

These are some of the things that I think you really have to answer. How are you going to get around these problems?

Now, for instance, if you are going to send money into Michigan, the problems are in Detroit. But maybe you could make a real case for some of the suburban areas where they have a tremendous requirement for schools, a tremendous requirement for revenue for roads, a tremendous requirement for other public utilities, but they have a real tax income.

Whatever your theory, if you send it to Owosso, they have more millionaires per thousand of population than any area in America.

How are you going to get around those questions?

Who is going to make this plan, and just remember that people who were struggling for a plan on the social security bill last year, put medicaid into the social security bill, and what did New York do?

Why, they are taking care of people with \$6,600 worth of income under medicaid.

How can you solve that?

How can you show up all the weaknesses?

You further suggested that if you began—if you pass out the money on a provisional basis that you could then correct it.

Mr. Pechman, you will never correct it. Once that money goes in there on a provisional basis the only way you will ever correct it is by increasing the amount of money. You will accept those errors and add more money.

I would like to hear your answers.

Mr. HELLER. Mrs. Griffiths—before Mr. Pechman replies—while you were speaking, he leaned over and said, "I am beginning to suspect that Mrs. Griffiths doesn't favor our plan."

With that I am going to defer to him.

Mr. PECHMAN. You took away my punchline.

I do not want to defend Michigan to you, Mrs. Griffiths, but let me point out to you that Michigan, without an income tax, was making the same average effort with the bad taxes that you had before you adopted an income tax, as the average in the United States.

The addition of the income taxes simply improved the effort of Michigan over the average, and I am delighted that you finally did it.

So while I do not want to defend the 18-year delay, you were making an average tax effort.

Also, in the table I submitted, I showed that many other States were making additional efforts. Admittedly, there are differences among the States. But the fact of the matter is that they have raised taxes much more than proportionately to their income and, on the whole, I think they have been doing a good job. There are exceptions, but the exceptions ought not to be regarded as the rule. (See table, p. 120.)

With respect to your auditing point, I think that is really unimportant. I could ask the same question with respect to auditing the present grants. How are the present grants audited? I can ask how these grants can be audited without auditing all the expenditures made by each State.

With respect to the use of the fund, I have here—

Representative GRIFFITHS. Wait a minute. I am not going to let you get away with that.

Mr. PECHMAN. OK.