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DRUGS AND THE CITIES: THE FEDERAL RESPONSE

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HEARING BEFORE THE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL HOUSE OF REPRESENTATIVES

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(102d Congress)

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DRUGS AND THE CITIES: THE FEDERAL RESPONSE

TUESDAY, JUNE 30, 1992

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,
Washington, DC.

The committee met, pursuant to call, at 11:30 a.m., in room 2226, Rayburn House Office Building, Hon. Charles B. Rangel (chairman of the committee) presiding.

Members present: Charles B. Rangel, chairman; Lawrence Coughlin, Christopher Shays, James A. Traficant, Jr., James M. Inhofe, Michael G. Oxley, Kweisi Mfume, Edolphus "Ed" Towns, Benjamin A. Gilman, Robert K. Dornan, Nita M. Lowey, Jim Ramstad, and Donald M. Payne.

Staff present: Edward H. Jurith, staff director; Peter J. Coniglio, minority staff director; James Alexander, press secretary; George R. Gilbert and Michael J. Kelley, staff counsel; Rebecca L. Hedlund, professional staff; Melanie T. Young, minority professional staff; Mary Frances Valentino, minority staff assistant; Christina Stavros, administrative assistant; and Marianne Koepf, staff assistant.

OPENING STATEMENT OF HON. CHARLES B. RANGEL, CHAIRMAN

Mr. RANGEL. We have a full committee, and I must say, in looking over the witness list, it must be because we have the mayor from Tampa here. [Laughter.]

But before we start, and recognizing that the ranking Democrat on the Ways and Means Committee has another appointment, and recognizing further that the enterprise zone bill is going to be before the committee and we're depending on your leadership and support, suppose the chairman of this committee yields to the ranking chairman of Ways and Means.

Mr. GIBBONS. Well, Mr. Rangel, I certainly appreciate that. I came this morning to introduce Mayor Sandra Freedman of the city of Tampa. Mayor Freedman is sitting right here by me, and I don't know exactly what that color is—color blindness runs in my family, but I think you will all recognize her.

Mr. Chairman and committee members, Mayor Freedman has done an outstanding job. She was elected to the city council a number of years ago, became the chairman of the city council, and then was elected mayor and, with the resources she could corral locally, she put together a very effective antidrug program.

She will describe it to you. I know it works. I know that she is chiefly responsible for it, that it was her leadership and imagination, and her ability to organize and get things done that made the Tampa antidrug program so successful.

So, I want to introduce her to you, and recommend her very highly, and I know that you will find her testimony worthwhile.

Mr. RANGEL. Thank you, Chairman Gibbons, and we will hear from the distinguished mayor from Tampa as well as the other mayors. We are concerned as to the relationship between the drug problem and those who have the responsibility of managing our urban communities.

And we are really very pleased that the Secretary of Housing and Urban Development is here today. In the past, we've had very little housing, and even less urban development—but we've had a lot of excitement, and a lot of ideas, and a lot of concern, and a lot of prodding, and somehow, because of what has happened in Los Angeles, once again our Nation's leaders downtown as well as on the Hill recognize that we need to treat the people in the cities as though they are a part of the United States of America.

Until we are willing to invest in our urban communities with the commitment we do have for plant and equipment, until we provide incentives for people to come into these communities and help to rebuild them, then America would not have been responsive.

The Office of Management and Budget, in a very unemotional way, has notified the Ways and Means Committee, and this committee, that every year we lose \$300 billion as a result of our alcohol and drug problems and the added costs for health care, and the justice system, and jailing these people, and through lost revenue as well as lost productivity.

I really think that under Jack Kemp's leadership everyone has now focused on this issue. The question is, what are we going to do? What can we do? And the hour is late.

And, so, I cannot think of a more fitting witness to have at this time and place on our legislative calendar; I'd like to yield to my friend and colleague and ranking member on this committee who will be leaving us in the next session, but has certainly made an outstanding contribution, and his record will follow him with great pride no matter what he decides to do when he leaves the U.S. Congress, and I'm speaking, of course, of the ranking Republican, Larry Coughlin.

OPENING STATEMENT OF HON. LAWRENCE COUGHLIN

Mr. COUGHLIN. Thank you very much, Mr. Chairman. I appreciate those words, and join you in welcoming Secretary Kemp and the distinguished panel of mayors, as we review the national drug control strategy on the local level.

I would like to note that we have among the mayors, Mayor Althaus, of York, PA, who is the president of the U.S. Conference of Mayors. I want to particularly welcome my home State mayor here. We are glad to have all of you here.

Certainly, the administration has made a major commitment to the antidrug effort in terms of funding. It's been increased by some 93 percent, from \$4.6 billion in 1988 to approximately \$13 billion in

1993. In terms of drug use, casual use is at its lowest level since the Government began collecting figures on drug usage in the 1970's, a decline of about 13 percent, which continues an overall trend of decreased casual use by about 45 percent since 1985, but we still have a problem in the hardcore drug use.

The administration has requested \$1.2 billion in fiscal year 1993, to address the problems of hardcore use through targeted programs in prevention and treatment. In particular, the Justice Department's Weed and Seed Program provides a comprehensive multi-agency approach to combating violent crime and drug use.

Mr. Secretary, we know that you've been a great advocate of community action against drug dealers in public housing. Just a few weeks ago, the select committee held a hearing on community-based antidrug groups, and we were deeply impressed by what a few neighbors were able to accomplish with a little bit of planning and a lot of determination.

The committee was told of how community efforts to start patrol groups, to clear trash out of the streets, to coordinate and share information with local police, to enact local laws to prevent loitering, to close down bars or clubs which serve as havens to drug dealers, and to evict those tenants who illegally use their homes to deal in drugs, can transform a neighborhood.

I welcome your thoughts, Mr. Secretary, on what the Federal Government can do to help these local groups take back their communities from the criminals and the drug dealers. We look forward to hearing your testimony.

Mr. KEMP. Thank you.

Mr. RANGEL. I would ask the members whether they would consent to have their written statements entered into the record, so that all of us would have an opportunity to inquire of the Secretary. He has limited time, and I have no idea what he's going to say. I hope it is not the press release—

Mr. KEMP. Not does my staff. [Laughter.]

Mr. RANGEL. There was a press release that arrived yesterday, but I'm certain that the testimony today would be a little different. In any event, I hope you feel free, Mr. Secretary, to bring us up to date as to where you think we are, with your recommendations to the administration and the Congress as relating to enterprise zones. Thank you for coming, we appreciate it.

STATEMENT OF JACK KEMP, SECRETARY OF HOUSING AND URBAN DEVELOPMENT

Mr. KEMP. Well, I'm pleased to be here, Mr. Chairman, and let me compliment you and the committee for the ongoing efforts that you have made to highlight the cost to this country of failing to address the drug problem, the problems of poverty and despair in the inner cities of America. Let me add my word of welcome from you and Mr. Coughlin, to Mayor Althaus, the new president of the U.S. Conference of Mayors; along with Mayor Rice of Seattle and Mayor Freedman of Tampa.

I know all these mayors personally. I have been in their cities. I'm looking forward to going to York. I know Maryann Mahaffey, the president of the Detroit City Council. Maryann is a Democrat

and I'm a Republican, but she thinks right about what it's going to take in Detroit to give people hope, to give people opportunity, to give people a sense that there's an alternative to the streets, an alternative to wasting one's mind and one's life in alcohol and drugs.

So, I don't come before you, Mr. Chairman, as an expert. You are an expert. I'm just the new kid on the block, so to speak.

I learned about drugs from Virginia Wilkes, of Richard Allen Public Housing in North Philly. The very first trip I took as HUD Secretary in the Bush administration, after visiting the King Center in Atlanta was to North Philly to visit with the folks at Richard Allen Public Housing.

The tenant management leader at Richard Allen is a young, black woman by the name of Virginia Wilkes. She has two, I think, children, maybe one, and she showed me around Richard Allen and taught me more about drugs and the problems of public housing communities, and the problems of inner cities in America, than any book, any movie, any testimony.

After visiting the Head Start Program, Mr. Rangel, at Richard Allen Public Housing in Philadelphia—and, Larry, I know that you know of this community—the Head Start Program had the most precious asset that America has, in that room—those precious little babies, those precious souls, those incredible young boys and girls to whom this country is going to look to the future for political, military, business, educational, academic, and artistic talent.

We walked out of the Head Start Program, in which I had the honor of meeting, thanks to Virginia Wilkes, about 25 of the children in the Head Start Program. I've got great testimony, Mr. Chairman. Tonight, if you want to put yourself to sleep and you're having trouble, just read Kemp's testimony and it will knock you right out. But I'm not going to use my testimony. I know this drives everybody at OMB up the wall, but I'm here because I think the hour is late, Mr. Chairman. I think there's a crisis—

Mr. RANGEL. We'll waive your testimony, and—

Mr. KEMP. Throw it in the—

Mr. RANGEL [continuing]. It will be entered into the record.

Mr. KEMP. That's where it belongs. Maybe someday someone in absentia will read it, but right now I just want to speak from the heart because I think what you said, Mr. Rangel, that drugs and alcohol are costing this country up to \$300 billion or more—or more—I don't know what the cost is of incarcerating a young man or woman—the estimates run from \$40,000 just for food and security, to \$80,000 when you combine the loss to the economy, the loss to the neighborhood, the loss to the Nation, but whether it's \$40,000, \$80,000, or \$100,000, it really is a graphic illustration, as you point out consistently, Mr. Rangel—Charlie, from now on—the cost to our society exceeds even the \$300 billion that you talked about and have so eloquently expressed.

Now, getting back to Virginia Wilkes. When we walked out, it was a cold February day in 1989. I'd been Secretary of Housing for about a week and a half. It was a very cold Friday afternoon, and we walked out of the Head Start Program, which I support, you support, there isn't a member on this body, from Ben Gilman on the left to Kweisi Mfume and Ed Towns—are you on the left or the right, Ed?—that doesn't believe that Head Start and early child-

hood intervention and prevention are absolutely essential ingredients to any effort to bring hope to our communities and cities, whether they are in urban or rural America. So, let's just put that aside for a moment.

I walked out of the Head Start Program, Jim, and here were three guys standing over next to a barrel, doing what I thought was warming their hands on a cold Friday day, and I said, "Oh, isn't that nice, Virginia, those guys over there warming their hands on a cold Friday day." She said, "Mr. Kemp, you fool, they are not warming their hands, they are smoking crack. Those are the thugs that my babies have to walk by to come to school here at the Head Start Program, or that my teenage friends and neighbors have to walk by when they come home from school."

Now, when she said "fool," I knew what she was saying. That was not an attack on Jack Kemp. It wasn't an attack on my color. She happened to be black and, as you can tell, I'm Anglo. She was suggesting that the ignorance in this country about drugs, among mainstream Americans, is so pervasive and so profoundly disturbing to this young, black mother who has got family living in a public housing community, wants for her children, what my mamma and my dad wanted for me growing up in Los Angeles in the 1940's and 1950's and so forth. I mean, it is not the American Dream any longer, it is the universal dream, to be able to raise a child, to see him or her develop their talent, to rise to the top of the ladder that we call the American Dream, but that Yeltsin calls the Russian Dream, and Walesa calls the Polish Dream, and Landsbergis calls the Lithuanian Dream, and Mandela calls the African Dream, and the students in Tiananmen Square call the Chinese Dream.

And Virginia Wilkes told me one thing when I left her public housing community. She said, "Mr. Kemp, you help us, the residents, get the druggies out of our public housing community, and we can save the children."

I came back to Washington, Mr. Rangel—Charlie—and wrote a letter to every public housing director in the United States of America. And I said tell me within 30 days—my staff objected to that because that's a violation of—my lawyers—I'm not going to say "my" lawyers, they are good guys—but there are lawyers in this town who said we were violating the Paperwork Reduction Act by asking public housing authorities what they are doing to get the drug user, dealer, doer, out of public housing.

We went ahead and did it anyway because I challenged the bureaucracy to tell me whether they wanted to debate Jack Kemp on national television as to what's more important, reducing paperwork for public housing or getting druggies out of public housing. Suffice it to say, and we began, I think, Charlie, to get support in an effort to reduce the paperwork and the cumbersome process by which you can remove someone from a public housing unit, who is using a boarded-up or a nonboarded-up unit to use drugs and deal drugs.

Mr. RANGEL. I think you ought to make it clear when you say "druggies" that you have not concentrated your efforts or your campaign in getting rid of addicts, but what you have done, and in many cases very successfully, is to move those drug traffickers out

of public housing, especially those who have taken over legitimate apartments.

Mr. KEMP. I'm going to get to that. I'm going to get to that. Now, another experience I had, very quickly, because I know we are simply shifting the ground from which the use or the dealing was done. I admit that.

But I'll tell you what, I haven't talked to Virginia recently, but I know that Richard Allen is, at the margin, better off with the drug dealers gone than when they are there. The same is true in Liberty City, Miami, or any other community. I don't think there would be any disagreement over that.

Now, yesterday, Mayor Kelly, Sharon Pratt Kelly, and I went over to Parkside Homes which, as you know, is in northeast DC, didn't get any publicity. I begged the press, I begged the press in Washington, DC—now, they don't do this, as you know, Charlie—they will show someone shooting, they will show someone's house on fire, they will show somebody doing in somebody; they will not show anything that's working anywhere in America that will give a message of hope to anybody. They just won't show it on television.

I guess it is too hopeful that there are signs of progress in our urban communities. Tampa has a program called REAP [Resident Enterprise Assistance Program] introduced by the mayor and young Otlly Evans, the public housing director in Tampa, and I am a strong, strong supporter of that program, and that's a wonderful program. Mayor Rice of Seattle, a progressive Democratic mayor doing things in Seattle with the help of a lot of people in the public and private sector; the mayor of York, Althaus, and Maryann, as I alluded to—there are many things that are happening.

But one thing that I was impressed with yesterday, Charlie, was that at Parkside Homes and Paradise and Mayfair Mansions in northeast Washington, DC, you wouldn't see a sign of graffiti, you would not see a drug user, dealer, doer, you wouldn't see anything but black and white, and Latino, mostly minority men and women getting a chance to live in decent housing, to own ultimately their own home, get a job in a minority contracting firm that's rehabilitating the public housing or HUD-assisted housing, 221(d)(3) housing. It was the most incredible manifestation, and it was nowhere on television. It was nowhere in the newspapers. And here's a whole community in northeast Washington, DC, that's been saved for the neighborhood, saved for the community, where people have hope and a chance to get their children into a job, and get pre-apprenticeship training and apprenticeship training in rehabilitating, the housing minority contractors doing the work, free enterprise at work, ownership at work, schools uplifted, and not a sign of crime.

And let me pay tribute, parenthetically, to the city, to HUD, to the Congress, to the administration, to the Democratic Party, the Republican Party, to Mayor Kelly, to CDBG money, to HODED grants, and UDED grants, and all of the grants that have over the years done anything to improve a community, and I say that as a conservative Republican who wants to watch every penny and where it goes, but how we spend our money is more important than how much we've spent. And what we've done is redesign the program to empower the people, empower low-income people in-

stead of empowering bureaucracies, empowering developers, empowering those at the top of the ladder so that somehow it will all trickle down to the bottom.

And I was impressed, Charlie, that the Nation of Islam, with which I have some strong disagreements, is helping to get the drug users out of Mayfair, and Parkside, and Paradise. I was impressed that these young men were doing more to bring some stability, as well as the mothers and the parents and the families.

I guess what I'm saying, Mr. Chairman, in the essence of my testimony, is that there is an answer to drugs that's a lot better than putting everybody in jail. I don't think there's enough prison space to hold the population that would be required if this country fails to address the problems of poverty.

Now, I'm in trouble a little bit on the right because they say, "Well, hey, man, I picked myself up by my boots and my straps, why can't they," whoever "they" are. Well, when you don't have boots and straps, and your life is turned into existential despair and abject conditions of poverty that are disgraceful to a 20th century nation that expects to lead Eastern Europe to democracy when we can't even practice it in east DC, or east Harlem, or East St. Louis, or east Palo Alto, or east LA, then I think it erodes, as Mr. Lincoln said—and I'm paraphrasing it—erodes our moral position to the rest of the world. He said that slavery in the last century eroded our ability to tell the world that we were truly democratic, that we were truly a liberal democracy worthy of emulating for the rest of the world, and that it was a stain on our record for which we had to, and still are, paying the price of that evil.

But I want to say to you, Mr. Chairman, from the heart, that I believe that the condition into which 50 percent of all black children are born, on the day that they come out of the womb of their mother, that they are living in poverty; that 70 percent unemployment in certain neighborhoods in south central LA, among black males and Latino males, that no hope of ever owning a home, ever owning a piece of property, ever owning stock or equity in the American Dream, as humble as it might be, and only having control over the shirt on your back or the clothes on your body, is a recipe—is a recipe—for social problems.

And what a shame it would be—I know all of you were listening to Yeltsin last week. I was struck by the fact, how proud he was that he was trying to build in Russia kind of a United States of America. He didn't say it in so many words, but that's what he was talking about. He wants the market to work. He wants private property to work. He wants democratic capitalism to work. He wants people to own. He wants people to start businesses. He wants people to get jobs.

I thought, what an irony of history, that here we are in the 20th century talking about gaining the world for democracy, and losing our soul at home. And, believe me, Mr. Chairman, I believe we will be losing our soul if we lose our cities. The soul of America is in how we treat the poor, how we treat the dispossessed, how we treat the disenfranchised, how we treat people who lack opportunity to be a part of the mainstream economy.

Now, all of this is just the precursor to saying, quickly, I think there's something that can be done. I think there are answers to

poverty and despair and hopelessness and homelessness. It's going to take money, Mr. Chairman. It's going to take more jobs. The best antipoverty, antiwelfare, profamily, prochild, prourban economic development policy in the history of the world, is to create more jobs—create more jobs. I don't mean jobs at a level of unemployment vacillating between 6 and 7 percent, I mean "jobs"—so many jobs that we have a shortage of labor.

I'm going to get in trouble with the Fortune 500 because they think that too many people working causes inflation. I think people who are not working cause inflation, because they put demands on the system that can only be met by so-called expenditures, or inflationary ideas.

I'm for enterprise zones. I'm for home ownership. I'm for apprentice training. I'm for Weed and Seed. I am for changing the welfare laws to give people access to assets, and access to property, and access to a savings account. I don't know, Mr. Chairman, if you saw in the New York Times just a couple of weeks ago, Sandra Rosato, a young Chicano woman—Chris Hayes must have seen this in New Haven—Sandra Rosato, 19 years old, at community college in New Haven, CT, saved \$4,000. Her mother was on welfare. They fined her mother \$9,400 after finding her daughter's savings account.

Do you know we have policemen running around the country finding out if poor people save money? It is against the law to have anybody saving in your family, if you happen to have someone in your family on AFDC. Is that the dumbest law you have ever heard in your life? I mean, come on, you guys, is that stupid? It is stupid to tell Sandra Rosato, who is saving to go to college, that her \$4,000 savings account had to be spent the next day, within 24 hours. According to the New York Times, the bureaucracy told her to spend her savings account, get rid of it, and they fined her mother \$9,400. Now, that's Salvador Dali and Rube Goldberg welfare rolled up in one. They are counterintuitive, they are counterproductive, they are counter everything that we have learned in a Judeo-Christian society about what we want to encourage.

Now, let me make one point about enterprise zones, and then I'll stop. We have to drive capital and credit, we have to "incentivise" the inner cities of America, to develop entrepreneurial capitalism for minorities.

I'm sorry the word is a pejorative to some people—it shouldn't be. Education is capital. Seed corn is capital. What's in your heart and what's burning in your belly to start something and improve your lot in life is capital. What a mother teaches her daughter about rising above the odds is capital investment. What a papa teaches his children about never giving up is capital investment. And, yes, capital is capital—that green stuff.

But capital is far more than just money per se. It is the idea of a Bill Gates, who can take an idea for software and convert into a company that in 6 years is now worth more than General Motors.

Now, let me ask you a question. Is anybody on this panel upset that Bill Gates is wealthy? I'm not. He created a lot of wealth. Do you know what he is doing in Seattle? Do you know what John Scully is doing in Memphis inner-city schools? Providing personal computers to kids. A computer is capital. The software is capital. And we've got to decide whether we are a democratic, capitalistic

country or not, and capitalism cannot work without capital. And our tax laws are driving capital offshore.

You get a better incentive to invest in Mexico, in a maquiladora, than you do in an enterprise zone in Harlem. You talked about \$300 billion, Mr. Rangel. We spent \$150 billion bailing out the thrifts, \$70 billion last year bailing out the FDIC, \$10 billion loan forgiveness for Egypt and Poland, both of which I support. We may forgive other loans for Third World countries, and we can't get credit and capital and seed corn and oxygen into the U.S. inner cities because we've got to debate between Democrats and Republicans, over whether or not we want a bill to be passed by July 4.

Now, thank God that the Ways and Means Committee passed a bill, but I went to the mayor of Tampa—excuse me, a little partisan note here—I asked the President, and he did it, I speak for him on this, if there is any city in the United States of America, from Tampa to Detroit, and from York to Seattle, and from East Harlem to Baltimore, MD, that has an area with endemic poverty, chronic unemployment, high levels of welfare, a shrinking tax base, and the conditions that we can objectively determine would qualify for an enterprise zone, why shouldn't they be entitled to an enterprise zone?

Mr. RANGEL. And what did the President say?

Mr. KEMP. The President didn't say anything, he just put it in his bill, Charlie, it's on your desk. You get a chance to vote for it tomorrow.

Mr. RANGEL. Where is the President's bill?

Mr. KEMP. It'll be on the floor tomorrow, you'll have a chance to vote for it. You can vote for one enterprise for New York, and one for Connecticut, and one for Maryland, or you can put one in Tampa, put them in Detroit, put them in York, put them in Seattle—and I just want everybody to know—I'll give you the list—300 cities, from the Colonials of Texas to the Yaqui Indian Tribe Reservation in Guadalupe, Phoenix, AZ, would qualify under the administration's enterprise zone bill. We've got to decide whether we're going to use entrepreneurial capitalism to create jobs, or whether we're going to use summer youth jobs.

With all due respect, I'm for summer youth jobs. Do you think summer youth jobs are going to last forever? No.

Mr. RANGEL. Mr. Secretary—

Mr. KEMP. Did I touch a raw nerve there, Mr. Rangel?

Mr. RANGEL. No, no, because this is the most exciting news I've heard since we've been discussing enterprise zones. Now, if I understand you correctly, the President is going to introduce a bill tomorrow?

Mr. KEMP. It's in. He introduced it. Yes, it's there.

Mr. RANGEL. The President is going to introduce a bill.

Mr. KEMP. You'll get a chance—I guarantee, you'll get a chance to vote on the President's bill.

Mr. RANGEL. Well, let me—I don't think as fast as you speak—but did some Member of Congress—

Mr. KEMP. You do pretty well.

Mr. RANGEL. Did some Member of Congress attach his name to this bill?

Mr. KEMP. Well, no, we don't do things like that. It's the Rostenkowski-Gephardt approach versus the Archer-Coughlin approach.

Mr. RANGEL. So, will there be an Archer bill?

Mr. KEMP. Well, there will be a bill. It will be a substitute.

Mr. RANGEL. Will the bill be paid for?

Mr. KEMP. It will be paid for, \$2.5 billion, same as the Rostenkowski bill.

Mr. RANGEL. Now, if—

Mr. KEMP. But you'll get a chance to vote for it.

Mr. RANGEL. If the Rostenkowski bill is passed—

Mr. KEMP. Going to find out if you want an enterprise zone in Harlem, and South Bronx, and Brooklyn—

Mr. RANGEL. If the Rostenkowski bill only has 50 enterprise zones and we have a cap that was negotiated with the White House for \$2.5 billion, when you expand the number of enterprise zones, will the amount of money that's been made available, the \$2.5 billion, will that expand as well, Mr. Secretary?

Mr. KEMP. Well, the Treasury Department estimated that the administration's bill would cost \$2.5 billion for 300 zones. And the Rostenkowski bill is scored at \$2.5 billion for 50 zones, 25 in rural and 25 in urban America. So, you've got to decide—

Mr. RANGEL. Now, Mr. Secretary—

Mr. KEMP. Charlie—with all due respect, Mr. Chairman, I'm one of your strong allies, but you say that it costs \$300 billion a year for chemical abuse problems to this country, now you're asking me can we afford \$2.5 billion for 300 zones.

Mr. RANGEL. I'm asking you whether you and the White House were not a part of a group that met to limit the amount of money on enterprise zones to \$10 billion. And I'm also asking—

Mr. KEMP. You're talking to Kemp now, and I'm telling you I support an enterprise bill, as does the President, that would allow for 300 zones, from Tampa to Detroit, and from York to New York.

Mr. RANGEL. I'm going to yield, Mr. Secretary, but I don't know who speaks for the President. It certainly wasn't Dick Darman, at these meetings; it wasn't Secretary Brady, and you can have 1,000 enterprise zones if you want. The question is, are you going to have resources that will be made available so that these mayors just don't have a zone without the resources to make these demonstration projects successful?

Mr. KEMP. Let me tell you what the mayors would get under the administration's bill, just so we can clear this up for the record because there's—

Mr. RANGEL. Well, we can clear it up right now.

Mr. KEMP. I'm going to.

Mr. RANGEL. Are you opposed to the bill that's on the floor?

Mr. KEMP. I'm speaking for the President right now.

Mr. RANGEL. The bill that's going to come to the floor tomorrow, because we can straighten out a whole lot of stuff now—

Mr. KEMP. You've never had anybody—

Mr. RANGEL. If this bill that comes to the floor tomorrow—

Mr. KEMP. You'd better make sure you know the answer to this question, Mr. Rangel, because a good lawyer doesn't ask a question he doesn't know the answer to.

Mr. RANGEL. All I'm saying is, if I get the slightest indication that the administration is going to back off from this bill—

Mr. KEMP. Oh, oh, oh—back off what bill?

Mr. RANGEL. The bill that's coming to the floor tomorrow with the amendment, and that's the amendment that will relax the capital gains tax for—

Mr. KEMP. The administration will strongly support the very positive message that the Ways and Means Committee leadership bill sends over to the Senate. That's a very good start, but—

Mr. RANGEL. Then I don't have any further questions.

Mr. KEMP [continuing]. But you'll have a chance tomorrow to vote on a substitute that's even better, and it's the President's own bill, and I speak for him on this issue, and he supports it, he supports both. He wants a bill to get to the Senate because you can't have a bill that doesn't start in the House.

Mr. RANGEL. He supports the other—

Mr. KEMP. Well, no, he wants one or the other, but he wants the best bill he can get. So, if he can't—

Mr. RANGEL. You support both?

Mr. KEMP. I support both.

Mr. RANGEL. Very good. OK.

Mr. KEMP. Will you support both?

Mr. RANGEL. I'm supporting the one that's going to pass, Mr. Secretary, you know that. [Laughter.]

Mr. KEMP. You heard it here first.

Mr. GILMAN. Would the chairman yield?

Mr. KEMP. How can you be pragmatic at a moment of crisis like this? Where is the Charlie Rangel we used to know, full of fire and brimstone about poverty and drugs—

Mr. RANGEL. I'll tell you where he is. As long as you're doing business with—

Mr. KEMP [continuing]. Talking about trying to save money—

Mr. RANGEL. As long as you're doing business with OMB, then that's what put the restrictions on what we can do in the Congress. And—

Mr. KEMP. That's the first time I've ever heard Charlie Rangel—

Mr. RANGEL [continuing]. Immediately fall short—

Mr. KEMP [continuing]. First time I've ever heard you, Mr. Chairman, restricted by OMB. Don't tell the folks in Harlem that you're restricted by OMB, they're going to be sadly disappointed in you.

Mr. RANGEL. Mr. Secretary, you know, you're talking as though these restrictions on the deficit, the restrictions on taxes—it wasn't me who said "Read my lips," it's someone who is much closer to you. [Laughter.]

And I'm telling you that you let the President say that he's—first of all, you know, and I know, this committee knows, that the President hasn't said one fraction of the things that you've said. And it's only because of your credibility in the House that I assume that he said some nice things about people to you, but he certainly hasn't said publicly that he has the slightest bit of concern about what's happening in these inner cities, except one trip to Los Angeles.

Now, you've dedicated yourself to being concerned about the urban communities and created your own reputation. Now, if you want to put this reputation on the line based on what the President may or may not do, then you can go ahead and do it, but the President's leadership in this case—if we meet and there is a restriction and they give us a lousy \$10 billion—and I agree with you 100 percent—and then they come in with HUD representation and say that half of that is going to be rural, as though there were riots on some farm or something, then what are you going to do when your people are sitting at the table?

You know, you can't win this battle alone, but you have—

Mr. KEMP. I thought I had you with me. I thought I had you with me.

Mr. RANGEL. You've got me, but you haven't got one ally in the Cabinet.

Mr. KEMP. Yes, I do. My bill, the President's bill, is on the floor tomorrow as a Republican substitute that doesn't have little zones in rural America and little zones in urban America, it has zones in every community in the country that are needed and deserve it and could qualify; they would have it under the President's bill.

Mr. RANGEL. Well, now, you're coming out with—

Mr. KEMP. Now, he may not say it the way I say it, but I say it for him today.

Mr. RANGEL. Yes, OK.

Mr. KEMP. So, if you vote for both bills, you'll be doing yourself a favor.

Mr. RANGEL. OK. Let me tell you this, now you're coming up with the President's alternative and, as a lawyer, I don't know the answer to this question, but I'll take a risk just based on you. Who is your best friend on enterprise zones, Secretary Kemp?

Mr. KEMP. Well, you have been over the past 10 years [laughter] until I lost you last week.

Mr. RANGEL. To the President's bill, right?

Mr. KEMP. When you got a laugh out of the crowd behind me, you got it on the basis of zones for rural America, and to the Bush plan. Under the administration enterprise zone plan that I helped fashion, every zone in America would be a needy area, and 70 percent of 300 zones would go to urban America, that would be 6 or 7 zones in New York, 3 or 4 in Detroit, several in Seattle. I didn't know about Tampa, but there would be one in Tampa.

The question is, do we want to try entrepreneurial capitalism to create some jobs? Now, let me tell you a shocking fact. You cannot create employees without first creating an employer. There's never been a place in recorded history in which you could create lots of employees without lots of entrepreneurs. Now, if you want to create black employees and minority entrepreneurship, you've got to do something to change the incentive structure of redlined inner-city America, and the way to do it is to greenline it and say no tax—now, let me just tell you what it does—no tax on the capital gain—none, zero; no alternative minimum tax; no tax on anybody that invests their stock in an enterprise zone enterprise, so that a black businessman or woman, or a Hispanic, can get some capital for his or her idea.

And, third, no tax on the wages of the worker up to about \$24,000 of gross income for a family of four, so that a woman who leaves welfare sees her income go up instead of down when she takes a job, and an unemployed father has the same experience. There's a wage-based incentive, venture capital-based incentive, and an entrepreneurial-based incentive, and we can change the inner cities.

