavors to find solutions to the vexing problems and to develop effective systems benefitting all levels of government—Federal, State, and local.

In reviewing the latest report of activities covering the calendar 1964, we are impressed with the accomplishments of the Commission. Many of the earlier recommendations have been effectively implemented, thus representing an increasing acceptance of appropriate changes.

We do subscribe to most of the recommendations that have been developed by the Commission but have some reservations concerning a few of them. These have to do principally with Federal aid programs in the field of urban development. One recommendation suggests the channelling of grants-in-aid through the States under circumstances of creating State administrative machinery to carry out relevant responsibilities and providing State financial and technical assistance as part of those programs. It is our conviction that a more effective arrangement would be to have the State's role directed to providing whatever financial and technical assistance is necessary to supplement the Federal assistance given directly to the local units of government and not to serve as an additional layering of administrative organization to achieve the ultimate goal of effective urban development. This can be done very well through appropriate coordinating machinery established within the State.

Other recommendations have to do with special purpose units of local government and the implication that there are limited or no controls over them by the general purpose units of local government. By regulation and by statute, there are effective controls established over such special purpose agencies by the local governing bodies. Necessary approvals and agreements for local financial contributions and other considerations such as planning, etc. are required at points in the development process to assure adequate governing body control. The successful accomplishments of housing authorities and renewal agencies through currently established controls have demonstrated the effectiveness of this arrangement.

We would not like to see a premature shift-over to the Commission recommended patterns without adequate preparation and appropriate demonstration supporting its conclusions. This has yet to be evidenced in most areas.

We earnestly hope that the Commission will continue its endeavors in working out practical solutions to many of the intergovernmental problems and in pressing for effective coordination of all programs. We are confident that realistic goals can be achieved to the benefit of all levels of government and to the suitable execution of programs in which this association has more direct concern.

Sincerely yours,

JOHN D. LANGE, *Executive Director.*

NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND
LAND-GRANT COLLEGES,
Washington, D.C., May 10, 1965.

HON. EDMUND S. MUSKIE,
U.S. Senator from Maine, Chairman, Subcommittee on Intergovernmental
Relations, Committee on Government Operations, U.S. Senate, Wash-
ington, D.C.

DEAR SENATOR MUSKIE: This will reply to your recent letter requesting comment on the work of the Advisory Commission on Intergovernmental Relations and its future role, and on contemporary trends in the field of intergovernmental relations. The organizational and staff structure of our association is, unfortunately, not such as to permit a reply on behalf of the association to the questions your committee and that of Representative Fountain will consider in the May 25-27 hearings, as this would require the appointment of a special study committee and a review procedure we are not prepared to undertake in the time available.

My personal comments, which must be limited in scope, are that I have found the studies, reports, and recommendations of the Advisory Commission helpful in several phases of my work, and have on various occasions called them to the attention of our member institutions for their information and use, particularly by those concerned with research, instruction, and public service dealing with problems of government at all levels, and of intergovernmental relationships. I

have the highest respect for the staff of the Commission, and have found them cooperative and helpful on any and every occasion on which I have asked for their assistance.

Our own association has recently moved, through the appointment of a committee on the state university and public affairs, to examine the ways in which our institutions, now are, and in the future may be, effective in research, education, and public services which will assist government in ways appropriate to the university, in the solution of some of the problems of the present and the future. In this effort we hope to work, as occasion offers, closely with the staff of the Advisory Commission.

Sincerely,

RUSSELL I. THACKERY, *Executive Secretary.*

NATIONAL MUNICIPAL LEAGUE.
New York, N.Y., May 25, 1965.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Old Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: In your letter of April 14, 1965, you requested that the National Municipal League submit its views regarding the work of the Advisory Commission on Intergovernmental Relations and contemporary trends in the field of intergovernmental relations for inclusion in the printed hearing record.

Since the creation of the Advisory Commission in 1959, the league has watched its operations with great interest because its work has been of the utmost importance and it has been the only forum in which the points of view of all levels of government are regularly brought to bear on matters of public policy. The fact that the Commission has not shied away from making recommendations on highly controversial matters such as State legislative apportionment, constitutional and statutory restrictions on fiscal and other aspects of state and local government, and metropolitan area governmental structure, is evidence of its capacity to subject our system to penetrating and healthy appraisal.

More than a decade ago, the league was among the first to urge a thoroughgoing inquiry into the operations of our federal system and the capacities of the several levels of government to fulfill their respective roles. When the Kestnbaum Commission was created, the league submitted its views on the "basic values of the federal form of government for a free people * * * and developed into some detail the policies and measures, national, state and local, which it considered most likely to strengthen the state and local elements in our system." The league applauded the recommendations of the Kestnbaum Commission and indicated its approval in testimony before the House subcommittee on February 25, 1959. In that statement and subsequently on June 19, 1959, the league endorsed the establishment of a permanent agency concerned with problems of intergovernmental relations.

After the establishment of the Advisory Commission on Intergovernmental Relations, the league indicated its enthusiasm for the new Commission in a March 1960 National Civic Review editorial. Commenting on the statement of Commission Chairman Frank Bane at the opening meeting of the Commission, the editorial said: "If the Commission takes the course suggested in that statement, it cannot fail to provide needed and enlightened guidance for the American people and for policymakers at all levels in our complicated system of government."

Without reservation, the league feels the Commission's contribution has far exceeded the expectations expressed 5 years ago. It is unnecessary to enumerate the subjects covered by the Commission's recommendations and reports on virtually every matter of significant governmental concern. It has placed before both the Congress and State legislatures innumerable action proposals designed to strengthen responsible government at all levels. Behind the reports and recommendations is the technical competence and sensitive understanding of the Commission's staff. In each area covered, the Commission has authorized the staff to utilize the assistance of distinguished consultants and the critical analysis of scholars and practitioners.

As the oldest citizens' organization devoted to strengthening the organization and processes of American government at all levels, the National Municipal League commends the Advisory Commission on Intergovernmental Relations for

its impressive record toward the achievement of this same goal and the subcommittees of both Houses of Congress for their constructive interest and understanding. The result of this and like activity and attention in the future must be that many of the areas of intergovernmental relations which have been characterized by uninformed conflict in the past will be characterized by informed cooperation in the future.

Sincerely,

ALFRED WILLOUGHBY,
Executive Director.

NATIONAL PLANNING ASSOCIATION,
Washington, D.C., April 20, 1965.

HON. EDMUND S. MUSKIE,
*Chairman, Subcommittee on Intergovernmental Relations,
Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR SENATOR MUSKIE: Mr. Miller has asked me to respond to your letter of April 16 in which you requested comments on the work of the Advisory Commission on Intergovernmental Relations.

I have followed the work of the Commission since its inception with great interest. I am convinced that in our government structure it is of crucial importance that Federal, State, and local government representatives have an opportunity to study and discuss burning issues of interrelationship, make recommendations for legislation, and follow up and appraise developments under the impact of such legislation. If there were no such Advisory Commission, I am deeply convinced that it should be created.

I believe that the work of the Commission in the past under able leadership and supported by high-caliber staff has justified the expectations. Future problems are likely to become even more complex, so that work in this area will become of growing importance. I welcome that the Congress has the opportunity for a reexamination of the statute and the performance under it.

I believe that the composition of the Commission is satisfactory, considering its purpose. I understand that the suggestion has been made to add business and labor representatives. It is true, there are fields of activity in which there are common interests of Federal, State, and local government, and business and labor organizations. This is the case, for instance, in the field of grants for urban renewal or rapid mass transportation. In consideration of such subjects it might be highly desirable to obtain the advice of business and labor representatives. I wonder, however, if it might not be preferable to obtain that advice through members of subcommittees or consultants who would cooperate on specific projects rather than by adding members to the already large Commission.

The Commission has accomplished a great deal of work with a relatively small staff. I think it is wise to keep the organization relatively small and limit its work to such issues as involve the consideration of legislative action. The Commission has not been and should not become a "research institute." I know that in a number of cases the staff was concerned with problems which involved a great deal of research, but, wisely, for these research programs, an appropriate sponsorship outside the Commission was sought and obtained. Nevertheless, a small addition to the staff might be considered so that the Commission would be able to explore some longer range problems, keep in touch with research work being done on such problems, and bring to the attention of the Commission conclusions which are relevant to the Commission's work. However, I repeat that such additions to the staff should be of limited size.

With best wishes for the completion of these hearings, I am,

Respectfully yours,

GERHARD COLM, *Chief Economist.*

NEW MEXICO MUNICIPAL LEAGUE,
Santa Fe, N. Mex., May 4, 1965.

HON. EDMUND S. MUSKIE,
*Chairman, Senate Intergovernmental Relations Subcommittee,
Old Senate Office Building, Washington, D.C.*

DEAR SENATOR MUSKIE: In regard to the joint announcement of yours and Congressman L. H. Fountain, concerning the joint hearings to be held on the program and activities of the Advisory Commission on Intergovernmental Rela-

tions, I wish to express my firm belief that the Advisory Commission on Intergovernmental Relations has done an outstanding job in the field of providing information on intergovernmental activities and also in developing basic information and statistical data on the various activities undertaken by the Federal, State, and local governments. Many of the recommendations of the Advisory Commission on Intergovernmental Relations have proven useful and have assisted us in foreseeing some possible problems. In fact, some of the legislative recommendations have been approved by the New Mexico Legislature with some slight modifications to fit the New Mexico situation.

Consequently, I would respectfully urge the Senate and the House Intergovernmental Relations Subcommittees to consider further methods of assisting the Advisory Commission on Intergovernmental Relations in carrying forward its work of providing reliable information and recommendations which represent a cross section of our Nation's governmental development at all three levels of government.

Very sincerely,

DONALD C. RIDER, *Executive Director.*

TAX EXECUTIVES INSTITUTE, INC.,
Washington, D.C., May 12, 1965.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: Your letter of April 16, 1965, inviting the Tax Executives Institute to express its views on the work being done by the Advisory Commission on Intergovernmental Relations has been carefully reviewed and was discussed with our executive committee on May 7.

In our opinion, the 6-year safari of the Advisory Commission into the jungle of taxation and public finance has produced and is producing an illuminative series of studies on tax overlapping and Federal-State fiscal relations which should be of tremendous value in solving the many and vexing problems of a Nation with more than 90,000 taxing jurisdictions.

Through a friendly liaison maintained over the years with the Advisory Commission, Tax Executives Institute, Inc., is well acquainted with the work being done by the Commission and its highly efficient staff. We feel that its studies and programs are in the public interest and should be continued.

Sincerely and respectfully,

MORRIS L. RINEHART, *President.*

TAX FOUNDATION, INC.,
New York, N.Y., May 27, 1965.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: This is in response to your recent letter requesting the views of Tax Foundation in connection with the joint hearings of the Senate and House Subcommittees on Intergovernmental Relations to evaluate the work of the Advisory Commission on Intergovernmental Relations over the past 5 years and assess the future role of the Commission. We are pleased to present the following comments for inclusion in the printed hearing record.

