

ending September 30, 1996, and for other purposes:

Ms. NORTON. Mr. Chairman, I rise in strong support of the Kennedy amendment to H.R. 1976, the Agriculture appropriation. I cannot imagine what national interest the Congress is forwarding by subsidizing the export and promotion of American alcohol overseas. We should adopt the Kennedy amendment, and end this insanity. Surely the companies who benefit from this subsidy can get by just fine without it. Can you imagine the outcry if we were using taxpayer money inside the United States to help the liquor companies introduce drinking to young people?

Do we not have enough problems at home brought about by alcohol abuse? In the District of Columbia alone, alcohol abuse costs the city \$1.8 billion annually. The Center for Science in the Public Interest has said that no serious discussion on the economic recovery of the Nation's Capital is possible without factoring in the economic burden of alcohol consumption. It is not moralizing to point out that the \$35 million the city collects each year in alcohol taxes barely touches the massively calamitous consequences of alcohol consumption. The human toll cannot even begin to be calculated.

This is indeed a moral issue. What is immoral is that corporate giants like Jim Beam, Miller, Coor's, and Stroh's have the U.S. Government's blessing and an expense account to enter into foreign markets. Are we subsidizing comparable efforts to provide education about alcohol abuse, alcohol's role in infant mortality, and efforts to combat drunk driving?

The liquor companies need to pay their fair share, not get a subsidy to develop new markets. I urge my colleagues to adopt the Kennedy amendment.

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1996

SPEECH OF

**HON. BARNEY FRANK**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 27, 1995*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2099) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1996, and for other purposes:

Mr. FRANK of Massachusetts. Mr. Chairman, these two documents are very relevant to our discussions on the HUD budget.

The article by Keith Regan from the New Bedford Standard Times documents the need for housing, and demonstrate how ill-advised the cuts in this budget are for HUD.

The statements from Judge Adams and former Secretary Pierce remind us that HUD is not inherently flawed, but rather harmed from the corrupt, incompetent administration it received during the Reagan years, and is in fact improving greatly under Secretary Cisneros.

OFFICE OF INDEPENDENT COUNSEL, JANUARY 11, 1995

Independent Counsel Arlin M. Adams announced today that former HUD Secretary Samuel R. Pierce, Jr., has admitted that his "own conduct contributed to an environment" at the Department of Housing and Urban Development in the 1980s in which his subordinates could engage in "improper and even criminal conduct." In a statement provided to Independent Counsel Adams, which is attached to this release, Secretary Pierce "fully accept[s] responsibility for [his] role" in the mismanagement and abuse at HUD in the 1980s, and acknowledges that his meetings with former Secretary of the Interior James G. Watt and other personal friends who were seeking HUD funds were inconsistent with "the HUD Standards of Conduct prohibiting actual or apparent undue or improper favoritism." Secretary Pierce also accepts responsibility "for the necessity for the Independent Counsel's investigation," and states that he "deeply regret[s] the loss of public confidence in HUD that these events may have entailed."

Adams also announced today the completion of the major investigative phase of his probe of HUD in the 1980s, which to date has resulted in sixteen criminal convictions of former high-ranking officials and others, and has obtained more than \$2 million in criminal fines. Adams stated that "Secretary Pierce's admissions comport with the proof that the government would have introduced at trial, and inform the public of these events without the uncertainty and great expenditure of time and money inherent in such a trial." "In light of these admissions," Adams further stated, "and in consideration of other factors—including Secretary Pierce's age and multiple health problems, the conflicting evidence regarding the intent with which he acted, and the absence of any evidence that he or his family profited from his actions at HUD—this Office has declined to seek a criminal indictment of Secretary Pierce." "These factors," Adams noted, "distinguish this case from those previously prosecuted by this Office."

Adams stated that while further details of Secretary Pierce's actions at HUD would be addressed in the Office of Independent Counsel's final report, "Secretary Pierce's statement acknowledges what was demonstrated by both the Lantos Committee's hearings and this Office's prosecutions: that by his abdication of responsibility, and by his own conduct, Secretary Pierce made it possible for his subordinates to commit crimes and to profit from their betrayal of the public trust."

The Independent Counsel's investigation and prosecutions have revealed, and Secretary Pierce's statement acknowledges, that HUD was an agency corrupted by the activities of many of its own officials. These high-ranking political appointees took control of HUD's increasingly scarce federal housing funds and then awarded those funds to benefit their friends, their families, and themselves, without regard to the actual housing needs of this nation or its low-income families. "The HUD scandal," Adams stated, "is the story of high-ranking political appointees who put their own interests ahead of the underprivileged persons whose interests they were charged to protect. The consequences of that scandal continue to be felt today, both in increased cynicism about our government in general and HUD in particular, and in the everyday lives of the poor."