It's not the only answer. I told the mayors it's not the only answer. There are many other things that have to be done—infrastructure, education, Weed and Seed, transportation, health care—but I'm not the health care Secretary, I'm the HUD, economic development Secretary, and I know there's a problem, and it defies imagination for the chairman of the committee to bewail, as he does sincerely and I support him in this, the \$300 billion of lost youths, and lost lives, and lost resources to America, he puts in a budget framework, and not do something radical and entrepreneurial to cut it down because it costs \$2.5 billion and we don't know how we're going to pay for it, it is an excuse—not yours, Charlie—but it's an excuse by some not to vote for it.

Mr. GILMAN. Mr. Chairman, would you yield?

Mr. RANGEL. Mr. Coughlin has been trying to inquire, and he might yield to you.

Mr. COUGHLIN. I just want to commend the Secretary on his efforts to bring some new ideas and new approaches to minority business ownership and minority home ownership. He's been pushing this for a long time. He's been out there and seen what needs to be done. I'd like to just ask a question in another field if I might, for just a moment.

My question is directed to the Public Housing Drug Elimination Grant Program, which has increased from about \$8.2 million in 1989 to \$165 million requested in 1992. Can you tell us something about how that program is working to get drugs out of public housing in particular, and how are you finding the leadership in that housing?

Mr. KEMP. Well, we've had tremendous cooperation from mayors, tremendous cooperation from public housing authorities, and the \$165 million in drug elimination grants is well spent. Julie Fagan, who heads up that office, is right behind me on my left. These moneys are to bring security, to bring help to Richard Allen Public Housing in North Philly, so that we can get an onsite presence of police and public housing police and resident patrols. The CIAP moneys, the \$2.8 billion that you helped fund for modernization can be used to bring security and lighting and better opportunities for people to get some minority opportunities that live within the community. That's why I was so pleased, Larry, that at Parkside Homes and Paradise and Mayflower Mansions, I've seen a demonstrable change in the neighborhood where people are given ownership opportunities and resident management opportunities and job opportunities. It's an amazing thing.

So, is it working? You bet. Do we need more money? You bet. Are we doing a pretty good job? I think we're doing a pretty good job, and every time—I know I'm doing a good job when I get sued by the ACLU for violating—I mean, I'm not anxious to violate someone's civil liberties, but you can't believe the process it takes

to get someone who is using drugs out of public housing. We need an all-out effort to put them in housing, but not public housing—well, maybe public housing, but a different type of public housing. But there's got to be a better answer even than that, ultimately, and that is to give the young people a choice other than the streets.

And, right now, if you read Alex Kotlowitz' book, "There Are No Children Here," about Henry Horner Public Housing out near the Bulls Stadium, it tears your heart out to go to Henry Horner. There are just no jobs. And a drug elimination grant alone will not change the conditions at Henry Horner. There's only one way to do it—more education, more jobs, and give the residents a chance to begin to manage and control and ultimately own if it's their choice.

Mr. COUGHLIN. In our hearings with the various community organizations, one of the key things was finding someone who had the leadership in the various housing units to really pull the pieces of that together. How do you go about finding leadership?

Mr. KEMP. Larry, let me say something to you. You and I are both Republicans, and probably neither one of us has spent a great deal of our lives in those communities. But I'll tell you, in the 3 years that I've spent at HUD, I've been places where no other Republican perhaps has ever been. And I can tell you, as a Republican, a member of your party, Mr. Lincoln's party, there's unbelievable leadership in those communities. There are entrepreneurs waiting to become entrepreneurs with some help. There are young children that could grow up to be engineers.

How do we explain Heime Escolante, in east LA, taking kids out of a gang in a barrio, and turning them into engineers at Ford, and GM, and maybe Toyota, for all I know. He did it because he inspired them. The principal in a public housing community in Houston—I'm trying to think of his name—Thaddeus Lott, on "60 Minutes" the other night, taking children from dysfunctional families according to some, part of the underclass according to elitists, and turning his school in Houston—and I think of Mickey Leland, how proud he would be to see what these kids are doing. They are leading, in Texas, the test scores for elementary school kids.

I was in North Londale in Chicago and visited the Better Boys Foundation, and the school—is that right, Dave, North Londale? I think it's North Londale. But, anyway, taking kids, and they're getting high test scores. They've all got computers. It inspires you. There's tremendous leadership, Larry. They've never been tapped before because they've been treated as if they are living on someone else's property.

Mr. Chairman, I know you've got a lot of witnesses—I hope I'm not being too—there's a time to be emotional and there's a time to be very prudent and cautious, and I think that time is passed—

Mr. COUGHLIN. Let me yield to other members.

Mr. KEMP. I just want to say, Larry, there is tremendous potential among public housing residents. They've never been recognized before.

Mr. RANGEL. Mr. Shays, would you yield to Mr. Gilman?

Mr. SHAYS. Yes.

Mr. GILMAN. I just want to ask one question. First of all, I want to commend the Secretary, Mr. Kemp, for the great work he's

doing in trying to alleviate our Nation's housing needs and his constructive approach to the narcotics problem.

One question on the Kemp-Bush measure that will be on the floor tomorrow. Do your measure and the Archer measure both have the same funding, the same dollars?

Mr. KEMP. They are both \$2.5 billion. The Joint Tax Committee says that our bill would cost \$6 billion. They assume—they assume—that cutting the capital gains tax on a businessman or woman that doesn't exist is going to cost the Treasury revenue.

Let me ask you a question, former mayors. How much revenue do you raise from taxing businesses that don't exist? I'll tell you what, if it doesn't work, it won't lose a penny; if it works, you help the tax base of Seattle and Tampa and your cities.

Mr. RANGEL. Where do you think these rules come from? They don't come from us, they come from your side. Ask Darman. Do you know Darman?

Mr. KEMP. Why do you want to get me into an argument with Dick Darman?

Mr. RANGEL. Because these rules that—the man asked how many times do you want to divide into a lousy \$2.5 billion, and you said—

Mr. KEMP. I think it's a good investment.

Mr. RANGEL. We are restricted by someone who says "Read my lips, decrease the deficit, and no emergency."

Mr. KEMP. You can't hide behind George Bush on this, Mr. Rangel.

Mr. RANGEL. Is that who I was talking about?

Mr. KEMP. You've got to decide—well, he's the only one who said "Read my lips."

Mr. GILMAN. If the chairman would yield just one more time.

Mr. RANGEL. OK.

Mr. KEMP. I'm not going to let you hide behind—

Mr. GILMAN. Mr. Secretary, who will make the determination of which communities will be—

Mr. KEMP. I don't want to make it, and I don't want Lynn Martin to make it, and I don't want you to make it, Ben, I want it to be based on objective criteria, so that when Norm Rice, the mayor of Seattle, comes to Kemp, he doesn't have to say, "Well, I'm sorry, Mr. Kemp, I happen to be a Democrat, but I still would like one." I don't want it to go to Republicans or Democrats, or based on color, or based on who you know and how much power you have at HUD, or a phone call to a stupid lawyer to make a phone call to HUD and make influence.

The way to take it out of influence-peddling is to make it based on objective criteria around which you can define the zone that has been redlined so that you can now begin to greenline it and take it out of politics, take it out of Congress, and that's why some people don't like it, Charlie. That's why some people don't like it.

Mr. RANGEL. You know, Mr. Secretary, I'm reading Republican language here, and the question was asked by a Republican, but using your language it says that "all urban and rural areas meeting criteria are eligible"—beautiful. "Designated as they are identified"—beautiful. But "limited to an overall cost cap of \$2.5 billion."

Mr. KEMP. We had to put that in because—

Mr. RANGEL. So, to be eligible—

Mr. KEMP. We had to put that in to cover the same thing you're talking, the combination of your—

Mr. RANGEL. Oh, you're listening to those other people.

Mr. KEMP. No, no, no, no, no, no, wait a minute—let me answer.

Mr. RANGEL. What difference does it make if you're eligible, if you have no money?

Mr. KEMP. Wait, wait, wait—this is good theater, but let me give you an answer.

Mr. RANGEL. If you're eligible and you have no money, what good is it, Mr. Kemp?

Mr. KEMP. What do you mean, you have no money?

Mr. RANGEL. It says—

Mr. KEMP. \$2.5 billion is a good investment in 300 zones.

Mr. RANGEL. I'm only asking one question.

Mr. KEMP. Well, what is it?

Mr. RANGEL. It says that "All urban and rural areas meeting criteria are eligible and designated as they are identified." Now, how many would that be—200, we'll say—we'll guess.

Mr. KEMP. I think in the first year it would be close to maybe 150, I think at the—

Mr. RANGEL. All right, 150. I don't care—

Mr. KEMP. Take 150.

Mr. RANGEL. OK. Now, you and I know that right now we're talking about two things, we're talking about \$500 million a year in seed money, resources to assist the mayors in creating the atmosphere for investment, and we're talking about roughly \$500 million in terms of tax incentives. This is what we're talking about, this very conservative legislative program.

What you are saying is that, hey, there may be 150 of them. Would not that 150 have to be divided into the \$500 million as it relates to seed resources, and what does that come out to for the mayors? How many resources would they get—

Mr. KEMP. What do you think is the most important part of the enterprise zone, the—

Mr. RANGEL. That's where we differ.

Mr. KEMP. Well, OK.

Mr. RANGEL. I really think the resources—

Mr. KEMP. I think you've got to get capital investment into the inner city.

Mr. RANGEL. I just don't believe—

Mr. KEMP. I know you don't, see, that's the difference between you and me.

Mr. RANGEL. I don't think investors are going to go into communities that are crime infested, where there are no homes for the employees, where there are no health facilities, where the job markets are ex-cons and ex-addicts, and run around with a pocket full of tax credits saying, "Where can I start my business?"

Mr. KEMP. No, no, no, don't be disingenuous. Don't be disingenuous. It's not like you to be—

Mr. RANGEL. No, I'm just saying that I do believe that if you put the money in, assist the educators, alternatives to jails, have drug treatment—

Mr. KEMP. I know you don't believe—

Mr. RANGEL [continuing]. Create an atmosphere that you need the incentives for business, and I agree, and I think you need both, Mr. Secretary, and I think you do——

Mr. KEMP. I agree. I do agree.

Mr. RANGEL [continuing]. And all I'm saying is——

Mr. KEMP. You need both.

Mr. RANGEL [continuing]. We don't have enough money——

Mr. KEMP. Yes, we do. Yes, we do. If we've got \$300 billion in lost productivity in America because of drugs, if we have to spend \$150 billion to bail out the thrifts, we can certainly spend the money necessary to put an enterprise zone in Newark, and an enterprise zone in Harlem, and an enterprise zone in North Philly.

Mr. RANGEL. Would you put me down on your bill, and also put me down on the revenue raiser. Count me in.

Mr. KEMP. Well, now, wait a minute. What bill——

Mr. RANGEL. Put Bill Archer's name——

Mr. KEMP [continuing]. Let me ask you a question.

Mr. RANGEL. Put Bill Archer's name not just on the President's bill, on ways to raise the revenue.

Mr. KEMP. You raise revenue by creating new businesses and new jobs where none existed.

Mr. RANGEL. Now, you know, as I do, it's not——

Mr. KEMP. It's a shocking statistic to you.

Mr. RANGEL. It's not that this administration has the slightest bit of concern in investing in people, reducing the deficit, creating jobs——

Mr. KEMP. You know what, you can't get by with that any longer because we now have the most attractive inner-city economic development tool that has already worked in Trenton, already worked in Newark thanks to Governor Kean, has worked in other States, and if we put a zero alternative minimum tax, a zero capital gains tax, a zero tax on the venture capitalist who puts his or her money into a minority enterprise and allows any worker to take a job, not to pay the tax, come off welfare and take a job, what you've done is create a taxpayer instead of a tax consumer. What you've done is create wealth where no wealth existed. What you create is the property tax revenues that will help the city of Seattle fund its schools.

Unless you create a better tax base in the inner cities of America, you're not going to have any inner cities in America.

Mr. RANGEL. Can you share with me where the Secretary is getting this money, Mr. Shays? He's a Republican. I'm assuming there's a different book you guys read.

Mr. GILMAN. Chairman, I yield back to Mr. Shays, deducting the time of your debate.

Mr. SHAYS. My time is ended. I yield back the floor. [Laughter.]

Mr. Chairman, I would like to make some points. The first point I'd like to make is that my own party acts like the cities don't even exist, except for a few, and the other party has really mouthed allegiance to concerns about the city, and very few really have come up with any creative ideas. That's why I'm loving the dialog that's going back between the two of you. Both of you candidly are right and, in some ways, I think I disagree with both of you, but if the end result is——

Mr. KEMP. Well, there's a great moral stand on principle. Some of my friends are for it, some are against, and I'm with my friends. [Laughter.]

I congratulate you, Chris Shays, for a powerful statement of—

Mr. SHAYS. Jack, you know what's funny? I have listened for a whole hour to you speak, and speak, and speak, and speak, and I think I should be entitled to finish one sentence, just one sentence. Do I have that opportunity, Mr. Chairman?

Mr. RANGEL. I yield to the gentleman.

Mr. SHAYS. I was just going to say that in my judgment, there are very few that have really spoken about this issue, and I think it's very creative. But, yes, I do take a big disagreement, if I might, assuming that something happens without our paying for it. So, I just happen to disagree. Now, if you don't think that's a moral stand or not, I just think that as I listen to the dialog, there was someone saying we have to abide by this \$2.5 billion, you said it was irrelevant, but it's in our own bill.

Mr. KEMP. Chris, what does it cost—

Mr. SHAYS. No, I'm going to finish. I'm going to finish.

Mr. KEMP. What does it cost to cut a tax that no one is paying?

Mr. SHAYS. I'm going to finish a sentence. I'm going to at least have that opportunity. And I'm just making the point that it seems to me that even our own bill has a limit of \$2.5 billion. And the answer to your question, Mr. Chairman, is that, in fact, is the limit. But I also happen to agree that in this way that we score, that a lot of businesses are going to create new opportunities that don't exist and, therefore, have a tremendous problem with the way that we're scoring and the way that we're limiting. And I just wish that both sides could get together.

The bottom line, though, and the one thing I want to say—I know this is a hearing on drugs and the cities, and I apologize to the mayors but, basically, the best antidote to drugs is a job. The best antidote to welfare is a job, it seems to me. And the bottom line, though, is that it seems that we've got to get manufacturers back into our urban areas, and the way we do that is to expense for new plant and equipment. They build a new plant, they build new equipment, and they get to expense it.

No, I'm not new to this issue—I've spent 9 months researching this issue, and every businessman I've spoken to said, "If you want to create jobs, you've got to pay in manufacturing expense and new plant equipment." It's not capital gains as much as it is those other things.

Mr. KEMP. It's both.

Mr. SHAYS. Maybe it's both.

Mr. KEMP. Our bill allows for that, Chris.

Mr. SHAYS. Pardon me?

Mr. KEMP. Our bill allows for expenses.

Mr. SHAYS. But it is absolutely essential that it—

Mr. KEMP. It's in there.

Mr. SHAYS. OK, well, there are a lot of things that are in there. It just seems to me that the bottom line, though, is that this country—and I'll just finish here, and I thank you for your patience—this country has lost its industrial base. We know that even if they are not going to be in our inner cities, we are going to have to give

tax advantages to manufacturers. And, so, we can do two things at the same time, we give tax advantages to the manufacturers and we have them in the cities where we need this opportunity. And I really believe that we're going to get at a lot of the drug problem when we get jobs back into the cities.

I'm sorry if my Secretary thinks that I'm ambivalent on this issue. I'm not ambivalent, but I do believe that both of you have a good point to make, I just don't happen to agree with all you say.

Mr. KEMP. Well, that's fine. I apologize to you, Chris, you're a dedicated person, and I let my feelings on this issue—I'm getting hammered from the right who say, "We are the suburbs and we shouldn't do anything about the cities," and then I hear criticism from the left that we can't spend enough money, or make enough of an investment.

I think it's a point of irony in history that there's more entrepreneurial spirit in Warsaw, Poland, than there is in the United States of America, and it disappoints me.

I don't know if I want to stay at HUD any longer and not have an economic development tool that will really drive some entrepreneurial incentives into the city.

So, I don't disagree with you, Chris, I'm just frustrated that if we lose—I think if we go into July and the Democrats have their convention, we go to August and the Republicans have their convention, it's all over, and I'm going to go to my final reward with "RIP, he lost on enterprise zones." And don't think you're doing it for me. It has nothing to do with Jack Kemp or George Bush. It has nothing to do with personality.

Mr. SHAYS. I yield back the balance of my time.

Mr. KEMP. It wasn't even my idea. I got it from Luis Munoz, the Governor of Puerto Rico. Bobby Kennedy talked about this.

They have an enterprise zone in China called the Pearl River Delta. It's about 10 percent of the population and 10 percent of the geography of China. Ninety percent of what is produced in China is produced in an enterprise zone. They don't tax any profit on any entrepreneur who lives in the Pearl River Delta—none, zero—and we are debating whether or not we're going to try it not just in 25 little urban areas of America—excuse me, I'm not being disrespectful of urban America, but what bothers me is they tried it in China under a Communist regime; they're trying it in Moscow and St. Petersburg under a former Socialist regime; they're trying it in Warsaw; they're trying it in Czechoslovakia; and I'm just begging you to try it in urban America and let's turn urban America into democratic capitalism.

Mr. RANGEL. Mr. Secretary, you are overlooking Argentina and Mexico and some of the other places that are trying it also.

Mr. KEMP. Mexico, maquilladora is an enterprise zone.

Mr. RANGEL. Let me just say—

Mr. MFUME. Mr. Chairman, point of order.

Mr. RANGEL. The Chair recognizes Mr. Mfume.

Mr. MFUME. Mr. Chairman, a member of the Democratic side of this hearing has yet to be recognized during this hearing. With all due respect to my colleagues on the other side of the aisle, we have some questions also, and I would insist on a point of order that we would be recognized in a fashion that allows equal time.

Mr. RANGEL. Well, the Chair was recognizing the members as they appeared before the committee, and it's unfortunate that the Democratic members appeared after the Republicans did.

Mr. MFUME. Well, Mr. Chairman, I accept the Chair's ruling on that, it's just that I—

Mr. RANGEL. On the list, you follow Mr. Inhofe, then Mr. Towns, then Mr. Gilman, and then Mr. Dornan, Ms. Lowey, Mr. Ramstad, and Mr. Payne, and this list was prepared by staff as the members arrived. This is the rule that the Chair normally follows.

Mr. MFUME. I yield back to the Chair.

Mr. RANGEL. Mr. Inhofe.

Mr. INHOFE. Thank you, Mr. Chairman. I just want to make this one comment. Jack, it's been what, 12 years since you, our friend, Bob Garcia, and the chairman initially did this. I was on the board of directors, Mr. Althaus, of the U.S. Conference of Mayors at that time. I rejoiced—we had a meeting about this.

At that time, there was unanimity that it was going to work. We were talking about not just a handful of cities, but if it's good for a handful of cities, let's try it throughout America. I'm looking at a list right now on which there are some cities—three cities in Oklahoma. One of them is Tulsa, OK. Certainly, there's every reason it should fit the criteria.

My point is that we've been sitting around talking about this for 12 years now, the opportunity is here, and I think this meeting is doing a lot in bringing this together so that we can come up with something constructive this week, and I would encourage us to do it.

Second, a lot of the motivations that are built into even talking about it, Mr. Secretary, are things that were done to us in the simplification bill of 1986, the tax bill. And I'm beginning to think that if we could just repeal that and make that all the way across the board, not just in enterprise zones, we'd do a lot to get this Nation moving again. I applaud you for what you are doing in this, but let's get it done this week.

Mr. RANGEL. Mr. Mfume.

Mr. MFUME. Mr. Secretary, a lot of us have been working on and off this committee, and really on and off the issue of enterprise zones, quite frankly, specifically on the issue of minority business development.

I've spent an awful lot of time dealing with that. Just yesterday, we had 75 major businesses from around the country, minority businesses, convene here for an economic brain trust, to discuss what is absolutely crucial to development of businesses in the minority community, and that is capital formation. I can't underline that enough.

You said earlier that capital investment into these zones is a priority. I wonder if I might just ask you if you would comment on the concept of MESBIC's, minority enterprise small business investment companies, that were created by the Congress of the United States to provide equity and debt capital to minority business concerns. They are a valuable tool. I would argue strenuously that any concept of any enterprise zone should not have absent as a part of that concept some sort of way to guarantee not only tax incentives,

but to make sure also that there is some effort to promote minority business development.

Now, the chairman said, and I agree with him, that I don't think it's fair to assume that we can expect people to run around with tax breaks and say, "Oh, I'm going to locate my company there."

Having said that, however, minority businesses that are African-American, Hispanic, Asian, that have an affinity toward the area in many instances, that are looking to develop in or about an area like that, would benefit significantly from the MESBIC concept, given the fact also that the idea of no tax on capital gains, no tax on employees' salary up to a certain level, deferred taxes on property taxes to the local municipality, and other things are in place.

So, I haven't heard, and I would appreciate it if you would take the remainder of my time, quite frankly, and talk, if you will, as to whether or not there is a reluctance or an acceptance on the part of HUD, and perhaps even the administration, to have included as a part of the concept that I think I hear you're talking about in terms of enterprise zones, a role for MESBIC's, minority enterprise small business investment companies, that have been doing the job all along.

Mr. KEMP. I agree, I really do. I agree with everything you've said, that MESBIC's don't come under the jurisdiction of HUD, they come under, I think, the jurisdiction of SBA, but I think that was why you helped pass an emergency supplemental for the Small Business Administration, but you are absolutely right.

I agree with your premise. I agree with your conclusion. I would also agree with the original Rangel amendment. When Charlie came to me and said that, "I'm having trouble selling this to minority entrepreneurs without an incentive for someone to put some capital, that is, seed corn, venture capital, into minority enterprises," because the biggest problem of black and Hispanic and female-owned businesses is raising the venture capital.

So, the original Rangel amendment was a \$100,000 expense that you could write off in 1 year the investment in the enterprise, many of which, I believe, will be minority. So, I think MESBIC is one way to micromanage it, and I support it, but a better way, or as good a way, or an expanded way, is to accept the Rangel amendment, which I accepted, fought for—fought for, Charlie—kept in the President's bill because of my commitment to you and my commitment to Earl Graves, of Black Enterprise magazine and the black publishers to whom I spoke in your city last week, and it is strongly supported by the administration.

So, I think MESBIC's are important. I think the expensing of the investment in a minority enterprise in an enterprise zone is important, and getting access to capital is important, but you also have to have a reward for the man or woman, no matter their color, who actually takes a risk and puts their capital into a small business in the zone. And, so, there is an entrepreneurial incentive, there is a venture capital incentive to drive capital into these minority enterprises, and then there is an incentive for the worker who takes—and, incidentally, in the Rostenkowski bill, there is no incentive for the worker.

Talk about trickle-down economics—I don't want to sit here and drop any poison on the effort that the chairman of the Ways and

Means Committee is making because I'm very grateful to him for his support of the concept but, in effect, he gives an incentive to the company to hire the employee in the zone. I favor that. I think that's a good idea.

But you've got to go one step further. You've got to create a greater reward for working than remaining on welfare in the zone. You've got to offset the payroll tax, and the payroll tax is a terrible burden on a woman who is on welfare or AFDC, or a father who is unemployed.

Mr. MFUME. Mr. Secretary, let me go back to the other side of this. I want to stay with capital formation, if I might. How do you see that occurring on the front side of the equation? I understand and I agree with your concepts about how we reward and provide incentives on the second half of this but, initially, before even the location of the business into these zones, do you have some ideas perhaps on capital formation that you could offer here to this committee and the minority business community?

Mr. KEMP. Well, you gave us one for minority enterprises, that is, MESBIC. I think the Rangel amendment to expense was a good investment incentive to form capital. I think eliminating the tax on the capital gains and the alternative minimum tax—let me tell you, you may not believe in it, Charlie, but I'll guarantee you that is an incentive. That is a tremendous incentive.

Mr. RANGEL. You know there is going to be an amendment to the Rostenkowski bill?

Mr. KEMP. Right.

Mr. RANGEL. And that amendment, Mr. Mfume, will include some \$10 million a year—

Mr. KEMP. For expensing.

Mr. RANGEL [continuing]. Additional moneys for MESBIC's in the enterprise zones. In addition to that, at the insistence—and to give full credit to the Secretary—at the insistence of the Secretary, it is going to relax the capital gains provision. This will be an amendment.

Mr. KEMP. That's a good start.

Mr. RANGEL. And I also would like to say that there's \$2.5 billion here that will be an amendment to the enterprise zones, that would be targeted to the 50 enterprise zones—

Mr. KEMP. Half of which are in rural America.

Mr. RANGEL [continuing]. At the insistence of the administration.

Mr. KEMP. No, no, no, Charles. You've got a lot of press here. Don't be—

Mr. RANGEL. Well, I'll tell you one thing, unless—

Mr. KEMP. That was the Rostenkowski bill. Rostenkowski's first enterprise zone bill had two-thirds for rural and one-third for urban America.

Mr. RANGEL. You know, you and I are going to have a press conference when we leave here because I'm telling you that the administration says that this is their bill, and that they wanted it to be a rural and urban bill.

Mr. KEMP. Ours is, it's 70 percent urban and 30 percent rural.

Mr. RANGEL. And I tell you, I will back off this bill as soon as the administration says they don't want the rural—I mean, if they

insist that the rural be a part of it, and you're telling me that you didn't want the rural there, right?

Mr. KEMP. Charles, I said—

Mr. RANGEL. Should we drop the rural?

Mr. KEMP [continuing]. Of the 300 zones, one-third are in rural America and two-thirds in urban America.

Mr. RANGEL. I wish you could stay for some of the mayors that are going to come because the question I'm going to raise to them; if we have 300 enterprise zones, and you know we are restricted to \$2.5 billion over a 5-year period, how much are the mayors going to get?

Mr. KEMP. Do you know what a mayor is going to get?

Mr. RANGEL. Yes.

Mr. KEMP. In every area with endemic poverty and chronic unemployment, he or she will get carved out of those redlined areas, a zone that is now greenlined that qualifies for the Federal tax incentives that I have addressed here, and one-third—one-third, Charlie—one-third will go to rural America. That's more than the Rostenkowski bill.

Now, I'm doing to you what you guys do to Republicans when you bring a spending bill on the floor and you pass out all the goodies and then ask guys to vote against the goodies for their district.

I'm telling you that tomorrow I'm going to tell every Member of Congress that if you want an enterprise zone in your city, and if you want to support urban America, and rural America, and fighting poverty with jobs, you can get 300 zones under the Bush administration's proposal and 50 zones under the Rostenkowski proposal. So, I'm turning the tables on you, Mr. Chairman.

Mr. RANGEL. Sure, you're bringing everything except the money.

Mr. KEMP. It doesn't cost money to eliminate a tax on an entrepreneur that does not yet exist. Once he or she makes a decision to start a company, to start a business, to start an enterprise, to increase an asset, or to create wealth in an inner-city environment, you help the tax base of the inner city, and you add to the wealth of America, and you create tax payers instead of tax consumers. Now, if we don't understand that, we don't understand how to create a tax base for a city.

Mr. RANGEL. There are two parts to this bill; one is tax, and I think you are blinded by the other side, which HUD will have jurisdiction over, which is called "seed." These are the resources—this is what we're talking about—Head Start, education, drug abuse, housing, and community policing. Have you no concern at all that we provide enough services for these enterprise zones, of which you are the author, the father, don't you want these to be successful?

Mr. KEMP. Wait a minute. Let me explain this to you. I'm not the author and the father of it, I am just the—

Mr. RANGEL. Well, you're the prime mover.

Mr. KEMP. I'm just a lonely, Indiana Jones going through the Valley of Doom, with tarantulas and poison darts at every step of the way, for 12 years. [Laughter.]

Mr. RANGEL. Well, it's unfortunate that you cannot persuade some of your Republican friends to support you—

Mr. KEMP. Hey, that bothers me—

Mr. RANGEL [continuing]. But you've got me, Jack.

Mr. KEMP [continuing]. That bothers me. Charlie—

Mr. RANGEL. Go ahead, Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman. My only concern is that your criteria seem to be awfully tight for the smaller cities, and while I recognize the need in the larger cities, and I recognize the need in the poverty area, and I recognize the need for unemployment—

Mr. KEMP. Look at the number, though, Ben, look at the number. Look at the cities. Clarksdale, MS—Clarksdale, MS—Mayor Henry Espy, the president of the National Conference of Black Mayors, most of which are in small rural towns, and villages, and cities, is a strong supporter of the enterprise zone.

Mr. GILMAN. Well, Jack, I support—

Mr. KEMP. I mean, it is designed for Colonials in Texas, and—

Mr. GILMAN. Some of our smaller areas that meet your criteria are not going to be included, and I've asked my staff to check some of our other areas.

Let me ask you one other thing; you did a lot of work in clearing up some of the drug problems in our housing projects, but yet there are a lot of our housing projects laying out there that are vacant, and we haven't provided the funds to rehabilitate them. What are you doing in that direction?

Mr. KEMP. We're spending \$2.8 billion in CIAP, the Comprehensive Improvement Assistance Program money, CIAP money, modernization moneys. There are \$2.8 billion. There are another several billion in the pipeline. There are 105,000 vacant units. Those moneys that you appropriate should be spent, in my view, taking the boards off and putting families in. But, unfortunately, both CIAP and rental public housing operating subsidies are predicated upon the number of units, whether they are vacant or occupied. And I asked the Congress to give me an antidrug tool to say to a public housing authority in a city, whether it's Los Angeles or Detroit, we will subsidize the modernization, rehabilitation, and pulling the boards off that unit, putting a family in, but let us use the incentive of only subsidizing occupancy instead of subsidizing vacancy, and the Congress turned me down.

I would beg you, if you want a good antidrug effort, allow us at HUD to use our operating subsidies in such a way as to encourage the public housing authorities to get a family in and to get the boards off, as Mayor Sharon Pratt Kelly is doing in DC. We will spend \$2.8 billion in CIAP modernization money, we'll spend \$2.4 billion in operating subsidies, we'll spend \$3 billion on CDBG, we'll spend \$165 million on antidrug efforts, give us an enterprise zone and some tools to get the public housing authorities to put families into those 105,000 vacant units, I'll guarantee you those jobs and those occupied units will do more to stop drug trafficking, with some good weeding and seeding, than all of—we can cut down that \$300 billion, I believe that, but we've got to change the rules of the game.

The rules of the game are predicated on empowering public housing authorities instead of empowering the residents themselves, and therein lies the secret to whatever success we're going to have in these communities.

Mr. GILMAN. Is that included in the proposal that is before us—

Mr. KEMP. It was in "Operation Perestroika," our radical reform of the welfare and public housing authority PHA in troubled public housing around the country, yes, sir.

Mr. GILMAN. Will those proposals be in the measure before—

Mr. KEMP. They will be in every year as long as I'm there.

Mr. GILMAN [continuing]. That will be before us tomorrow in the Bush—

Mr. KEMP. No, tomorrow you just have the tax side of it.

Mr. GILMAN. What is before us that we can work on to do what you've just reviewed?

Mr. KEMP. It's in the National Affordable Housing Act, the authorization. We need to amend it on the floor. The bill doesn't require public housing authorities in troubled public housing cities to engage in pulling off the boards and only getting subsidies for occupied, not vacant units.

You ask Virginia Wilkes in north Philly, at Richard Allen Public Housing, what she thinks is the most important program to get the drugs out, other than police on the premises and tenant management, it would be getting the boards off and getting families in there and getting the crack doer out.