Resolving the problems which inevitably develop in the field of intergovernmental relations is, as we all recognize, a key factor in the continuing effort which must be made to preserve and strengthen our federal system of government. Procedures and practices which worked well enough 50 years ago when Government took 7 percent of gross national product appear to be inadequate today with Government taking four times as much. The need for a permanent, bipartisan agency devoted exclusively to the study of these problems is, therefore, unquestioned.

The Tax Foundation has followed with great interest the work of the Advisory Commission on Intergovernmental Relations since its creation in 1959. As a private, nonpartisan organization devoted exclusively to research and public education on Federal, State, and local government fiscal affairs, we have welcomed frequent opportunities to cooperate with the Commission; and we hope to continue and broaden this cooperation.

Universal agreement on the recommendations of any body working on problems as complex as the relationships between the various levels of government cannot be expected. Nevertheless, it is important that these problems continue to be subjected to the closest scrutiny and searching analysis.

The Advisory Commission has produced much valuable research and has made a promising start toward the development of informed opinion on a number of the problem areas in intergovernmental relations. We have found many of its reports and studies to be useful and timely in connection with our own research, and also of help in servicing requests from individuals, organizations, public officials and agencies, educational institutions, and others who regularly seek the assistance of Tax Foundation.

The ACIR has already made an invaluable contribution through its studies on such subjects as property taxation, State restrictions on local taxing, debt, and other local government powers, measures of State-local fiscal capacity and tax effort, tax overlapping, and industrial development bond financing. In many of these reports the Commission has made available valuable new data on intergovernmental finances and operations—a most important contribution. We suggest that it would be helpful if such data could be updated periodically.

We assume that the current review is primarily concerned with an assessment of the role of the ACIR in the immediate future. In this connection the following comments and suggestions, intended to be wholly constructive, are offered for the consideration of the members of the Senate and House subcommittees:

(1) Public Law 86-380 charges the ACIR, among its other responsibilities, with providing a "forum" for discussion of problems involved in the administration of Federal grant programs and encouraging "discussion and study" of other "public problems that are likely to require intergovernmental cooperation." We are generally familiar with the close liaison and cooperation which the Commission maintains with various organizations of State and local officials and with other public and private groups; such efforts undoubtedly have been effective and helpful. In a large sense, however, the eventual solution to complex problems of intergovernmental relationships will depend upon broad citizen understanding and acceptance. For this reason, we suggest that consideration be given to means by which the "educational" or public information efforts of the Commission might be broadened, either through the expansion of its own facilities or through more intensive citizen education efforts with outside, non-public organizations, or both.

(2) The Commission is also directed to give "critical attention" to the conditions and controls involved in the administration of Federal grant programs. It has already done some helpful work in this field. However, with Federal grants approaching the annual level of \$14 billion, we suggest that this is an area which is deserving of closer examination. For example, a study of the impact of Federal grant programs requirements on State and local budgets could prove most helpful. Additionally, it is suggested that such studies also include an examination of State aids to local governments, an increasingly important element in the complicated structure of intergovernmental finances.

(3) Another important function assigned to the ACIR by Public Law 86-380 is to make available "technical assistance" to the executive and legislative branches of the Federal Government in reviewing proposed legislation to determine its overall effect on the federal system. Potentially this could be one of the most effective and important contributions which the Commission could make.

We assume that, at present, the ACIR provides opinions as to legislative and program proposals on request. A more formal procedure might be worked out under which any program proposal under consideration within the executive branch, or any legislation under consideration by congressional committees, providing for new Federal grants or otherwise affecting Federal-State-local relationships, be automatically referred to the ACIR for a statement of its views with respect to the proposal and/or its impact on the structure of intergovernmental relationships.

(4) Finally—and in many ways most important—the Commission is charged with the duty to "recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government." Certainly the appropriate allocation of governmental functions and responsibilities is essential to resolving—or avoiding—many controversies and problems which have accompanied the tremendous expansion in the scope of government. Very great differences of opinion have developed as to the level of government which properly should

assume responsibility for various functions. Many new and significant Federal programs have been adopted in recent years. State-local government expenditures are increasing at a substantial rate. There is worrisome competition with respect to revenue sources, and an increasing incidence of tax overlapping.

These are problems which the ACIR, by virtue of its membership and status, may be better equipped to wrestle with than any other group, public or private. We suggest, therefore, that the most careful consideration be given by the Commission, as well as by your subcommittees, to emphasizing basic and thorough studies in this area.

(5) Recently there have been proposals for the sharing of "surplus" Federal revenues with the States. Such proposals require and deserve the most careful study to help determine both their desirability and the basis upon which such "grants," if deemed desirable, should be made. We do not know whether the Advisory Commission has made, or is planning, an examination of these proposals, but we would urge that it give consideration to such a study as a major contribution to discussion and debate.

The Tax Foundation appreciates your courtesy in inviting us to submit our comments on the work and future role of the ACIR, and we hope that this statement may prove helpful.

Sincerely yours,

ALFRED PARKER, *Executive Director.*

TAX INSTITUTE OF AMERICA,
Princeton, N.J., June 1, 1965.

Mr. DAVID B. WALKER,
Staff Director,
Subcommittee on Intergovernmental Relations,
Washington, D.C.

DEAR MR. WALKER: In reply to the letter of April 16 from Senator Edmund S. Muskie and your letter of May 24, inviting us to submit a statement on the Advisory Commission on Intergovernmental Relations, I am pleased to do so. I wish first to apologize for the delay in replying due to the pressure of some other activities.

We are enthusiastic concerning the value of the Commission's publications. We have thought it worthwhile to bring all of them to the attention of our members by listing them in the "Tax Institute Bookshelf"—an index of public finance materials.

We have also found them to be exceptionally helpful reference material in preparing publications or answering queries.

Some evidence of the high regard in which we hold the ACIR reports and the value we derive from them is indicated, for example, by the use we have made of the report on "The Role of the States in Strengthening the Property Tax." The three following issues of our monthly bulletin, *Tax Policy*, have been based entirely or largely on this report: "How States Can Strengthen Property Tax," February 1964; "Increasing Clamor for Property Tax Exemptions," October 1964; and "The County as the Assessing Unit," November 1964. Copies of these issues are enclosed.

It is our strong conviction that this is one of the most fundamental studies of State and local taxes that have appeared within recent decades. We believe that this study will have a long-term continuing impact on property tax administration throughout the country.

We were also pleased to have authors of two of the ACIR reports on the program at a symposium on "State and Local Taxes on Business" which was held in October 1964.

With respect to the future, we believe that there are many other topics in the field of State and local government that could profitably be studied by the Commission. Perhaps the most urgent need is for a study of the defects and the possibilities for improvement in State and local crime control administration. If a study could be made in this field that would be of comparable thoroughness, competence, and fearlessness to the property tax study, it could be of far-reaching significance.

I wish to reiterate that we are enthusiastic concerning the work of the Commission and hope that it will be making its valuable contribution to the improvement of governmental activity for many years to come.

Cordially yours,

MABEL WALKER, *Executive Director.*

SYRACUSE UNIVERSITY,
MAXWELL GRADUATE SCHOOL OF CITIZENSHIP AND PUBLIC AFFAIRS,
Syracuse, N.Y., June 1, 1965.

HON. EDMUND S. MUSKIE,
Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: It is with pleasure that my colleagues and I wish to endorse the outstanding efforts of the Advisory Commission on Intergovernmental Relations. A more fitting example of representative and searching concern with the problem of responsible government cannot be found.

Since its inception in 1959 under your stout leadership, the Commission on numerous occasions has proven its worth as a source of discussion, inspiration, mediation, and resolute leadership in the field of public administration. One has only to note its immediate success at putting advantageous programs to work to realize this position. Less visible fruits are to be found in the effect the Commission, its distinguished membership and competent staff, has had on the promotion of public affairs education and research. The reports of the Commission have served the Maxwell School as a means of developing student and community awareness and of focusing research endeavors.

Among the product of this body have been many timely alternatives to the fragmented obligations which characterize grant-in-aid programs, Government fiscal management, metropolitan affairs, and sundry social, economic, and political problems. The proposed topics of civil rights, legislative apportionment, and economic opportunity for disadvantaged Americans are at the forefront of our Nation's conscience.

For reasons of design and achievement the work of the Commission receives our enthusiastic support.

Sincerely,

STEPHEN K. BAILEY, *Dean.*
ALAN K. CAMPBELL
GUTHRIE S. BIRKHEAD
ROSCOE C. MARTIN

THE RECORD AND FUTURE ROLE OF THE ADVISORY COMMISSION ON
INTERGOVERNMENTAL RELATIONS

(Prepared by John E. Bebout, director, Urban Studies Center, Rutgers—The State University, New Brunswick, N.J.)

I have maintained close contact with the work of the Advisory Commission on Intergovernmental Relations since its inception. As one of those who urged its establishment, I am happy to report that I am more than pleased with its performance to date and regard its continuation as essential to the sound functioning of our Federal system.

The Commission and its talented staff have covered an amazing amount of ground with great technical competence. They have done more than any other single public or private institution to clarify continuing practical issues of intergovernmental relations and to suggest feasible methods of dealing with them through legislative or administrative action.

The need for such continuing attention to the impact of changing needs and demands upon intergovernmental relationships is substantially greater today than when the Commission was established. During this period the country has become firmly committed to the proposition that all elements in our system must collaborate in the pursuit of such national goals as decent living conditions and equal economic opportunities for all; the conservation of essential natural resources, including the elusive resource of natural beauty; adequate transportation facilities; and the adjustment of many policies and programs to galloping urbanization. The Commission on Intergovernmental Relations can play an increasingly important role in showing concretely how this commitment can be met with maximum effective participation of all elements in the system.

While I never had any doubts about the importance of the mission of the Commission or the desirability of a structure that could reflect and represent experience at all levels of government, I was fearful at the outset that the Commission as composed might prove unwieldy and to a degree musclebound. On the record, I am happy to say that so far at least my concern has proved unfounded. I attribute this to a number of factors, including the nature of

the appointments to the Commission; the leadership that its chairman has given it; the excellence of its staff; the continuing attention and support that it has had from the congressional Subcommittees on Government Operations and from the Bureau of the Budget; and the wisdom with which it has reached out to organizations like the Council of State Governments, the National League of Cities, and the County Officers Association, as well as to individuals with a vital and continuing interest in intergovernmental relations. The future usefulness of the Commission will depend in my judgment on the continuation of such policies and backing. For example, any weakening of staff, resulting from curtailment of financial support or other cause, or any failure on the part of the Congress and the Executive Office to maintain communications could undermine the usefulness of the Commission.

Perhaps my most important suggestion for increasing the effectiveness of the work of the Commission is that the White House staff concerned with intergovernmental relations be strengthened and somewhat stabilized. In the long run, findings and recommendations of the Commission, insofar as they involve national action, must be carried out by the President and the Congress. The Commission itself is not set up to do the needed staff work for either the executive or the legislative branch. Yet, as I see the unfolding effort to achieve the "Great Society," there will be an increasing need for attention to the way in which many national policies are developed and implemented. The following sentences from page 86 of the "Report of the Commission on Intergovernmental Relations" have more force today than they did in 1955:

"The proper functioning of the Federal system requires that concerted attention be given to interlevel relationships. The Commission finds, however, that many governmental decisions are made without adequate consideration of these relationships. This occurs partly because the legislative and executive branches are both organized primarily along functional lines.