Secretary Pierce permitted the conditions to exist that allowed the corruption of HUD. He did so in two ways. First, he failed adequately to supervise the appointees who

served under him. As Secretary Pierce admits, during the 1980s, a group of high-ranking political appointees at HUD whom he "trusted with authority clearly were not deserving of either the powers of office or [his] trust." In particular, he "failed to monitor and control the Moderate Rehabilitation Program, commonly referred to as the 'mod rehab' program, when it was being operated, at least in part, to benefit certain consultants, developers, and ex-HUD officials." As a result, many HUD political appointees, "including Deborah Dean and certain other members of [Pierce's] staff, used the program to see that their friends or political allies received mod rehab projects." Secretary Pierce admits that he has "no doubt that the manner in which the mod rehab program was administered was flawed, and was not consistent with how the program was portrayed to Congress and the public."

Second, Secretary Pierce acknowledges that his "own conduct failed to set the proper standard." On a number of occasions, he "met or spoke privately with personal friends who were paid to obtain funding for mod rehab projects," including former Secretary of the Interior James G. Watt, former Ambassador Gerald Carmen, and others. These meetings and conversations, and Secretary Pierce's follow-up discussions with his staff members, "created the appearance that [he] endorsed [his] friends' efforts and sent signals to [his] staff that such persons should receive assistance." Secretary Pierce acknowledges that these contacts with his friends were not only inconsistent with "the HUD Standards of Conduct prohibiting actual or apparent undue or improper favoritism," but also with Pierce's own instructions to his staff. Secretary Pierce also acknowledges that his answers during the congressional hearings before the Lantos Committee "did not always accurately reflect the events occurring at HUD several years earlier."

Adams stated that while this concludes the major investigative phase of the probe, "Secretary Pierce's statement, coupled with other evidence recently made available to this Office, raises the issue whether certain individuals may have committed perjury or obstructed justice during the course of this investigation." Noting that the Office already has secured numerous perjury and obstruction convictions, Adams stated that "[t]he length of this investigation is attributable to the efforts of those who attempted to obstruct it. But, as previously pledged, such obstruction, when uncovered, shall be dealt with appropriately."

To date, the Office of Independent Counsel's investigation has resulted in sixteen convictions following trials or guilty pleas, and has secured more than \$2 million in criminal fines.

STATEMENT BY THE HONORABLE SAMUEL R. PIERCE, JR., DECEMBER 15, 1994

From January 1981 through January 1989, I served as the Secretary of the Department of Housing and Urban Development. I was responsible for the overall administration of the Department, which employed thousands of people in numerous divisions. During the time I served as Secretary, a number of HUD staff members engaged in improper and even criminal conduct. I realize that my own conduct contributed to an environment in which these events could occur.

Many people I trusted with authority clearly were not deserving of either the powers of office or my trust. My management style, developed after years of working in a law firm and other legal environments, was to delegate details. This style exacerbated the problems at HUD because I did not exert sufficient control over the individuals who

reported to me. In particular, I failed to monitor and control the Moderate Rehabilitation Program, commonly referred to as the "mod rehab" program, when it was being operated, at least in part, to benefit certain consultants, developers, and ex-HUD officials. As a result, a number of political appointees, including Deborah Dean and certain other members of my staff, used the program to see that their friends or political allies received mod rehab projects.

In addition, my own conduct failed to set the proper standard. On a number of occasions, I met or spoke privately with personal friends who were paid to obtain funding for mod rehab projects, including, among others, James Watt, Gerald Carmen, and Robert Rhone. These meetings and conversations, and my following discussions with staff members, created the appearance that I endorsed my friends' efforts and sent signals to my staff that such persons should receive assistance. While I never financially benefited in any way from these projects, these meetings and contacts were inconsistent with the HUD Standards of Conduct prohibiting actual or apparent undue or improper favoritism, and my related instructions to my staff.

I was the person entrusted with the duties of Secretary and I was the person responsible for the Department. If I am to take credit for its successes, I must also take the blame for its problems. I have no doubt that the manner in which the mod rehab program was administered was flawed, and was not consistent with how the program was portrayed to Congress and the public. Despite certain warning signs, and my own meetings and conduct, as described above, I failed to ensure that the mod rehab program operated properly.

I have come to some of these conclusions as a result of facts revealed by the investigation and the prosecutions conducted by the Office of Independent Counsel. Prior to that investigation, I had testified before Congress. I was ill-prepared for the congressional hearing and appeared without counsel. Reviewing my exchanges with Members of the Lantos Subcommittee, I see that I answered certain questions with broad responses that did not always accurately reflect the events occurring at HUD several years earlier. Similarly, one of my answers to inquiries made by the Public Integrity Section of the Department of Justice was not completely responsive.

These last five years have been difficult ones for me, but my parents taught me that I must not shrink from my duties. I was the guardian of the HUD gates, and I rested on my post when vigilance was most needed. In light of my conduct and that of others at HUD, I fully understand and accept responsibility for the necessity for the Independent Counsel's investigation. However, in my forth years of public service I never received a single improper benefit for my actions—no money, no tickets, no trips, nothing. Nonetheless, I fully accept responsibility for my role in what occurred at HUD, and deeply regret the loss of public confidence in HUD that these events may have entailed.