Mr. GILMAN. Many of us agree with that. Where is that measure now?

Mr. KEMP. It will be in the National Affordable Housing Act authorization that comes before the House, I assume, this summer.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. RANGEL. The next speakers in order are Mr. Dornan, Ms. Lowey, Mr. Ramstad, and Mr. Payne. The Chair recognizes Mr. Dornan.

Mr. DORNAN. Thank you, Mr. Chairman. Mr. Secretary, what's going to happen, again to go over this ground, to the Weed and Seed Program? We read in some of the accounts that it's just going to go by the boards. My largest city, Santa Ana, has all of the crime problems in microcosm of New York, Chicago, or south central Los Angeles, and it was picked as one of the designated Weed and Seed areas. And it seems to me in the first 3 months, an absolutely dazzling success.

Now, how important to enterprise zones is weeding out the crime in the area where you intend to create jobs, and working on the positive seed side?

Mr. KEMP. I think it's important, so important that I have strongly supported Chairman Rangel's efforts to work with OMB—and Dick Darman has been very cooperative, I think, with the chairman, as he would acknowledge—in trying to make sure that the Weed and Seed Program, by and large, is targeted to the enterprise zone. And I give the chairman credit, and I give Dick Darman at OMB some credit, because he was sensitive to the chairman's argument that it doesn't make any sense just to create a zone for enterprise and not do something to make sure that there are targeted efforts to weed out crime and seed it with opportunity, seed it with social services.

But I was only making the point earlier, Bob, that ultimately social services, as important as they are, are part of the safety net,

and what I'm trying to create, and what we should be creating, through an enterprise zone, is a ladder of opportunity out of poverty upon which people can climb.

So, both fighting crime and fighting drugs, in my view, requires a greater effort to create more jobs for our inner city youths than—I don't want to sound like an economic determinist, but I am pretty close to it, in the sense that I believe that the best anticrime program, antidrug program, antiwelfare program, is a more energetic national commitment to reduce the unemployment level of the country to about 3 or 4 percent and bring down minority unemployment by 50 percent in the next 2 or 3 years—by 50 percent.

We really have to radically alter the inner city economy in order to create more jobs. So, weeding and seeding is important. I consider the job element of this and the incentive element of this the most important part of it, but Weed and Seed is as critical to it as Chairman Rangel pointed out.

Mr. DORNAN. With your seniority, Jack, of 13 years on this issue, what did you think when you analyzed Chris Cox', or my colleague from Orange County, his idea of turbo enterprise zones, the word "turbo" just meaning—

Mr. KEMP. Supercharged.

Mr. DORNAN [continuing]. That people are so desperate in south central LA, where you worked as a kid, that maybe we had to just fork over every single we could probably think of, to turn a part of south central LA into one big duty-free shop with manufacturing.

Mr. KEMP. You know, it's interesting you say that. When Henry Nowak was Congressman of Buffalo and I was Congressman from the suburbs, we had a free-trade zone in the Buffalo Harbor, and I was from the suburbs, and everybody asked me, "Why did you support a free-trade zone for Buffalo's harbor?" I said, "Well, because anything that comes into the Buffalo Harbor in terms of trade ultimately rebounds to the benefit of the city, the suburbs, the farm community, the rural community, the State of New York, the country. I'm for free trade. I happen to be liberal on trade."

Now, having said that, that's where I got the idea. Why not create a free-enterprise zone along with the free-trade zone? Excuse me for waxing poetic about my memories about how long we've been talking about this, but a turbocharged, supercharged—Chris Hayes, from Connecticut, let me pay him a compliment, after tearing his head off a few moments ago—

Mr. SHAYS. You've got to get my name right first, Jack, it's Shays.

Mr. KEMP. What did I say, Hayes or Shays? I apologize, Chris.

Mr. PAYNE. I think Hayes is from Chicago. [Laughter.]

Mr. KEMP. Thanks, Payne. Thanks, Wayne. [Laughter.]

But, seriously, I tore my good friend Chris Shays' head off a little bit earlier, for something I thought he was saying, and I apologize to him and hope he accepts it in the spirit that I give it, but he has ideas, good ideas. The chairman has good ideas. There are a lot of good ideas. Trafficant had a good idea. Mfume has good ideas. There isn't a man or woman on this committee that doesn't have a good idea, but, you know, don't let perfection stand in the way of the good. We've got to vote tomorrow up or down, on a supercharged, turbo enterprise zone. It's the administration's bill. I'm sorry it's

called the administration's bill. I wish I could have lured, enticed, mesmerized, hypnotized my old comrade-in-arms in this battle, Charlie Rangel, to support it, but he decided that he had to stick with the leadership of—you know, people are out of work, people are hurting, and Charlie is worried about the cost of our enterprise zone bill, but we'll get it back.

Mr. DORNAN. Jack, let me ask a closing question here. Coming full circle to one of your opening remarks—

Mr. KEMP. Sorry you invited me, Charlie?

Mr. RANGEL. No, you're welcome. We always need another point of view.

Mr. DORNAN. This is the Narcotics Committee, and you said in one of your opening remarks that the news media just seem to constitutionally be unable to cover anything positive. The theme of "good news is no news" has really become a destructive force in America that it has an obligation—

Mr. KEMP. Well, I don't want to turn this from drugs into bashing the press, but I was disappointed, Bob, yesterday, here's an 80-year-old black woman who finally gets her first home in her life to own, and is in tears to get a new home, with property that she owns, in a former HUD-assisted 221(d)(3) program in which she would have been a renter, now she's an owner—she's in tears, and there were 50 cameras there, and it was nowhere to be found.

I don't want the picture on me; it should have been on her, and there was not a word, not a sentence in the newspaper, it wasn't on evening news, and it's a shame because homesteading is alive in America, and it's working.

Mr. DORNAN. Well, there must be something you're doing right, Mr. Secretary, in your criticism of the media, because I saw some survey the other day where the media, at some conference, said that you rank higher in esteem, with all of the brothers and sisters in support of the State, than anybody else in public life.

Mr. KEMP. I doubt that. I find that hard to believe.

Mr. DORNAN. I don't know how you can put the whip to them and still have them love you, and I think it may be because you have found a voice for the party, on how to shift from the cold war struggle, the desperate struggle where the key word was "freedom," to the struggle internally in our own Nation where I think the equivalent word to freedom is "entrepreneurship," and because you found that voice for the party, I'm recommending that you be the keynoter at the convention in July—

Mr. KEMP. Well, that will kill it. [Laughter.]

Whatever chances I had have now been thrown out the window.

Mr. DORNAN. Well, start looking for those Shakespearean flourishes and—

Mr. KEMP. Before Dornan said that, my chances were slim and none. Now, they are slim, none, and zero. I'm teasing you, Bob, you're a good friend. I appreciate it. No, I'm going to go on vacation during the Republican Convention.

Mr. DORNAN [continuing]. Your whole life for the next 126 days until the election, 1-2-6 from today, Mr. Secretary, so I just want to thank you for finding a voice for the party because it seems to be lost in the cloakroom because I don't know anybody on the right

who is attacking or disagrees with you, it's just a lot of people can't seem to find the voice that you have found inside yourself.

Mr. KEMP. That's kind of you to say, Bob. I appreciate it. I hope it's not a party voice because there are a lot of people on the left and the right who want to find solutions, and I'm just trying to find some solutions.

Mr. RANGEL. Ms. Lowey.

Ms. LOWEY. Thank you, Mr. Chairman. And I want to thank you, Mr. Secretary, for coming before us and, in listening to your eloquence, I find I agree with a good deal of what you are saying, but I do have a couple of questions and a couple of points that I want to make.

First of all, I think it's very important as we look at these criteria and the qualifications for an enterprise zone, that we don't forget those hard-hit suburbs, the Mount Vernons and the Yonkers of the world, that really took part in the boom of the 1980's and the bust of the 1980's, so I think that's very important.

Second, and I could give an example, Yonkers. Representative Gilman mentioned the hard-hit suburbs before, and Yonkers, NY, has been the beneficiary of a New York State enterprise zone program, but following up on what Congressman Rangel said, in addition to all the tax benefits, it also provides for child care, job training, and some dealing with the problems of troubled youth.

I represent Mount Vernon. I represent Yonkers. And you mentioned before that you, and I believe Mr. Coughlin, don't have the opportunity to go into some of these areas—I'm there all the time as a Democrat. I'm in those areas. I met just last week with a group of 45 minority business owners in Mount Vernon. They can't get a loan from this administration, from SBA. They can't get money from the banks, there's a credit crunch. They can't open a shop because of the crime. They are in trouble.

Mr. KEMP. Sure they are.

Ms. LOWEY. So, I think the enterprise zones are a great idea, but I can't understand, No. 1, how you want to expand it to 300 with the same amount of money. What's it going to give us? Unless we really make a push, like in Yonkers where they created 1,000 new jobs—1,000 new jobs—41 new businesses, providing all that assistance, dealing with the social ills, really providing the support for the new businesses, just all the tax breaks—I can't believe—you know, we lived with the 1980's, with the trickle-down economics. It seems to me that we have to really deal with it seriously.

You know, when I heard that Nassau in Suffolk was declared a high-intensity drug area, Congressman Gilman and I fought to get Westchester County declared a high intensity drug area. We weren't thrilled with that, but we figured if we have the problem of drugs in our community, we might as well have the money that goes along with it to address our problem.

So, perhaps you could address two points. No. 1, the qualifications, how are distressed suburbs, places like Mount Vernon and Yonkers that are suffering, going to benefit? No. 2, how, if we're going to expand to 300 with the same \$2.5 billion cap, I don't understand how all that is irrelevant, how the dollars are irrelevant.

Mr. KEMP. Let me take the second part of the question first, the \$2.5 billion. Look, this is subjective. It is subjective. It is subjective

for the tax committee that writes them in the Senate. It's subjective for the Treasury that thinks it will cost \$2.5 billion. It is subjective for CBO. It is a subjective determination that if you eliminate a tax on something that doesn't exist and comes into being because of the carrot/reward/incentive, you will add to the tax base and reduce the cost of the social welfare conditions that are plaguing our Nation's inner cities.

Now, I can't quantify it, Nita, because it is something that is—it's indefinable.

Ms. LOWEY. OK. Let me ask the question a different way, Mr. Secretary, because I know I'm going to be—

Mr. KEMP. But do you understand what I'm saying?

Ms. LOWEY. I don't understand what you are saying. How do you—

Mr. KEMP. Ask the mayors when they come up here. I've got a good question for you. Ask the mayors themselves, and they are not Republican. Don't worry, nobody is going to give you false information.

Ms. LOWEY. No, no. Some of my best friends, like Chris Shays, are Republican—

Mr. KEMP. You just don't want them in the neighborhood.

Ms. LOWEY [continuing]. And Congressman Gilman. No. Let me—

Mr. KEMP. Ask the mayors how much revenue they are raising from taxing entities that don't now exist. Now, that's not a stupid question. The cities of America are starved for a better tax base. And if you could create a better tax base in the inner city, the so-called \$2.5 billion will evaporate—will evaporate.

Ms. LOWEY. I understand. Perhaps you could address another point. You talked about capital formation. You want to get all these business people to take risks and invest in our inner cities. I am telling you, in talking to my minority business owners, they can't get the capital. They would love to take a risk. They can't get it from SBA. They can't get it from the banks.

Mr. KEMP. Nita, please, we've been over this five times.

Ms. LOWEY. Well, excuse me—

Mr. KEMP. I am not asking General Motors to move to Yonkers. There's nothing in this for General Motors.

Ms. LOWEY. I am talking about Carol Morris, Mr. Secretary, how is she going to get the capital under this program—

Mr. KEMP. Let me explain it to you. If she's got a good idea for making widgets, or building a better mousetrap, and she can sell it to a venture capitalist, he can write off up to \$250,000 of his or her investment in Carol's new widget idea.

Ms. LOWEY. But she has to go to the big guy. She's a small business—

Mr. KEMP. She's got to go to somebody. How do you get capital in America?

Ms. LOWEY. But the banks in our area are saying there are too many drugs, there's too much crime, there aren't enough police on the street, and I'm not going to invest there. So, we have to deal with the SBA. We have to make sure—

Mr. KEMP. SBA finances one-tenth of 1 percent of the total small business development in the United States of America. With all

due respect to SBA, where you get formation of capital is from savings, from relatives, from friends, from venture capitalists, from incentives that will encourage people to invest in Carol's business. I don't want a battle between suburbs and the city; I don't want a battle between urban and rural America. The bill is designed in such a way as to say tomorrow on the floor that if you have an area with certain criteria, that is, endemic poverty, chronic unemployment, shrinking tax bases, then you can qualify, whether it's Yonkers or York, or whether it's Harlem or east LA. And I don't want to pick the zones. It ought to be done on objective criteria.

Ms. LOWEY. Mr. Secretary, my time is up, so let me just conclude by saying I support the concept of enterprise zones. I support almost everything you're saying. But I think we have to do this seriously. We have to really invest in these seriously, by doing the support services to make it possible for these businesses to survive in the drug-infested areas.

Mr. KEMP. I agree with that. I agree with that. Excuse me, Mr. Chairman, I am frustrated. I've got to go catch a plane to Chicago—I've got to come back tonight, I've got to go back to San Antonio for a meeting on Thursday, come back Thursday night. I was in South Bronx with the president of the Bronx, Freddie Ferrara. I'm not spending my time, Nita, sitting in the 10th floor at HUD, but I'm telling you, to tell me to get serious is like telling—

Ms. LOWEY. No, no, no, please, I don't mean—this is a proposal of yours that you have been selling. You are serious. I'm saying that we have to get serious and invest to support your enterprise zone initiative—

Mr. KEMP. I agree with that. You'll get a chance tomorrow to prove how serious we are—

Ms. LOWEY [continuing]. With \$2.5 billion for 300 cities?

Mr. RANGEL. Mr. Ramstad.

Mr. RAMSTAD. Mr. Chairman. Mr. Secretary, given the interest of time, I'm going to be very brief. I know our distinguished Secretary is anxious to get his can of Ultra SlimFast down by noon. By the way, I took your lead, Mr. Secretary, and it was a good one.

I do want to make two points. I was sitting in the doctor's office last week reading a Newsweek magazine, and a woman from Trenton, NJ, when commenting on the Weed and Seed pilot program in that city said, and I'm quoting Nina Ford, a florist in Trenton. She said, "We're coming together as a neighborhood because of Weed and Seed." That's the strongest possible endorsement any program of this nature can receive. And I commend you, Mr. Secretary, for all you've done not only to promote Weed and Seed, but to promote enterprise zones to revive our cities and create jobs as well as all of your efforts on behalf of the HOPE Program. Only with a comprehensive approach will we begin to address the serious problems facing our cities, and it seems the ultimate irony would be that we can afford to free the Communist world and, as you put it, Mr. Secretary, in your testimony, and lose our soul at home. We simply can't afford to lose the war on drugs nor the battle for competitiveness, both of which are so essential to this country. So, hang in there, Mr. Secretary.

Mr. KEMP. I will. Thank you, Jim.

Mr. RAMSTAD. Thank you, Mr. Chairman.

Mr. RANGEL. Mr. Payne.

Mr. PAYNE. Thank you. Let me, Mr. Secretary, not hold you up. I just would also like to say that it's really good to see you. We enjoyed your trip to Newark, NJ, when we opened up one of the first supermarkets in Newark since 1967, Father Lender—

Mr. KEMP. How's it doing?

Mr. PAYNE. It's going really well, fantastic.

Mr. KEMP. Good. Tell Monsignor Lender hello.

Mr. PAYNE. And also the visit to Hyde Park Gardens. It was only 1 week ago when I mentioned to one of your Assistant Secretaries that you were probably a breath of fresh air to your party—

Mr. KEMP. Hot air, maybe.

Mr. PAYNE. I don't know what they think about you, but I think that some of the programs that you have advocated are good, and when the urban crisis developed and exploded in Los Angeles, I'm glad you were there, because I don't think anybody else in the Cabinet knew there were problems in our cities. So, in that regard, we are thankful.

Mr. KEMP. Thank you.

Mr. PAYNE. I would ask you about the requirements for this enterprise zone moving from 50 to 300, but it seems to frustrate you. I won't ask you again, but we do have problems with the fact that it does seem to be seriously underfunded.

We also would like to see some of the other agencies do their job. You mentioned redlining in your talk a little while ago, and if some of the Federal agencies that are responsible for breaking down disinvestment on your side, would regulate like they are supposed to, then some of the problems endemic to these areas that should be designated enterprise zones would not exist.

Mr. KEMP. Such as?

Mr. PAYNE. Well, if they would lend money to people who are qualified applicants, and, for example, they even have this new thing where several occurrences of the same situation proves nothing statistically. You know, it's a good thing you're not playing football now, because they say statistics don't count. You could throw 10 passes and they could all be caught, but that doesn't say that you're a good passer. They say these occurrences, on their own, make no difference.

They did some surveys, as you know, where they took black men, college graduates, with an income of about \$40,000, who applied for a loan. A white man, who is a high school graduate, with an income of \$20,000, gets the loan, the black man is denied the loan. They say statistics cannot prove anything.

Now, when I see a guy throw 10 passes and 10 get caught, I say he must be pretty accurate. They say these studies do not demonstrate redlining because an empirical case study must be done for each individual.

Mr. KEMP. You're right, Don.

Mr. PAYNE. So, you play in a lot of games, and if people would simply enforce some of the regulations that ban these practices, like you attempt to do with the area that you have, this would stop.

I agree with you, the Government—taxpayers—should not be paying for vacant apartments. That makes no sense. What is the

incentive for filling them up? And I think that if you laid it out, you'd find that there's a lot more support out there for something that makes sense like that.

Mr. KEMP. Lay it out? I've been laying it out for 3 years. It's been in the budget for 3 years.

Mr. PAYNE. No, you've been talking about—

Mr. KEMP. You keep beating up on the President, and I've put it in his budget for 3 years.

Mr. PAYNE. No, you've been talking about HOME and HOPE Programs. I'm talking about—

Mr. KEMP. No, I'm talking about—Operation Occupancy was introduced to the Congress 2 years ago.

Mr. PAYNE. Well, that makes sense.

Mr. KEMP. We asked for \$1 billion in HOPE, and the authorizing committee cut it to \$361 million. The one program that is demonstrably working in the inner city, to give people a chance to manage and control their own public housing community, and ultimately own if they choose—if they choose—with no net loss of public housing because you've got to replace it one-for-one—with total choice for the residents—I'm looking at Mayor Rice because he and I had a friendly discussion over this in Seattle—and they took a \$1 billion program, the President begged for it, every resident management council in America begs for it, and it was cut to \$361 million by the authorizing committee. I'm frustrated. I'm frustrated, guys. My frustration takes strange formations at times.

Mr. PAYNE. He's a good man, though, Congressman Shays.

Mr. KEMP. He's a great guy, Chris Shays—I wouldn't have cleaned up HUD without Chris Shays and Tommy Lantos.

Mr. PAYNE. Let me just say with Weed and Seed, I'm hoping that you get more emphasis on the seed side. I read somewhere that Mayor Rice—you've been referring to him—wanted to move into a little more seeding, but they wanted to just deal with the weeding.

Now, there need to be those things that build up a community. We know we've got to take out the bad guys, but if you don't commit the resources to help the good guys, then once again, the weeds are going to come back.

Mr. KEMP. I agree. There's a third way, too. There is seeding with social services. There is weeding out crime. And then there's giving those young men and women, particularly minority men and women living in the center city, a chance to get an education, a chance to get a job, a chance to live in a home that's owned by mom and pop, or whoever is head of the family, be it a single parent or two-parent family.

I know this is an anticrime task force subcommittee, but I'm only here to talk about the job side of it. I'm not Weed and Seed, that's the Justice Department. I'm not Secretary Sullivan, who I think has done an outstanding job at HHS. I'm the lonely, crusading, indefatigable czar of housing and urban economic development, and I've got one task before me in the next 24 hours—and I apologize to the mayor of Tampa, apologize to the mayors of York and Seattle, and apologize to my friends who I have probably trespassed upon so roundly—but we have one task, we've got 24 hours to pass a bill and give some hope to Los Angeles, but also to Compton, and not just to Compton in LA, but to Boyle Heights and to

Inglewood, and to Harlem, and Trenton, and Newark, and Yonkers, and Clarksdale—don't leave out Clarksdale, MS, where Henry Espy, chairman of the Conference of U.S. Mayors, wants an enterprise zone. Don't leave him out. Why pass an enterprise zone that only gives one to one State and that's it?

Do we have to prove once again, after 200 years, that a job is better than a welfare check, that an enterprise is better than public expenditure of funds? I'm for public expenditures of funds, but we've got to bring equilibrium between the public and the private sector. And everybody talks about public-private partnerships, and everybody forgets the private side of it. How do you get public-private partnerships without encouraging private enterprise? And why is private enterprise popular in China and Moscow, and so unpopular in the U.S. Congress?

Mr. PAYNE. I have been told my time has expired, Mr. Chairman.

Mr. RANGEL. Mr. Secretary, on behalf of the committee and the Congress and, indeed, the Nation, let me thank you for the leadership that you've provided. One question. The so-called Presidential amendment, or the Republican amendment, tomorrow, would that relate itself only to the tax part of the enterprise zone? Because if it does, count me in. And it's unfortunate that whoever is putting that in has not shared it with anyone.

Mr. KEMP. I gave it to you last week.

Mr. RANGEL. If you're not talking about the seed money—

Mr. KEMP. I gave it to you last week.

Mr. RANGEL. Please, they are two different things. If you're not talking about the seed money and you are talking about the tax aspects of it, I would want you to know that you can count on my support on the floor, and vocally, for that part. There will be an amendment tomorrow, as you well know, that will try to take the capital gains and the seed part and mesh it in one vote.

Mr. KEMP. That's good. I approve of that. I like that. I strongly endorse it.

Mr. RANGEL. But I don't know what you're talking about with the so-called Presidential amendment in terms—

Mr. KEMP. Charlie, you've got all the cameras focused on you and me here, and let me just tell you once again. I want to say on behalf of the administration that we strongly support the effort that you and Chairman Rostenkowski and Majority Leader Gephardt have made to try to fashion a compromise and to bring in a bill that at least will get us into the House and up on the floor and get a vote and get something over to the Senate, and then conference will take place, and hopefully the President can sign it and we can feel good that we made something happen before July 4. So, I say that on behalf of the administration.

There will be a substitute tomorrow, to try to improve it on the floor, and we will do the best we can. I told the same thing to Traficant, the same thing to Shays, the same thing to Mfume, and the same thing to any other Members who ask me—Tony Hall has asked me about his ideas—we have a chance to get it from the House to the Senate and improve it, but if we lose it on the floor of the House, it's the last chance we have this year on having enterprise zones.

Mr. RANGEL. You have my support to expand the tax part, as well as whatever help I can give on the Senate side.

Mr. KEMP. Thank you.

Mr. RANGEL. And thank you for hanging around.

Mr. KEMP. Thank you for your patience. You are a dear friend and a great patriot, and I hope I have not offended anybody on the committee.

Mr. RANGEL. The next 24 hours are going to be crucial and, as Mr. Payne said, it was helpful to know when we had that unfortunate tragedy in Los Angeles, that at least somebody in the administration knew what caused it, and someone is trying to ease the pain to prevent that from happening in any part of America. You did a great job, and we've got a lot of work to do.

Mr. KEMP. You're right. Peter Uberroth said Friday in LA, that there are 100 investors ready and willing to invest, for every \$1 of tax break he can leverage it against \$100 of private investment, but they are not going to invest unless the Congress sends a signal right now to south central LA or Santa Ana, or to Compton, or to any other area of the country. Put some teeth into the Tax Code to encourage the private sector to invest and raise some capital and credit for those redlined areas, which I find as objectionable, Nita, as do you. I think it is un-American—un-American—but the whole country has been redlined by the credit crunch.

Mr. GILMAN. Jack, we want to support the measure. Our offices haven't received anything on the new measure yet.

Mr. KEMP. You know, Ben—do me a favor, check your office.

Mr. GILMAN. I just checked with my—

Mr. KEMP. I've sent the bill. I have sent my testimony. I have sent the cities. I have sent your office and every Member of the Congress.

Mr. GILMAN. I've checked with my colleagues. I think you ought to make certain that we have the information we need by tomorrow.

Mr. RANGEL. It will work out, don't you worry.

Mr. COUGHLIN. Thanks for your efforts, Mr. Secretary, you've done a tremendous job.

Mr. KEMP. Thank you.

Mr. GILMAN. We'll be in the trenches, at any rate.

Mr. KEMP. Don't do it for me, do it for the people.

Mr. RANGEL. Well, let me thank the mayors—you know that all of the mayors have a friend with Jack Kemp, so I know that you understand how important it is for us to have heard his testimony, and we call now the mayor of York, PA, the Honorable William Althaus, president of the U.S. Conference of Mayors, your testimony is going to be very important on this subject matter; the Honorable Maryann Mahaffey, president of the Detroit City Council; Hon. Norman Rice, mayor of Seattle, WA; and, of course, the first introduced, the mayor of Tampa, Sandra Freedman.

STATEMENT OF HON. WILLIAM ALTHAUS, MAYOR OF YORK, PA, PRESIDENT, U.S. CONFERENCE OF MAYORS, ACCOMPANIED BY HON. MARYANN MAHAFFEY, PRESIDENT, DETROIT CITY COUNCIL, CHAIR, HUMAN DEVELOPMENT POLICY COMMITTEE, NATIONAL LEAGUE OF CITIES; HON. NORMAN B. RICE, MAYOR OF SEATTLE, WA; AND HON. SANDRA FREEDMAN, MAYOR OF TAMPA, FL

STATEMENT OF HON. WILLIAM ALTHAUS

Mr. ALTHAUS. Thank you very much, Mr. Chairman. I have prepared testimony, and I haven't the slightest intention of reading a word of it.

It is nice to be welcomed by a friend from Pennsylvania, and on behalf of Pennsylvania, we are sorry that you are leaving us, but we wish you the very best—I'm used to this because I have followed Jack Kemp before—and I guess on behalf of the U.S. Conference of Mayors.

It's worth noting that I am an urban Republican, and each of us can figure out what on Earth that may mean, but I am new to the subject of enterprise zones because I have only been before this Congress arguing, begging, pleading, and testifying, for the last 10½ years on the subject, and some people go back a little farther than that, and on behalf of the U.S. Conference of Mayors, our position on that subject is very, very simple—pass something. It has been 12 or 14 years since enterprise zones were introduced. It has been 30 or 40 years since the problems began developing seriously in this country. It has been 8 weeks since Los Angeles. Pass something this month, please.

Now, this is the Select Committee on Narcotics, so I guess the subject is drugs, and specifically the Weed and Seed Program. The Conference of Mayors strongly supports the Weed and Seed concept. We have several specific concerns about it that I'd like to enumerate.

First of all, the Conference of Mayors believes that the money involved in the Weed and Seed Program, the seed money, should be new money. The administration's current proposal is about \$500 million, of which about 60 percent is new money and the rest is not. We would like to see all new money. If it is not so, a small city like York, PA, will see some of its community development block grant money go to solve the problems of Philadelphia. Now, I'm very close to the people of Philadelphia and the mayor of Philadelphia, but it shouldn't be the money I need in York, PA, that solves that problem.

Mr. RANGEL. Let me interrupt only for the purpose of making sure that we all are reading from the same scorecard. The Secretary was right in terms that a lot of this is smoke and mirrors. And even though, forgetting the tax portion which is even scored in a more bizarre way, but forgetting the \$2.5 billion as relates to the tax benefits, you don't have to worry about the \$2.5 billion with the seed money or the \$500 million a year, coming out of any of your existing programs.

Now, don't ask me where OMB found the money—

Mr. ALTHAUS. Never ask.

Mr. RANGEL [continuing]. And it can't be called new money, but it has nothing to do with the programs that you're talking about. So, for all practical purposes, whether there's enough for 50—and strike out 50 because in the formula in which this is going—gang intervention, community youth, Job Corps, vocational and adult education, substance abuse, public housing—I don't know what's going to happen with the rural areas, but the formula is an urban formula for the seed money.

So, whether that's enough or not, you can direct yourself to it, but I hope that in some way the Conference of Mayors could see its way clear to say that this is a pilot project, it's not enough, it doesn't meet the need, but it's the first time in 12 years that at least the drug problem was looked upon as a human problem, and that jails are not the solution. It would be very helpful to this Member. So, I only interrupted to say that the \$500 million, the \$2.5 billion, where you have a menu of programs to choose from, will be there for you. And I'm sorry for the interruption.

Mr. ALTHAUS. No, no, if you want to interrupt with telling me it's all new money, you can make that interruption anytime you want, Mr. Chairman, I appreciate that.

The Conference of Mayors has taken the position you described, and you have been a good friend of the conference and have met with us many times, and I think we agree on this.

Second, one of the concerns we have in the Weed and Seed Program is the administration, through the U.S. attorney's offices—and my mamma ate all her dumb children, I'm not going to criticize U.S. attorneys—but mayors are the people most critically on the streets of our cities, and just as we have said for years, that some of the money in the drug effort should go directly to cities, we believe that a lot of the decisionmaking and convening and leadership in this must come from the mayors of our cities.

The third point on Weed and Seed from our standpoint is that the weeding and the seeding must be done concurrently. You can't go in with a massive enforcement effort that doesn't give any promise or hope to the people you're trying to help, that something is going to be planted and something will flower thereafter. They must be done concurrently, and I think there is starting to be consensus on that issue.

On the broader subject of the drug issue, as you well know, Mr. Chairman, the Conference of Mayors has been asking for years that some of the money go directly to cities. My city has this year received a modest grant. It is the first time we have ever received any money from the Federal Government. We got it through the State in a program which has increasing local match, 25-50-75 percent over 3 years and a declining pass-through contribution from the Federal Government to the locality. Now, that's a decision that's made in the Governor's mansion. Frankly, I think the mayors of the cities of this country know more about what's going on in the streets of this country than the Governors do. God bless Governors. If I ever become one, I will change my position on that, but as of today, the mayors are the people out in the streets of the cities. And we feel very strongly about that.

I'm going to yield the balance of my time, simply out of exhaustion of hearing Mr. Kemp and this committee. [Laughter.]

And I would like to say, finally, that I agree with everything that was said.

Mr. COUGHLIN. It's called vicarious exhaustion. [Laughter.]

Mr. ALTHAUS. Thank you, Mr. Chairman.

Mr. RANGEL. Thank you. I look forward to working with you. We may have even better news after this.

Ms. Mahaffey, president of the Detroit City Council.

STATEMENT OF HON. MARYANN MAHAFFEY

Ms. MAHAFFEY. Thank you, sir. I will also only touch lightly on my testimony. I am here to represent the National League of Cities, though I must admit it's a little hard not to put on my Detroit hat, but I will try to stick to the National League of Cities.

There is no question that as far as we are concerned, we have to have direct Federal assistance to cities and towns, and it has to be money that supplements rather than supplants.

We've seen enough in our town, and in the towns across the country, of the results of giving tax credits and tax abatements, and then when the tax abatement period runs out the company moves somewhere else. So, we're interested in supplemental money. We need it desperately. We need it directly to the cities, as my colleague to my left has stated eloquently.