"The Commission believes, therefore, that provision should be made for a permanent center for overall attention to the problems of interlevel relationships."

I have no particular suggestion to make regarding the composition or the operation of the Commission itself. As the preceding observations indicate, however, I do anticipate that in the years ahead the Commission will find it necessary to concentrate somewhat more heavily on the effort recommended by the Kestnbaum Commission to "advance a strategic sense of Federal relations in the formative stages of many types of legislative and administrative action" at the national level. With respect to State and local governments, I think the Commission may find it desirable to devote relatively more attention than it has in the past to working with those governments and their associations in securing the adaptation and adoption of appropriate Commission recommendations.

One other matter which I think may well engage more of the Commission's attention is the problem of relating and coordinating programs conducted by different agencies and different levels of government. This coordination is called for both at the national level and at the regional level, especially in metropolitan areas. The Commission has formulated many useful suggestions for State and local action for better "governmental structure, organization and planning in metropolitan areas." I am inclined to think, however, that the Commission might be of some help to Federal, State and local agencies actually engaged in efforts to achieve more effective communication and collaboration in program planning and execution. Back of this lies the belief that progress in this direction can be facilitated by such legislation as the Commission has suggested, including the proposed Intergovernmental Cooperation Act of 1965; but that the real breakthroughs will have to be achieved at the administrative level in the development of new patterns of interagency relationships. Perhaps the Commission, working with the Bureau of the Budget, the Civil Service Commission, and concerned functional agencies could help in the development of some experimental or demonstration projects in this field.

Given the present leadership and staff of the Commission, I have confidence that they will read the signs of the times correctly and make appropriate adjustments (these or others) in program direction and emphasis.

CLAREMONT MEN'S COLLEGE,
Claremont, Calif., May 21, 1965.

Senator EDMUND S. MUSKIE,
Chairman, Senate Subcommittee on Intergovernmental Relations,
Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: You have asked for opinions about the work of the Advisory Commission on Intergovernmental Relations. I have been much interested in the Advisory Committee since something like it was recommended by the Kestnbaum Commission for which I served as Research Director.

My impression is that the Advisory Committee has done some excellent work on problems of State and local government which need to be handled. I would suggest that in the future it pay somewhat more attention to the coordination of Federal activity regarding States and localities. I think it should also pay some attention to some of the less salutary effects of Federal grants on State and local budgets.

Sincerely yours,

GEORGE C. S. BENSON,
President.

NEWTOWN, CONN., May 10, 1965.

Senator EDMUND S. MUSKIE,
Washington, D.C.

DEAR SENATOR MUSKIE: Replying to your recent inquiry as to my views on the Advisory Commission on Intergovernmental Relations and its future role in the light of the continuing problems of Federal-State-local relations, I am glad to state my belief that such an organization was greatly needed, that the Commission has been serving its purpose courageously and well, that it already has an extraordinary record of useful accomplishment, and that it should continue to function substantially in line with its present policies and procedures.

Considering the nature of our federal system, creation of the Advisory Commission on Intergovernmental Relations was an act of statesmanship. Federalism in the United States is a highly intricate governmental mechanism, not static but constantly undergoing adjustment under strong social and economic forces that affect the interlevel relationships and responsibilities of the several components. To keep this complex system working reasonably well calls for good coordination in dealing with problems of regional and national interest, stimulation of components that fail to measure up to their responsibilities, and avoidance of undue centralization. Thus there is need for continuing analysis of the fundamental considerations of federalism. When, in 1955, the Commission on Intergovernmental Relations reported the findings of its comprehensive study of Nation-State-local relations—"the first official undertaking of its kind since the Constitutional Convention of 1787"—the distinguished Chairman said, in his letter of transmittal: "We are hopeful that this report will be regarded as the beginning rather than the end of a contemporary study of the subject of intergovernmental relations." Making federalism function smoothly was so clearly a matter of permanently unfinished business that the Commission urged "that provision should be made for a permanent center for overall attention to the problems of interlevel relationships"—in my opinion one of its most useful recommendations.

With the creation of the Advisory Commission on Intergovernmental Relations in 1959 we have such a center, strategically constituted to provide effective representation for all levels of government, to have a nationwide influence that far transcends its size and financial resources, to have flexibility for concentration on emerging issues demanding high-priority attention, and to have considerable means for implementing its recommendations. Through the nature of its membership and the method of its selection the Commission not only is responsive to the interests of all Federal components and sensitive to any proposed unilateral action which disregards sound federal principles, but is in a favorable position to obtain wide support for its proposed courses of action. For example, bipartisan representation in both Houses of Congress, chosen by the President of the Senate and Speaker of the House, respectively, facilitates desired congressional action, while nomination of 14 of the 26 members by strong national organizations of State and local officials assures widespread and influen-

tial cooperation at the State and local levels. The ingenuity of the plan sponsored by you and Congressman Fountain is being well demonstrated in practice.

I have been impressed by the expedition and good judgment with which the Commission has gone about translating its truly formidable legal mandate into an effective working program and by the scope and quality of its accomplishment with the support of a very modest budget. The results are excellent evidence of the membership's alert awareness of and concern for the functional and organizational problems of federalism, and of the energy and ability of the Commission's talented central staff. One must admire the resourceful way in which the Commission is filling what might be called a big gap in the federal structure. It is becoming an increasingly effective liaison agency for the three levels of government and an increasingly useful clearinghouse and coordinator for information and study in the intergovernmental area. The 30 or more analytical studies of specific intergovernmental problems which the Commission has conducted and made generally available are of themselves good justification for continuing the Commission's work; but their value is greatly enhanced by the Commission's policy of active promotion of its recommendations through conferences, securing the introduction of legislation in Congress, conferring with administrative agencies, making recommendations to State and local officials, preparing draft legislation for consideration by State legislatures, and obtaining the cooperation of professional and civic organizations.

Anyone who reviews the Commission's analytical studies and recommendations, which already cover an extraordinary variety of specific intergovernmental issues, will appreciate that the selection of subjects has been timely, that it has been directed to specific problems amenable to solution, and that individually and collectively the reports make an enlightening contribution to the advancement of cooperative federalism. The Commission's "working procedures," as described in each of its reports, I have had some opportunity to observe. They seem particularly well designed to establish suitable priorities for study, to avoid duplication of effort and attract cooperation, and to assure validity for all findings and recommendations.

As one of a steadily increasing number of users of the Commission's rapidly expanding publication list of enlightening reports on intergovernmental problems, with their clear-cut recommendations as to means of solution, may I say that the Commission has created for itself a continuing public responsibility. Having found this readily available service extremely useful in the areas covered, we expect to be able to continue to rely on it in these and other areas. In my opinion only a good beginning has been made in developing the educational value of this dynamic undertaking.

I am in favor of keeping the Commission's central organization relatively simple and uncomplicated, with emphasis on quality rather than size, as the Nation's officially recognized intergovernmental liaison and clearinghouse agency. The Commission's professional staff, however, should never be lacking in sufficient highly qualified members to maintain a continuing review of past findings as well as to carry on judiciously selected new undertakings. The Commission has been fortunate in the ability and devotion of its leadership, the competence of its professional staff, and the readiness and capacity of the preponderance of its members to deal forthrightly with intergovernmental problems. Continuation of these attributes is the best assurance for the future.

Sincerely yours,

FREDERICK L. BIRD.

THE UNIVERSITY OF MICHIGAN,
Ann Arbor, July 14, 1965.

HON. EDMUND S. MUSKIE,
Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: I regret having been unable to respond to your letter of April 24 regarding the performance and role of the Advisory Commission on Intergovernmental Relations before this. In the hope, however, that my brief comments may be useful to you, I shall set them down in the following paragraphs.

I have observed closely the activities of the Advisory Commission on Intergovernmental Relations over the past 5 years and believe that its accomplish-

ments have been substantial but that in some respects they have been inadequate and disappointing. My view is that the Commission has been excessively concerned with so-called action programs and too little concerned with the examination of basic issues in intergovernmental relations. I believe that the staff is far too small to permit it to pursue successfully both research- and action-oriented activity. As a consequence, I do not believe that it has been possible to perform adequately in either area. I should hope, therefore, that the Congress will give favorable consideration to an enlarged budget for the Commission which will make it possible to acquire the necessary additions to the staff and to permit the staff to specialize in research as well as in efforts to achieve legislative action at all levels of government.

I further believe that the Commission has been excessively concerned with matters that are on the "fringes" of intergovernmental relations rather than with the core issues. To the best of my knowledge and belief, for example, the Commission has not dealt with the central issue of the appropriate role of Federal assistance to the States and localities. It has not examined such questions as are involved in the evaluation of existing programs of grants-in-aid, the appropriateness of the grant-in-aid as compared with unconditional subventions, tax-sharing arrangements, and so forth. As you are undoubtedly well aware, Federal grant programs have developed over the past hundred years in uncoordinated fashion, each program within the overall structure having been introduced in response to the demands of the day, without much, if any, reference to the overall needs of the States and to the question of achievement of maximum efficiency in the financing of public services at all levels of government.

It seems to me that far too little attention has been devoted to item 6 under section 2 of the act which established the Commission. On the other hand, the duties of the Commission as set out in the law are so broad as to be completely out of line with the very modest appropriation that has been provided to the Commission. It is my observation that the regular staff of the Commission, for example, includes only one outstanding economist, whereas if it is to do the job that should be done at least four or five able and outstanding economists are required. Moreover, even the one man of stature now on the staff is able to devote only a fraction of his time to research and reflection, while spending much of his available time on action-oriented activities.

In my opinion too much of the time and efforts of the Commission have been devoted to the process of "nibbling" at a variety of small issues to the neglect of the effort to solve the larger basic problems and to the development of improvements in the general framework of Federal-State-local government relations. The Commission should be charged with the responsibility of formulating objectives and goals as well as a program for meeting these objectives and goals. Only after such a program has been formulated should major attention be given to ways and means of achieving appropriate legislative action.

The Commission has performed a very useful function through the production of a substantial list of informative research reports. These have been helpful and well received. Insofar as its performance within the confines of a very limited budget is concerned, I believe that the Commission has done very well indeed. In broad conception the Commission is, in my opinion, an excellent institution. I urge, however, that the Congress make it possible for the Commission, through adequate staffing, to do the job that must be done if our Federal system is to flourish and the fundamental public service needs of the American people are to be met.

The existence of the Commission offers unprecedented opportunity as well as imposing major obligations. To date insufficient advantage has been taken of the opportunity offered and the obligations imposed have not been fulfilled. This, to repeat, has been the result largely of inadequate appropriations and therefore inadequate staffing. The Commission must become a bold and enterprising organization with its sights set on imaginative and far-reaching evaluation and reform of our system of intergovernmental relations. Instead, it has been excessively timid and far too unambitious.