[From the Standard Times, July 25, 1995]

HOUSING CRUNCH HITS POOR MOST—WAITING LISTS FOR AFFORDABLE UNITS IN AREA KEEP GROWING

(By Keith Regan)

NEW BEDFORD.—A drop in the number of affordable apartments is sending record numbers of low-income families to area housing authorities for help. But housing officials say budget cuts are forcing them to turn people away or add them to already lengthy waiting lists.

As many as 1,000 individuals and families are waiting for spaces in the city's 3,900 units

of public or subsidized housing, according to Joseph Finnerty, executive director of the New Bedford Housing Authority.

Mr. Finnerty said the fact that few new units of affordable housing have been built by private developers in recent years has contributed to the influx of applicants.

"The apartment buildings you see built on the edge of town aren't aimed at low-income residents," he said. Meanwhile, as those buildings went up, many older apartment buildings that once housed affordable housing were being demolished in New Bedford and other large cities.

"There's a decrease in the number of affordable apartments at the same time economic conditions mean more people need them," said Mr. Finnerty.

The problem is not limited to the city, however.

In Wareham, the wait for one of the town's 32 units of public housing ranges from six to 12 months, according to Housing Authority Executive Director Pamela Sequeira.

"We don't have the funds to offer any new housing programs," Ms. Sequeira said. "And these families can't find affordable apartments on their own."

A report issued Monday by the Center on Budget and Policy Priorities finds the national shortage of public housing reached record levels in 1993, with low-income families out-numbering affordable housing units by a two-to-one margin.

Based on census data, the report found 11.2 million low-income renters and just 6.5 million units of low-income housing. Affordable housing is defined as taking up less than 30 percent of a resident's income, low-income is defined as any family or individual earning \$12,000 a year or less.

The report cites a decrease in the number of low-rent homes due to the gentrification of some urban areas and the abandonment of run-down housing in others.

Mr. Finnerty said he has witnessed the decline of affordable housing units over the last decade since Congress eliminated a tax break in 1965 that encouraged private developers to build low-income housing.

"They took away the incentive for developers to include low-income housing in their buildings," he said.

Fairhaven resident Joaquin "Jack" Custodio said public housing programs have long fallen short of their goal of providing families a way out of poverty.

"It's the strong versus the weak," Mr. Custodio said. Residents of housing projects "aren't given any power" to improve their lives, he added.

Housing, unlike other public assistance is not an entitlement program, meaning families who do not receive public housing or federal subsidies must fend for themselves, Mr. Finnerty said.

Still, he said, the need for public housing is tied to other programs, such as Aid to Families with Dependent Children, with cuts in those forms of assistance making it even more difficult for families to afford housing.

Ms. Sequeira cited the report's finding that most families who do not receive public housing assistance spend more than half of their income on housing. Many, especially elderly families on fixed incomes, can "end up in a deficit in their first month," she said.

"Something else has to give," said Mr. Finnerty. "An elderly person might spend less on medicine or a family might not eat as well as they should to make up the difference."

Mr. Finnerty also said the study's timing is crucial. Congress is currently considering a \$7 billion reduction in the Department of Housing and Urban Development's budget for next year.

The New Bedford Housing Authority is already facing a 14 percent cut in this year's

budget and a 28 percent cut for the next fiscal year, which begins in October.

"It's only going to get worse," Mr. Finnerty said.

## MEDICARE CUTS

**HON. BOBBY L. RUSH**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. RUSH. Mr. Speaker, I rise today as the voice of hundreds of senior citizens in the First Congressional District of Illinois and none of them wants cuts of any kind in their Medicare Program.

These older Americans were angry. They were scared. And they are not going to stand for these draconian cuts.

They know that the Republicans have committed themselves to squeezing \$270 billion out of the Medicare budget over the next 7 years.

The budget resolution sets out a gradual path of Medicare reductions, and most of the impact will not be felt until after November 1996, safely clearing the way for many Republicans up for reelection.

So make no mistake about it. This is not about policy making.

This is about politics—plain and simple.

The seniors want a clear mandate delivered to the Republican Party. They want them to know that seniors are not old or forgetful. Seniors are not "very pack-oriented and very susceptible to being led," as a leaked GOP strategy memo indicates. On the contrary, they will remember, a year from this November, who it was that slashed their Medicare Program and left them out in the cold to fend for themselves.

## CELEBRATING MEDICARE'S 30TH BIRTHDAY

**HON. BILL RICHARDSON**

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. RICHARDSON. Mr. Speaker, this week marks the 30th anniversary of Medicare, one of the Nation's most successful undertakings. Because of Medicare, America's seniors no longer choose between medicine and food or rent, and consequently their health has improved dramatically. Ironically, one of the reasons we are currently considering Medicare reform is due in large measure to its profound success. Americans are living longer, and many more reach an age where greater health problems emerge. This is a fortunate turn of events, and we must not use it to ransack a system that has served the Nation well.

Medicare is a remarkable testament to the good that can come from deliberative, open, bipartisan efforts to solve an oncoming health crisis. The Medicare concept was debated in Washington for 13 years before finally being signed into law in 1965. Many skeptics predicted that it would bankrupt the United States, that the contributions seniors made prior to retirement would evaporate, and that our health care system would become substandard. In fact, none of these events occurred. Medicare has been overwhelmingly successful.