As far as we are concerned, we have to have health care for both the victims of violence and substance abusers because this is creating an incredible problem for cities. We are the last resort for the citizens. When they don't have health care coverage and they come into our hospitals, either our hospitals go under or, if they are public hospitals, they reach the point where they are in such deficit that there is a drive for them to go out of business. Then people come to our public health clinics. We are already having trouble financing them. We do need desperately some health care for people. We also need to have more money for some of the innovative programs. For example—I will speak of Detroit—we have only one program that really serves pregnant women who are delivering infants. cocaine-addicted women delivering infants. We need more than one.

At the same time we are working on prevention, we have to have more treatment programs. At the moment we don't have enough. We're no different from other cities. We have a wait of up to 6 weeks for an appointment to get drug treatment—an appointment to get screened to get into drug treatment.

Across this country we are seeing an increase in AIDS, and that means the need for treatment facilities. Nearly half of the cases are IV drug use-related, which brings us right back to the importance of the drug and narcotics interdiction programs. There have to be treatment programs along with the effort to stop the traffic all together.

We believe very strongly that the quality of life has a direct impact on the revitalization of any community. When we try to attract business and industry, we find that they are now saying it isn't a question of high taxes, it's a question of what's the quality of life. The quality of life, yes, is schools, it is also security, which means safety, which means what is being done about the drug traf-

fic and the treatment. It also means transportation. Right now, in many cities, the jobs are in the suburbs. The transportation doesn't exist to get people to and from the jobs.

Yes, enterprise zones could help, but we would say very strongly, from the National League of Cities, that there has to be enough money in there for it to be more than a flyspeck on the hide of an elephant. There has to be enough money so that you can see the results.

Many cities have people who own buildings, commercial buildings, who are paying minimal taxes, and if there were an enterprise zone some of them would participate, but some of them would use it as an opportunity to grab the money and run. Consequently, the National League of Cities has trouble with not taxing capital gains. We have seen people who once they get their money out of it, aren't interested in remaining and helping us.

We look to you because you are the only ones that can make the difference, who can help us. We are struggling with little programs in our neighborhoods, but we must have supplemental money to help us put them together so they work. Thank you.

Mr. RANGEL. Thank you, Madam President.

Mayor Norman Rice, Seattle.

STATEMENT OF HON. NORMAN B. RICE

Mr. RICE. Thank you, Mr. Chairman. I think by nature of coming so far, I will speak just a little bit longer, but I come to you as mayor of the city of Seattle, from two perspectives—as a city chosen as a demonstration city, and one, I think, as a mayor viewing some of the events of the last 8 weeks, and wondering a little bit about what's happening in this country and what we are going to do about it.

I think there's a growing feeling all across this Nation, and especially among young people and people of color, that the system is stacked against them and that they will never get a fair shake from our legal system or our system of government.

At the same time, there is a growing sense that the doors to economic opportunity have been slammed shut on far too many of them. And, once again, this frustration and anger is particularly intense among young people and people of color.

I really think, though, that when we assess what has happened in Los Angeles and the attendant demonstrations across this country, it really boils down to two things, fairness and economic opportunity. And, clearly, the enterprise zones and Weed and Seed try to address those concepts.

I think that enterprise zones can be a good tool, and I think they can work. The current, though, enterprise zones will not reach enough cities and, given the expansion of cities and the amount of money, we are concerned about how much really will get to where we need to see it.

Enterprise zones, though, would not do anything for existing businesses that are already in distressed areas, providing jobs and economic activity. In addition, the incentives they would provide would most likely not be sufficient to address the needs of small business.

In addition, unless there are safeguards built into the program, enterprise zones could simply shift jobs and economic opportunities from adjacent neighborhoods, rather than create new jobs and opportunities.

Enterprise zones could be a useful tool, however, if they were expanded to address the needs of all cities, and if they were a component of a truly comprehensive urban aid package. Simply providing tax incentives for new businesses to locate in depressed neighborhoods will accomplish little unless we also invest in improving the public infrastructure and developing job skills of the people in those areas.

So, I think that if we look at the enterprise zones in the sense of a comprehensive infrastructure bill, I think we would see more that could be provided because I think that that infrastructure bill would also provide jobs for residents who would shop in the businesses, and would also think about locating in the areas where businesses were also returning and, too, I think upgrading the roads, sewers, sidewalks, bridges, and other economic infrastructure can attract even more development.

Weed and Seed. Despite its offensive and dehumanizing name, I believe this program has the potential to make a significant impact in the years ahead, by increasing community development and combating drugs and violence.

The concept behind the program is very real and very important. I think, for the first time, to see law enforcement make the strong statement of social services together is really very good, but I think there are some things I would like to share with you, having gotten the brunt of a negative community feeling about Weed and Seed, and tell you what I think really needs to be stressed.

First, Congress and the administration must take whatever steps are necessary to eliminate any doubt about who is actually in charge of this program at the local level. There exists throughout most urban cities a real fear and mistrust of Federal law enforcement, and I think, despite the fact that Seattle's grant proposal clearly was not in any way to expand Federal authority, a lot of people felt that that is just what it would do, and this misconception is not just shared in Seattle, it's shared by a lot of communities throughout the Nation.

My understanding of the grant process in the meetings with a wide variety of Federal officials, has clearly indicated that no one wants to expand Federal authority, and I think that given the widespread misconceptions, Congress and the administration need to take explicit action to confirm this point.

I also would urge that you put specific language into the law clarifying that the Federal role is limited to that of grantor of funds, and that all day-to-day policy decisions and implementation will be controlled by local authorities.

I think the second most important issue is that social programs allowed under the so-called Weed and Seed initiative must be expanded for maximum flexibility for local governments to address the individual needs. If the dollars come to the local communities with all kinds of redtape—which services we can use, which services we can't use—I think we're going to have a very difficult time in creating the trust that we need within the communities.

And I think last, but not least, that funding for this year's demonstration program comes from essentially two funding sources from the Department of Justice, and I think it's going to be important that we not look at the shifting sands of one program to another to make that happen for 1993. I would strongly urge the committee to remove any undue restrictions and redtape from the social service dollars provided under the so-called Weed and Seed.

And, third, in the years ahead, Weed and Seed must be funded through new money, and not simply by reprogramming.

And last, but not least, Mr. Chairman, I would urge you to change the name of this program. The very name, Weed and Seed, sends a very divisive and distorting message about the true nature and intent of this program. It seems to imply that the Federal Government and, by implication, any participating local government has a very narrowminded view of what's going on in urban communities. We're not talking about plants here, we're talking about human beings, and it all boils down to trust and fear. And as mayors, we understand that the only way to eliminate fear is by building the bonds of trust in the community, not by playing on people's fears in a misguided attempt to generate trust. When you look at a name like Weed and Seed and when you look at all the chest-beating and the rhetoric on public safety, it's easy to see why communities might harbor some distrust.

So, to recap, I think there are no easy answers when it comes to drugs, but local communities are doing a lot of things, and my testimony shows the kinds of innovative things we're doing at the local level.

I think we really do have a good opportunity to make a strong statement to all of our cities across America, and I think there's an opportunity to recognize that maybe a true partnership is returning, and I wish you well in your deliberations, and I hope that we can have a program that all of us endorse. Thank you.

Mr. RANGEL. Thank you very much.

Mayor Freedman, let me apologize for you being the first introduced and the last to testify.

Ms. FREEDMAN. That's fine. I think I can recap a little bit, and I hope that you'll take the time to read the remarks that have been entered into the record. I also have some remarks which I was going to read this morning to summarize, but I don't think I'm going to do that.

STATEMENT OF HON. SANDRA FREEDMAN

Ms. FREEDMAN. All of you have heard from all of us and a great deal from the Secretary. I was delighted when I got the invitation, when the topic was the drug crisis as opposed to the war on drugs, because we haven't been fighting a war from the very beginning, in my estimation, and it caused a great deal of frustration among many of us that when you fight a war you use all the tools at your disposal, and we certainly have not done that from the beginning of this time.

You've heard about drug treatment, drug education, which I don't think we've spoken enough about, and how we deal with this,

as well as the community-oriented policing, and Weed and Seed—and I share Mayor Rice's concern about the name.

We've been weeding and seeding in my community—we never called it that, we just went out and did it. We've been doing it for 5 years or so. In fact, this month in the Brookings Report, it talks about Tampa's program, the Quad Program, which has become known around the country, because it does just that. It goes into a community and it really deals with it in a comprehensive way, as opposed to just the policing side.

People have to get involved in this effort, along with law enforcement and with those on the social service provider side. The entire community has to be mobilized to attack the problem.

Certainly, housing is one very large aspect of it, and we talked about 10 days or 2 weeks ago in another committee about that aspect of it. I am a strong believer that housing is totally tied to the jobs component and the entire component in a comprehensive approach.

There is no simplistic answer to this. And to say that it is going to be enterprise zones, which seems to have been the thrust over these last couple of weeks since Los Angeles, I think is a very simplistic approach. Yes, we ought to try that approach, but I don't think anybody ought to think that that is going to be the panacea for what's needed in the cities. It must be a comprehensive approach, and it's got to be a sustained effort.

When all of this, hopefully, has passed in terms of a lot of the rhetoric and the heat from the summer, there won't be as much interest. And, so, the sustaining of the interest in the cities has got to continue not for a month, not for a couple of months, but for many, many years because it has occurred over many, many years. It's been allowed to occur.

People have to get jobs in the inner cities. They have to be able to understand that they do have a role to play and that there is a great deal of self-worth involved in this, and we have to make them understand that through a whole host of programs.

And, finally, I would say to you that there is one thing which I said to the committee 2 weeks ago that I think I have to illustrate today because it seems so right on point.

We've spent the bulk of the morning talking about enterprise zones, and hopefully something will happen very soon about enterprise zones, and we will begin to see whether or not they really do work. But I would point out to you that 12 days or so ago you passed an emergency summer jobs bill.

My community is set to get more from that jobs bill than we anticipated, \$1.2 million. But now we are seeing the problems that have occurred, or that will occur, as a result of what you have done for us.

First of all, in Florida, our kids go back to school mid to late August, and we are well into the summer. By the time we get the kids going and the jobs produced, they are going to have just a couple of weeks of work.

Second, as a result of the regulations with the bill, only public employers and private nonprofit can provide the jobs. The largest producer of jobs, the private sector, is kept out of it. So, who do we go to? Government that has been strapped for years and years and

has produced less jobs? We, in my community, have reduced by hundreds of jobs and we don't have the supervisory positions anymore, and the people to maintain it, with the summer jobs kids. Or the private nonprofits, who are equally strapped?

Second of all, these kids in my community—and I suspect everywhere else, the rules have been written for all of us—they have to produce for us before they can get a job, and we have hundreds waiting, 17 different pieces of paper, from proof of residency because they have to live in Tampa, to prove that they qualify from an economically disadvantaged standpoint, to their birth certificate because of their age, and by the time we go through that whole bit of rigmarole and process the kids, where will we be? I don't think we're going to be able to take the \$1.2 million for the kids who desperately need it in my community because of the way the rules have been written surrounding the program.

And, so, I would urge you that in this whole effort of enterprise zones, and Weed and Seed, and everything else that you do for us and with us, that you make it very easy for the cities to be able to implement the programs, and not tie us up. Provide the flexibility—each one of us resides in different communities and our needs are very different—provide us with the flexibility to meet the needs of our constituents so that we can better serve the cities of this community, and we will do our jobs, and we ask you to do yours, and streamline the process for us so that we can get on about the business of helping the cities of this country. Thank you, Mr. Chairman.

Mr. RANGEL. Thank you. With regard to the emergency supplemental appropriation bill, there was a political problem in compromising the amounts of moneys that would be available, and there is no question that for many communities the money came far too late for it to be used as effectively as it could. It was a question of amount, a question of the President's veto, a question of bargaining during an election year, and a question of nothing being done. And, so, there's no question that the Congress and the White House have to take responsibility for that.

Ms. FREEDMAN. Don't get me wrong, Mr. Chairman, we appreciate what you have done for us, but more could have been done had all that not been placed on us.

Mr. RANGEL. No question about it. No question about that. Let me briefly tell you why we're talking about enterprise zones today at a Select Narcotics hearing [laughter]. What happened last year is that Dick Darman finally testified in front of the Ways and Means Committee as to what the drug problem was costing us. Then came the question as to what we were going to do about it. And when we met with Dick Darman, we knew that there were certain things that we could not do. We could not talk entitlement. We could not talk national programs. We could not talk anything new.

And, so, what we did was to find out where the hemorrhage was coming from for the \$300 billion. And we looked at the map and found out where you had unemployment, where you had addiction, where you had alcoholism, teenage pregnancy, high crime, drop-outs, unemployment, and homelessness; this is where the hemorrhage was. Believe it or not, with the Gingriches and other people

who said that they wanted to target money to the poor without starting any overall program so that it would get directly to where you're having your major problems, and to get us away from this idea of building more jails every time we have a problem and putting more people just in hospitals with addiction instead of preventing it, the names were selected because they were Republican-sounding names.

Enterprise zones have never really been the priority with me that Jack Kemp thinks. It only became the vehicle to bring resources to those areas. Weed and Seed is an obnoxious thing, but for people who are very sensitive that they not be viewed as trying to help people, they like it. And for some people, they have a big problem. So, Weed and Seed—a lot of people think it's a rural program. [Laughter.]

In any event, we then had to make certain that we worked out a formula, and we reversed what you know in terms of being 80 percent seed, and it's really resources—and I've given you a sheet that you have in front of you that lists the menu of programs from which the mayors in the local communities would be allowed to select what they can use. And even when you get to the so-called weed part of it, it's working with soft alternatives rather than hard enforcement.

The down side is this. This is only a pilot demonstration project. And I really, truly believe that if we have enough seed there to make the darn thing work, then maybe conservatives, for the first time, would not feel shameful of saying that jails are not the answer to this problem, and that we can keep kids out of jail, we can keep kids off drugs, if we can give them the hope and the new life that they can get jobs in their community. Then the enterprise zone concept works, when someone can come in and say this sounds like a super neighborhood. The mayor is sending us more cops, we are getting more doctors, more health care, even the teachers, maybe they are getting a little more juice for the overtime, but it does seem as though the kids are learning more, and the employers are getting incentives even for teaching.

I just hope—and I'm not asking—if the mayors could see their way clear to say, as I am saying as a Member, maybe we won't get an enterprise zone where we want it, but if we can make certain that these things work, it will be easier to come back to an even more conservative Congress and say "We're talking about not just saving lives, but saving money," and you know that's exactly what we're talking about.

A kid born addicted to drugs can cost us a million bucks before that kid dies or ends up in jail, just in social services.

So, I want to thank you for taking the time to make the trip here, but this is history because this bill came out of the taxwriting committee. If you don't think that's history—that's history.

An amendment has to come on the floor tomorrow to make it one vote—hey, taxes and social services, unheard of. Then it goes to the Senate, and Mr. Chairman of the Conference of Mayors, that's where we're going to need some help, because the problem is that they don't know what we're talking about. They think it's Weed and Seed, and you're seeing behind all of that, and they may

want to make just a national program out of it without the pilot demonstration aspects.

Mr. ALTHAUS. Mr. Chairman, let me tell you real quickly where the Conference of Mayors is. At our meeting last week in Houston, we had a resolution before us in support of the administration's Enterprise Zone Program and another one from Dave Dinkins in support of your bill from last year, so we did the bold thing and combined the two and said "Pass an Enterprise Zone Program." That's really where the mayors are on either formulation.

Mr. RANGEL. I'd like to come back to the mayors.

Mr. ALTHAUS. We love it when you come to us.

Mr. RANGEL. If we hoodwink them and get this thing started, I don't think we should have to wait 5 years to start other enterprise zones. We'll call it something else, distressed areas, but if it's working, saving money, saving lives, keeping kids out of jail, starting domestic peace corps, bringing back our abandoned buildings, what the heck do we care what we call it?

Larry.

Mr. COUGHLIN. Thank you, Mr. Chairman. I have some questions, but we are going to run out of time. Let me just make one comment from the perspective of someone from the Philadelphia area.

One of the biggest difficulties we're going to have, as I see it, in whether you call it the Weed and Seed Program or enterprise zones, or what have you, is trying to target the money. You know, Congress, and even you within your own jurisdictions, have a tendency to want to spread the funds out.

As I look at Philadelphia, and I spend a lot of time there—we have an area called the Badlands; it's a very tough drug center in Philadelphia, but it's only an area about 40 by 40 blocks, and that is not an impossible problem. It shouldn't be an impossible problem with the resources of this great country and the resources of our States and our cities themselves.

So, if we can just make sure that as we work through enterprise zones, and work through, however misnomered you call it, Weed and Seed, that we try and target the funds with a rifle shot rather than try and slug them with a buckshot. I think it is a possible thing to do.

Ms. MAHAFFEY. Mr. Chairman, may I? I agree that there needs to be targeting. I think the local people have to be involved in determining that target because we know the people. As a member of the city council, I'm out there every day, morning, noon, and night. I know every organization in my city, strange as that may seem. We know what people are facing, and we have to be a part of that decisionmaking.

The other point I'd like to make is that there are two life forces in young people, one toward life and one toward death; the question is, what are the barriers in their force toward life that shifts them over into the negative, if you will, death track. We find today that, unfortunately, the drug traffic is one way to earn a living—not a good way, and most of them will admit it's not a good way—but we're finding that it's spreading. It comes from the suburbs, believe it or not, into a section of Detroit, and it may go from a section of another city into the suburbs. It's working both ways. That's why we have to have the resources to be able to put together the

local people in their communities, to tackle the problem utilizing social services and the help from the Federal Government in stopping the flow of drugs.

Mr. RANGEL. We have to go vote, but the New York City office will be working with you and the Conference of Mayors to get your view. I'm going to stay in touch with Congressman Gibbons, I hope you will with him, so that we can get your guidance on what's happening in the Senate.

You're going to have to tell me, or a staffer, if not now, then at least by tomorrow, who to work with that understands what you're talking about from Detroit, so that you can bring in the council's thinking, and I guess with you Dave Obey might be the best person, but you have to educate Obey as to—I don't mean educate—but advise him as to your experience, so that I can be guided by him in working with the Senate. This could really be a turn-around if we can get it through the Senate the way it will be in the House.

Thank you very much.

[Whereupon, at 2:02 p.m., the committee was adjourned.]

SUBMISSIONS FOR THE RECORD

OPENING STATEMENT

by

THE HONORABLE CHARLES B. RANGEL, CHAIRMAN

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

HEARING ON

DRUGS AND THE CITIES: THE FEDERAL RESPONSE

TUESDAY, JUNE 30, 1992

11:30 AM

ROOM 2226 RAYBURN HOB

Today, the Select Committee examines the impact of drugs on our nation's cities and the Federal response to this crisis. To talk with us about these issues, we are very pleased to welcome Jack Kemp, the Secretary of Housing and Urban Development, and distinguished panel of local elected officials -- Mayor William Althaus of York, Pennsylvania, the newly installed President of the United States Conference of Mayors; Detroit City Council President Maryann Mahaffey, who also chairs the National League of Cities' Human Development Committee and is here representing the League; Mayor Norman Rice of Seattle, Washington; and Mayor Sandra Freeman of Tampa, Florida.

Recent events in Los Angeles have once again focused the nation's attention on the plight of our urban areas. The unrest in Los Angeles was not directly attributable to drugs. But drugs are an inseparable part of the volatile mixture of urban problems that exploded with such fury in Los Angeles. Drugs are both cause and effect of the alienation, despair and frustration that grips our inner cities and that erupted in violence in the wake of the Rodney King verdict.

Drug abuse, drug trafficking and related violence continues to plague our urban areas. Some surveys may show that casual use of illegal drugs is down, but those same surveys also show that the hardcore use of illegal drugs is up, drug-related emergency room visits are up, and rates of drug use among urban residents,

minorities, high school dropouts, and the unemployed continue at levels far in excess of the national average.

Drugs are cheaper, purer, and more available than ever before. Drug abuse is fueling the AIDS epidemic and endangering the health, development, and productivity of the entire nation. Drug abuse and drug trafficking are adversely affecting the public health and safety of those living in urban areas, overburdening the criminal justice system and social services networks, weakening our schools and contributing to child abuse and the wholesale disintegration of families and entire neighborhoods.

Dick Darman, Director of the President's Office of Management and Budget, estimates that the epidemic of drug use and the ripple effect it is having through our society is costing our nation nearly \$300 billion a year in lost productivity, lost revenue, and added domestic expenditures for prisons, jails, law enforcement, health care and related services.

Attacking drug abuse, drug trafficking and associated ills must be a central part of any effort to address urban problems. Last January, the President released his fourth National Drug Control Strategy. In the aftermath of Los Angeles, Congress and the Administration have been trying to work out a long-term package of urban aid to revitalize our cities. Among the proposals that have been discussed are enterprise zones and "Weed and Seed."

The House will soon consider legislation to establish enterprise zones and provide other tax incentives for economic development in depressed urban and rural areas. Despite my support for enterprise zones legislation over the years, I have always readily admitted that enterprise zones alone cannot solve the complex problems of urban America. Businesses are not going to set up shop in enterprise zones just for the tax incentives. Who would want to invest time and money in an unstable community rife with drugs and crime? For that reason, we need a broader commitment to the cities. I sincerely hope that the package that comes before the House includes a serious commitment of additional resources earmarked for the urban enterprise zones for jobs, job training and a vast array of community development and social services including comprehensive drug abuse treatment and prevention programs.

We look forward to hearing from Jack Kemp who will discuss the Administration's agenda for the cities and HUD's role in the President's drug control strategy and "Weed and Seed." He has been one of the true leaders in efforts to revitalize America's cities, and it is always a pleasure to welcome him back to the House of Representatives where he served with such distinction for so many years.

Since we are talking about cities, we especially look forward to the testimony of the local elected officials joining us today. You

are on the frontlines of the War on Drugs, and we greatly appreciate the job you are attempting to do with limited resources.

We want to know how you are addressing the web of urban problems -- like unemployment, homelessness, teen pregnancies, violent crime, high school dropouts and economic development -- which are so often intertwined with drug abuse and drug trafficking.

We are interested in your view of the President's drug strategy. Is it responsive to your needs? What is working? What is not working?

We also want to hear your assessment of the Administration's urban initiatives, such as enterprise zones and "Weed and Seed." How useful are these proposals in helping local governments revitalize inner-city neighborhoods beset by drugs and crime? What resources can local governments commit to make these initiatives successful? What would you need from state government? The private sector? The Federal Government? What advice do you have for Congress as we consider these proposals?

At this time, I'd like to recognize our Ranking Minority Member, Congressman Coughlin, for any comments he may have.

STATEMENT OF SECRETARY JACK KEMP
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL
HOUSE OF REPRESENTATIVES
JUNE 30, 1992

Mr. Chairman and members of the Committee, thank you for this opportunity to testify concerning what we have accomplished and what remains to be done in the war on drugs. I am confident you would agree with me that the war on drugs is just a part of a larger war on poverty -- a fight over the very soul of this nation.

Let me say at the outset that I appreciate your leadership in dealing with one of the most devastating symbols of the hopelessness and despair in our inner cities from East Harlem to East St. Louis to East Los Angeles.

I think it is important that the focus of this hearing is not just on anti-drug programs, but on the urban problems that have helped to create the drug crisis, and on the programs -- like Enterprise Zones -- that you and I agree are needed to address those problems.

When I first became Secretary of HUD, President Bush asked me to go to the inner cities across the country to see the challenges that we faced in working to help create jobs, opportunity, and decent, drug-free housing for every American family. Nothing touched me more deeply than the plight of public housing residents terrorized by drug abusers and drug traffickers who have taken over their communities.

I first witnessed the drug presence in the Richard Allen Public Housing Community in Philadelphia, where I saw a group of men dealing drugs no more than 100 feet from the door of a Head Start center where four and five year old children were striving to learn and achieve and gain opportunity. Virginia Wilkes, the tenant manager pleaded, "Please Mr. Kemp, get the drug dealers out of Richard Allen and we can turn this community around."

What I've realized is that the vast majority of public housing residents are decent, law abiding citizens who share the profound desire for peace in their communities. We've got to target law enforcement on the hard core criminal element, coupled with strong enforcement of lease provisions to evict dealers and doers.

As I have gone from city to city, I have seen more of the dreadful effects of the drug trade. But I have also met public housing leaders and tenant groups and aspiring entrepreneurs who have taken up the challenge to regain control of their homes and neighborhoods. Wherever I have gone, I have seen, in the midst of a drastic shortage of opportunity, a supply of wealth and talent waiting to be empowered. They deserve the strongest support we can give them.

Earlier this month I participated in the Nickerson Gardens Youth Summit in South Central Los Angeles. I met with members of the Cripps and Bloods gangs, and saw first hand the yearning of young people to participate in the mainstream economy and other positive alternatives to the dead end of gangs and the drug

trade. If these youth are talented enough to run street markets they are also talented enough to participate in our economic markets if given a chance and some training. We've got to offer more than summer jobs. We've got to empower and involve young people in creating long-term solutions, and build an economic base to offer long term hope.

Your letter of invitation cited a statement by an official of the Bush Administration that it is not unreasonable to place the cost of substance abuse in our nation at \$300 billion annually in lost productivity, lost revenue and added governmental expenditures for prisons, jails, law enforcement, health care and other services.

We cannot allow these conditions to stand. As of 1986, according to the Sentencing Project, there were more black men between the ages of 20 and 29 incarcerated, on probation or parole than there were enrolled in colleges and universities. This is an absolute tragedy. Mr. Chairman, this is a generation of Americans that we are losing to the hopelessness and despair that are born of poverty and a lack of opportunity. You have often said that the one-year upkeep cost of a juvenile offender is \$38,000, more than it costs to go to Harvard for a year. While I know we all agree that law enforcement must be a high priority, we must also recognize that an investment in jobs and opportunity will have a far more lasting, far more positive effect on our society than a similar expenditure to contain an individual in our correctional system.

As you have noted, Mr. Chairman, drugs are a part of the volatile mixture of urban problems that contributed to the unrest in Los Angeles. They are part of the same mixture of problems -- lack of jobs, lack of education and lack of ownership of property -- that are endemic to neighborhoods across America.

Mr. Chairman, I have talked frequently about the second economy that predominates in pockets of poverty throughout urban and rural America. This economy has incredible barriers to productive economic activity, and a virtual lack of incentives, rewards or private property. As I have heard you say, Mr. Chairman, in these communities, the sale and acquisition of illegal substances are the only signs of a local economy.

The second economy is the antithesis of the mainstream, democratic capitalist economy that is market oriented, entrepreneurial, and based on private property. In the mainstream economy, incentives abound for working, saving, investing, getting an education, starting a family and starting a business.

When people lack jobs, opportunity and ownership of property, they have little stake in their communities, and no respect for other people's property as well. When people have nothing to lose but the shirt off their backs, it undermines self-esteem and respect for the law, and respect for property.

We can accept nothing less than a full-scale assault on the barriers to economic growth and equality of opportunity for low-income Americans. Impoverished, embattled and drug-scarred

communities are a problem not only for the people who live there, but for all of us. We as a society have nothing less than a moral obligation to tap the potential of every person, and to replace joblessness, drugs, crime and hopelessness with new opportunities for jobs, education, homeownership and upward mobility.

As Kimi Gray, Irene Johnson, Bertha Gilkey, and other resident management leaders have indicated, resident empowerment initiatives are restoring the moral authority of parents over their community, rebuilding the fabric of family and neighborhood that has been steadily eroded.

We must embark on this dramatic effort to restore growth and opportunity, not through "trickle-down" government, but through individual empowerment, expanding privatization and tenant ownership of public housing, minority entrepreneurship, and true welfare reform that liberates people rather than entraps them.

As the President said in Los Angeles recently, "We are one family, one people, one Nation under God." We all have a stake in each other's welfare.

Mr. Chairman, if there is a positive result from the tragedy in Los Angeles, it is that a great debate has been stimulated over how to restore prosperity and stability, hope and opportunity for all the people in our cities. It would compound the tragedy if this debate fails to produce tangible, meaningful results.

As I told the U.S. Conference of Mayors last week, we must embark on an audacious, dramatic effort to restore economic growth, educational opportunity and homeownership for poor people.

There is no one answer that will cure the problems of urban America. We need a bipartisan and broad-based program. The Administration has proposed an urban agenda that will help to transform America's cities into models of entrepreneurial capitalism and equality of opportunity -- where people can start families, raise their children and build a better life.

The centerpiece of the Administration's urban agenda is Enterprise Zones. We made our first Enterprise Zone proposal three years ago, and I have been working with you on this issue much longer than that. We cannot change the fact that Enterprise Zones have not yet been enacted -- but we can enact a bill now. And as the President has said, we should broaden and deepen our incentives.

Mr. Chairman, I am bitterly disappointed by the Enterprise Zones proposal adopted last week by the Ways and Means Committee. We have what may be a once in a lifetime opportunity to provide pathbreaking incentives for entrepreneurship, job creation and economic growth in the most distressed communities of this Nation. And Mr. Chairman, we are about to squander that opportunity. The Committee-passed bill, by failing to provide those incentives raises hopes it can never fulfill.

Earlier this month, the President announced a dramatic expansion of the enterprise zone initiative. As the President said: ". . . here's an open invitation to the mayors of America's cities and a challenge to the Congress: If you meet the criteria, instead of 50 Enterprise Zones for America, every deserving neighborhood will become one." The President realizes the great need and demand that exists for Enterprise Zones in severely distressed neighborhoods. Setting arbitrary limits on the number of Zones to be created assures that otherwise eligible neighborhoods will be excluded. Mr. Chairman, we will never have full economic recovery in our distressed urban and rural communities if the Enterprise Zone selection process becomes a zero-sum game pitting mayor against mayor, city against city, community against community.

Instead of asking cities to compete for a fixed pool of federal benefits, we are asking them to compete to create the most dynamic entrepreneurial economies.

But expanding the number of Enterprise Zones becomes critical only if the incentives for entrepreneurship and job creation are meaningful, and the President proposed a broad-based package of incentives.

Most important, the President realized that the first and essential step in freeing people from the rules that now prevent prosperity from appearing in urban and rural areas of poverty is the complete elimination of the capital gains tax on investing, working and living in Enterprise Zones. The President's proposal

expanded the Administration's previous initiative by extending the capital gains exclusion to most intangible, as well as tangible, assets. These capital gains in Enterprise Zones would not be subject to the alternative minimum tax. In addition, any losses in an Enterprise Zone business may be treated as an ordinary income loss as opposed to a capital loss.

The Administration has other incentives targeted for entrepreneurs and workers in enterprise zones. Small businesses in Enterprise Zones would be able to expense up to \$50,000 a year in equipment investment as long as the area retains its enterprise zone designation. In addition, the proposal would permit the use of tax exempt (IDB) financing for loans to almost any Enterprise zone business, such as retail stores.

The Administration also proposed providing an earned income tax credit to all low-income workers in an enterprise zone as an immediate and direct step to offset the disincentives of the high payroll tax. Currently, workers without children -- frequently those who are in the greatest need of help -- are not eligible for the \$1,800 earned income tax credit. Allowing these workers to realize more of the benefits of their hard work will also give them the economic security they need to begin to raise stable families.