I should appreciate it very much if you would be good enough to send me a copy of the record of the joint hearings held in May by the subcommittee of the House and the Senate as well as a copy of the report issued.

Yours sincerely,

HARVEY E. BRAZER, *Professor of Economics.*

CORNELL UNIVERSITY,
Ithaca, N.Y., May 25, 1965.

Hon. EDMUND S. MUSKIE,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MUSKIE: Since my tour of duty on the Advisory Commission on Intergovernmental Relations the problems of higher education have diverted me from the problems of government. But I wish to make two comments that may be pertinent to the review hearings regarding the Commission.

(1) The creation of the Commission followed a minority opinion of the Kestnbaum Commission, and I believe correctly so. The Commission statute, however, neglected to cover one facet that may be important to the best intergovernmental relations. It does not encourage or invite reference to the Commission for investigation or hearings of intergovernmental problems by Federal, State, or local agencies. This course could bring real operating problems from the firing line to the Commission.

(2) I encounter reactions that the Commission is a Federal agency. It is not supposed to be—it is supposed to be a meeting ground for Federal, State, and local governments. Constant effort is required to keep the Commission intergovernmental and one useful tool could be the sharing of cost between the States and the Federal Government. I do not think that the agency can be truly intergovernmental until the costs are shared.

Warmest regards and best wishes.

Cordially,

JOHN E. BURTON,
Vice President, Business.

ALLOCATION OF RESPONSIBILITIES AND RESOURCES AMONG THE THREE LEVELS OF
GOVERNMENT

(By James C. Charlesworth)²⁴

Abstract: There have been many studies of the allocation of responsibilities and services among the various levels of government in the United States, but some of them have not been objective; they have advocated transfers from one level to another because of a desire to be rid of a costly activity. The question of how best to allocate services cannot be separated from the availability of tax resources. But the incidence of the principal taxes in America has shifted radically throughout our history. Services should be allocated on the basis of optimum administrative and policymaking considerations, and architects of these optimum arrangements should demand that the appropriate adjustments be made in the tax structure. A detailed examination of administrative and policymaking realities indicates that a number of changes are in order: (1) The States should extend their control over banking, public and private housing, roads, narcotics, civil rights, natural parks, labor relations, public assistance, elections administration, factory inspection, agriculture, uses of leisure, and intrastate utilities. (2) Fragmentized services like public health and education should be taken out of small districts and administered by units large enough to permit professionalization and specialization. (3) Services which are essentially national in scope, like military training and the regulation of insurance, should be transferred from the States to the Federal Government. Finally, we should promote an extension program of functional consolidation of local governments.

²⁴ James C. Charlesworth, Ph. D., Philadelphia, Pa., is professor of political science at the University of Pennsylvania, and president of the American Academy of Political and Social Science. He was the first secretary of administration of the State of Pennsylvania, and at an earlier time was chief of the management planning branch of the adjutant general's office. Also, he was senior educational associate of the Fels Institute of Local and State Government, and has been a consultant at all levels of government. His writings include a large book on governmental administration.

PRINCETON UNIVERSITY,
WOODROW WILSON SCHOOL
OF PUBLIC AND INTERNATIONAL AFFAIRS,
Princeton, N.J., June 4, 1965.

HON. EDMUND S. MUSKIE,
*Subcommittee on Intergovernmental Relations,
Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR SENATOR MUSKIE: This letter is written in response to your invitation to express my views as to the accomplishments of the Advisory Commission on Intergovernmental Relations. I regret that my schedule did not permit me to appear before your committee during the last week in May and present the following views orally.

I have been acquainted with the work of the Commission since it was established. I have been complimented on three or four occasions over the years since 1959, by being consulted by members of the Commission or the staff with respect to problems that were being studied. I have received, as a consultant to the Commission, all or most reports of the Commission, and agenda for and summaries of Commission meetings. It is on the basis of this acquaintanceship with the Commission's activities that I offer the following opinions:

1. The Commission provides a unique and needed forum for the consideration of intergovernmental relations. The need for such a forum is suggested by the breadth and significance of the problem of intergovernmental relations. That breadth was suggested in the foreword you wrote to the report of the Senate Committee on Government Operations entitled, "Impact of Federal Urban Development Programs on Local Government Organization and Planning." There you wrote that "The Federal Government is now administering over 40 separate programs of financial aid for urban development, involving some 13 departments and agencies." What is true in the field of urban development is equally true in many other fields.

The Commission is unique in that its membership includes responsible Federal, State, and local legislators and officials. This has insured that the proposals of the staff have been tested in a practical crucible, and has simultaneously insured that responsible officials were being "educated."

2. The Commission's staff has demonstrated a workmanship capacity to survey a problem, to bring expert opinions from all over the country to bear on the problems of intergovernmental relations, and to "wrap up" their findings in pragmatic form in a reasonable time.

This capacity has contributed to the "educational" value of the Commission's work. It has given the Commission fresh factual materials for consideration in relation to each problem, and the eventual reports have contributed to the understanding of such problems by all who are interested and concerned.

3. The topics or problems on which the Commission has focused its attention and its staff's investigative time have by and large been relevant and significant. Yet, in my opinion, the Commission has, on occasion, chosen relatively minor problems of less consequence than the Commission's time and imprint warrants.

4. The Commission's staff has done a good "follow through" job. Much that Federal study commissions report produces little in the way of legislation or executive action. By this measure the Commission's record appears to be good; its staff director commendably accepts an obligation to "follow through" on the reports and recommendations that the Commission issues.

Very truly yours,

JOHN J. CORSON,
Professor of Public and International Affairs.

UNIVERSITY OF CALIFORNIA,
Los Angeles, Calif., June 4, 1965.

Senator EDMUND S. MUSKIE,
U.S. Senate, Committee on Governmental Operations, Subcommittee on Intergovernmental Relations, Washington, D.C.

DEAR SENATOR MUSKIE: This letter is in response to your letter of April 24, 1965, inviting comments relative to the future work of the Advisory Commission

on Intergovernmental Relations. I have followed the work of the Advisory Commission and read many of its publications. The Commission and the congressional Subcommittee on Intergovernmental Relations have performed a splendid service in examining many facets of Federal-State-local relationships. Indeed I am much impressed with the record of legislation and State adoptions recited in the Commission's sixth annual report. The focusing upon questions of policy involved in these relationships has been excellent.

May I suggest an area of further study that is becoming more and more important, though filled with some controversy. This is the matter of the relationships between public school districts and the general-purpose local governments (cities and counties), particularly in the metropolitan areas. The Commission has examined the problem of special districts in the metropolitan areas—a very significant subject. However, the school districts' relationships with other local governments involves considerations that are different from those involving other single-purpose districts. Increased Federal support for school programs will now step up the importance of district general-purpose government relationships.

The International City Managers' Association and the American Association of School Administrators have been exploring ways and means for developing greater cooperation between cities and schools at the administrative level. It seems to many who have studied intergovernmental relations that the time is appropriate for a top-level examination to be made of the problems involved in relationships between school districts and general-purpose local governments and to formulate new policies with respect to those relationships.

Yours very truly,

WINSTON W. CROUCH,
Professor of Political Science.

UNIVERSITY OF VIRGINIA,
WOODROW WILSON DEPARTMENT OF
GOVERNMENT AND FOREIGN AFFAIRS,
Charlottesville, Va., May 27, 1965.

Senator EDMUND S. MUSKIE,
Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: Your letter of April 24 and Mr. Walker's followup letter of May 24 were much appreciated; and I regret that the pressures that attend the conclusion of the academic year have prevented me from giving your inquiry the attention it deserves. In a hasty review of the two items you transmitted, however, I observe two points of possible interest:

(1) There does not seem to be anything in Public Law 86-380 that would exclude from the scope of the work of the Advisory Commission on Intergovernmental Relations an interest in the Federal Government's role in the field of public higher education.

(2) The sixth annual report of the Commission does not seem to reflect much if any record of study in this area, despite the number of other worthy subjects to which the Commission has given much attention.

Section 2 of Public Law 86-380 refers to the fact that "population growth and scientific developments portend an increasingly complex society in future years." Nowhere is this impact felt more heavily than in higher education; and nowhere is there more responsibility for developing the thinking and insight that are needed because of these developments. For example, of the approximately 44 B.A.'s, 11 M.A.'s, and 9 Ph. D.'s from this department who are expected to receive their degrees on June 6, 1965, several have been largely supported by the Federal Government and probably all have benefited to some extent from the Federal interest in higher education, for which we are grateful. Many of our degree recipients have come here from other States; most of them will go elsewhere for their further careers. This is the normal condition of a good university; and it is part of the basic rationale of the Federal interest in higher education, especially at the graduate and professional level.

It seems to me that there must be many aspects of Federal relations to higher education that are as much in need of examination by the Advisory Commission on Intergovernmental Relations as any of the other subjects to which it has given its attention. As a one-time secretary of President Roosevelt's Advisory Committee on Education, I am well aware of the number and variety of other

agencies and interests concerning themselves with higher education. But it does seem to me that the point of view which the Advisory Commission on Intergovernmental Relations could bring to the subject might well be uniquely useful.

I would especially suggest that the Commission focus on the functions, organization, and most appropriate sources of financial support for the graduate faculties of arts and science that are primarily responsible for preparing the college teachers of the future. The strategic importance of these faculties in the whole complex of American education is obvious to anyone who is familiar with their work, yet they continue to receive only the most limited public attention. The already substantial increases in Federal support for the activities of these faculties will inevitably bring many changes during the next 5 years; and they need the special attention of a broadly based group of intelligent laymen with a national point of view.

Sincerely,

PAUL T. DAVID, *Chairman.*

VANDERBILT UNIVERSITY,
Nashville, Tenn., June 2, 1965.

Senator EDMUND S. MUSKIE,
Chairman, Senate Subcommittee on Intergovernmental Relations, Committee on Government Operations, Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: I appreciate very much the invitation from you and Congressman Fountain to submit a statement on the Advisory Commission on Intergovernmental Relations for inclusion in the record of the public hearings reviewing the work of the ACIR.

It would be very difficult to overstate the importance of the Advisory Commission on Intergovernmental Relations and the contribution it is making to an effective Federal system in the United States. Yet, I suspect that the ACIR is one of the underrated governmental agencies we have. I personally rate its importance high for several reasons:

(1) It has gone a long way toward filling a vacuum which has long existed in the field of intergovernmental relations. This vacuum was the unfulfilled need for a permanent, continuing group charged with responsibility for tough-minded consideration of the implications of the policies and programs of different levels of government for each other, and for the Federal system generally.

(2) It has represented cities and counties as such, in a way that has not always been followed, even in temporary study agencies.

(3) It has focused not only on urban needs and problems, but on metropolitan area needs and problems. The ACIR emphasis on the unique aspects of intergovernmental relations within metropolitan areas was long overdue within the Federal and State governments and is, in my opinion, its most important contribution.

