

wherewithal to do something about it. There is no earthly reason why a taxpayer in Iowa should pay taxes to provide the city of New York with a grant of \$27 million to buy new subway cars. There is no spillover of benefits to the whole country. This is a situation in which the benefits are confined in the New York region. I think you can find many programs outside the areas of health, education, and welfare, where the obvious national interest in the program is very, very limited.

But of course, a mayor or a Governor who is faced with a real financial crisis, or financial difficulties all the time, is going to take whatever he can get. And if he can get aid to pay the salaries of building inspectors, he will take that, too.

Representative GRIFFITHS. Two of the Congressmen on the food stamp bill told me—one from Pennsylvania—that they ran a survey in his district in Pennsylvania, and that 44 percent of the people who were getting the food stamps were not entitled to under the rules. And a second one told me that if the States didn't have to pay anything, come election time for the county supervisor, at least a majority would all be getting the food stamps in that area, because it was a very substantial reduction.

So that I would assume that the whole Nation has some interest in poverty. It shows some of the political problems that exist in all these areas.

Mr. NETZER. Of course, it can work the other way too, Mrs. Griffiths.

In connection with medicaid, as you know, medicaid to a considerable extent in New York State is replacing State and local expenditures.

Representative GRIFFITHS. Yes; you have made money on medicaid.

Mr. NETZER. Yes; we have made money on it.

Representative GRIFFITHS. We are going to take part of it away from you.

Mr. NETZER. One of the things that has happened is that the fact that it was covered by a Federal program has permitted tightening of standards of eligibility which existed before. Politically it was impossible to really enforce the standards for municipal hospital services in New York City before this. Now it is not impossible. The answer is, the Federal Government will not put up any money until we do this.

Representative GRIFFITHS. This is a good idea.

We thank all of you. You were very fine. Thank you very much.

And the subcommittee will adjourn until Wednesday, August 2, when we will hear Mr. Heller, Mr. Pechman, Mr. Stein, and Mr. Ulmer.

(Whereupon, at 12:27 p.m., the subcommittee adjourned, to reconvene at 10 a.m., Wednesday, August 2, 1967.)