This Administration is anxious to work with Congress to develop a bipartisan Enterprise Zone bill, and we welcome all suggestions that meet the standard of helping poor people regain control of their lives and liberate themselves from poverty. But

we will not tolerate a defense of the status quo, nor accept efforts to undermine the potential success of the Enterprise Zone program.

The President's Enterprise Zone proposal was a bold and audacious, visionary, and far-reaching response to the urgent problems of urban America. With all due respect to you Mr. Chairman, what the Ways and Means Committee approved last week was a timid, short-sighted and half-hearted response to those problems.

The Committee's Enterprise Zone bill gives the illusion of having done something to address the high rates of unemployment, poverty and despair gripping our inner cities. In reality it barely departs from the status quo. It is an enterprise zone package that is designed for failure.

As you clearly understand, Mr. Chairman, the designation of only 50 Enterprise Zones -- only 25 of them urban -- is an inadequate response to the need for the incentives Enterprise Zones can create. A program of 50 Enterprise Zones puts it on the level of a demonstration program. Mr. Chairman, what do we have to demonstrate? That economic independence is better than government dependence? That a payroll check is better than a welfare check?

Mr. Chairman, under the Administration criteria some 200 cities would automatically qualify for enterprise zone designation, and would be able to have zones as soon as they submitted acceptable applications. In addition, more than 100

impoverished rural areas could have enterprise zones. The Committee's bill will effectively make HUD determine whether Harlem is more deserving of an Enterprise Zone than Bedford-Stuyvesant; whether Watts is more deserving than South Central L.A.; whether Clarksdale, Mississippi, in the Mississippi Delta is more deserving than Brownsville, Texas, along the Rio Grande.

But Mr. Chairman, the principal failure of the Ways and Means bill is that it does not provide the incentives that President Bush believes are necessary to revive economic, growth, job creation and entrepreneurship in inner city neighborhoods.

The heart of the Administration's Enterprise Zone proposal is elimination of the capital gains tax. The reason is that the generation of capital gains goes to the very heart of the wealth creation that is central to a entrepreneurial capitalist economy. You cannot have democratic capitalism without capital. Every time a business is created or expands, a capital gain is created. Taxing those gains is a direct tax on the increase in jobs, incomes, opportunity, wealth and the expanding tax base that new and growing businesses create.

Because the capital gains tax is targeted at economic growth, it stands as a major barrier to the revival of our inner cities. It keeps capital locked up in mature assets and out of reach of the poor, especially minorities who have most of their capital gains ahead of them. According to recent surveys of black entrepreneurs by Black Enterprise Magazine, the primary obstacle to black entrepreneurship is lack of access to start-up

capital. Seventy-five percent of black entrepreneurs had to start their businesses, relying entirely on their own savings, versus just 25 percent for all entrepreneurs. The capital gains tax favors the sure bet over the long shot, it favors existing wealth over new wealth, and frankly, it favors the suburbs over the inner cities.

What was the Ways and Means Committee's response to the Administration's capital gains proposal? The Committee does not eliminate the tax. It merely "defers" capital gains taxes for inner city investment. Mr. Chairman, how much longer can we afford to defer the American dream?

There is a persistent view bordering on paranoia among some in the House Democratic leadership that capital gains reduction is unfair. Mr. Chairman, the capital gains exclusion in Enterprise Zones is fair. Today, there are no capital gains being created in our inner cities. There is no benefit to anyone unless wealth is created. What is unfair, Mr. Chairman is to stifle productive investment that will create jobs, income, opportunity and wealth for people who today have none. And that is just what the committee has done.

Mr. Chairman, you cannot create employees without first creating employers. It does little good to train unemployed people to perform jobs that do not exist. The Administration's incentives for enterprise zone business creation are based on a requirement of long-term involvement in creating wealth and jobs in the zone: A third of all employees must live in the zone; 80

percent of the zone business's income must be derived from enterprise zone business activity; and substantially all of an Enterprise Zone business's employees and property must be directly involved with the active conduct of business within the zone.

The fear that someone will make money from an Enterprise Zone and leave the Zone, thus weakening the community, is groundless. There is a capital gain for the original entrepreneur only if someone else buys the business. When that happens, the investment stays in the zone. The entrepreneur is equally likely to maintain the business in the zone, for the same reason. If the business is moved out of the zone, the owner loses the capital gains exclusion.

Merely providing a capital gains rollover will not increase a business's commitment to improving the community; this commitment is already required under the law. What it does provide is less flexibility for the investor. If investing in an enterprise zone business provides less flexibility and equal capital gains treatment versus other communities, why would an investor choose a more risky investment in a zone over a business in another community? Regrettably, Mr. Chairman, this isn't going to increase investment in enterprise zones to any significant extent.

The rollover provision is a thinly veiled disguise for a tax on the creation of wealth. It creates the illusion of having done something, which is worse than doing nothing.

The Administration's proposal and the committee's bill differ on other key points.

For example, the Administration would provide for "expensing" of up to \$50,000 per year of individual purchases of stock in an Enterprise Zone business, with a lifetime limit of \$250,000. The committee's bill limits the annual up-front deduction to \$25,000, with the same lifetime limit. While I am pleased that the Committee approved investment expensing, Mr. Chairman, the effect of this proposal is to place greater restrictions on the ability of new Enterprise Zone businesses to obtain adequate seed capital. For a small, start-up enterprise, even a small injection of capital can make the difference between success and failure. Thus, in the long run, this proposal could jeopardize the chances of success of Enterprise Zone businesses that rely heavily on investors for start-up capital.

In addition, instead of providing an expanded refundable earned income tax credit, the committee provides a wage credit of 15 percent on the first \$20,000 of full or part-time employees for employees who live and work in an Enterprise Zone. Mr. Chairman, instead of eliminating a disincentive for employees to come off welfare and obtain employment, the committee provides instead an additional incentive to employers that is not even targeted to low-income workers.

Mr. Chairman, I am amazed that in a package of urban aid measures costing more than \$14 billion, the Majority on the Ways and Means Committee limited the scope of Enterprise Zones in part

because of a fear they would cost too much. Unfortunately, what the Committee calls a limit on resources is actually a limit on vision. You cannot fix the budget without fixing the economy. You cannot balance the budget without getting the nation back to work. You cannot create wealth by stifling the forces that create it.

But as you have said, Mr. Chairman, Enterprise Zones are not the whole answer. Just as Enterprise Zones are an important strategy for reviving our cities and creating safe and stable communities, so, too is expanding ownership of private property.

When people are denied ownership of property and access to capital, they have little regard and respect for the property of others. When they have the opportunity to own their own home, start a business and have access to capital and assets, they instantly defend their own property rights, and the rights of others. Nowhere was that more apparent recently than during the rioting in Los Angeles. In those areas where people had a stake in the community, pride in their neighborhoods, and high degrees of homeownership and resident management of public housing, there was very little rioting or violence.

Thus, Mr. Chairman, the Administration's agenda includes funding of the HOPE Grants program at \$1 billion, to provide access to assets, private property and opportunity and help low-income people to recapture the American Dream of homeownership by managing their own communities and ultimately owning their own homes.

This year, HOPE will give thousands of poor families control over their lives by creating thousands of first-time homebuyers in public housing, and starting tens of thousands more along the road to independence.

In addition, the Administration has proposed \$500 million earmarked for a neighborhood-focused, two-part strategy to control violent crime by "weeding" gang leaders, violent criminals and drug dealers from neighborhoods, and "seeding" those neighborhoods with public and private services -- such as job training, health care, education assistance and housing and community development assistance -- and the tax incentives of Enterprise Zones.

Mr. Chairman, I am pleased that Weed and Seed is a prominent component of your own Enterprise Communities Act. I agree with you that enhanced social services in distressed areas is essential to the success of Enterprise Zones. You said in this month's Northeast-Midwest Economic Review that entrepreneurs creating Enterprise Zone businesses want to know: "Are the streets safe? Is there a decent place for my employees to live? Is the job market going to include more than ex-cons and ex-addicts?"

Finally, Mr. Chairman, let me briefly address several actions that the Department of Housing and Urban Development has taken over the past three years to deal directly with the drug problem in areas under its direct jurisdiction.

Most significantly, since 1989 we have provided approximately one-half billion dollars for drug prevention and control activities to almost 900 Public and Indian Housing Authorities through the Public House Drug Elimination Grants program. We have requested another \$165 million for this purpose in 1993. A portion of these funds is now earmarked to providing positive sports and other activities for youth.

Housing authorities report in all 10 HUD regions that there has been a reduction in criminal activity since receiving antidrug grant funding and implementing comprehensive antidrug strategies utilizing residents, police and community representatives.

In addition, HUD is proceeding with granting waivers of unnecessary Lease and Grievance rules to evict public housing tenants engaged in illegal drug activities. HUD does not require duplicative administrative lease and grievance hearings in states where due process protection are fully afforded under State or local law.

These steps, and indeed all efforts to increase the supply of decent, safe and affordable housing, and to provide direct assistance to local authorities and residents for drug elimination activities, are important and beneficial. They help to reduce one of the worst conditions of poverty, and promote drug-free neighborhoods. Helping make public housing drug free remains one of President Bush's and my priorities for the Department. I pledge the continued support of my Department in

expanding and improving the anti-drug programs under its jurisdiction.

Mr. Chairman, two weeks ago we heard the first democratically elected leader of Russia in a millennium tell Members of Congress and the American people: "It is in Russia that the future of freedom in the 21st Century is being decided. We are upholding your freedom as well as ours."

President Yeltsin is right about freedom -- it's indivisible. But I would add that our mission here at home is no less historic than Yeltsin's, and just as morally profound.

We must demonstrate to the whole world -- but more especially to those who have been left out and left behind -- that we can rebuild our cities. It does not profit America to gain freedom and democracy for the rest of the world if we lose our soul at home.

As we approach the celebration of our Nation's independence, let us begin to give every poor person in America the opportunity to achieve the independence we too often take for granted. We can do that by passing an effective and truly bipartisan Enterprise Zone bill.

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THE UNITED STATES CONFERENCE OF MAYORS

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STATEMENT BY

WILLIAM J. ALTHAUS

MAYOR OF YORK

PRESIDENT, THE U.S. CONFERENCE OF MAYORS

before the

SELECT COMMITTEE ON NARCOTICS, ABUSE AND CONTROL

U.S. HOUSE OF REPRESENTATIVES

JUNE 30, 1992

MR. RANGEL, MR. COUGHLIN, MEMBERS OF THE COMMITTEE. I AM WILLIAM ALTHAUS, MAYOR OF YORK AND PRESIDENT OF THE U.S. CONFERENCE OF MAYORS. I AM PLEASED TO HAVE THE OPPORTUNITY TO DISCUSS WITH YOU THE FOURTH NATIONAL DRUG CONTROL STRATEGY AND OUR ASSESSMENT OF THE EFFECT IT WILL HAVE ON THE PROBLEMS OF CRIME AND DRUGS IN THE NATION'S CITIES. IN PARTICULAR, I AM PLEASED TO HAVE THE OPPORTUNITY TO DISCUSS WITH YOU THE ADMINISTRATION'S "WEED AND SEED" INITIATIVE, AN INITIATIVE WHICH HAS PROVOKED MUCH DISCUSSION AND WHICH, WE FEEL, HAS TREMENDOUS POTENTIAL.

FIRST OF ALL, LET ME SAY THAT IF IT WERE NOT FOR THE HARD WORK OF THIS COMMITTEE -- THE EXTRAORDINARY WORK OF YOUR CHAIRMAN, YOUR MINORITY LEADERS AND MANY OF YOUR MEMBERS -- THERE WOULD LIKELY BE NO NATIONAL DRUG CONTROL STRATEGY FOR US TO BE DISCUSSING TODAY AND THERE LIKELY WOULD BE NO NATIONAL ANTI-DRUG EFFORT OF THE MAGNITUDE WHICH WE HAVE TODAY. WE BEGAN OUR JOINT EFFORTS ON THIS ISSUE IN 1986, AND IT HAS BEEN A PRODUCTIVE, BIPARTISAN PARTNERSHIP EVER SINCE.

THE FOURTH NATIONAL DRUG CONTROL STRATEGY FOLLOWS THE DIRECTION OF THE PREVIOUS ONES, AND BUILDS ON IT. IT CONTAINS SEVERAL POSITIVE ELEMENTS, AND IT CONTAINS SOME OF THE SAME OLD PROBLEMS. PROBABLY THE MOST EXCITING PROPOSAL IS THE NEW WEED AND SEED

INITIATIVE INCLUDED IN THE STRATEGY. THIS ELEMENT REPRESENTS AN IMPORTANT DEPARTURE FROM PREVIOUS POLICIES BECAUSE IT RECOGNIZES THE INTER-RELATIONSHIP BETWEEN CRIME AND DRUG PROBLEMS AND POOR ECONOMIC AND SOCIAL CONDITIONS IN NEIGHBORHOODS.

UNDER WEED AND SEED OUR NATIONAL GOVERNMENT WOULD TARGET NEIGHBORHOODS HARD HIT BY DRUGS AND CRIME, TO THE EXTENT POSSIBLE ELIMINATE THE DRUG DEALERS THROUGH COORDINATED, INTERGOVERNMENTAL CONCENTRATED ENFORCEMENT EFFORTS, AND THEN PROVIDE A HOST OF SOCIAL AND ECONOMIC DEVELOPMENT SUPPORTS TO THESE NEIGHBORHOODS. THE INITIATIVE BEGAN ON A DEMONSTRATION BASIS IN THREE CITIES -- TRENTON, KANSAS CITY AND OMAHA. SIMILAR EFFORTS HAVE RECENTLY BEEN FUNDED IN ANOTHER 16 CITIES. THE PROGRAM, WE HOPE, WILL BE EXTENDED TO MANY MORE IN 1993. IN ADDITION TO USING PROVEN, EXISTING FEDERAL PROGRAMS AS FUNDING VEHICLES THE INITIATIVE CALLS FOR THE PASSAGE OF ENTERPRISE ZONE LEGISLATION WHICH WOULD PROVIDE A SERIES OF CRITICAL TAX ADVANTAGES INTENDED TO SPUR ECONOMIC DEVELOPMENT IN THE TARGET NEIGHBORHOODS.

THIS APPROACH IS SIMILAR TO THAT ADVOCATED BY YOU, MR. RANGEL, IN THE ENTERPRISE ZONE LEGISLATION WHICH YOU HAVE INTRODUCED AND WHICH YOU DISCUSSED WITH THE CONFERENCE OF MAYORS TASK FORCE ON DRUG

CONTROL IN JANUARY. AND IT IS ENTIRELY CONSISTENT WITH WHAT THE MAYORS HAVE BEEN CALLING FOR: THE PROVISION OF FUNDING AND RESOURCES AND OTHER FORMS OF SUPPORT DIRECTLY TO CITIES TO ATTACK THE PROBLEMS OF CRIME AND DRUGS: NOT JUST TO ARREST THE CRIMINALS, BUT TO ADDRESS THE ROOT CAUSES OF THESE PROBLEMS.

LAST WEEK WE HELD THE 60TH ANNUAL CONFERENCE OF MAYORS IN HOUSTON. AT THAT MEETING WE ADOPTED POLICY POSITIONS ON VARIOUS URBAN ISSUES, INCLUDING, WEED AND SEED AND ENTERPRISE ZONES. OUR RESOLUTIONS ON THESE TWO ISSUES ARE ATTACHED TO MY STATEMENT.

WE SUPPORT PASSAGE AND FUNDING OF A NEW ENTERPRISE ZONE INITIATIVE FOR URBAN AND RURAL COMMUNITIES, AND WE FEEL STRONGLY THAT FUNDING FOR THIS PROGRAM SHOULD NOT BE PROVIDED BY REDUCING OTHER DOMESTIC PROGRAMS. WHILE WE ARE PLEASED THAT THE HOUSE WAYS AND MEANS COMMITTEE REPORTED OUT AN ENTERPRISE ZONE BILL LAST WEEK, WE FEEL THAT IT DOES NOT EVEN BEGIN TO ADDRESS THE NEED. FIFTY ZONES -- 25 RURAL AND 25 URBAN -- WITH ONLY TAX INCENTIVES AND NO ECONOMIC DEVELOPMENT OR SOCIAL SUPPORTS IS BARELY A DROP IN THE BUCKET. WE SUPPORT YOUR AMENDMENT, MR. RANGEL, TO PROVIDE THAT ECONOMIC AND SOCIAL DEVELOPMENT ASSISTANCE THROUGH THE WEED AND SEED INITIATIVE.

WE ARE CONCERNED, HOWEVER, THAT THAT FUNDING WOULD ONLY BE AVAILABLE TO THOSE FEW COMMUNITIES DESIGNATED AS ENTERPRISE ZONES.

AT OUR MEETING WE ALSO REGISTERED SUPPORT FOR THE WEED AND SEED INITIATIVE, BUT WITH THE FOLLOWING PROVISOS:

1. **ALL OF THE FUNDS ALLOCATED TO THE PROGRAM SHOULD BE "NEW" MONEY.** WHILE THE PRESIDENT'S FY93 BUDGET PROPOSAL INCLUDES NEW FUNDING FOR SEVERAL OF THE PROGRAMS THAT WOULD PROVIDE THE SOCIAL AND ECONOMIC DEVELOPMENT SUPPORTS, IT EARMARKS FUNDS IN OTHER PROGRAMS, SUCH AS COMMUNITY DEVELOPMENT BLOCK GRANT AND PUBLIC HOUSING MODERNIZATION, FOR WHICH THE ADMINISTRATION HAS PROPOSED CUTS. THE CONFERENCE OF MAYORS NOT ONLY OPPOSES THE CUTS IN THESE PROGRAMS, BUT IS CONCERNED ABOUT THE INCREASED DEMAND THAT WOULD BE MADE ON THE LIMITED FUNDS THAT WOULD BE AVAILABLE. THESE FUNDING SOURCES, AND OTHERS INCLUDED IN THE WEED AND SEED PROPOSAL, PROVIDE CRITICAL ASSISTANCE IN COMMUNITIES THROUGHOUT THE NATION. THESE EFFORTS SHOULD NOT BE DIMINISHED.

ANY FUNDS COMMITTED TO THE WEED AND SEED INITIATIVE MUST BE NEW AND MUST NOT TAKE FUNDS FROM THOSE COMMUNITIES WHICH DO NOT RECEIVE FUNDS UNDER WEED AND SEED. CITIES LIKE MINE, WHICH ARE NOT

LIKELY TO BE TARGETED FOR FUNDING UNDER THIS PROPOSAL YET HAVE SERIOUS AND GROWING PROBLEMS RELATING TO CRIME AND DRUGS AND TO DETERIORATING SOCIAL AND ECONOMIC CONDITIONS, SHOULD NOT SEE THE MEAGER FEDERAL RESOURCES WE RECEIVE CUT TO FINANCE THE PROGRAM IN OTHER CITIES.

2. **THE MAYOR MUST BE INVOLVED IN EVERY ASPECT OF THE WEEDING AND SEEDING OPERATIONS.** WE KNOW THAT THE PROGRAM WAS INITIATED THROUGH THE U.S. ATTORNEYS AND UNDERSTAND THE REASONS FOR THIS. WHILE THE U.S. ATTORNEY HAS A KEY ROLE TO PLAY IN THE IMPLEMENTATION OF THIS INITIATIVE, ALONG WITH OTHERS IN THE LAW ENFORCEMENT COMMUNITY, THE MAYOR MUST BE AN INTEGRAL PART OF THIS EFFORT AND PLAY A LEAD ROLE IN IT. THE MAYOR SHOULD BE IN A POSITION TO PULL ALL OF THE DIFFERENT COMPONENTS OF THE EFFORT TOGETHER AND IS LIKELY TO BE THE MOST EFFECTIVE LINK TO THE TARGETED COMMUNITY.

3. **THE WEEDING AND SEEDING OPERATIONS SHOULD TAKE PLACE AT THE SAME TIME.** THIS IS IMPORTANT BOTH TO THE SUCCESS OF THE PROGRAM AND TO THE WAY IN WHICH IT IS RECEIVED BY THE AFFECTED COMMUNITY. THERE HAS BEEN SKEPTICISM AND EVEN HOSTILITY TOWARD THE PROGRAM IN SOME TARGET COMMUNITIES. PROVIDING THE NEEDED SOCIAL AND ECONOMIC SUPPORTS AT THE SAME TIME THAT ARRESTS ARE MADE WILL MAKE IT CLEAR

THAT THIS IS NOT JUST ANOTHER STEPPED UP ENFORCEMENT EFFORT AND THAT THE NEIGHBORHOOD AND ITS RESIDENTS CAN EXPECT SOME REAL HELP.

WEED AND SEED, OF COURSE, WAS JUST ONE PART OF THE NATIONAL DRUG CONTROL STRATEGY. WE MUST GIVE OTHER PARTS OF THE STRATEGY MIXED REVIEWS, HOWEVER:

1) WHILE THE STRATEGY INCLUDES INCREASED FUNDING FOR PREVENTION AND TREATMENT, THE BALANCE BETWEEN THE DEMAND REDUCTION COMPONENTS AND SUPPLY REDUCTION COMPONENTS HAS NOT SHIFTED SIGNIFICANTLY SINCE THE FIRST STRATEGY WAS PUBLISHED. SINCE 1989 FEDERAL ANTI-DRUG SPENDING HAS NEARLY DOUBLED, FROM \$6.6 BILLION THAT YEAR TO \$12.7 BILLION PROPOSED FOR NEXT YEAR. DURING THAT SAME PERIOD, HOWEVER, THE PERCENTAGE OF THE FUNDING USED FOR DEMAND REDUCTION HAS REMAINED ABOUT THE SAME -- 31 PERCENT IN 1989, 32 PERCENT PROPOSED FOR 1993. THIS PERIOD OF TREMENDOUS EXPANSION WOULD HAVE BEEN AN EXCELLENT TIME TO READJUST OUR NATIONAL PRIORITIES; TO SHIFT MORE FUNDS TOWARD DEMAND REDUCTION. BUT, UNFORTUNATELY THAT HAS NOT OCCURRED. MY POLICE CHIEF AND POLICE EXECUTIVES ACROSS THE COUNTRY HAVE RECOGNIZED THAT LAW ENFORCEMENT ALONE CANNOT SOLVE THE DRUG PROBLEM IN THIS NATION. WHEN IS OUR NATIONAL GOVERNMENT GOING TO REALIZE THIS WHEN IT ESTABLISHES ITS BUDGET PRIORITIES?

2) AS MEMBERS OF THIS COMMITTEE ARE WELL AWARE, A KEY PROBLEM IN THE FEDERAL PROGRAMS HAS BEEN THE STATE BLOCK GRANT SYSTEM. MAYORS HAVE TESTIFIED BEFORE YOU ON MANY OCCASIONS REGARDING THIS: THE MONEY IS JUST NOT GETTING TO THE CITIES WHERE IT IS NEEDED MOST. THIS PAST YEAR FOR THE FIRST TIME MY CITY RECEIVED FUNDING UNDER THE BYRNE PROGRAM TO EXPAND OUR COMMUNITY POLICING EFFORTS.

YORK IS A CITY OF 44,000 PEOPLE WHICH HAS HAD ITS SHARE OF CRIME AND DRUG PROBLEMS. WE WERE FIRST INVADED BY GANGS FROM CALIFORNIA, THEN BY JAMAICAN POSSES. NOW GANGS FROM NEW YORK AND CONNECTICUT ARE TRYING TO GET A Foothold. DURING THE LAST YEAR WE SAW A 25 PERCENT INCREASE IN ROBBERIES, A 22 PERCENT INCREASE IN VANDALISM AND A 34 PERCENT INCREASE IN DRUG OFFENSES. WE HAVE NOT BEEN IMMUNE TO THE PROBLEM, BUT WE HAVE BEEN IMMUNE TO THE FUNDING UNTIL THIS YEAR.

I MUST MENTION, AS WELL, THAT THE STATE IS PLACING LOCAL MATCH REQUIREMENTS ON OUR CITY THAT GO WELL BEYOND THOSE INCLUDED IN THE FEDERAL STATUTE. THE AMOUNT OF THE GRANT, \$102,000 THIS YEAR, WILL BE REDUCED IN THE SECOND AND THIRD YEARS WHILE THE LOCAL MATCH WILL BE INCREASED, FROM 25 PERCENT IN THE FIRST YEAR, TO 50 PERCENT IN THE SECOND YEAR, TO 75 PERCENT IN THE THIRD YEAR.

WE ARE DISAPPOINTED THAT THE NATIONAL DRUG CONTROL STRATEGY STILL FAILS TO RECOGNIZE THE PROBLEMS WHICH CITIES ARE HAVING WITH THIS PROGRAM AND STILL FAILS TO ADDRESS IT. WHILE IT FOCUSES ON THE STREET DEALERS IN ITS PRIORITIES, IT SENDS THE MONEY NOT TO THE STREETS, BUT TO THE GOVERNORS' MANSIONS.

WE APPRECIATE THE EFFORT WHICH YOU, MR. RANGEL, AND WHICH MEMBERS OF THIS COMMITTEE HAVE MADE TO CHANGE THE PROGRAM SO THAT A PORTION OF THE FUNDS WOULD GO TO LOCAL GOVERNMENTS. MAYORS WORKED HARD TO TRY TO GET THAT LEGISLATION PASSED, BUT THE DEBATE ON THE FLOOR OF THE HOUSE SHOWED, I AM AFRAID, THAT THERE WAS AN UNFOUNDED FEAR THAT THE LEGISLATION WOULD SHIFT MONEY FROM RURAL AREAS AND THAT THE RURAL DRUG PROBLEM HAD MANY MORE VOTES THAN THE URBAN DRUG PROBLEM.

3) WHILE THE STRATEGY CALLS FOR INTENSIFIED PROSECUTION OF CRIMINALS WHO USE FIREARMS IN THE COURSE OF DRUG TRAFFICKING, IT INCLUDES NO PROPOSALS THAT WOULD STRENGTHEN GUN CONTROL STATUTES AND DECREASE THE AVAILABILITY OF THE FIREARMS THAT ARE CONTRIBUTING TO THE GROWING VIOLENCE ON OUR STREETS. CONGRESS AND THE ADMINISTRATION MUST STOP BOWING TO THE PRO-GUN INTERESTS AND ENACT

MEANINGFUL GUN CONTROL LEGISLATION, INCLUDING THE BRADY BILL AND A BAN ON SEMIAUTOMATIC ASSAULT WEAPONS.

4) THE STRATEGY INDICATES THAT WHILE THERE ARE APPROXIMATELY 2.7 MILLION DRUG USERS WHO NEED AND CAN BENEFIT FROM DRUG TREATMENT, THE TREATMENT SYSTEM HAS THE CAPACITY TO SERVE ONLY 1.7 MILLION PERSONS, A 39 PERCENT SHORTFALL. STILL, THE STRATEGY CALLS FOR ONLY A 15 PERCENT INCREASE IN FEDERAL TREATMENT DOLLARS NEXT YEAR, FAR BELOW THE INCREASE NEEDED IN THE FACE OF THE SHORTFALL. AMERICA'S MAYORS STRONGLY BELIEVE THAT TREATMENT ON DEMAND MUST BECOME OUR NATIONAL POLICY. THE STRATEGY SHOULD ESTABLISH TREATMENT ON DEMAND AS A NATIONAL GOAL AND ESTABLISH A TIMETABLE FOR ACHIEVING THAT GOAL.

OUR NATION HAS MADE TREMENDOUS PROGRESS IN ITS EFFORTS TO CONTROL THE DRUG PROBLEM -- BUT MOST OF THAT PROGRESS HAS BEEN AMONG CASUAL USERS. THE CRIME AND DRUG PROBLEMS IN OUR CITIES CONTINUE TO GROW. WEED AND FEED IS A START, BUT THE NATIONAL DRUG CONTROL STRATEGY MUST DIRECT A GREATER PORTION OF ITS RESOURCES TO ADDRESSING THESE SEEMINGLY INTRACTABLE PROBLEMS.

Resolution No. 27

Submitted By:

The Honorable Paul Soglin
Mayor of Madison

The Honorable Paul Helmke
Mayor of Fort Wayne

The Honorable Richard M. Daley
Mayor of Chicago

WEED AND SEED

- 1) **WHEREAS**, the Attorney General has begun implementation of the Weed and Seed demonstration to "weed out" crime from targeted neighborhoods and then "seed" the targeted sites with a wide range of crime and drug prevention programs and human service agency resources to prevent crime from reoccurring; and
- 2) **WHEREAS**, the Attorney General is to be commended for undertaking the Weed and Seed demonstration because it recognizes the linkages between crime and a community's social and economic conditions and provides funds directly to cities to address local problems; and
- 3) **WHEREAS**, it is critical that weeding and seeding operations take place simultaneously so that the human and physical needs of residents are addressed while the weeding occurs and that the mayor direct the efforts so that they address local concerns and reflect local needs; and
- 4) **WHEREAS**, the Attorney General has proposed that some of the federal funds for Weed and Seed come out of current program funding levels, thus reducing funds to communities not receiving Weed and seed funds,
- 5) **NOW, THEREFORE, BE IT RESOLVED** that The U.S. Conference of Mayors commends the Attorney General for its Weed and Seed initiative with the following provisos:
 - ♦ All funding provided for Weed and Seed should be "new" money above current appropriation levels and communities not designated to receive Weed and seed funds should not be penalized in receiving other federal funding;
 - ♦ The mayor should be responsible for development of the local Weed and Seed plan to ensure that all segments of the community are involved and determine how all of the funds will be spent;
 - ♦ The weeding and seeding operations should take place simultaneously and not consecutively;

- 6) **BE IT FURTHER RESOLVED** that while Weed and Seed is no substitute for a comprehensive urban policy, it constitutes an important demonstration of how crime problems can be addressed.

PROJECTED COST: \$500 million

Resolution No. 11

Submitted By:

The Honorable Raymond L. Flynn
Mayor of Boston

The Honorable David Dinkins
Mayor of New York

The Honorable William Althaus
Mayor of York, PA

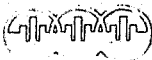
ENTERPRISE ZONES

- 1) **WHEREAS**, America's urban centers are plagued by daunting problems including poverty, crime, drug abuse and gang activity; and
- 2) **WHEREAS**, to be successful in breaking the cycle of poverty any effort to cope with the root causes must have as its goal the creation of a stable and secure environment so that economic success and upward mobility become the norm; and
- 3) **WHEREAS**, new approaches must be applied to the stagnant problems of our cities; and
- 4) **WHEREAS**, the current lack of economic growth and activity in these communities results in part from the breakdown of traditional capital markets; and
- 5) **WHEREAS**, the normal operation of the capital markets in troubled areas has failed to provide the capital needed to stimulate growth; and
- 6) **WHEREAS**, any Enterprise Zone legislation must recognize that business incentives alone will not rebuild communities; and
- 7) **WHEREAS**, enterprise zone legislation must include programs that will create economic revitalization and which will provide a safe and stable environment; and
- 8) **WHEREAS**, Congressman Charles Rangel has introduced H.R. 4022, The Enterprise Communities Act; and
- 9) **WHEREAS**, The Enterprise Communities Act would provide \$300 million in direct aid to local jurisdictions to put experienced officers on the streets and to concentrate new resources on hard core criminals and violent gangs, including funds for community-based prevention programs; and
- 10) **WHEREAS**, The Enterprise Communities Act would provide \$615 million to developers of low-cost housing, local non-profit

lenders, and others engaged in the creation of housing and commercial development and essential community services; and

- 11) **WHEREAS**, The Enterprise Communities Act includes initiatives to meet the special needs of school systems coping with the massive influx of children exposed to drugs in utero, the lack of residential drug treatment facilities, the lack of personnel in major drug centers, and the need for treatment of pregnant addicts not presently covered by Medicaid;
- 12) **WHEREAS**, tax incentives such as those proposed in President Bush's and Secretary Jack Kemp's Enterprise Zone legislation, are targeted to encourage equity ownership by local residents, increase the availability of local goods and services, employ disadvantaged individuals, and stimulate meaningful entrepreneurial activity in these areas; and
- 13) **WHEREAS**, the Enterprise Zone program was first successfully used in Great Britain, and has since been operating on a modest scale by over 37 state governments; and extensive research has demonstrated that Enterprise Zone programs have been successful in spurring private investment and job creation,
- 14) **NOW, THEREFORE, BE IT RESOLVED** that The U.S. Conference of Mayors strongly urges Congress to enact this session a new Enterprise Zone initiative for urban and rural communities; and
- 15) **BE IT FURTHER RESOLVED** that The United States Conference of Mayors urges Congress to fund an Enterprise Zone Initiative; and
- 16) **BE IT FURTHER RESOLVED** that funding for this program should not be provided by reducing other domestic programs.

