

Now, when we begin to pay back, when you start paying back, you change the whole system, and you have \$35 or \$44 or something to people who have paid in three quarters on social security, and what you are really doing, you are not helping his district, you are picking up in the rural area people who would otherwise be on welfare.

Now, the thing that I think is the most difficult is that for many of those people in those areas, that \$44 could represent the highest money income they have ever had in their lives. They are living in an area where they pay a most modest sum of taxes; they may own their own home; they may be paying, perhaps, \$10 a year in property taxes.

But if that money went into my district, which is also paying the top level of social security taxes, they are paying on a four-room home \$300 a year in taxes.

The thing that I do not understand about the plan is how are you going to measure the value of the money that goes into a State, what it will do?

For instance, some of you have pointed out something about parks and recreation. In a city you may need parks and recreation, but in Upper Michigan this is a business expense. Tourism is the second biggest industry in Michigan second only to automobiles.

Why should anybody in the rest of the country pay taxes to help set up parks in Michigan unless they are going to pay it with a knowledge in the beginning that they are helping Michigan get business? They may be creating jobs; they may be doing something like that, but this is not that kind of help.

I would like to know also—you have suggested you are going to audit the plan.

How are they going to spend the money? How are you going to audit it? You are going to make a determination on what the money is going to be spent for.

Suppose you decide on education. Are you just going to audit the fact that the city or the State really did spend that Federal money on education? You cannot do that. You are going to have to audit what the State spent, in my judgment, and what the city spent.

You will have to audit the whole thing. And then you will have to look to see what they did with the rest of the tax money, so, in reality, it seems to me, you are going to make the Federal Government a sort of policeman over this whole thing and over all the other expenditures within it.

Mr. Pechman pointed out that people of good will will solve this problem.

Mr. Pechman, that is pie in the sky. People of good will are not going to solve this problem. This bill would have to come before the Ways and Means Committee, in my opinion.

And you might have at least 15 people, who are going to be looking only at the deficit, and 50 Governors are going to be coming in to find out how much money they can get for nothing; how can they solve their problems by getting the money.

You are going to have a greedy group of people seeking the money with every conceivable device to try to get it.

You suggested also that States with deficits would raise their taxes.

Where did you get that idea? Michigan took 18 years to raise taxes. I sat in the legislature when they removed the splints from polio victims that had been on for 2 years because they would not raise the taxes.