(4) It has had unusual success, it seems to me, in maintaining a healthy balance between attention to short-run "pressure problems" and long-run problems which so often tend to be shunted aside because of lack of immediate political demand.

As to its future role, I would hope that the Advisory Commission on Intergovernmental Relations will be continued and strengthened, building on its effective beginning. I would hope that its emphasis on the problems of metropolitan areas will be continued and that it be permitted and encouraged to devote a significant portion of its resources to broader and longer range studies whose immediate benefits may not be so obvious.

Sincerely yours,

DANIEL R. GRANT,
Professor of Political Science.

ORGANIZATION FOR THE BETTERMENT OF INTERGOVERNMENT RELATIONS

Statement of Prof. Alfred de Grazia, professor of social theory in government, New York University; editor, *The American Behavioral Scientist*; author, "Public and Republic," and "The American Way of Government," etc.

Intergovernmental relations are a central concern of the structure and operations of American government. Important in every country, they are especially so in a nation that believes the ideal human society to be composed of auton-

mous and decentralized communities whose cohesion is rational, voluntary and efficient.

Congress itself is the major instrument of the American Republic for intergovernmental relations. It is intricately organized to convey the free sentiments and initiatives of the parts to the whole of the great society. Consequently, intergovernmental relations cannot be left to others; Congress must manage them directly, or, in effect, they will be managed by others.

How can Congress so manage, beset as it is by burning issues of the moment? In the first place, it has no choice; as an act of free will, congressional leaders must turn continuously to problems of intergovernmental relations as problems of the first order. The task is not impossible. Congress can first of all assimilate the Advisory Commission on Intergovernmental Relations to the structure it knows best; that is, as a permanent standing committee in each Chamber of the Legislature.

The State and local officials who find themselves on the Commission might work as well with the committees; there is no reason why the proposed committees might not set up fairly elaborate connecting links with the States and localities, though again Congressmen individually are the best link with local governments, as the Constitution provided. Problems that are thought to be so pressing that they cannot be handled by the highest political authority, are not likely to be handled by being shoved onto a lesser authority.

The Advisory Commission has performed creditably as a research group. But the research would be more fundamental and useful if it were planned as such and if, then, a regular appropriation were made to the proposed committees for research purposes. Additionally, Congress might create an Institute for Research in Intergovernmental Relations, endow it, appoint a Board of Trustees from substantially the same elements as constitute the present Advisory Commission, and cut it free to do basic research in the field. Contrary to the impression created by tons of paper purporting to reveal discoveries about intergovernmental relations, the most important problems and a great many others have not been delved into. Research is badly needed into intergovernmental affairs.

Growing out of the two previous recommendations is a third and final one, this dealing with a single major problem. Metropolitan and State governments are turning out to be a volatile and perplexing mix in the American federal formula. Congress should face up to the problem squarely, instituting immediately a large research project on how, given the basic desire to maintain autonomous and competent localities and States, metropolises should be related to, and cogovern with, the States. The result might be a proposed constitutional amendment to prevent the Federal Government from meddling in the normally strained relations between cities and States, and to authorize some permanent financial and legislative authority to be shared by cities and States, keeping in mind that, as with the Federal Government, the States should not meddle in what cities can do by themselves.

STATEMENT PREPARED FOR THE JOINT HEARINGS, SENATE AND HOUSE SUBCOMMITTEE
ON INTERGOVERNMENTAL RELATIONS

The Advisory Commission on Intergovernmental Relations has performed its duties well during the few short years of its existence. It has produced a considerable amount of basic research and information for the American people; from the academic point of view, this is a boon, a valuable and reliable resource. From the slightly more pragmatic point of view of legislators, the Commission must be praised; for, seeing its task not only as pointing out areas of actual or potential difficulty, it has made realistic suggestions for improvement and has lent its good offices to the States and local governments to assist in the implementation of change.

What is the role the Advisory Commission can and must play in the years to come? Changes in American urban life—and that covers most of our population—will be continual and fully as dramatic in the next 20 years as they have been in the past post-World War II decades. New patterns of governmental cooperation must be shaped; new programs to meet needs will be formulated. The scale of change and growth will be unprecedented. The United States needs the Advisory Commission to keep pace with the change, to provide information and

assistance, to coordinate programs, cooperation, and research, and to participate in the preservation and programming of our governmental resources. The Commission should continue to take a long-range and objective view of the various governmental grant programs, to report the needs of cities, towns, States, and the Nation, and to play the role of critic. It may be asking too much, but how useful it would be if governments could see ahead—if the Commission could communicate a vision of the patterns and cooperative structures needed to meet problems still less than crisis stage.

In this appreciative analysis of the Commission's role, let us continue by projecting a few of the areas wherein work remains to be done. During the next few years the Commission could focus attention on any or all of the following problem areas. These are by no means an exhaustive list, but only those relating to the fields of housing and renewal.

I. REORGANIZATION OF URBAN GOVERNMENT STRUCTURE

During the years since World War II, local government has faced major changes in responsibility. No longer can it simply "keep house." A multitude of new programs and development projects emburden city hall, programs desperately needed to maintain vital modern and viable cities. These programs may be stimulated by Federal or State assistance; most often they call forth new patterns of cooperation among business and industry leaders, local, State, and Federal officials, and citizens as well. To meet the challenge, local government has adopted a variety of techniques, including coordinators, authorities, districts, and new departments. Increasingly, the larger cities are finding it necessary to restructure and reshape the form of government; this change in structure also brings about different relationships among local governments, counties, State and Federal jurisdictions.

It is recommended, therefore, that the Commission study the reorganization trends in local government in order to make recommendations and to assist cities in coordinating and carrying out programs which are often State or federally initiated. Because reorganization has tended to occur first in the largest cities, such a study would be especially helpful to smaller cities.

II. URBAN RENEWAL

The Advisory Commission has recently completed and issued a careful study on relocation "Intergovernmental Responsibilities for Relocation of Displaced Persons and Businesses Due to Government Programs" (January 1965). There are other renewal functions which relate to intergovernmental concerns and which could be studied by the Commission. Some are specific issues like relocation; others are broader in scope, calling into question the project orientation of renewal and its still-limited goals. In the last published issue of Architectural Forum was this provocative statement:

"Philadelphia has pushed urban renewal about as far as it can go. But, it has also demonstrated that urban renewal, as it has been conceived to date, cannot go far enough."

An outside critic, such as the Commission, can and should reexamine Federal grant programs to insure that they serve the intended aims. The following specific areas might be targets for intensive analysis:

(a) *National requirements and resources for renewal.*—What are the broad nationwide goals for renewal? How do these jibe with State and local goals? An updated and definitive study of renewal goals would provide Congress and other government with guidelines.

(b) *The pace of urban renewal.*—What are the intergovernmental restrictions which limit the speed with which projects can be planned and completed? Are Federal restrictions useful, necessary, or unduly restrictive?

(c) *The financing mechanisms for renewal.*—Could block grants, yearly grants, or other financing devices be utilized to eliminate much of the cumbersome approval procedure, hampering intergovernmental relations?

(d) *State involvement and leadership in urban renewal.*—How can States be encouraged to participate more fully in the revitalization of cities and the improvement of housing?

(e) *Citizen participation.*—Federal stipulation of the form for citizen participation has caused local communities endless difficulties and has not achieved

the stated purposes: how can meaningful citizen participation be encouraged in renewal and other governmental programs?

III. HOUSING

The goal expressed in the 1949 Housing Act, a decent home in a suitable living environment for every American family, has not been fully attained. Part of the problem is a fragmentation of housing programs; instead of one housing policy and program, the country has pieces and elements of a program. There is assistance in upper- and middle-income housing, a public housing, housing for elderly, some rehabilitation assistance, but no overall program which could provide a variety of housing types for a cross-section of the population in any one jurisdiction.

The Advisory Commission should study the need for one housing policy and program and recommend a total package to the Congress.

It is further suggested that, with a variety of State programs in housing and many local governments desperately needing housing assistance, the Commission explore intergovernmental responsibilities in housing, attempting to designate areas of Federal, State, and local responsibilities.

The Advisory Commission should study the feasibility of formally adopted local government housing policies; and, if desirable, the inclusion of local housing policies and programs as a requirement in the program for community improvement.

IV. COMPREHENSIVE PLANNING

Because many federally aided programs now require comprehensive planning as a prerequisite for approval and funds, regions and communities are establishing planning agencies and seeking to qualify for aid. Under such conditions planning could become perfunctory and minimal. At the same time, several Federal programs fail to consider local or regional comprehensive plans and refuse to coordinate with local objectives.

The Advisory Commission has a role to play in helping establish reasonable standards for comprehensive planning; and in discovering ways to further coordination of comprehensive plans and to bring about cooperation among the various agencies and governments.

V. NATIONAL INVENTORYING AND PROGRAMING OF RESOURCES

The Commission might undertake or suggest the possibility of a broad, long-range study of American resources, looking especially to governmental needs and resources over the next few years, seeking to establish methods of allocating scarce resources, preserving natural beauty and other resources, and scheduling federally aided grant programs so that the various governments can coordinate their programs and make the maximum use of Federal aid.

In conclusion, the Advisory Commission has produced competent and helpful material over the past 5 or 6 years, and has helped set higher standards for all governments. We strongly urge its continuation. The suggestions advanced indicate the wide range of potential study areas in only one functional aspect of government.

CLIFFORD C. HAM,

Assistant Professor of Urban Affairs, Graduate School of Public and International Affairs, University of Pittsburgh.

CLARK UNIVERSITY,

Worcester, Mass., May 3, 1965.

Senator EDMUND S. MUSKIE,
U.S. Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, Washington, D.C.

DEAR SENATOR MUSKIE: I offer the following statement for the printed record of the hearings to be held on the accomplishments and prospects of the ACIR.

As a college teacher and researcher with a major interest in the public finances of federalism, I have appreciated the performance of the ACIR in research and study. Here I give it an "A" rating. The reports turned out by the ACIR have been major additions to our knowledge of Federal-State-local relations, especially financial relations. I have been impressed with the number

and lucidity of the reports. Somehow the coupling of research skills and the authority of a governmental body has yielded better results than could private or governmental research by themselves. Many dark places remain to be explored, and a deeper analysis of problems already investigated should be made. In summary, my opinion is that past performance of the ACIR in research has been excellent, and that this work should be continued.

The ACIR has the further function of stimulating adoption of its recommendation at the Federal, State, and local levels of government. Here its accomplishment has been modest. It is in the nature of federalism that significant changes in governmental structure and techniques should be difficult to achieve, and this built-in inertia sometimes protects the Nation against mistaken recommendations. But it also deprives the federalism of the benefits of wise recommendations. In a dynamic world, the deprivations are serious. It is my firm belief that the American federalism must be made more flexible in its adjustment to new social and economic problems. Failure here—and currently there is failure—will induce adoption of centralizing techniques which will impair federalism.