Projected Cost: Unknown



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STATEMENT OF

MARYANN MAHAFFEY, PRESIDENT DETROIT CITY COUNCIL

ON BEHALF OF

THE NATIONAL LEAGUE OF CITIES

BEFORE THE

SELECT COMMITTEE ON NARCOTICS CONTROL AND ABUSE

U. S. HOUSE OF REPRESENTATIVES

JUNE 30, 1992

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Recycled Paper

I. INTRODUCTION

Good Afternoon. Mr. Chairman, I am Maryann Mahaffey, President of the Detroit City Council and Chair of the National League of Cities (NLC) Human Development Committee. I am testifying today on behalf of the National League of Cities, the largest and oldest national organization representing the nation's cities and towns.

Before I begin, I would like to express our appreciation to you Mr. Chairman and, the members of this committee for your tireless efforts on behalf of the children and families of America who are currently engaged in the struggle to take back their neighborhoods. The work of this committee has been invaluable.

We are particularly pleased to have this opportunity to speak to an issue which municipal officials nationwide have, for the fourth year in a row, identified as a municipal priority. That is, methods of addressing the damage crime, violence and drugs have wrought in our communities.

II. CONGRESS NEEDS TO TAKE IMMEDIATE ACTION TO ADOPT A NATIONAL DRUG STRATEGY THAT PROVIDES DIRECT FEDERAL ASSISTANCE TO CITIES AND TOWNS.

Detroit, like urban communities across the country, has a significant unlawful drug problem. While it is true that unlawful drugs are not the only cause of Detroit's economic decline, they have surely eroded the quality of life for our residents and are a major obstacle to reversal of the downward economic spiral Detroit is experiencing.

Drug abuse touches every aspect of community life, including the availability and affordability of health care, the ability of our educational system to provide a meaningful learning experience for our young people and, our efforts to revitalize our community through economic development.

Detroit has enacted many programs which we believe make sense for our community. I have included examples of those programs in the appendix of my testimony (See Attachment A). As the success rate of these programs attest, our citizens are fighting back on every front. However, as successful as these programs have been, we cannot do it alone.

Over the past four years, the evolving nature of the National Drug Control Strategy has resulted in a recognition of the integral role local governments play in winning the war on drugs. Although we commend the Administration for recognizing the importance of municipalities to any "national drug strategy," NLC believes that this war will not be won until there is direct federal assistance to cities and towns which supplement, rather than supplant, the current municipal fiscal contribution.

III. CRIME AND VIOLENCE AMONG CHILDREN HAS ESCALATED. CONGRESS MUST TAKE ACTION TO ASSIST MUNICIPAL EFFORTS TO ASSURE THE SAFETY AND FUTURE OF OUR CHILDREN.

I have good news and bad news to report today. The good news is that the Detroit homicide rate has declined. In 1989, 624 homicides resulted in Detroit being awarded the dubious honor of having the third highest homicide rate in the country. In 1990, Detroit dropped to fifth place with 582 deaths.

The bad news is that despite the overall decline in Detroit's homicide rate, the number of teenagers involved in homicides (as both victims and perpetrators) has increased. Murder is the second leading cause of death for children aged 1-14 years. Murder is the leading cause of death for individuals aged 15-34 years.

The violence that began with the advent of crack cocaine has accelerated and taken on a life of its own. Gangs are emerging in small towns. Guns that were once associated with drug trafficking have now flooded the market and are easily available to children who are not involved in drugs. As a result, children are killing each other over girlfriends, clothing and verbal slights. Some are innocent bystanders. Some are children finding a handgun and someone is accidentally killed.

Again, municipalities across the country have responded to this alarming new phenomenon. Again, we cannot do it alone. Therefore, NLC is asking that Congress take action to assist municipal efforts in assuring the safety and future

Of the 582 homicide victims in 1990, 414 died of gunshot wounds. Of that number, 300 victims were between the ages of 15 and 34. Although the overall number of murders committed with guns fell from 424 in 1989 to 414 in 1990, victims between the ages of 15 and 19 increased from 69 in 1989 to 84 in 1990.

of America's children by providing direct funding to cities and towns for use in creative (and locally determined) methods of addressing this issue head on.

IV. THE AVAILABILITY OF HEALTH CARE FOR BOTH VICTIMS OF VIOLENCE AND SUBSTANCE ABUSERS HAS PLACED A SIGNIFICANT STRAIN ON MUNICIPALITIES NATIONWIDE. CONGRESS MUST TAKE IMMEDIATE ACTION TO ASSURE THAT ALL AMERICANS HAVE ACCESS TO HEALTH CARE COVERAGE BY ENACTING HEALTH CARE BENEFIT LEGISLATION.

Although the National Institute of Drug Abuse recently reported that cocaine and heroin use among Detroit residents is on the decline, there is an increase in dual diagnosis - drugs and alcohol. This data also reflects the refusal of many local hospitals to treat uninsured individuals.²

Emergency room visits to southeast Michigan hospitals rose from approximately 1.5 million in 1985 to 1.725 million in 1990. According to the Southeast Michigan Hospital Council, this increase is attributable to a combination of factors. That is, an increase in injuries from drug-related violence, a decrease in the number of private physicians in urban communities, and an expanding elderly population. The elimination of General Assistance and with it a reduction in health care availability adds to the problem.

Basic emergency care in Detroit costs approximately \$1200 per day. Because a majority of violent crime victims do not have basic health care insurance, the cost of care must ultimately be borne by local taxpayers. In that regard, the Michigan Hospital Association attributes the closure of hospitals across Michigan³ to the fact that our hospitals provide over \$1 million per year in uncompensated health care to individuals with no health care insurance coverage or who are on diminished government assistance programs.

² Based on the percentage of drug-related hospital emergency room visits in Detroit area hospitals, the Drug Abuse Warning Network of the National Institute on Drug Abuse reported that cocaine use in Detroit rose gradually during the early 1980's, escalated sharply in 1986 and 1987 and, is currently declining.

³ During the 1980's, 23 hospitals closed in the State of Michigan. In 1991, 3 hospitals closed in the City of Detroit alone.

At the current time, public health care clinics in Detroit are reporting that the reduced staffing and clinic downsizing occasioned by both an increased patient load and diminished federal/state assistance has resulted in a wait of up to 6 weeks for an appointment; (the wait is 4-6 weeks for residential substance abuse treatment often longer for women).⁴ This situation undermines our ability to provide effective preventative care to our most needy residents and increases medical system costs by forcing these individuals to use hospital emergency rooms to treat illnesses in the advanced stage.

Perhaps one of the most loathsome consequences of cocaine (including crack cocaine) use is its effect on pregnant women and the children born to them. In Detroit, the number of cocaine addicted women delivering infants doubled between the period 1977 through 1987.⁵ The cost of these children to society, in terms of both loss of productive life and fiscal costs, cannot be calculated.

Finally, Detroit continues to lead Michigan cities in the number of individuals diagnosed with HIV infection. In 1991, the Center for Disease Control stated that of the 2,179 Michigan residents reported to have tested positive for the HIV infection, nearly half (941 cases) were residents of Detroit. Of those, nearly 50 percent were I.V. drug use related.

IV. UNLAWFUL SALE AND USE OF DRUGS, CRIME AND VIOLENCE IMPACT AND UNDERMINE THE EFFECTIVENESS OF U.S. ECONOMIC COMPETITIVENESS.

Over the course of the past decade, political and business leaders across the country have expressed a significant amount of concern about the deterioration in the quality of life in communities and its effect on both domestic and foreign investments. NLC believes these influences deserve our immediate attention. That is, if we are to attract domestic and foreign investors, our local communities must

⁴ Detroit's neighborhood service organization has the only pre-treatment substance abuse program in the county. This combined with their drug treatment program has an 80 percent success rate.

⁵ In 1977, cocaine addicted women accounted for over 11 percent of all live births in Detroit. By 1987, this percentage had increased to over 23 percent. The results of a study conducted at Detroit's Hutzel Hospital in 1990 revealed that 42 percent of the infants participating in the study showed traces of at least one of the drugs tested (cocaine, heroin and other opiates).

be a place people want to live and, our workforce must be both skilled and reliable and there must be domestic security and liveability in the nation's cities and towns.

Our experience in Detroit suggests that the quality of life has a direct impact on the revitalization of any community. Large and small communities across the nation which are plagued by the drug trade, crime and violence are unable to compete for new plants or corporate headquarters.

Again, Mr. Chairman, I appreciate this opportunity to update you on the drug, crime and violence troubles plaguing American cities and towns. I would happy at this time to respond to any questions.

Scope of the Problem

Detroit, like other major U.S. metropolitan areas, has a substantial problem with illegal drugs. Although people throughout the metropolitan area suffer from the consequences of drug abuse, mortality related to use of addictive substances is more common among city residents, with blacks and the urban poor significantly more likely than others to suffer the most severe consequences from addiction-related health problems.

- City residents are three times as likely as suburban residents to visit hospital emergency rooms for drug-related causes, and more likely to die of addiction-related causes.
- Residents of the city suffer tobacco-related mortality at rates 1.5 times as high as those for residents of the rest of the metropolitan area.

Cocaine and Crack

As in other major cities, the renewed concern about drug use in the Detroit metropolitan area largely is due to a sudden increase in the use of cocaine, especially in its smokable form known as "crack." Although the visibility of the increase in

cocaine use in the late 1980s is more apparent in the city of Detroit, no part of the metropolitan area escaped untouched. Other areas reporting high rates of cocaine use include portions of Macomb County, Pontiac, and Dearborn.

Data collected from hospital emergency rooms (ERs) by the Drug Abuse Warning Network (DAWN) of the National Institute on Drug Abuse showed that, paralleling national trends, hospital ER mentions of cocaine use in Detroit rose gradually during the early 1980s; shot up sharply in 1986 and 1987, and have since begun to decline. During a one-year period from 1989 to 1990, DAWN showed a 27 percent drop in drug-related hospital emergency room visits in Detroit area hospitals — from 14,789 in 1989 to 10,705 in 1990. Some of the decrease, however, may be attributed to reduced willingness of hospitals to treat individuals who lack health insurance. Analysis of the quarterly figures for 1989 and the first three quarters of 1990 show the percentage declines for both cocaine and heroin mentions to be similar for the city of Detroit and the remainder of the metropolitan area.

Table 1

Drugs Mentioned in Emergency Room Records: Detroit, Chicago, and New York, 1989

Percent of all ER drug episodes which mentioned:	Detroit	Chicago	New York
Cocaine	41%	44%	46%
Heroin, morphine, methadone	12%	14%	23%
Marijuana, hashish	7%	8%	6%
Amphetamines, methamphetamine	0.3%	0.4%	0.2%
Phencyclidine (PCP)	0.3%	6%	2%
Diazepam	3%	3%	2%
Barbiturates	1%	1%	0.7%
Codeine and codeine combination	3%	2%	0.6%
Alcohol in combination with other drugs	35%	36%	27%

Note: Totals do not total 100% because of omitted drugs and multiple drugs detected in one episode.
Source: NIDA (Annual data, statistical series 1)

Source: Executive Summary covering January 1990 thru Spring 1991
Rand Corporation Study funded by Skillman Foundation of Michigan

Although cocaine use is common throughout the metropolitan area, its health consequences are found disproportionately in the city of Detroit. With just over one-quarter of the metropolitan area's population, the city accounts for about three-quarters of the cocaine-related ER visits in the area.

- In 1989, two-thirds of the people involved in hospital ER cocaine mentions in Detroit were males; three-quarters were black.
- During the 1980s, the average age of cocaine users also increased. In 1989, 56 percent of cocaine ER mentions involved people age 30 and over; in 1985, just under half were over age 30. The data also suggest that fewer young people are starting cocaine use in the late 1980s; fewer than two percent of the cocaine ER mentions in 1989 involved persons under age 18.
- During the 1980s, crack use also increased dramatically in the city of Detroit. Although only three percent of cocaine ER mentions in

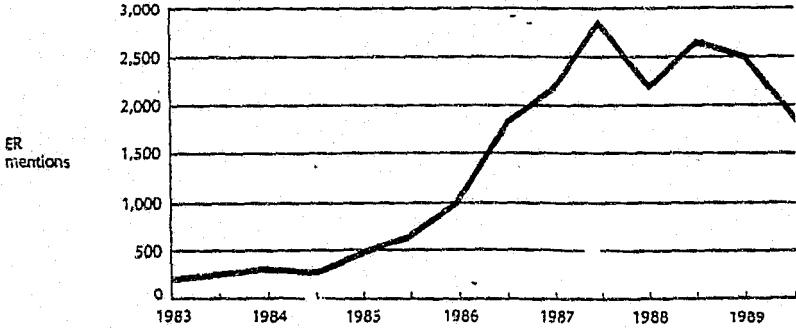
1983 were recorded as smoking (with freebase as the only method for extracting cocaine through smoke), by 1989 the proportion of cocaine mentions for which the route of administration was smoking had risen to 76 percent. During the same period, the total number of cocaine ER mentions per year had quadrupled.

One of the areas of greatest public health concern involves the consequences of cocaine use in young women and its effects on childbearing. Women who use cocaine have greater rates of miscarriage and premature delivery, and the fetus exposed to cocaine is at risk for fetal growth retardation and neonatal seizures. Maternal cocaine use also has been associated with behavioral and developmental problems of infants and children.

Public health officials report that the cocaine epidemic has seriously worsened the situation of infant health in the city of Detroit.

Figure 1

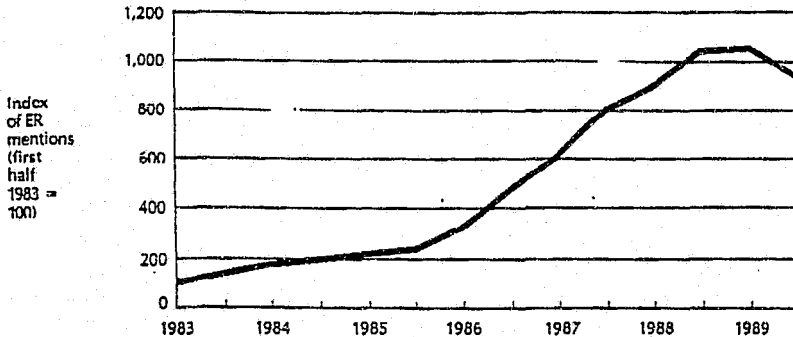
Cocaine-Related Emergency Room Mentions, Detroit Metropolitan Area: 1983-1989



Source: NIDA, Drug Abuse Warning Network

Figure 2

Index of Cocaine-Related Emergency Room Mentions, Total DAWN System: 1983-1989
(First half 1983 = 100)



Source: NIDA, Drug Abuse Warning Network

- The number of addicted women delivering infants has increased from 11.9 per 1,000 live births in 1977 to 23.8 per 1,000 in 1987. In a 1990 study of 1,000 infants at Hutzel Hospital, 42 percent showed traces of at least one of the drugs tested (cocaine, heroin or other opiates, and marijuana). Cocaine was found in 21 percent of the infants, opiates in 24 percent, and marijuana in 12 percent.
- Admissions to the neonatal intensive care unit at Hutzel Hospital rose by more than 50 percent in three years, from 691 in 1987 to 1,063 in 1989.

Heroin

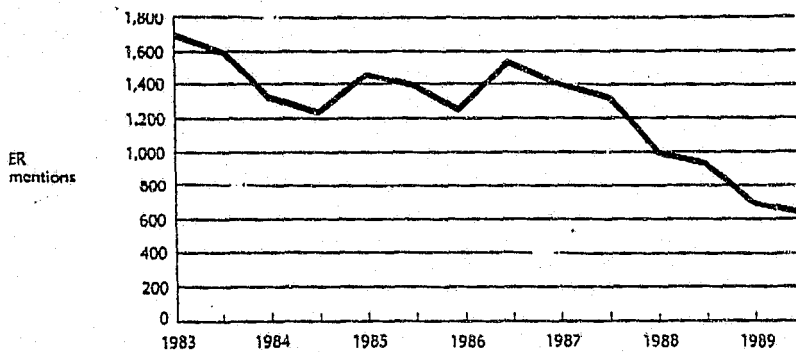
Although the data gathered from hospital ERs in the Detroit metropolitan area by DAWN as well as reports from Detroit area medical examiners suggest that heroin use has been declining since 1987,

this is counter to trends seen in data collected by the Detroit Health Department's Central Diagnostic and Referral Service (CDRS). Analysis of the CDRS data showed that:

- The number of clients who stated that heroin was their primary substance of abuse increased by 75 percent between 1987-88 and 1989-90. From 1988-89 to 1989-90, the increase was 29 percent.
- Although substance abuse admissions in 1989 were down by two percent, the number of heroin admissions was up; heroin was the cause of 27 percent of admissions, and the secondary cause of three percent of admissions.

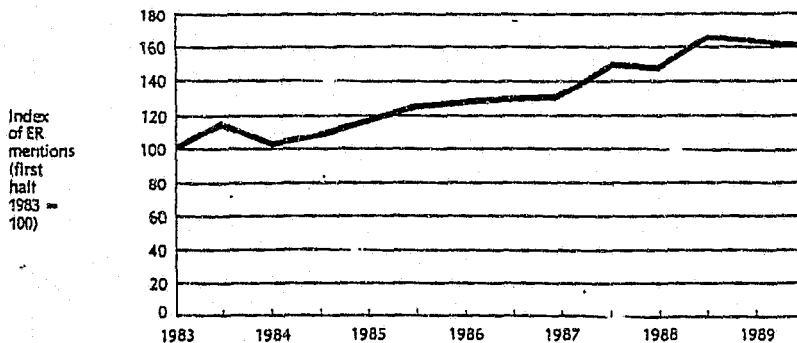
The CDRS data also showed an ominous trend of increasing numbers of youth experimenting with heroin. From 1987 to 1988, 338 clients aged 18 to 20 stated that they had used heroin for the first time. Between 1989 and 1990, that number had creased to 536. Reports during the past year that the cheaper, smokable form of heroin is circulating

Figure 3
Heroin-Related Emergency Room Mentions, Detroit Metropolitan Area: 1983-1989



Source: NIDA, Drug Abuse Warning Network

Figure 4
Index of Heroin-Related Emergency Room Mentions, Total DAWN System: 1983-1989
(First half 1983 = 100)



Source: NIDA, Drug Abuse Warning Network

several large cities including New York threatens an escalation of heroin use among the young.

The DAWN data show that the city of Detroit is disproportionately represented in hospital reports of heroin use, with more than 80 percent of heroin mentions coming from city hospital ERs. Although heroin use is considered to be more prevalent among men, 32 percent of the Detroit heroin ER mentions in 1989 involved women, close to the national figure of 30 percent. This also is similar to figures for cocaine use; a third of all cocaine reports through the DAWN system were women.

The link between the Human Immunodeficiency Virus (HIV) which leads to AIDS (Acquired Immune Deficiency Syndrome) and intravenous (I.V.) drug use provides a strong motivation for keeping heroin use on the public health agenda.

- In April 1991, the Centers for Disease Control (CDC) reported that there was a cumulative total of 2,179 AIDS cases in Michigan. Detroit had nearly half — 941 — of those cases. Of those 941 cases, almost one-half were related to I.V. drug use.
- Of the 17 pediatric AIDS cases thus far reported in the city of Detroit, 10 were related to I.V. drug use.

HIV seroprevalence studies conducted by CDRS in 1990 of 277 anonymous blood specimens showed that heroin was the primary drug for all of those that were HIV positive. A larger proportion of the females were positive (12 percent); nine percent of the males were HIV positive. Nearly three times as many blacks as whites were seropositive.

Since the AIDS cases reported to the CDC represent only the advanced stages of the disease caused by HIV infection, the number of persons in the Detroit area infected by HIV and capable of passing it to their sexual partners or, in the case of women, to their newborn infants, is no doubt much larger than the number of reported AIDS cases.

Besides the link between intravenous drug use and HIV transmission, use of such drugs has been

linked with high-risk sexual and drug-taking behaviors. Large metropolitan areas have reported an increase in the prevalence of sexually transmitted diseases other than AIDS in the same years that crack use has taken hold.

Alcohol, Marijuana and Other Drugs

Although the sudden increase in the popularity of cocaine has monopolized a good deal of public attention, any review of substance abuse must include the persistent use of other addictive substances — notably, alcohol.

Alcohol use is related in various ways to more than 2,000 deaths a year in the Detroit area, compared to fewer than 1,000 deaths associated with the abuse of other legal and illegal drugs. Perhaps thousands of other individuals suffer mental or physical health problems due to their or family members' alcohol use. Nationally, alcohol causes more nonlethal health problems as well as more deaths than any other addictive substance.

Although difficult to track, marijuana use remains a concern throughout the Detroit metropolitan area because it has harmful physical effects for the user, including a potential for creating dependence. It also can be a "gateway" to the use of other harmful drugs.

In the 1980s, Schedule II prescription drugs such as Preludin, Dilaudid and Codeine were a serious problem in Southeastern Michigan. The implementation of the state computerized triplicate prescription program has helped bring that problem under control and prevent its recurrence. Codeine appears to be the main remaining problem.

- The most common legally prescribed drug with abuse potential is diazepam (sold under the trade name, Valium) which has been detected in about three percent of all ER episodes for which drug use was recorded.

Some other illegal drugs that are quite common in other parts of the country — PCP in Washing-

D.C., Los Angeles and New Orleans, or amphetamines in Philadelphia and San Diego — are relatively uncommon in the Detroit area.

Violence and Neighborhood Destruction

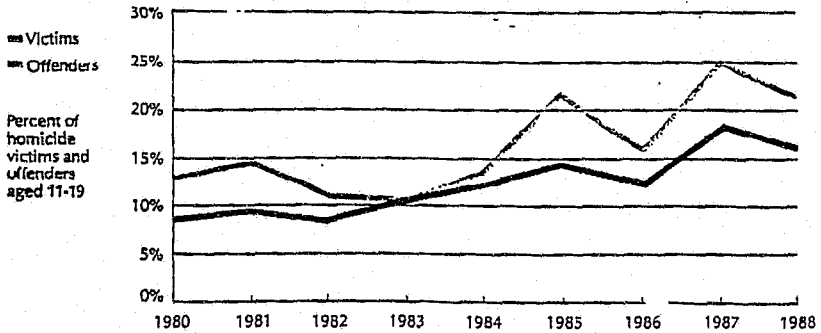
One of the most important consequences of the drug trade and its attendant violence is the destruction of civic bonds and erosion of residents' feelings of safety and ownership in many of Detroit's neighborhoods. The violence and neighborhood disorder associated with open drug sales pose greater problems for poor than for rich neighborhoods. Not only do the drug trades represent a major diversion of resources and income from the legitimate economy, they also divert many young people from building experience in, and work habits suitable for, the legitimate economy.

For years the homicide rate in Detroit has been one of the highest among American cities — in fact, Detroit had the highest homicide rate of any American city during the 1970s. After a dip in the late 1970s, Detroit's homicide rate climbed to a peak in 1987.

- Although the relationship between the homicide rate and the increase in the drug trade is unclear, in 1987 half the homicide victims in Wayne County tested positive for cocaine use shortly prior to their deaths.

Efforts to reverse this trend appear to be succeeding; in 1991, the Federal Bureau of Investigation reported that Detroit's homicide rate had fallen from third highest in the nation in 1989, to fifth in 1990. In Detroit in 1989, 624 homicides were committed; 582 homicides were committed in 1990.

Figure 5
Percentage of Teenagers Among Homicide Victims and Killers, 1980-1988



Source: FBI, Uniform Crime Reports

Despite this, in recent years there has been a rise in the number of teenagers involved in homicides, both as killers and as victims. The arrival of crack seems to have accelerated a process that had already begun in which drug sales became more visible and competitive. The legacy for the 1990s is that significant numbers of young men are well-armed and accustomed to resolving even petty disputes with deadly force.

- Violence has a momentum of its own. In Detroit as in other cities, there has been no decline in homicide rates comparable to recent declines in indicators of drug use.

Although the current wave of illegal drug use and its attendant violence did not create Detroit's economic decline, it can only hinder the efforts of residents to overcome it.

Prevention in the Schools

Much urgency has been given recently to primary prevention because of a lack of faith in the long-term effectiveness of treatment measures and law enforcement strategies. In the Detroit metropolitan area, the majority of prevention resources have been invested in school-based, primary* prevention programs.

Evaluations of school drug prevention programs in the 1960s and 1970s have been disappointing. More recently, some evaluations have shown that prevention programs based on the "social influence model" appear have positive, short-term effects in a wide range of schools for diverse student populations. A key assumption of these programs is that delaying or preventing the first use of gateway drugs such as nicotine and marijuana will reduce the number of young people using these substances as well as those who later will progress to more harmful patterns of drug use.

For the most part, substance abuse prevention is embedded in health curricula. In elementary and middle schools this probably strengthens substance abuse prevention both substantively and

administratively by making it part of the normal work of the school rather than an isolated extra-curricular activity. In the high schools, however, health courses are electives that reach few students. New federal drug prevention program certification regulations stipulate that all secondary schools must develop and implement comprehensive alcohol and other drugs prevention programs for all students in all grades.

The Michigan Model

The two dominant school prevention programs in the Detroit area are the Michigan Model for Comprehensive School Health Education, which is the state-mandated health curriculum, and the Growing Healthy School Program.

Both programs include the key elements that have been shown in evaluations of similar programs to be effective in reducing tobacco and illegal drug use among young adolescents. Both are based on teaching specific resistance skills; it represents a clear advance over older methods that offer information alone by providing practice in realistic social settings. One study found that the Michigan Model's substance abuse lessons were effective in reducing gateway drug use among middle school age children.

* Primary prevention refers to those activities intended to prevent a health problem from developing. Secondary prevention attempts to identify health problems before they are symptomatic and catch them in an early stage in which they can be cured or their effects minimized.

- Of the 83 school districts serving public school students in the region, 54 use the Michigan Model, 24 offer the Growing Healthy program, four have their own locally developed substance abuse curriculum, and one does not have a drug education curriculum.
- The Michigan Model is the most widely used prevention curriculum in the Detroit metropolitan area, employed by 33 out of 34 districts in Wayne County, and 18 out of 21 districts in Macomb County, as well as 3 out of 28 districts in Oakland County.

Initiated in 1983, the Michigan Model is a state-wide health and substance abuse curriculum for kindergarten through the eighth grade. Designed to include age-appropriate activities to influence students' health attitudes, practices and cognitive skills, one of the major curriculum emphases is on drug education and resistance training for school-aged children and their parents. Federal and state funding are used for local coordination, teacher training and materials.

In the Detroit metropolitan area, the Michigan Model is implemented through three intermediate school districts (ISDs) and the Detroit public school system. Each has a Michigan Model coordinator charged with implementing the Michigan Model,

classroom teachers, community resource agencies and personnel who support the model, and trainers who provide in-service training for the model.

School districts in the Detroit metropolitan area started phasing in the Michigan Model during the 1984-85 school year on a small scale in a few target elementary schools. Since then the Michigan Model has expanded rapidly to new districts and new schools. Initially, most districts gave first priority to phasing in the elementary school curriculum for the early grades. Later, most turned their attention to the middle school program.

- Program implementation for the city of Detroit began in 1984, with only six target elementary schools. By the 1989-90 school year, approximately 60 percent of the city's elementary schools (117 of about 200) and all 40 junior high schools were teaching the Michigan Model program at one or more grade levels.
- During the 1989-90 school year, Wayne County ISD staff estimated that more than 85 percent of the elementary schools and nearly 70 percent of the middle schools taught the Michigan Model at one or more grade levels. Most elementary schools in the county are teaching the model for grades K-3, K-4, or K-6; more than 3,000 teachers have been trained so far.

Table 2

Substance Abuse Prevention in the Michigan Model and Other Drug Prevention Curricula

Curriculum	Grade Levels	Classroom Time Spent on Substance Abuse Prevention
Michigan Model	K-6	4-8 15-minute sessions per grade
	7-8	4-8 50-minute sessions per grade
ALERT	7	8 50-minute sessions
	8	3 50-minute sessions
STAR	6-9	12 45-minute sessions
QUEST (Skills for Adolescents)	6-8	11 45-minute sessions

Source: training manuals for each program

The limitations in the use of the Michigan Model curriculum include:

- It is not always clear whether districts are using all, some, or none of the curricular materials provided.
- Although each district signs a participation agreement with its Intermediate School District agreeing to incorporate all ten content areas of the Michigan Model health curriculum, schools and teachers have a good deal of discretion in deciding whether a particular course objective already is covered by their existing program. Given the large number of participating schools and teachers, the ISD staff cannot effectively track implementation in the local schools.
- Most participating districts have not yet fully implemented the curriculum at all grade levels in all schools. Participating districts in the region are in varying stages of curriculum implementation.
- Implementation has been a slow process although funds for this purpose have been available from the State. During the 1990-91 school year, most ISDs were still phasing in the curriculum for the early primary grades. The crucial bottleneck appears to be the lack of Michigan Model training staff, especially for teachers in the city of Detroit.
- Training resources vary greatly within the region. The Detroit Public School System, with more than 260 schools, seems to have the most limited staff resources for implementing the Michigan Model. While the Detroit School System's Michigan Model coordinator serves as the master trainer for the city with limited assistance from a few part-time teacher trainers, the Wayne County ISD has many more trainers to assist with the implementation of the Michigan Model in areas outside the city of Detroit. In addition to a full-time Michigan Model Coordinator, there is one full-time health educator for every five districts in the Wayne County region working on program implementation.
- Implementation of the program in elementary schools seems to have proceeded more rapidly and smoothly than in middle schools.

Local education officials attributed this in part to the fact that the K-6 curriculum is the responsibility of a single classroom teacher who is responsible for integrating it into the existing school curriculum. At the middle school level, it is reportedly a more difficult task for schools to fit together the Michigan Model and their current curriculum and to find a suitable pool of seventh and eighth grade teachers who are available and willing to teach the program.

A major concern with the Michigan Model is whether, as implemented by the individual schools enough time for substance abuse prevention is provided. If delivered as designed, the Michigan Model course would involve about as much classroom time as other effective resistance skills programs.

As of November 1991, continued State support for the Michigan Model is in jeopardy.

Growing Healthy

Growing Healthy is the predominant health and substance abuse curriculum for the Oakland County Intermediate School District; it emphasizes the same health content areas as the Michigan Model. This program has a special module on substance abuse and use which is taught at each level from kindergarten through seventh grade.

- First introduced in the region in 1976, Growing Healthy is now the main program in 24 of Oakland County's 28 public school districts and 29 private schools. A total of 183 public schools, 1,771 teachers and 66,000 students were involved in the program in the 1989-90 school year.

Although the Growing Healthy program is designed for grades K-7, while the Michigan Model is for K-8, some teachers have divided Growing Healthy's seventh grade drug education curriculum into two classes — one for seventh graders and one for eighth graders — to give students more time to practice a range of prevention oriented activities.

Substance abuse education in Detroit area high schools is provided in health courses that typically are taken as an elective rather than a required course. Most course content is derived from popular health curricula such as Teenage Health Teaching Modules (grades 9-12); QUEST: Skills for Living (grades 9-12 enhancement); and Here's Looking at You: 2000.

Supplemental Programs

Many schools use a variety of other programs to enhance their core substance abuse curriculum. Among the most common in the Detroit metropolitan area are: BABES (grades K-6); QUEST: Skills for Growing (K-5); QUEST: Skills for Adolescence (grades 6-8); Guided Group Interaction (grades K-12); Merrill-Health: A Wellness Approach (grade 9); Children Are People programs (elementary level) and other self-esteem building programs; and Peer Leadership Training Workshops (secondary level). Project D.A.R.E. (Drug Abuse Resistance Education), a law enforcement-sponsored program targeted at fifth and sixth graders where uniformed officers visit the school once a week, has been piloted in several elementary schools in Wayne and Oakland counties and recently received a state appropriation for wider implementation throughout Michigan.

State and local school officials have expressed concerns that these supplemental programs compete with the core drug education curriculum. The proponents of the Michigan Model argue that the state's emphasis on a comprehensive kindergarten through eighth grade drug curriculum keeps individual school efforts from becoming sporadic and fragmented. When the state shifted attention to the comprehensive health curriculum approach of the Michigan Model, some local prevention programs were displaced or received lower funding priority. Nevertheless, most officials interviewed felt that implementation of the Michigan Model need not crowd out experimentation with other approaches.

Student Assistance Programs

Secondary prevention, especially in the high schools, has been somewhat slighted in the recent emphasis on establishing primary prevention curricula. However, there is evidence that primary prevention programs do not affect use among those who already have started regular drug or tobacco use. Coupled with a lack of affordable formal treatment for young drug users, secondary prevention programs in junior and senior high schools ought to be a priority.

There has been a strong push from the state for Student Assistance Programs (SAPs) targeted at high-risk elementary school students. Like many of the supplemental programs for elementary school students, SAPs are not uniquely aimed at drug prevention but attempt to focus on personal and family problems which might put students at risk for abusing drugs including family violence, child abuse, alcoholic or drug abusing parents, problems of latch key kids, low self-esteem and lack of positive role models.

- In 1990, Macomb County identified a small number of target elementary schools which were feeder schools to junior high schools where SAPs were already employed. The Oakland County ISD also received a small state grant to work with four school districts to plan and develop elementary school SAPs.
- During the 1989-90 school year, the Wayne County ISD received about \$43,000 in state funding to begin working with 17 elementary schools from six districts to help them plan and pilot SAPs. In 1990, Southeastern Michigan Substance Abuse Services (SEMSAS) allocated its total prevention budget of about \$200,000 to implement SAPs in nine additional Wayne County school districts.

During the 1989-90 school year Michigan school districts received state funding to begin SAPs in a small sample of elementary schools in each county. Most of the SAPs are only beginning to form core support teams in participating schools. However, these programs also face difficulties.

- A major road block in setting up SAPs has been recruiting teachers and administrators who are willing to participate as volunteers. Recruitment often is hampered because teachers are not compensated for any extra time that they spend working on the SAP core support team, which typically requires a substantial after school commitment.

Because of the long lead time needed to gain school-level cooperation from teachers and administrators to mount such programs, the process of phasing in SAPs has been very slow. Like SAPs in other parts of the region, the SEMSAS programs only recently have been implemented and are still in the early experimental stages.

Schools often supplement their core drug curriculum with school-wide activities or services, student group activities, or community activities. One successful Detroit area effort is "Project Graduation," a high school prevention program to warn students about the dangers of drinking and driving, usually presented at a student assembly near graduation. Other schools mount special prevention activities during Substance Abuse Awareness Month, an annual statewide public awareness campaign.

- Many Detroit area schools have active Students Against Drunk Driving (SADD) groups which sponsor peer leadership workshops, training on peer resistance skills, drug awareness programs, and other support activities for drug-free lifestyles.
- Concerned parent and community groups, such as Parent to Parent, Concerned Parents Coalition, the Prevention Network, and Families in Action (FIA) groups also sponsor student leadership training workshops.

In secondary schools where few students are enrolled in health education, such programs are often the only source of drug abuse counselling since few SAPs are in place in middle or senior high schools, especially in the inner city.

There are a few more ambitious attempts to reform schooling in inner city Detroit. For these, substance abuse prevention is embedded in a

larger context of motivating school achievement and avoidance of destructive behaviors.

- An experimental program for minority students designed by Creigs Beverly of the Wayne State University School of Social Work is being implemented in two target high schools with support from the W.K. Kellogg Foundation. The idea behind the program is that disadvantaged minority students need culturally sensitive help to overcome feelings of hopelessness and vulnerability since many of these students lack strong church, family or school ties. In addition to activities such as mentor training, guest speakers, and peer leadership training, a health clinic has been set up in each participating school where health professionals visit the school once a week to provide on-site assistance with a range of health problems, including substance abuse concerns.

An important question is how much exposure to prevention programs children actually are receiving, as compared with what the curriculum requires. There is much uncertainty at present about how many children — particularly those a high risk for substance abuse — actually are participating in the prevention programs adopted by the school districts. The Michigan Alcohol and Other Drugs School Survey, developed for the Michigan school districts by the Michigan Department of Education and the Michigan Department of Public Health Office of Substance Abuse Services (OSAS) contains items on what programs or classes children remember having, as well as items on drug-related knowledge, attitudes and behaviors. School and coordinating agency officials could make more informed decisions about allocating training and other resources and trying new or supplemental approaches with such information.

Recommendations:

- The Detroit School System should use the resources available for training teachers in Michigan Model Curriculum in order to implement the Michigan Model in the remain

district elementary and middle schools where the curriculum has not yet been established (sponsoring group recommendation).

- Substance abuse prevention courses and activities should be part of an overall school district plan and incorporated into the curriculum, rather than treated as "add on" programs.
- Given the diversity of the problems addressed along with substance abuse prevention in various enrichment programs, the Michigan Model need not crowd out other special purpose prevention programs designed to enhance the curriculum. The Michigan Model curriculum does not appear to be incompatible with other special purpose prevention programs that have been adopted by some Detroit area schools.
- Early childhood programs should be provided for children in high-risk families. These programs, like many prevention efforts, are not solely directed at substance abuse. Promising strategies, local experimentation, and adaptation of early childhood programs should be a high priority for both public and private sector support.
- Given evidence that primary prevention programs have little effect among those teenagers who have already begun using alcohol and other drugs. Student Assistance Programs, which have the potential of helping young people in the early stages of drug use quit, should be implemented in secondary schools throughout the Detroit metropolitan area. Inner city schools that have a large concentration of high-risk students are an especially important target for these programs.
- Since the public sector's major emphasis is on primary prevention curricula, private sources such as local foundations, businesses and community groups can play a role in stimulating the development of secondary prevention programs by providing financial resources or volunteer time to augment what the schools can provide out of regular resources. Foundations, for instance, might provide seed monies needed to implement secondary prevention programs such as SAPs; while businesses might support other experimental approaches.
- Collaborative efforts linking family, schools and community-based activities are a particularly effective approach for prevention programs. Efforts should be made to extend school curriculum programs into the community by involving parents and other community organizations.
- The amount of actual exposure that children have to in-school prevention programs should be measured and evaluated regularly. Although the State has sponsored the development of an Alcohol and Other Drugs survey for use by the school districts, few in the Detroit area thus far have participated largely due to the cost of participation.

Prevention in the Community

Support for community prevention programs in the Detroit metropolitan area has not been a major priority for public expenditure. In Michigan as in other states, little more than the prescribed minimum of federal block grant money has been spent on community prevention programs. Until recently, federal requirements for prevention programs primarily were met by statewide programs;

only in the past two years has the state required Michigan's 18 regional coordinating agencies to spend at least 15 percent of the state and federal funding they receive from OSAS on prevention efforts.

Since 1975, federal aid for substance abuse prevention and treatment programs has been

channeled through the "single state agencies" for drug and alcohol treatment and prevention. In Michigan, this agency is the Office of Substance Abuse Services (OSAS) in the Department of Public Health. OSAS contracts with the 15 regional coordinating agencies which, in turn, contract with programs licensed by OSAS to provide treatment and prevention services for alcohol and drug abuse. The coordinating agencies in the Detroit metropolitan area include the city of Detroit Health Department, Macomb County Community Mental Health Services, Oakland County Health Division, and Southeast Michigan Substance Abuse Services (SEMSAS) for Wayne County outside the city of Detroit and Monroe County.

Federal and State Initiatives

The amount of federal and state money allocated per resident for prevention under the coordinating agencies budgets has never been large.

- In fiscal year 1989, coordinating agency spending for prevention was just over \$2 per person in the city of Detroit; between 35 and 45 cents per person was allocated to prevention for the rest of the metropolitan area.
- Some of the coordinating agencies in the Detroit area did not have a full-time profes-

sional working in prevention until recently, and there has been high turnover among prevention staff in some agencies.

Most of the prevention contracts awarded by the city of Detroit, Oakland and Macomb counties have supported services organized by school districts or private agencies. These can be categorized as:

- Programs for preschool children and their parents;
- School health curricula including substance abuse prevention (i.e., Michigan Model, Growing Healthy) and Student Assistance Programs;
- Community-based programs for target groups of concern (i.e., high crime neighborhoods, pregnant women, high-risk youth, senior citizen substance misuse);
- Parenting programs;
- Support services for parent and community groups; and
- Mass media campaigns.

Of the Detroit area coordinating agencies, SEMSAS has the most limited range of prevention services, using its funds exclusively for Student Assistance Programs.

Since 1987, additional federal funds under the Drug-Free and Communities Act have become

Table 3
Prevention Expenditures of Detroit Area Coordinating Agencies, Fiscal Year 1989

Coordinating Agency:	thousands of dollars	
	Total:	Per resident:
City of Detroit	\$2,113	\$2.06
SEMSAS (rest of Wayne County, Monroe)	391	0.36
Macomb	256	0.35
Oakland	704	0.65
TOTAL Metro area	\$3,464	\$0.88

Note: These figures exclude OSAS funding of statewide prevention projects.
Source: OSAS

available to the states for both school and community-based prevention. Of these new funds, 30 percent is set aside for each state as a governor's discretionary fund; in Michigan, the Michigan Department of Public Health/OSAS has administered a "Governor's Initiative Grants" (GIG) program which disbursed \$1.6 million in grants in fiscal year 1990, and \$780,000 in fiscal year 1991.

- One quarter of the GIG funds were awarded for projects in the Detroit metropolitan area. These projects have included media projects such as Detroit Educational Television's Project Graduation; education and support groups for children of alcoholics (i.e., BABES,

the Detroit Urban League's LifePower project); projects for specific racial or ethnic groups; and prevention training for adolescents.

For the 1991-92 fiscal year, GIG grants, now being called Governor's Discretionary Grants, will be channelled through the new Michigan Office of Drug Control Policy.

Other prevention grants are made on a competitive basis directly to local applicants under programs of the new federal Office of Substance Abuse Prevention (OSAP). The three largest OSAP grant programs are for high-risk youth, pregnant women, and a new "community partnership" program. Although proposals from Detroit area

Table 4

Prevention Funding from the Office of Substance Abuse Prevention

Fiscal year:	thousands of dollars		
	Detroit area	Michigan total	U.S. total
1987	0	186	45,896
1988	0	198	26,898
1989	214	594	55,336
1990	1,634	2,176	155,608

Source: OSAP

Table 6

Prevention Funding Under the Governor's Initiative Grants

	thousands of dollars / % of total		
	fiscal year: 1988	1989	1990
Coverage:			
Detroit metro area	\$569 (31%)	\$595 (30%)	\$390 (25%)
Rest of Michigan	1,233 (67%)	1,215 (62%)	1,011 (64%)
Statewide	40 (2%)	145 (7%)	180 (11%)
TOTAL	1,842 (100%)	1,955 (100%)	1,581 (100%)

Source: OSAS "GIG Summaries," various years.

agencies fared poorly during the first few years of the OSAP grant program, this began to change between 1989 and 1990.

- In 1990, seven Detroit area groups applied for high-risk youth demonstration grants and four — La Casa Family Services, the Detroit Urban League, the Detroit Health Department, and the Warren Conner Development Coalition — received grants ranging from \$232,000 to \$304,000.
- Under the program of demonstration grants for pregnant women, the Detroit Health Department received a two-year grant in 1989 and 1990, and the League of Catholic Women received a five-year grant in 1990; the grants averaged \$250,000 per year.
- In 1991, the city of Troy received a five-year community partnership grant.

The increase in public funding also has made possible a new range of targeted prevention programs. The Bureau of Substance Abuse Services in the Detroit Health Department has started major efforts to reach young women with prevention messages and to link substance abuse prevention to family skills training, in addition to supporting training and technical assistance for community groups and other organizations working in prevention.

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City Activities

The recent concern with increased cocaine use and the continuing concern with alcohol abuse has led to a good deal of prevention activity in the city of Detroit, much of it organized by community groups without significant government funding. Poor neighborhoods often are the sites of open drug markets and crack houses, with the attendant violence and social disruption. In response, neighborhood groups, churches and other religious institutions in many parts of the region have organized broad-spectrum efforts directed against crime and violence and partly against drug use.

In the city of Detroit, two examples of successful community-based efforts are those initiated by

REACH, Inc. (Reach Everyone, Administer Care and Hope) and the Ravendale Community Program. These two programs have many similarities — both have stimulated citizen groups that march against drug sales, sponsored youth recreation, counselling and mentor programs, and offered counselling and support programs for recovering addicts.

- REACH, which grew out of the housing reclamation program of the Twelfth Street Baptist Church, seeks to reduce open drug sales and violence. Its strategy is to build residents' investment in the neighborhood through redevelopment and home ownership. In 1988 with support of REACH staff, residents in the surrounding neighborhood organized a citizen's group — WePROS (We the People Reclaim Our Street) — to combat neighborhood drug sales.
- The Ravendale Community Program initially sought to bring minority leadership back into the neighborhood through an "adopt a block" approach to community development. With cooperation from the Detroit Police Department, local businesses, and other city agency landlords of crack houses have been tracked down for notification of code violations and arrests have been made for open drug sales.

Billboard advertising in the city promoting tobacco and alcohol has been targeted by other groups through campaigns to reduce advertising aimed specifically at minorities and young people.

In the suburbs, groups working against substance abuse have been organized around specific problems such as the increased risk of traffic accidents due to alcohol consumption. These include Students Against Drunk Driving and Mothers Against Drunk Driving (SADD/MADD). Many existing service groups, especially those dealing with youth, have taken on substance abuse prevention as an expanded role.

Another type of community organization in the suburbs is represented by parent groups such as the Familles in Action (FIA) movement, which aim to prevent alcohol and other drug use among adolescents. FIA groups provide cooperative activities

for children and their parents that foster family communication.

Support from the mass media has been enlisted for campaigns that are more sophisticated than the old "scare tactic" public service announcements. Several campaigns have been coordinated with other school-based or community-based prevention programs.

- WTVS (Channel 56), a Detroit public television station, has broadcast programs linked to "Project Graduation" events for high school seniors.
- "Club Connect," a television program for teenagers, provides anti-drinking and driving messages and other prevention messages coinciding with high school events such as proms.



Nonprofit Support

Most community prevention activities are fairly small in scale yet incorporate a wide variety of activities. They also rely heavily on volunteers. Community organizations or church groups that undertake prevention activities may need help in making contacts with other groups, generating or using ideas, and tapping into the resources that are available. Several nonprofit organizations provide technical assistance, encourage networking among groups working in prevention, and award grants to prevention projects.

- The Prevention Network provides technical assistance in community organization, fundraising, access to prevention materials, and networking. It publishes a monthly newsletter that summarizes research results, lists funding sources, describes model projects, and documents legislative developments. It maintains referral hotlines and sponsors regional conferences for information sharing and training. It also awards mini-grants of up to \$500 to volunteer groups to conduct very small-scale primary prevention projects.
- In 1990, the Prevention Coalition of Southeast Michigan (PREVCO) was organized as a regional resource for substance abuse preven-

tion. With representation from coordinating agencies, school districts, criminal justice agencies, human service agencies, business, media, community groups and individual activists, PREVCO is intended to serve as a forum for discussion, strategic planning and the coordination of regional media-based campaigns as well as a prevention information clearinghouse.

- United Community Services of Metropolitan Detroit and New Detroit, Inc. have developed FACT — Family Approach to Crime and Treatment. Focusing on young people aged 14 to 21, FACT supports family strategies to protect young people from substance abuse and other social problems by seeking to preserve the family as a unit rather than removing teenagers to foster care or other living arrangements. Services offered by FACT include advocacy, community awareness, technical assistance and information and referral. Limited funding also is available to expand successful model programs. In 1990, FACT received \$300,000 from the Detroit Renaissance Foundation and \$150,000 from the Skillman Foundation.
- Project EPIC was established in 1985 by the Addiction Research Institute within the Department of Community Medicine at Wayne State University with funding from the Bureau of Substance Abuse in the Detroit Health Department to provide technical assistance to community groups in the city of Detroit. EPIC consultants provided assistance in community organization, fundraising, grant writing and program evaluation, and also made larger mini-grants through a subcontract with the city of Detroit. Funding for EPIC from the city was discontinued in fiscal year 1991-92.
- New Detroit, Inc., which received support from the Governor's Initiative Grants (GIG), provided small grants for prevention programs through 1991. In 1991, 22 programs received grants totalling \$42,000 for projects ranging from community education and empowerment to youth mentoring. This program also will be affected by the channelling of GIG funds through the new office of Drug Control Policy.

- Under a new grant initiative, the Skillman Foundation awarded a total of \$470,500 to 28 organizations in 1990 and the first five months of 1991. Skillman funded a wide variety of programs; for example, a "Partners in Prevention" program at Common Ground, a "Smart Moves" program at the Boys and Girls Club of Pontiac, WE-PROS activities through Core City Neighborhoods, and the D.A.R.E. program of the Detroit Police Department. Skillman's initiative in prevention encourages submissions that "build, improve or incorporate partnerships among a community's organizations and leaders" and "coordinate, network and share information among community organizations involved in substance abuse prevention." This initiative stimulated substance abuse prevention proposals from traditional youth, social service and recreation organizations.

Skillman also has made larger grants for substance abuse prevention as a part of its regular Children and Youth programming. A wide range of programs were funded; for example, the organization of a state-wide peer leadership program on drug and alcohol prevention at the middle school level similar to the SADD programs, a program for children and siblings of adolescents and adults in residential treatment for substance abuse to prevent further substance abuse, and a comprehensive school district substance abuse prevention program in the Waterford School District.

- The Community Foundation for Southeastern Michigan initiated a substance abuse prevention program by sponsoring a Think Tank for Action on Substance Abuse Prevention in Southeastern Michigan to develop a range of strategies for prevention in the region. Its findings have been published in a resource manual for prevention and the proceedings of a regional conference also has been published. In 1990 and 1991, the Community Foundation made \$413,500 in grants as part of an effort to encourage nonprofit organizations and local government agencies to engage in long-term, comprehensive approaches to substance abuse prevention. Awards ranged from \$25,000 to \$50,000 for use over one to three years.

Other Detroit area service agencies, such as the Junior League, the Michigan Council of the Arts, the Detroit Council of the Arts, the Black United Fund, and the City of Detroit's Neighborhood Opportunity Fund provide small grants to local community groups. Examples of coordination among community groups within townships or cities as well as coordination across neighboring jurisdictions also exist in some sections of the metropolitan area.

Research and Evaluation

Thus far in Michigan or nationally, few resources have been devoted to evaluating community prevention programs such as the ones that have been implemented throughout the Detroit metropolitan area. Instead, the majority of research has focused on discrete media campaigns against smoking or driving while alcohol-impaired.

Although rigorous evaluations where original data is collected can be expensive, members of the Detroit community could work to develop intermediate forms of evaluation using existing data such as those used in the RAND study. For example, local organizations could be assisted to use crime reports or DAWN emergency room reports to monitor progress and trends in their respective areas. Partnerships could be formed between the local coordinating agencies and local universities and research institutes. OS/AS and university-based researchers would be able to advise funders and implementing organizations on ways to increase the usefulness of such evaluations. Coordinating agency staff could monitor evaluations of prevention programs being conducted nationwide and communicate the results for use in local policy and planning.

Since research on prevention and intervention programs can be shared beyond the confines of one community, the logical sources for support: evaluations are state and federal agencies.

If prevention is to be given new emphasis within drug programs and policy, a good deal of advocacy for prevention will be required. Some of the community organizations now active in prevention have a solid base and could serve as models and even sources of technical assistance for new neighborhood efforts, while others appear more fragile. Yet, the strength of those that are successful is based on the fact that they are locally conceived and managed, and have the broad-based support of many groups in their community. The institutions creating networks and spreading information about local activities are likely to be important in sustaining community interest in prevention in the coming years. A crucial test will come for these efforts in the next few years, as the sense of urgency surrounding the cocaine epidemic diminishes.

Recommendations:

- In order for the coordinating agencies to exercise a real role in assisting prevention programs, creating networks, and monitoring activities, each needs at least one full-time professional to work specifically on prevention programs.
- Diversity among prevention projects and local experimentation should be encouraged because there is no single proven model for how to prevent drug abuse in the community. Furthermore, substance abuse is a complex, community problem that only can be solved through a coordinated, community effort.
- Organizations with a track record of working successfully on social issues in the target neighborhoods and that have local support and involvement should be assisted in their efforts to provide community-based prevention programs. Funders should look for successful organizations, rather than successful models.
- Federal categorical programs (drugs in public housing, treatment improvement, community partnerships) constitute a vital source of funding needed to implement prevention activities on a broader scale. Yet, the inferior quality of grant proposals coming out of the Detroit area has hurt the ability of the region to compete successfully for these grants. Both public and private agencies should make a greater effort to coordinate efforts and enlist the aid of local universities in preparing timely and responsive proposals.
- The recent growth of interest by private funders in the drug prevention field should be treated as a way to stimulate experimentation, not as a substitute for already scarce public funding. It is unlikely that foundation and charitable funding for substance abuse prevention will reach anywhere near the levels of school district and coordinating agency funding. The truly private funding sources have to be regarded as catalysts for experimentation with new approaches and a useful supplement to, rather than substitute for, public expenditures.
- Mini-grant programs are a particularly useful form for providing funds to community groups since proposal and reporting requirements imposed on the recipients can be kept minimal.
- Technical assistance to grassroots organizations should be made available by both public agencies and large private ones to help sustain such groups without damaging the sense of local response to shared problems that got them started.
- Public and private sector organizations should seek to develop networks among themselves to foster the development of integrated approaches to substance abuse prevention. These networks ought to involve both the for-profit and nonprofit sectors as well as seek to build coalitions across city and county jurisdictions.
- There is a need for funding agencies to help stimulate and shape proposals and create networks of grantees, rather than just choose from proposals already "on the shelf."
- There should be increased efforts made to evaluate community-based prevention programs in order to provide support for those programs that are both sustainable and effective. In Detroit, such research could involve partnerships between coordinating agencies and local universities or research institutes.

- Social service agencies, particularly those that work with high-risk youth, can play an important role in substance abuse prevention. These agencies are especially suited for early intervention with young children and secondary

prevention programs for troubled teenagers, the types of programs that are not incorporated into, or only weakly connected to, the school-based programs that dominate the prevention field.

Treatment Systems

The cocaine epidemic has put a great strain on treatment programs in the Detroit area, requiring them to adapt to a new influx of cocaine users who are younger and often have different treatment needs than the alcohol and heroin users who, until recently, comprised the majority of clients. Even if

cocaine use levels off in the next few years, the demand for publicly financed drug treatment is likely to grow for some time. There is still much uncertainty about the course of cocaine dependence, particularly about what will happen to the many who began using it in the form of crack.

Table 7

Admissions to Publicly Funded Substance Abuse Treatment Programs, by Primary Drug of Abuse, 1986 and 1989

Primary drug of abuse	1986	1989
Alcohol	16,652	12,787
Opiates	3,846	2,625
Cocaine	3,393	8,864
("Crack")	(0)	(3,454)
Other drugs	3,459	3,230
TOTAL	27,350	27,506

Source: OSAS tabulations

Table 8

Licensed Drug Treatment Programs, 1990

Coordinating Agency:	State funded	No state funding	TOTAL
City of Detroit	38	28	66
SEMSAS (rest of Wayne County, Monroe)	24	58	82
Macomb	12	32	44
Oakland	16	64	80
TOTAL	90	182	272

Note: Does not include programs providing prevention and education, or screening and assessment services only.
Source: OSAS "Michigan's Substance Abuse Service Delivery Network: Directory of Programs," April 1990.

Table 9

State Funding for Drug and Alcohol Treatment and Prevention Programs, Fiscal Year 1989

	thousands of dollars			
	Prevention	Treatment	TOTAL	per resident
Detroit	2,112	6,859	8,972	\$10.40
SEMSAS	391	4,408	4,799	\$ 4.40
Oakland	704	1,700	2,404	\$ 2.70
Macomb	256	1,942	2,199	\$ 3.60
TOTAL	3,463 (18.8%)	14,909 (81.2%)	18,374 (100%)	
		Average for rest of state:		\$ 6.30

Source: OSAS

Table 10

Licensed Drug Treatment Programs, By Type of Facility, 1990

Coordinating Agency:	Inpatient or Residential	Outpatient	Methadone maintenance
City of Detroit	23	36	7
SEMSAS (rest of Wayne County, Monroe)	15	66	1
Macomb	9	34	1
Oakland	15	65	0
TOTAL	62	201	9

Note: Most residential and methadone programs are licensed for outpatient services as well.

Source: OSAS "Michigan's Substance Abuse Service Delivery Network: Directory of Programs," April 1990.

More than 270 programs in the Detroit metropolitan area are licensed by OSAS to provide drug treatment. Only one-third of these receive state funding. Those that receive some state funding often rely heavily on other funding sources as well. Private programs abound in the suburbs, especially in Oakland County. In contrast, most programs in the city of Detroit are publicly supported.

More than 200 of the licensed programs in the region provide services only on an outpatient basis. Sixty-two programs, either chemical dependency units of hospitals or free-standing facilities, provide residential treatment; most of these are licensed to provide outpatient services as well.

Nine programs, most of which are in the city, are licensed as methadone maintenance clinics for opiate addicts.

The number of admissions funded by the Detroit area coordinating agencies has been fairly constant at around 27,000 per year during the late 1980s. The city of Detroit accounted for 40 percent of the total number of publicly funded treatment admissions. Of the four coordinating agencies in the Detroit metropolitan area, only Oakland County had a significant growth in the number of admissions from 1986 through 1989.

- While the number of admissions during the late 1980s was stable, there were striking changes in which drugs were listed as the primary drug of abuse at the time of admission. Although alcohol still accounts for the largest number of admissions, it fell from 62 percent of all admissions in 1986 to 46 percent of all admissions in 1989. In contrast, the number of admissions for which cocaine was listed as the primary drug of abuse more than doubled, from 12 percent of all admissions in 1986 to 33 percent in 1989.
- Those reporting alcohol or opiates as their primary drug tended to be older than those reporting cocaine as primary. In 1989, the average age for alcohol admissions was 33, with 36 for opiates and 29 for cocaine or crack.
- In 1986, those reporting cocaine or crack as their primary drug were less likely to have had previous treatment episodes than those reporting alcohol or other drugs. By 1989, this difference had disappeared; half of those admitted with cocaine as the primary drug of abuse had been in treatment before.

Since the number of admissions is constant, it is possible that the increasing number of persons treated in public programs for cocaine dependence displaced other persons who needed treatment for alcohol or heroin dependence. However, the prevalence in need of treatment cannot be neatly classified into groups dependent on single drug. Clinicians in Detroit, as elsewhere, report that most of their clients have significant problems with several illegal drugs as well as alcohol.

Table 11

Admissions to Publicly Funded Substance Abuse Treatment Programs, 1986-1989

	1986	1989
City of Detroit	12,023	11,028
SEMSAS	6,767	6,893
Oakland	4,892	5,931
Macomb	3,668	3,654
TOTAL	27,350	27,506

Source: OSAS tabulations

Table 12

Prior Treatment Experience of Those Admitted to Publicly Funded Substance Abuse Treatment Programs, By Primary Drug, 1986 and 1989

	Percentage of admittees with one or more prior treatment episodes:	
Primary drug of abuse:	1986	1989
Alcohol	53%	50%
Opiates	70%	69%
Cocaine	37%	50%
Other drugs	25%	28%
TOTAL	50%	49%

Source: OSAS tabulations

Access to Treatment Programs

In the Detroit area as in other parts of the nation, access to substance abuse treatment programs largely depends upon who is paying — private insurers or the state. Publicly subsidized treatment programs in the Detroit metropolitan area report that they have many more applicants than there are available spaces, with the problem especially acute in the city of Detroit. Many people seeking treatment at programs funded by the city's Bureau of Substance Abuse Services are being turned away. However, those individuals who have private insurance coverage usually are able to find a program that will take them without much delay.

Although there is a need for more drug treatment in the Detroit metropolitan area, the first priority of the public system in the next few years should be to improve the effectiveness of existing services and to expand services to special and underserved populations, rather than to simply expand uniformly. Both the city and the state face fiscal crises that are among the worst in the nation; this adds to the importance of improving the effectiveness with which resources are used in the public system.

Programs for Women

In Detroit, as in other big cities, there is a shortage of appropriate treatment slots for women. Most of the well established drug treatment programs are either for men only or they have few or none of the ancillary services that are considered necessary to keep women in treatment long enough for them to benefit. There is a particular shortage of treatment slots where pregnant women can receive prenatal care as well as child care for their older children at the same time as counselling for drug abuse and other problems. Lack of child care often is reported to be an obstacle to young women's participation in substance abuse treatment. Providing these ancillary services is not just a frill in programs for poor women; they are necessary if women are to

keep coming often and long enough for treatment to help.

- According to a recent study conducted by Michigan State University, the women entering drug treatment programs reported more severe medical, family, and psychological problems than their male counterparts.
- Women who use drugs and alcohol heavily often are involved in abusive relationships with men as well, or are economically dependent on men who oppose the women's efforts at recovery. Thus, they may have either long-term or emergency housing needs that are more pressing than those of men with similar drug problems.