My observation indicates that the major block to adequate action has been at the State level, and not at the national and local levels. The National Government should be expected to act on major Federal-State issues only in two circumstances: (1) when the States push for action, or (2) when a strong national interest obtrudes. In recent years a lag with respect to (1) has persuaded Congress to respond to (2). This I regret.

My major problem as a federalist is: What should and can be done to make State governments more promptly responsive to their responsibilities to the local governments which are their creatures, and to the Nation. Devices must be contrived: (a) to ascertain what is responsible State opinion, (b) to mold and educate that opinion to an awareness of national issues, (c) to prepare a continuing action program to be implemented by State legislatures and, when appropriate, by the Congress. Organizations presently in existence, notably the Governors' Conference and the Council of State Governments, were created with these aims in mind. They are, unfortunately, weak in structure and performance. The Governors' Conference, because it lacks power, has often been irresponsible, passing resolutions and offering recommendations which are for show.

Can a body be created which would perform the above three tasks? Might not the ACIR be asked to examine how an adequate and responsible vehicle to express State opinion could be secured?

I believe also that the ACIR itself should be made smaller in membership (probably by dropping mayors, elected county officials, and representatives from the executive branch of the Federal Government). The experience of the past 5 years with respect to attendance and contribution should be reviewed with care. Have representatives been present at meetings with fair regularity? This record should be appraised and changes made in the light of the record. Somehow the relationship of the ACIR to the President and the Congress should be strengthened. I hope that, in time, all major proposals for congressional legislation on Federal-State affairs would be cleared by the ACIR; i.e., the ACIR should be asked to express an opinion concerning them. I would like to see the Subcommittee on Intergovernmental Relations become a full-fledged standing committee in both House and Senate. Indeed, this step coupled with adequate staffing of such a committee might go far toward filling the needs which I have outlined above.

Two other federal countries, Canada and Australia, have set up arrangements which provide for explicit expression of opinions on Federal-State issues. In Australia a Premier's Conference meets regularly with attendance by the Prime Minister; in Canada similarly there is a federal-provincial conference. Both conferences are back-stopped by a staff of Federal-State officials who prepare memoranda, etc. No close analogy to the United States should be drawn. But the relevant inference is that modern federalism requires creation of new arrangements for Federal-State cooperation.

The broad directions for change which I have outlined go far beyond my competence of an economist. They stem from deep-felt convictions concerning the inherent values of federalism for the United States.

Sincerely yours,

JAMES A. MAXWELL,
Professor of Economics.

WESTERN STATE COLLEGE OF COLORADO,
Gunnison, May 28, 1965.

Hon. EDMUND S. MUSKIE,
Senate Office Building,
Washington, D.C.

(Attention: David B. Walker).

DEAR SENATOR MUSKIE: I did not realize that statements were to be included of those who might not be able to be in Washington for the hearings on May 25, 26, and 27. Out of my study of your work in the Senate Subcommittee on Intergovernmental Relations and of other work being done in the intergovernmental relations field, I have formed some opinions about the improvement of activities involving, as many areas of government do today, the cooperation of different governments and different levels of governments.

The superior level in interlevel relations can improve its performance by emphasizing persuasion and cooperation rather than by putting its emphasis upon rulemaking and rule enforcement. Officials who have enforcement powers but who resort to them only as a last resort are more likely to be successful in securing compliance and cooperation from officials in levels below them than are officials who emphasize rules and supervision of inferior unit officials.

Officials of lower levels are more inclined to cooperation if they view themselves and their counterparts in an upper level unit of Government as professionals having common training, common responsibilities, and common views of the goals to be achieved. Appointive, permanent officials would be expected to have this type of a "professional" point of view more frequently than would elective control and policymaking officials such as county commissioners, city councilmen, and (to some extent at least) school board members.

The effectiveness of intergovernmental relations can be improved by following the implications of the previous two paragraphs more than by any other one suggestion I could make. It is my personal view that the problems faced by our society will yield to an approach only when all of our governmental resources can be mobilized and brought to bear on the attempted solutions to social problems.

Sincerely,

ROBERT W. McCULLOCH,
Professor of Political Science.

UNIVERSITY OF ILLINOIS,
Urbana, Ill., May 25, 1965.

Senator EDMUND S. MUSKIE,
U.S. Senate,
Committee on Government Operations,
Washington, D.C.

DEAR SENATOR MUSKIE: The inquiry as to the usefulness of the Advisory Commission on Intergovernmental Relations came at a rather awkward time, so I have had to delay replying to it. I have taken some time to review the last report of the committee which you were kind enough to send me, and my reply is largely based on that review.

I do think that the committee is performing a useful function, especially in overseeing the details of Federal and State relations under the confusing multitude of grant programs which have been created. The committee's initiative in exploring various possible fields of State and Federal legislation seems to have been well used. It obviously has provided major research contributions as in the study of various fiscal questions for which Dr. Mushkin has been responsible. My only comment would be that the committee seems to have been quite ambitious in the variety of topics to which it has given some time and attention. I should think that some concentration of its energies in fields which are of particular importance at a given time would be advantageous. It does seem to me that Congress must essentially decide for itself what directions to take in future relations in State and local units. The committee can only provide advice from time to time on new areas which need attention and some of the problems which have been encountered in the administration of existing programs. These twin functions have been performed by the committee, and I hope that it will continue to be able to perform them in the future.

Very sincerely,

PHILLIP MONYPENNY,
Professor of Political Science.

SARATOGA, CALIF., May 29, 1965.

Senator EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Governmental Operations, Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: I have been most favorably impressed with the work of the Advisory Commission on Intergovernmental Relations. The need for a permanent Commission in this area increases with the increased ease of communication and transportation, and urbanization extending over local and State boundaries.

As a member of earlier temporary committees and commissions to study intergovernmental financial relations, I am well aware of the limitations of these temporary studies. Only a continuing organization can keep abreast of change and work toward the implementation of its recommendations as well as carry on the basic research.

The work of the Advisory Commission to date more than justifies its continued existence in my judgment. Their recommendations should reduce much of the waste and duplication of effort and promote cooperation among the different governmental units concerned to attain the ends in view. And their recognition of the necessity of working toward the adoption of these recommendations is most encouraging. I hope that the Commission will not only be continued but be provided with appropriations adequate for the ends in view. I have no specific comments to make on the scope of their studies and recommendations.

Sincerely yours,

MABEL NEWCOMER.

FELS INSTITUTE OF LOCAL AND STATE GOVERNMENT,
UNIVERSITY OF PENNSYLVANIA,
Philadelphia, Pa., May 5, 1965.

HON. EDMUND S. MUSKIE,
U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: I am honored to have been asked by you to give my views on the work of the Advisory Commission on Intergovernmental Relations.

I have found the work of the Commission to be very valuable and generally of high quality. There are, however, several important qualifications and recommendations I would like to make, particularly regarding the Commission's work on governmental organization and planning.

Although the Commission has attempted to address the difficult questions of intergovernmental relations with a high degree of objectivity, most of its work begins with the assumption that the multiplicity of governmental units and overlapping jurisdictions in the United States is bad. Its recommendations reflect this bias, particularly those which argue in favor of rationalizing the structure of State and local government by consolidating units of government, favoring general purpose units over special districts, authorizing municipalities to exercise planning, zoning, and subdivision regulation powers beyond their corporate limits, and so on.

I am not arguing here that these are not desirable policies, but only that the propositions underlying these recommendations have not been fully tested. The Commission did attempt to test its basic propositions in the information report entitled "Performance of Urban Functions; Local and Areawide." The economic and political criteria which the Commission developed in this report begin to clarify what advantages might accrue through consolidation of units of government. However, the criteria were not adequately defined, nor did the Commission consider all of the possibly relevant variables, and the facts it presented did not clearly support its conclusions.

This gets me to the heart of my comments. I believe that a massive research program aimed at testing the central questions of concern to the Commission is needed before further recommendations can be made. Such a research program would have to develop original data rather than rely upon the existing and incomplete data and surveys that most of the Commission's reports have used in the past. Research of the kind that I have in mind would require funds quite a bit in excess of the \$385,000 currently appropriated for the work of the Commission. A great deal of the extra funds would have to be spent to collect the original data needed to test explicit hypotheses about the benefits, costs, functions, and dysfunctions, and values to be derived from general governmental reorganization.

For example, it may be the case that each function of government requires a different geographical and spatial distribution in order to promote different goals, such as economy, benefits, dispatch, citizen participation, and so on; further, some of the goals may be conflicting and require different organizational arrangements. I have the suspicion, and some of my own research might document this, that, given certain criteria of evaluation, general purpose governments might be less desirable than special district governments. The answer to questions such as this depends a lot upon the kind of criteria used as well as views and values about the desirable direction of future intergovernmental relations in the United States.

It is most difficult to characterize the direction in which the country is moving in intergovernmental relations. Perhaps the single word which would serve best here is one which my former teacher, the late Prof. Morton Grodzins, first used: the concept of "sharing." I would tend to agree with the point that Professor Grodzins used to make that sharing has been characteristic of American Government throughout history. Perhaps there is a bit more sharing today than in the past, and this seems to characterize both what I believe to be the direction in which the country is going as well as what I think is desirable.

On an empirical basis, I do not think that annexation, consolidation, or area-wide government is politically feasible, at least as a general policy, although it may be desirable in some specific instances such as school district jointures like those that have taken place here in Pennsylvania, and, even here, consolidation is valuable only up to a point. The concept of "sharing" allows the possibility of a multiplicity of governmental units and thereby the existence of the so-called "laboratories of democracy." In this case, common problems are worked out politically rather than by fiat. The Commission's report, "Alternative Approaches to Governmental Reorganization in Metropolitan Areas," seems to be in accord with this view, particularly where it admits that "there is no single best approach to governmental reorganization applicable to all conditions and times." It nevertheless still recommends in this same report that general purpose governments be promoted. I would emphasize again that I am not arguing that any particular view really is correct, but only that sufficient facts have not been generated to adequately support any one particular viewpoint.

In summary, the Advisory Commission on Intergovernmental Relations is a valuable and necessary agency. I would urge, however, that the Commission play down the functions of recommendation and implementation until a massive research program is initiated to test the assumption underlying many of its current recommendations. This is not to be construed as a call for yet more and more study before we get action. Nor do I think that a massive research program need take more than 2 or 3 years to complete. The important point is that such research should proceed with explicit definitions of the criteria to be used for making decisions about governmental reorganization, and original data must be developed in applying and measuring these criteria.

I hope that the above views will be of some help in the deliberations of your committee. I have kept them general in the belief that this is what you want. I would be happy to expand upon these views if you feel that it would be of service to you.

Respectfully yours,

DENNIS J. PALUMBO, *Assistant Professor.*

THE UNIVERSITY OF MICHIGAN,
DEPARTMENT OF POLITICAL SCIENCE,
Ann Arbor, May 25, 1965.

Senator EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Washington, D.C.

MY DEAR SENATOR MUSKIE: I am pleased to respond to your request of May 10 by sending a statement which evaluates the record of the Advisory Commission on Intergovernmental Relations. As you know, I served as vice chairman of this Commission from 1959 to 1961, and since that time have continued to confer with its chairman and with the officials of the Commission. I therefore have a rather intimate knowledge of the work of the Commission during its almost 6 years of existence, and feel qualified to give you an informed opinion.

First of all let me say very strongly that it is still "essential"—using the words of the statute—"that an appropriate agency * * * give continuing attention to intergovernmental problems." In the years the Commission has oper-

ated, the problems of coordinating the different levels of government have become steadily greater and more important—and the end is not in sight. The Commission has made an excellent beginning, particularly in pointing the way toward the solution of many significant problems. But securing approval at all levels of government is a most difficult task, and in the meantime, new problems arise. Hence, there is no doubt in my mind about the continuing need for the Commission and its work.

Second, the Commission and its able staff have produced an admirable and impressive series of reports and recommendations. I have rarely seen in the Federal service so much solid research backing up policy recommendations as has been the case with this Commission. Believing as I do as a scholar, that sound public action must be based on a thorough knowledge of the facts, the truth is that the Commission has laid the foundation already for much constructive governmental action.

Third, I find it very encouraging—even inspiring—to observe the evolving pattern of cooperation which has characterized the work of the Commission. Starting with the unique talents of the Chairman of the Commission, and going on through the helpful participation of officials and organizations at all levels of government, it is indeed encouraging that at long last it is now recognized that successful governmental actions requires the sharing of functions and responsibilities at all levels. The various city, county, State, and National organizations interested in intergovernmental relations could not have been more helpful in following the lead which the Commission has provided in so many ways. In other words, there is now in the federal system an organ of deliberation and recommendation which can point out the solution to many problems, which solutions can then be picked up and used by organizations and units of government at all levels. The experience of the Commission shows that when large problems are carefully researched and worked out in close cooperation with all interested parties—and this feature is built into the structure and composition of this Commission—that much of the heat of controversy is removed, and constructive solutions emerge.

Fourth, I do not see the need of any further definition or clarification of the Commission's functions as laid down in the law. I would, however, as a suggestion, point to the need for much continuing attention by the Commission to section 2, subsections 1, 5, and 6. Within the resources of the Commission, commendable efforts along the lines laid down in these subsections have been made. But it is clear that the Commission needs to emphasize its integrative function, as well as its function of "encouraging discussion and study" of emerging intergovernmental problems. Above all, the achievement of an effective and cooperative federalism requires thoughtful, continuing, authoritative leadership backed up by an attentive and sympathetic legislative support at all levels. I believe the Commission is now pointing the way. It remains for Congress and the State legislature to implement in policy decisions the sound recommendations which the Commission has worked out.

In this last connection it follows that the Commission's future role includes a greater emphasis on implementation and public discussion and action than has been possible to date.

Having provided solid bases for action, the Commission should through its members, and the public, increase and improve its relations with the organs of government, which, under our system, are charged with the power of decision. Congress, being closer to the Commission and providing its necessary financial support, has responded in a fairly encouraging fashion. But the problem of securing State government support, both statutory and financial, need more attention and emphasis. I would feel better if a suitable way could be found to associate State governments financially in the work of the Commission. Thereby, I believe, an increased measure of interest and support in the work of the Commission would be engendered.

Finally, regarding the financial support of the Commission, my opinion is that Congress has provided, in this initial period, sufficient funds to provide an expert staff and to build the Commission on a sound organizational basis. As greater activity is required in an expanding governmental framework, it is to be expected that the Commission will require modest increases for its work. But its virtue and strength so far can be attributed more to the quality and ability of its small staff than to a large staff or a larger budget. Under its present leadership it will continue to justify the continuing confidence and support of the Congress. At a time when Congress is in such great need of expert assistance,

it could ill-afford to neglect the Advisory Commission's contribution in assisting both the legislative and executive branches in matters affecting the federal system. In fact, I would hope that in the future, the Commission whose work is now known and respected, will be made use of by the Congress more frequently than in the past.

Respectfully yours,

JAMES K. POLLOCK.

COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK,
New York, N.Y., May 17, 1965.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: Thank you for your letter of May 11, inviting me to give my views on the Advisory Commission on Intergovernmental Relations and to assess its future role.

Unfortunately, other commitments prevent me from accepting the invitation to participate personally in the hearings, and I therefore submit in this letter my response to the three points to be covered by the hearings.

As to the ACIR's performance to date, I have been impressed by the breadth of coverage and the intelligent and well-balanced appraisals that have been characteristic of the Commission's research documents and policy statements. In my opinion, the Commission has rendered a valuable service in demonstrating how a careful study of these complex problems can lessen the temptation to believe that easy solutions are at hand or that some one or two simple principles, if rigorously followed, would remove all the difficulties. In the area of positive policy, also the Commission's work seems to me to have been beneficial, even though I might not agree in detail with some of the recommendations.

As to the direction in which we are moving, in the intergovernmental area, I should suppose that more and more emphasis will come to be placed on formulation of methods of transferring money from higher levels of government to lower levels. Coordination of overlapping and horizontally competing tax systems will remain important, but I suspect that the room for further advances in this field will prove somewhat less than that for innovations with respect to grants-in-aid, shared taxes, and other revenue-transferring devices. Of particular importance will be the risk of assuring adequate finances for cities, and especially for urban areas that lie in more than one State.

If this diagnosis is correct, the Commission's future role will be more and more that of the disinterested technical body that regards Federal, State, and local finances all with the same objectivity, and that becomes technically expert in devising new patterns of transfer of funds. The Commission's studies and recommendations would take account of all the major public finance issues; for example, in considering a choice between a shared tax and a grant from general revenues, the effect on Federal fiscal policy would be analyzed.

One implication of these observations is that the Commission may well need to expand its research facilities, even from the present quite effective level, in view of the continually growing complexity of these problems.

Sincerely,

CARL S. SHOUP,
Professor of Economics.

INDIANA UNIVERSITY,
Bloomington, Ind., May 19, 1965.

Senator EDMUND S. MUSKIE,
*U.S. Senate,
Senate Office Building, Washington, D.C.*

DEAR SENATOR MUSKIE: In response to the invitation contained in your letter of April 24 to comment on the work of the Advisory Commission, there are two points I would like to suggest.

The first is concerned with finding ways of assisting local governments, particularly local rural governments to secure information.

Vast amounts of it accrue in the operations of these units. Some of it gets into print, and there are clearinghouses for its distribution. But local governments, particularly the small ones, do not have persons trained to look up this material itself, or who even know how to use the clearinghouses to get it. What is needed

is a central place, probably a central place in each State, manned by persons who can respond to telephone inquiries and who can pick out the specific information needed to answer the question of the inquiring official.

Such knowledge is already available to local units with respect to legal questions involving bond issues and respecting engineering problems, connected, for example, with water, sewerage, and electrical installations. With this aid available through private consultant firms, local governmental operations involving technical knowledge are carried on quite successfully. This proposal, however, looks to the provision of information to cover the whole range of local governmental activities.

Sometimes information services of a limited kind are provided through official channels. For example, in Indiana a post-auditing agency supplies advice with respect to the legality of proposed expenditures. But this kind of advice, while helpful, is of limited value. It is necessarily restrictive. Officials must give advice for action which falls within what is settled law, and this advice must necessarily be limited to legal problems. But such an agency cannot give imaginative, creative suggestions which might even look to changes in the legal powers of local governments.

There is a model of the kind of agency which might be useful for supplying information to local units of government. It is an agency established at Indiana University under the auspices of the National Aeronautics and Space Administration. All of the unclassified information developed by the Agency is stored at the center on microfilm and punchcards. Industries with technical problems report them to personnel at the center who then sort out any and all information which might conceivably be of value to the inquiring industry.

The problems of collecting, classifying, and coding information about what local governments are doing, how they meet legal requirements, sources of finance, costs, what the organizational arrangements are, how management matters are handled, how central storage points could be established for the collection of such information, how these storage centers are to be manned, these are the problems which it seems to me the Advisory Commission on Intergovernmental Relations might well consider.

The second point is concerned with the role of county government and its place in the contemporary governmental system.

The county was conceived, organized, and legally structured as an administrative arm of the State. Contrasted to the city, which was established to provide services over and beyond the minimum level required by State policy and which necessarily was granted a considerable amount of discretionary power, the county was established to carry out State policy, and its functions were supposed to be ministerial, little or no discretion being permitted to its officials. Consequently the structure suitable to the performance of such functions distributed them widely, diffused authority over them, and minimized the need for executive direction.

Changing conditions have compelled rural governments to shift roles. In some cases unofficial centers of executive direction tried to appear. But corresponding changes in legal structure have not occurred, though it must be said in passing that the success of counties in some States in managing to perform services which require management in a flexible structure as contrasted to rigid legal framework is little less than miraculous. My suggestion is that the Advisory Commission examine the historical and contemporary role of the county and draw attention to the need for the reassessment of its role in the local governmental system.

Yours sincerely,

JOHN E. STONER.

MASSACHUSETTS INSTITUTE OF TECHNOLOGY,
DEPARTMENT OF ECONOMICS AND SOCIAL SCIENCE,
Cambridge, Mass., April 27, 1965.

HON. EDMUND S. MUSKIE,
U.S. Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, Washington, D.C.

DEAR SENATOR MUSKIE: Thank you very much for your letter of April 15 which was waiting for me on my return from abroad. I'm afraid the dates of the scheduled joint hearings of May 25 to 27 conflict with the examination schedule here at MIT and I cannot know now whether it would be possible for me

to testify in person. However, I would like to go on record in this letter as strongly supporting the continuation of the Advisory Commission on Intergovernmental Relations. In my judgment, the Commission has served as an invaluable point of contact for the three levels of government in the American federal system and as a focus of problems that concern all echelons. I believe its reports have been uniformly of high quality and great utility. I have been impressed by its staff work, and I can testify from firsthand knowledge the value of information that has been assembled and the policy positions taken by the Commission. I know of no other agency and organization that has served to clarify and to bring sound objective analysis to some of our most important domestic problems as the Commission has done. Accordingly, I hope very much that the weight of the testimony of your joint hearing will coincide with my view and that this instrument of collaboration will be maintained in years ahead.

With every best personal wish,

ROBERT C. WOOD,
Chairman, Political Science Section.

STATEMENT OF JOSEPH F. ZIMMERMAN, PROFESSOR OF GOVERNMENT, WORCESTER POLYTECHNIC INSTITUTE

Limitations of time necessitate that this statement be limited in scope and depth.

I. PERFORMANCE OF ASSIGNED DUTIES

In general, the Advisory Commission on Intergovernmental Relations, within the brief span of 5 years, has established itself as a major force developing and/or effectuating solutions to intergovernmental problems. Its accomplishments are impressive and have contributed to the relative demise of the prophets of despair who have described federalism as archaic and demanded its abolition.

The Commission is performing well the first, second, fourth, and fifth duties assigned to it by section 2 of Public Law 86-380. The Commission, however, should sponsor additional conferences of Federal, State, and local officials as face-to-face relationships facilitate the resolution of intergovernmental problems.

As a consultant to the Massachusetts Commission on Atomic Energy I felt in 1959 there was a great need for a tripartite mechanism which would synchronize the activities of Federal, State, and local governmental agencies with responsibilities in the atomic field. The Massachusetts Commission on Atomic Energy was charged by law with the duty of coordinating the various State agencies with atomic responsibilities but the law did not provide a mechanism for facilitating intergovernmental cooperative endeavors. I contacted the various Federal, State, and local agencies in Massachusetts and suggested the formation of an "Informal Nuclear Coordinating Committee." This suggestion was adopted and the committee has proved to be an effective coordinating device. The first meeting of the committee demonstrated clearly the need for coordination of Federal field units when the captain of the port (Coast Guard) asked me who the naval captain was (the captain of the port's naval counterpart in Boston); up to this point there had been little or no coordination of the Coast Guard's and Navy's programs. As the result of the work of the committee cooperative training programs, equipment repair programs, and a nuclear incident team have been cooperatively developed. The Advisory Commission on Intergovernmental Relations could stimulate the formation of similar informal coordinating committees which would expand the zone of intergovernmental cooperation.

As the time and staff permits, the Commission should investigate more fully "the conditions and controls involved in the administration of Federal grant programs;" (duty number three). Considerable attention has been paid to criticism of the single agency requirement of various Federal grant-in-aid programs; the requirement that a single State agency must be established or designated to administer each grant-in-aid program. This requirement has blocked administrative reorganization plans in several States.²⁵ The evidence is con-

²⁵ See "State Government Organization and Federal Grants-in-Aid Program Requirements." A report to the Governor's conference, Hershey, Pa., July 1-4, 1962. (Chicago: The Council of State Governments, 1962), pp. 16-21.

clusive that the control over Federal grant-in-aid programs exercised through the single agency concept is unreasonable and has undesirable consequences. On the other hand, it appears that direct Federal controls over the purposes for which Federal funds are expended are less than adequate. An illustration from Massachusetts will make this clear.

The Massachusetts Department of Public Health in 1961 requested funds to purchase a 100-channel analyzer for its division of food and drugs. This request was denied as the division lacked personnel qualified to operate the analyzer and the analysis could be performed by private, taxpaying firms for \$5 per sample. The rejection of the request did not prevent the division from obtaining an analyzer; Federal funds (a U.S. Public Health Service grant) were utilized to purchase the analyzer at a cost of \$39,000. I have not personally checked on the use of the analyzer since the summer of 1964, but at that time it was still serving admirably as a lunch counter in the Amherst Laboratory of the division as it lacked personnel qualified to operate the analyzer.

What is suggested is that the wisdom as well as the legality of expenditures of Federal funds be questioned; the Massachusetts Department of Public Health did not violate any law in purchasing the analyzer, yet the purchase was unwise.

Duty number six requires the Commission to "recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government." During the Eisenhower administration there was considerable discussion relative to the Federal Government returning certain governmental functions to the States. A 1959 amendment to the Atomic Energy Act of 1954 provided a new section entitled "Cooperation with States."²⁶ This amendment authorized the U.S. Atomic Energy Commission to enter into an agreement with the Governor of a State whereby the Commission would discontinue certain regulatory responsibilities upon their assumption by the State. Only 9 of the 50 States have signed such an agreement during the past 6 years and a special commission in Massachusetts in December 1964 recommended that the Commonwealth of Massachusetts not sign such an agreement.²⁷ This attempt to reallocate a regulatory function obviously has not been a success. The reasons for the failure of 41 States to enter into an agreement with the U.S. Atomic Energy Commission should be carefully studied and the lessons learned should be utilized in any future attempt to reallocate governmental functions from the Federal to the State level.

Activities to accomplish the seventh duty should be expanded. In particular, studies should be instituted to discover effective methods of removing interstate trade barriers based upon State tax power. Excerpts from an article which appeared in *The New York Times* illustrate the complexities of State taxation of interstate business firms.

"Prompted by a 1960 decision of the Supreme Court giving the States added taxing power over businesses operating across State lines, a conscientious Connecticut manufacturer had his lawyer study State tax statutes to see if he was obeying the law.

"The lawyer told his client that four additional States could probably tax him under the court's ruling. The manufacturer registered in those four States.

"One of the States insisted that the manufacturer search sales records of the past 6 years so that the State could bill the company for tax, interest, and penalties.

"The manufacturer protested that this was unnecessary in that he sold to business customers in the State that would have paid the taxes due on their own returns. The State persisted.

"The manufacturer spent 2 months checking dusty invoices and corresponding with his customers. It turned out that taxes had been paid on all but two sales of \$14 each. The manufacturer paid less than \$1 in back taxes.

"After that the manufacturer filed monthly tax returns with the State for a year. Six of the twelve returns showed no sales whatsoever, and the rest reflected a tax of \$1.24.

²⁶ Public Law 86-373.

²⁷ "Report of the Special Commission Relative to the Adoption of Regulatory and Protective Measures Pertaining to Ionizing Radiation Within the Commonwealth." The Commonwealth of Massachusetts, Senate No. 495, December 1964, pp. 18-21.

"The manufacturer asked permission to file quarterly. The request was denied even though State law gave the administrator this discretion. * * *"²⁸

A related intergovernmental tax problem meriting detailed study is State taxation of the income of nonresidents who suffer tax discrimination in certain States.

The sharply increasing cost of operating State governments necessitates that increased attention be given to shared taxes and tax credits. Shared taxes lower the administrative cost of taxation and can reduce tax evasion. The proposal has been made on many occasions that the Federal Government should rebate to each State a percentage of the individual income taxes collected within that State. Since World War II the national Government of Canada has made tax rebates to the provinces. In Australia prior to 1942 the Commonwealth and each State levied an income tax, but since 1942 only the Commonwealth has levied an income tax and it has reimbursed the States. The rebate plan is superior to grants-in-aid from the standpoint of a State in that no conditions are attached to shared taxes. The States, however, may be suspicious of the plan as they are jealous of their rights and may fear the rebate plan is designed to increase Federal control over the States.

Whether tax credits have been achieving their purposes and should be expanded, merits investigation.

The Commission's major contribution to date has been the publication of its research findings; a fount of information. The Commission well recognizes that its research program will come to naught unless its recommendations can be implemented. I urge the Commission to continue to work closely with municipal leagues, associations of government officials, universities, etc.

II. THE FUTURE

In my opinion the Commission should be active in the following areas of intergovernmental relations:

1. Help bring about greater coordination of efforts of Federal, State, and local officials to control organized crime.
2. Encourage Federal agencies to provide more services-in-aid for State and local governments similar to the FBI fingerprint service and the national driver registry operated by the Department of Commerce. To cite only one area, the budgetary system is weak in a number of State and local governments. The Federal Bureau of the Budget could assist State and local governments in establishing sound budgetary systems. State governments should be encouraged to provide more services-in-aid for local governments.
3. On the local level the county wherever feasible should be encouraged to provide the smaller local units with municipal services by contract. The regional special district should be utilized wherever it can raise local standards.
4. The passage of the Economic Opportunity Act in 1964 foreshadowed a greater Federal role in education, health, and welfare programs which traditionally have been principally the province of State and local governments. Special attention should be paid to the role of private educational, health, and welfare organizations in the war on poverty as well as the role of the poor in developing the programs. Federal grants to State and local governments for programs under the act should be coordinated closely with the programs of local community councils and with private foundations such as the Ford Foundation.
5. Federal funds will continue to have a major and probably a greater impact upon the structure of local governments. Increased attention should be paid to duplication of functions and competition between local agencies financed by Federal funds and other local agencies. The difficulty many cities have experienced in determining the proper roles of the redevelopment authority and the planning department illustrate this problem.
6. Administrative and organizational reform is needed in a number of States. Federal grants-in-aid can be utilized to promote such reforms. In a strong legislature State the legislature may not wish to reorganize the executive branch because the legislature does not wish to increase the power of the Governor. *Per consequens*, Federal stimulus may be the only effective method of achieving

²⁸ Robert Metz, "States' Tax Laws Perplex Business," The New York Times, July 8, 1962, sec. F, p. 1.

reform in these States. The Federal Government has a responsibility to insure that its funds are being expended with maximum efficiency by State governments and has the right to dictate that administrative and organizational reforms be initiated to increase governmental efficiency.

7. Greater emphasis should be placed by the Commission on encouraging interstate cooperation by the formation of cooperative programs by the various States on a regional basis. The health commissions of the various New England States, for example, hold regular meetings and are attempting to develop regional solutions for the health problems of New England. One of the difficulties with this approach is the lack of a permanent staff for interstate operations.

8. Only limited progress has been made in the area of regionalism. New apparatus for attacking regional problems must be devised; interstate compacts are cumbersome and relatively inflexible devices for the solution of regional problems. What is needed is a flexible apparatus which permits collaboration transcending State lines. A constitutional amendment may be needed which will foster regional action, yet not destroy the States.

9. The operations of the Council of State Governments as a mechanism for promoting interstate cooperation needs careful evaluation. Although the council does good work, its effectiveness could be improved, especially in the area of implementing its recommendations.

10. Gov. Edmund Brown, of California, proposed on January 8, 1964, at Harvard University the creation of a "council of Governors staffed and operating much as the present Council of Economic Advisers, providing a direct conduit through which Governors could both offer and receive suggestions and criticisms on a wide range of subject matter of great importance to them before rather than after Federal executive policy has been established."²⁹ Whether such a council would improve intergovernmental relations requires careful study.

11. The amount of tax-exempt property in cities has increased greatly in recent years and has become a matter of public concern. An implied limitation on the taxing power of State and local governments has become well established: State and local governments may not tax the property or agencies of the National Government. The Federal Government owns a considerable amount of valuable property which, if taxable, would lighten the tax burden carried by private property owners.

The Commission on Intergovernmental Relations concluded several years ago that payments by the Federal Government in lieu of taxes on Federal property was necessary to preserve and strengthen the financial position of local governments; this conclusion has not been contradicted by more recent evidence. The Commission could perform a valuable service for local governments by collecting up-to-date data documenting the case for Federal payments in lieu of taxes.

12. The National Association of Counties has proposed the creation of a National Urban Council composed of Cabinet members concerned with urban affairs. This proposal is worthy of serious consideration to determine its potential.

13. Numerous interstate problems are begging for solutions: the failure of certain States to give full faith and credit to divorces granted by other States, water disputes, and the problem of teenage drinking are three examples prominent in the headlines.

14. The work of the Commission in achieving the goal of improved intergovernmental relations would be expedited by a significant increase in its fieldwork. Only by visiting the State capitals and discussing intergovernmental problems with State officials will the Commission be able to obtain certain needed information not otherwise available. If the Commission's staff is not large enough to undertake extensive field investigations, consultants located in the various States could be employed. It is possible that the consultants may be more successful than the Commission's staff in ferreting out information, as the consultants may be personal friends of State officials and obtain information that certain State officials might not pass on to outsiders.

²⁹ Congressional Record, Jan. 21, 1964, pp. 740-743.