The city of Detroit has one program that often is cited as a national model for integrated medical and substance abuse treatment of pregnant addicts. The Eleanore Huzel Recovery Center has an adjunct daycare center where children of the clients receive not just babysitting, but special education. However, waiting lists for the program are long and the demand for more such programs is pressing.

Since 1988, the federal block grants have included a requirement that states set aside at least 10 percent of their total award to provide treatment and prevention services to women. OSAS and Detroit area coordinating agencies are planning to implement that requirement by developing four new programs that will provide services to women, including pregnant women.

Matching Clients to Treatment

Because clients have diverse needs and because no single treatment protocol has yet emerged to dominate the field, it is important to have a range of treatment options available in the area. The challenge to treatment agencies is to develop ways to assess clients' needs, assign clients to the right level of treatment, and follow up to make sure that they do not simply disappear.

Drug treatment programs are under pressure to improve and monitor their effectiveness. This can

Financing for Treatment

In the Detroit area as in the rest of the nation, most substance abuse treatment is financed either by government, private insurance, or user fees. The growth in funding for treatment programs has come primarily from federal government sources; federal grants to Michigan more than doubled during the period from 1986 to 1989, while state and local expenditures remained constant.

- In fiscal year 1989, OSAS provided about 15 million dollars (evenly split between federal and state government appropriations) to the four Detroit area coordinating agencies to finance drug and alcohol treatment. City and county funds added about another million to this total. Since the OSAS formula for allocating funds to coordinating agencies is partly based on the number of persons in families below the federal poverty threshold, the city of Detroit receives more on a per capita basis than the other jurisdictions in the area — more than twice as much as the rest of Wayne County and Macomb County.
- In fiscal years 1989 and 1990, an additional \$140 million in competitive grants was appropriated by the federal government to treatment programs in large cities. Although Detroit received a share of this money, these grants had limited impact because they provided only one year of funding; programs could not hire additional full-time staff on the basis of a short-term, potentially renewable grant. The two Detroit grants were not renewed in fiscal year 1990-1991.

Most private financing for treatment is provided by health insurance reimbursement which generally is provided as a benefit of employment, with employers or unions paying part or all of the premiums. Besides traditional indemnity insurance, health maintenance organizations (HMOs) provide care to many individuals in the Detroit area.

According to some of the coordinating agency officials and health care providers interviewed, the effects of health insurance cost containment efforts

in Detroit can be felt by programs that provide treatment to poor and lower middle class clients. Reimbursement rates for insured clients are no longer high enough to cover some of the shared costs that allow lower fees to be charged for those clients who lack insurance.

The State of Michigan, under its Medicaid program, has covered inpatient substance abuse treatment in hospitals and institutions for the mentally disabled; however, coverage for sub-acute services has been eliminated. In Michigan, Medicaid currently reimburses intensive outpatient treatment for substance abuse involving three or more hours per day for up to 40 days; outpatient treatment consisting of 45 one-hour visits for any combination of one-on-one and group sessions; methadone maintenance and counselling; and medical treatment for detoxification under life-threatening conditions.

In addition, an increasing proportion of those now seeking treatment for cocaine dependence have had prior episodes of treatment. This suggests that in the next few years it is likely that an increasing number of those who became dependent on cocaine will be exhausting lifetime limits placed on substance abuse coverage in health insurance policies. Many other workers and their families lack health insurance entirely.

The problems of the public and private sectors are linked — as the economic recession continues, high unemployment and increasing premiums are likely to leave more people uninsured or underinsured. Current efforts to control costs in both sectors by limiting benefits, more careful screening, and referral to less expensive forms of treatment run the risk of indiscriminate undertreatment. At the same time, these measures are likely to result in greater pressure on the public treatment system, which serves as the third-party funder of last resort.

Foundations and other private funders have provided only minimal support for treatment programs. Many of the reforms for which this report calls (e.g., targeting services to neglected populations, improving assessment and treatment matching)

be accomplished by improving screening in order to better match the needs of clients to various treatment programs.

- A study at Michigan State University is exploring the potential for better matching using the Addictions Severity Index to examine differences among client and program types in treatment outcomes for a large sample of Michigan programs. This study may provide guidance for large-scale implementation of matching schemes throughout Detroit area coordinating agencies.
- SEMSAS has adopted new methods of assessing clients' needs and making referrals to local programs under "purchase of service" agreements. These changes might make it easier for coordinating agencies to function for their clients as the equivalents of employee assistance plans in the private sector. It would be worthwhile to evaluate the implications of this method for the coordinating agencies, treatment providers, and the clients themselves.

Methods of accurate assessment that predict which treatment setting is most effective for a given patient must be developed and a research base must be established in order to improve the process of matching clients to treatment. There is a need for longitudinal outcome studies to evaluate the various treatment models that currently are in use; a better articulated research base could lead to the development of innovative treatment models.

One means of improving treatment services, that of intensifying resources per client admitted to drug treatment, already may have been implemented in the area. During the period from 1986 to 1989, spending on treatment rose 14 percent in real terms, so spending per admission has increased. However, if the effectiveness of the treatment system is to be improved, greater efforts will be needed to monitor treatment outcomes.

Case Management

The majority of those who seek treatment do so under some type of coercion, whether generated

by the criminal justice system, employers, or family and friends.

- In the SEMSAS jurisdiction, Oakland, and Macomb counties, more than half of the clients admitted to state-funded programs are involved somehow with the criminal justice system at the time of their admission. In the city of Detroit, the corresponding proportion is about a quarter of admissions.

There is a need for better coordination between Detroit area public treatment agencies and the criminal justice system as well as better tracking of those referred to treatment programs. One problem with the current process is that it is difficult to track referrals — to make sure that those who are told by a judge or probation officers to seek treatment actually do so. This will require investing more of coordinating agency resources for initial assessment and case management.

There also is a need for coordination between social service agencies and the drug treatment system, including training social service agency staff in assessment. Many of the clients of social service agencies have substance abuse problems themselves, or are affected by the substance abuse of other family members.

Increasing Treatment Options

Intermediate treatment alternatives between complete residential care and low-intensity outpatient treatment also are in short supply throughout the Detroit metropolitan region. "Day/night treatment" programs and halfway houses have appeared in the Detroit area partly in response to expanded coverage provisions in the last round of benefit negotiations for the auto workers. One of the weakest links in the continuum of care remains the lack of halfway houses, particularly those that can accommodate women and children. Problems have included where to locate such programs and how to fund them; halfway houses for drug abusers are not typically welcomed by neighborhoods.

Office of the Mayor
City of Seattle

Norman H. Rice, Mayor



Statement by Seattle Mayor Norm Rice
Hearing before the House Select Committee
on Narcotics Abuse and Control

June 30, 1992

Chairman Rangel, distinguished members of the Committee, I want to thank you for giving us this opportunity to speak with you about the needs of American cities -- and in particular how the federal government can assist local government in ridding our communities of the scourge of drugs and drug-related violence.

I am sorry to say that, as Mayors, we have no easy answers for you -- drugs and drug-related violence remain a source of significant concern in Seattle, and a source of shame to us all, as a nation.

These issues have taken on a new urgency, given the events of the past two months. I think everyone in this nation was stunned by that Simi Valley verdict. That verdict -- and the outrage and violence that followed -- sent a powerful message that our nation -- all of us -- still have a lot of work to do when it comes to race and fairness and economic opportunity.

But some people in this nation don't appear to have gotten that message. Why did it take Congress and the White House almost two months to pass an urban aid package? And why, after two months, did Congress and the White House pass a package that was so small and so limited that it would be an insult -- if it were not for the reduced expectations created by the past twelve years of federal indifference to cities?

After the worst rioting in decades, after dozens of lives senselessly lost, I think a lot of people are beginning to wonder "what does it take to get some action out of the federal government?"

In my mind, the L.A. verdict represents a rare moment in the life of this nation. How we interpret that verdict and the violence that followed -- how we respond to these overwhelming events -- will determine the course of our nation for decades to come.

It's as though after 20 years of groping in the darkness, someone finally lit a candle and gave our entire nation a fleeting chance to see where we are going, and to set a new direction.

The light from that candle may not last for long. Already, we are seeing the pressure for change begin to fade as the events in Los Angeles grow more distant.

We can't afford to squander this opportunity. This kind of opportunity does not come very often. We've got to respond, both at the national level and at the local level.

Do not imagine that the violence, looting and destruction in Los Angeles and in other cities were caused solely by that infamous Simi Valley verdict. That verdict was just the spark that touched off a powderkeg that has been building in our nation for years.

The violence we saw in Los Angeles and other cities was really about two things: fairness and economic opportunity. These are also issues which lie at the root of our nation's drug crisis and the violence that follow drugs -- not just in the inner city, but in suburbs and rural communities, as well.

There is a growing feeling all across this nation, and especially among young people and people of color, that the system is stacked against them -- that they will never get a fair shake from our legal system or our system of government.

At the same time, there is a growing sense that the doors to economic opportunity have been slammed shut on far too many Americans. Once again, this frustration and anger is particularly intense among young people and people of color.

Anyone who thinks that law enforcement alone can win the so-called "War on Drugs" just isn't living in the real world. Yes, we need tough law enforcement, but we also need to address the poverty, joblessness, and despair that provide fertile ground for drugs and violence to take root.

And anyone who thinks that local communities can handle this problem on their own, is also kidding themselves. Drugs are a national problem, and we need a more comprehensive national strategy that addresses the real roots of our nation's drug crisis.

It's not enough for national leaders to tell our kids "Just say no." It's not enough for Congress to simply call for tougher law enforcement and stiffer jail sentences.

One of the biggest failures of our national government over the last decade has been the failure to address both sides of the drug issue, with clear analysis and with real dollars.

Too often, the federal government has taken the easy way out, by defining the drug problem in terms of cops and robbers, by declaring a "War on Drugs," by acting as though law enforcement alone could solve the problem.

By looking at drugs in a one-dimensional way, by ignoring the root causes of poverty and despair, by failing to invest in education, housing, and health care -- the federal government has actually contributed to the drug problem that now grips our

nation.

I am hopeful that the testimony you are hearing here today will help to turn those policies around, and give our nation a more effective "battle plan" in the "war on drugs."

Yes, we need tough drug interdiction and law enforcement at both the federal and the local level. But we also need to invest in our nation's human capital, to address the root causes of our drug epidemic. Unless we do both, we are doomed to failure.

And as we work to build more effective policies and programs, we must work together in partnership -- a partnership between local government and the community, and a partnership among the various levels of government. We can take back our neighborhoods and provide a better future for our children, but only if we work together.

Having said that, I would like to turn my attention to two specific programs or proposals, which have been advanced by the federal government as ways to combat drugs and violence and address the needs of urban cities -- urban enterprise zones and the so-called "Weed and Seed" program.

Urban Enterprise Zones

I understand the Administration's arguments in favor of enterprise zones as a way to assist distressed areas, but I am concerned that enterprise zones, by themselves, are not the answer.

Current enterprise zone proposals will not reach enough cities. Enterprise zones would not do anything for existing businesses that are already in distressed areas, providing jobs and economic activity. In addition, the incentives they would provide would most likely not be sufficient to address the needs of small businesses. In addition, unless there are safeguards built into the program, enterprise zones could simply shift jobs and economic opportunities from adjacent neighborhoods, rather than create new jobs and opportunities.

Enterprise zones could be a useful tool, however, if they were expanded to address the needs of all cities, and if they were a component of a truly comprehensive urban aid package. Simply providing tax incentives for new businesses to locate in depressed neighborhoods will accomplish little, unless we also invest in improving the public infrastructure and developing the job skills of the people in those areas.

In particular, I believe any effort to create enterprise zones must also be combined with a comprehensive infrastructure funding bill. Funding infrastructure improvements will accomplish two critical goals -- (1) providing decent jobs for

residents of distressed communities and (2) upgrading the roads, sewers, sidewalks, bridges and other economic infrastructure that can attract positive development and enable a community to become successful for the long-term.

"Weed and Seed"

Despite its offensive and dehumanizing name, I believe this program has the potential to make a significant impact in the years ahead by increasing community development and combatting drugs and violence.

The concept behind this program -- the need to combine law enforcement with social services and other preventive measures to reclaim our neighborhoods, to strengthen and enhance the redevelopment process of our distressed urban areas -- is one that local governments have been implementing for years, and one that is long overdue from the federal government. And it is one that is vital to the survival of our urban areas, for without healthy neighborhoods, without strong and vibrant communities -- safe from crime and drugs -- the heart and soul of our cities is in dire jeopardy.

As Mayor of one of the cities that has qualified for demonstration funding this year, I would like to share my thoughts about this program.

* * * * *

First, Congress and the Administration must take whatever steps are necessary to eliminate any doubt about who is actually in charge of this program at the local level.

There exists throughout most urban cities a real fear and mistrust of federal law enforcement. Despite the fact that Seattle's grant proposal clearly does not in any way expand federal authority, many groups and individuals have expressed concern that acceptance of this grant would result in "federal troops," or "martial law" in the affected area.

And this misconception is not limited to Seattle, alone. My conversations with other Mayors indicates that local residents in many communities are mistakenly concerned that the so-called "Weed and Seed" program will give federal authorities new powers to harass or even arrest innocent members of the community.

My understanding of the grant process and meetings with a wide variety of federal officials have clearly indicated that this grant would in no way expand federal authority or result in violations of the civil rights of my constituents. If it did, I would not be pursuing this program. But given the widespread misconceptions and fears, I believe Congress and the Administration should take explicit action to confirm this point and directly allay any fears local residents may have about unwarranted federal

intrusion into their lives.

As the Committee and the Congress move forward with this initiative, I would urge you to put specific language into the law, clarifying that the federal role is limited to that of a grantor of funds, and that all day-to-day policy decisions and implementation will be controlled by local authorities.

* * * * *

Second, the social programs allowed under the so-called "Weed and Seed" initiative must be expanded to allow maximum flexibility for local governments to address the individual needs of their local communities.

It's not enough to simply focus on rehabilitation of people already in our criminal justice system; we must also have the flexibility to provide preventive services that keep our citizens -- especially our young people -- from ever running afoul of our criminal justice system in the first place.

The highest priority in one community may not be the highest priority in another. What works in Seattle may not work in Chicago, or some other city with different needs and different existing programs.

If the dollars come to local communities with all kinds of red tape about which services can or cannot be funded, or which groups can or cannot be served, then this program will not be effective.

Congress needs to make the dollars available for local government, establish broad performance standards and reporting requirements, then get out of the way.

Already, in Seattle, we are seeing how all the strings attached to the demonstration program dollars are undermining the public acceptance and the effectiveness of an otherwise worthwhile program.

As the Committee knows, funding for this year's demonstration program comes from essentially two funding sources within the Department of Justice. When we applied for this grant, we proposed a carefully-balanced package of counseling, health, recreation, and other social services that would help address the most pressing needs of our youth in the specified area. Then, weeks after our proposal was accepted by the Department, we received word that perhaps some of the programs we proposed would not fit the technical criteria of these two funding sources. Later, we were told that perhaps these programs could fit the technical criteria, but only if services were limited to individuals who were referred in some way by the criminal justice system.

The shifting sands of what programs and which individuals were eligible for federal funds only exacerbated the mistrust of some community members. Even more

important, it raised fundamental questions about the effectiveness of the program. If social programs funded through the so-called "Weed and Seed" initiative are only available to people who have already come through the criminal justice system, that is hardly my definition of prevention!

I recognize that under the current plan, social service dollars for 1993 or beyond would come from a broader array of sources, but the problem remains. What if a city determines that its most pressing need is for a community-based health clinic, but only a fraction of the money it is receiving is health-related?

I would strongly urge the Committee to remove any undue restrictions and red tape from the social service dollars provided under the so-called "Weed and Seed" program, so that local officials can have the flexibility we need to address the real challenges in our communities.

* * * * *

Third, in the years ahead, the so-called "Weed and Seed" must be funded through new money, not simply by reprogramming existing dollars that already go to support important urban initiatives.

If Congress and the Administration simply move dollars around and do not provide new resources for this initiative, cities will continue to compete for these dollars -- how could we do otherwise -- but you will have done virtually nothing to address the real issues facing our nation. If the so-called "Weed and Seed" initiative is not sustained by new dollars, you will be robbing Peter to pay Paul, creating new winners and new losers among America's cities, instead of addressing the needs that exist throughout this nation.

* * * * *

Finally, Mr. Chairman, I would urge you to change the name of this program. The very name "Weed and Seed" sends a very divisive and distorting message about the true nature and intent of this program. It seems to imply that the federal government -- and by implication, any participating local government -- has a very narrow-minded view of what's really going on in our urban communities. We're not talking about plants here, Mr. Chairman, we are talking about human beings.

It all boils down to trust and fear. As Mayors, we understand that the only way to eliminate fear is by building the bonds of trust in a community, not by playing on people's fears in a misguided attempt to generate trust.

When you look at a name like "Weed and Seed," when you look at all the chest-beating rhetoric on public safety that politicians tend to speak these days, it's easy to see why communities might harbor some distrust for a federal program, no matter how

well-intentioned it might be.

For many people, especially people of color, public safety often feels like something that is done *to them*, rather than *for them* or *with them*.

Now, some people say that we have to choose. Some people say that taking a tough stand against crime means you have to violate the civil rights of some people in the community, especially the civil rights of young people and people of color.

I reject that kind of thinking. I will never subscribe to the view that you have to accept a certain level of civil rights abuses, as the natural cost of being tough on crime. We should never choose between public safety and human rights.

We can do both, and we must do both. I would urge Congress to hold recognize that moral imperative in everything you do, related to public safety. We can have strong law enforcement *and* protect the rights of our residents, at the same time.

* * * * *

To recap, Mr. Chairman, there are no easy answers when it comes to drugs, but local communities are doing a number of things to take back our streets, to make life miserable for the pushers, and to give our young people real alternatives to drugs.

Our experience in Seattle has taught us several things. First, we cannot beat this ugly problem with the programs of the past. We need new approaches -- both here at the local level and from the federal government.

Second, we cannot solve America's drug problem through law enforcement alone. We need a more comprehensive approach that gets at the real root causes of the problem -- poverty, education, unemployment, lack of affordable housing, despair.

In Seattle, and in cities all across this nation, we are attacking both sides of the drug problem, with aggressive law enforcement and innovative social programs to address the needs of our children and families.

We need that same kind of two-pronged approach from the federal government, as well.

Until the federal government makes a real commitment to education, housing, health care, job training and other human investments, we will never win the so-called war on drugs.

* * * * *

As I said earlier in my testimony, there are no easy answers when it comes to

drugs and public safety -- or when it comes to community economic development in today's fiscal and economic climate. There are, however, a number of things that local governments can do, and have been doing, despite the inaction of the federal government.

I would like to submit for the record a very brief summary of some of the most promising programs we have underway in Seattle. It is my hope that this brief descriptive narrative may give members of the committee or others who review this hearing in the future some ideas on what local government is doing, and how the federal government can support and complement those activities.

First, with respect to law enforcement, Seattle has taken a number of tough actions that are making life miserable for the dealers, and increasing public safety on our streets and in our neighborhoods:

- * Twice in the last four years, Seattle residents have voted to tax themselves to pay for new anti-crime measures. These voter approved measures have provided nearly 100 additional police officers, but that's only a small part of the story. Those new dollars have also provided additional prosecutors, additional court capacity and important new programs for at-risk youth, to steer our young people away from drugs.
- * The City of Seattle has enacted a tough new law against drug-traffic loitering, that gives our police officers a critical new tool to address the changing tactics of street dealers, especially dealers of crack cocaine. Already, we can see that the law is working. In the first two years alone, the law has resulted in over 120 prosecutions, many of them cases that we could not have made without this new law. As a group, those 120 suspects represent almost 650 prior convictions -- not just arrests, convictions. As a group, these suspects represent almost 200 felony convictions, including armed robbery, kidnapping, and assault with intent to kill. That's who this law is affecting -- career criminals and drug dealers, not innocent young people who just happen to be standing on the corner.
- * Thanks to the leadership of King County Prosecutor Norm Maleng and Seattle Police Chief Patrick Fitzsimons, we implemented a tough "catch-and-hold" policy for most drug-related arrests. We have stopped the "revolving door of justice," which had previously put drug suspects back on the streets within hours of their arrest.
- * The City of Seattle has created a specialized "gang squad," designed to work directly with gangs -- and potential gang members. Our gang squad officers work day and night with these young people. They work with them on a proactive basis, and they know them as human beings. Our gang squad officers make their share of arrests, but their real value is even greater than that. By working directly with these young people, they can defuse potentially violent

situations, they can alert our patrol officers when something is about to "go down," and they can steer kids away from the gangs and into more constructive activities. Our gang squad members carry badges and guns, but they also carry job applications, social service agency referral information, and the unique ability to reach these young people on their own turf and their own terms.

- * One of the programs I'm most proud of is our Drug Free School Zone effort. Thanks to a recent state law, the City can declare drug free zones within 1,000 feet of any public or private school. And anyone convicted of a drug-related offense within that zone can receive double penalties -- twice the normal fine, twice the normal jail term, or both.

The reason I am so proud of our Drug Free School Zone program is that it's more than just a sign, it's more than just longer jail terms. Before that sign ever goes up, we have spent months building a community partnership against drugs. Teachers, principals, parents, local merchants, neighbors -- everyone gets involved. And most important, the students do most of the work themselves. The students arrange drug free assemblies. The students go door to door in the neighborhood, creating that bond between community and school. The students take the lead in making their school a place where drugs are not welcome.

Once again, the program is working. Since the program began, we've convicted 112 pushers for dealing around our schools. The average jail sentence is anywhere from four and a half years to seven years.

And these are just a few of the success stories in our ongoing battle against drugs and violence. There are many more. Through a combination of a civil abatement program, asset seizure and forfeiture, and trespassing ordinances we have had gratifying success at moving rock houses out of our neighborhoods.

We've given drug traffickers fits with our new bicycle patrol units, which can pursue suspects in ways that a patrol car or an officer on foot could never dream of.

But even these law enforcement activities are only part of the policing story in Seattle. In addition to the traditional policing approach, in which an officer responds to calls, we are forming community police teams, through which officers work with the community to solve problems.

This community policing strategy has reaped significant dividends in the City's residential neighborhoods -- neighborhoods in which 25 percent of our residents already participate in Blockwatch programs. That's three times higher than the national average of 7 percent blockwatch participation.

We are committed to community policing in the downtown and in commercial neighborhoods as well -- because we recognize the importance of a partnership between the police and community. I firmly believe that community policing is an idea that needs to be spread to every city, in every state, all across this nation.

* * * * *

As I said before, however, law enforcement is only half the story.

In Seattle, we know the only way we're going to defeat drugs and violence is by combining tough law enforcement with solid programs that give young people real hope and real opportunity.

In 1990, at the same time that Seattle residents were voting to tax themselves for stronger criminal justice programs, they also voted to tax themselves to pay for a comprehensive package of educational, social and recreational programs for our young people.

And despite the early signs of the recession and strong concern over taxes, both measures passed by wide margins. That tells me that even in an *anti-tax mood*, our nation is willing to invest in the safety of our neighborhoods and the future of our children.

The Families and Education Levy passed by nearly 57 percent. I want to tell you a little bit about the Levy, because I think it shows what we need to be doing all across this nation.

The Levy was based on a simple principle: too many of our children are arriving in school sick, hungry, impoverished or abused. If government can step forward and meet the human needs of our families and our children, then our schools can focus on the job of teaching our children and giving them the tools for success.

The Families and Education Levy will provide \$60 million over the next seven years, to ensure that every child is safe, healthy and ready to learn.

What does the Levy mean for Seattle's children?

- * \$2.2 million each year for child care, community-based family resources centers and other programs for early childhood development
- * \$2 million for community school programs, family support workers, counselors, drop-out prevention programs and other school-based family services
- * \$2.7 million for comprehensive health care services in our schools, and a

variety of specialized health services to meet the needs of at-risk youth

- * and \$1.6 million for latch-key programs and multi-cultural, community-based, after school activities for students of all ages

- * In addition, the levy was designed to free up about \$2.1 million each year for the school district to use to provide academic enhancements such as expanded library services, arts and music education, classroom materials, or staff development.

Even before the passage of the Families and Education Levy, the City of Seattle was spending more than \$7 million a year on programs and services directed toward at-risk youth and their families.

The Seattle Team for Youth Program, for example, is a collaborative approach to gang prevention, involving ten community agencies, the Police Department, Seattle's Parks Department, the County's juvenile justice system, and the schools. The program provides referrals to a variety of services, including outpatient drug and alcohol treatment, employment services, educational assistance, and recreational programs.

Let me dwell for a moment on that recreational component. A little more than two years ago, we started an innovative Late Night Recreation Program at two recreation centers in neighborhoods where our young people didn't have very many alternatives to gangs, drugs and violence. The program was an instant success, so this year we doubled the size of the program and extended it city-wide. Today, we are seeing literally thousands of young people showing up at Late Night Recreation programs every weekend.

To me, that says, "give these young people a chance. Give these young people a choice. If we provide an alternative to drugs, our young people will respond, just like they have here in Seattle."

Other parts of the Team for Youth Program look equally promising. Among the young people who enrolled in outpatient drug and alcohol treatment, nearly two-thirds reported sobriety during the first six months of their treatment. For those who completed the program, a full 100 percent reported sobriety throughout the entire year.

And we're seeing many other positive signs, including a greater commitment to stay in school, lower rates of absenteeism, and fewer school-related conflicts. Youth and probation officers alike have reported significant decreases in criminal activity since involvement in the treatment program began.

Now, so far our numbers are small -- our intensive programs for youth are still relatively new. But the conclusions are unmistakable: mending the social fabric around at-risk youth must be a primary element of any attack on drugs and drug-related violence.

It must be a part of the federal government's approach, just as it is part of ours.

So, how effective is all this activity? I cannot tell you that we have beaten the

problem. I cannot tell you that drugs and drug-related violence are no longer a problem in Seattle. But I can tell you this -- we are making an impact, and we are starting to turn the tide.

One of the best indicators of drug activity is the number of citizen complaints. The number of narcotics complaints rose steadily in the past decade -- more than doubling, for example between 1987 and 1989, from 2350 complaints in 1987 to 5,717 in 1989. But, thanks to some of the efforts I have described and thanks to a lot of hard work by our entire community, narcotics complaints actually declined in 1990 and 1991.

Felony narcotics arrests are also down from the peak years.

Now, let me state this clearly: despite the progress we are making in our battle against drugs, those levels are still too high, and neither City government nor this community are going to rest until those numbers are much, much lower.

And nor are we going to let you in the federal government rest, until those numbers are much, much lower!

But the numbers do offer some hope that -- at least in Seattle -- we are on the right track and are meeting the problem head-on.

I want to thank the Committee for your interest in these issues, and I look forward to working with you in partnership, to provide a better future for urban communities.

Statement By Honorable Sandra Warshaw Freedman
Mayor, Tampa, Florida
Before The
House Select Committee On Narcotics Abuse and Control
Honorable Charles B. Rangel, Chairman
Tuesday, June 30, 1992

Thank you Chairman Rangel, Members of the Committee, Ladies and Gentlemen, for including me on this panel. I was pleased to see that your letter of invitation did not speak to the much ballyhooed "war on drugs". Every time I hear that cliché I cringe in frustration. This nation is not fighting a war on drugs.

A nation at war uses everything at its disposal. We are not. A nation at war deploys its forces based on what they can do best. Our strategies have evolved into a mishmash of jurisdictions duplicating one another's efforts. A nation at war stops the enemy before it gets a hold. In some areas of this land the enemy is in control.

It is time for us to pause and evaluate this war in name only and make some changes while we still can.

A nation at war uses everything at its disposal. We must start doing that. Drug rehabilitation and drug treatment on demand should be the norm, both for those struggling in the streets and others held in the criminal justice system. Daily I hear from Tampa Police officers who are frustrated because they can't help some poor souls who have accepted the harsh reality of drug addiction. They beg the officers to help them find treatment. They want to be saved from themselves. Some of the worst cases are pregnant women and frantic parents. Yet it is our officers in the field who must look into these tortured faces and report that there are no treatment beds available. What's worse, there probably never will be for them. They will be denied help in the greatest country in the world. That makes no sense.

The problem goes beyond serving people who are on their own. Our Criminal Justice system is ill-equipped to help those in custody. Lock-up, without treatment and counseling, is the status quo. This does little to prepare anyone for re-entry into society. The prison door revolves. They're in, they're out. It's predictable. They're back. Or they're dead.

A nation at war deploys its forces based on what they do best. We do not. You should do what you do best and let us do likewise. Some of the initiatives passed by this Congress read more like local ordinances or internal policy documents. For example, jobs are important. They keep our kids off the street. They give them alternatives to drugs and crime -- confidence, pocket money, self-worth. Yet, the cookie cutter approach you just approved with

respect to funding the summer jobs program treats every local government the same. Our communities, our partnerships, even our school years, vary. The turn-around times in that program applied to our West Central Florida school schedule and combined with other bureaucratic nonsense make it almost impossible, if not impossible, for us to spend the money. That's crazy. We need summer jobs for our youth. Trust your mayors to spend money in the manner which suits our communities, which are your communities, as well. A congressional daily lesson plan, if you will, is not essential. And, with all due respect, you do not do it well.

What you can do well is develop national and international policies which cut into illegal drugs as a money making business. The bulk of drugs which kill in Tampa are grown abroad, in countries which are otherwise our friends. Dirt-poor rice farmers eventually learn that they can substantially improve their lot with a great cash crop: coca. Mayors are not equipped to tackle that problem. You are.

I come from Florida, whose coastline provides a wealth of opportunity for enterprising drug runners. You can make sure that this coastal border is secure. We can't do that as well as you. Another opportunity for you to assist us would be to declare all of Florida a Drug Trafficking Area under the Federal Drug Control Act. That's hardly a good P.R. move for our Sunshine State, but our Florida Department of Law Enforcement advises us that it is just about a reality. It's more than a label. Such a designation would produce more funds for us. More importantly, it will cut a lot of the bureaucratic drill in drawing down those funds.

A nation at war stops the enemy before it gets a hold. You can and should play to your strengths. Don't tie our hands. Stop the enemy with aggressive international and national policies.

We need your help to beef up our offense at the neighborhood level, taking our community back block by block. We hear a lot about "weed and seed". That has been our strategy in Tampa, if not our buzz word, all along. Let me briefly describe a few local programs which exemplify what we believe is meant by weed and seed.

JUMP START

When the crisis blew up in Los Angeles, we were, of course, concerned. As our teams fanned out, we were heartened to discover that many who had been troublemakers in past Tampa disturbances were not interested in rock and bottle throwing. Why? They now have jobs. Through Project Jump Start, we identified the young men who had used their leadership skills in very destructive ways. We recognized that frustration was the cause which translated what could be constructive leaders into ring leaders. Now, due to action before a social explosion, these young men realize their self-worth in a program which is designed to explore and develop

job opportunities for Housing Authority residents and their neighbors. The primary objective is gainful employment with a long-range scope, thereby, stabilizing and then enhancing what were unstable neighborhoods.

The City filled twenty-five (25) On-the-Job Training funded slots with residents from the target areas. We could do this due to the cooperation of private companies which hired our applicants. In addition, our Hillsborough Community College agreed to allocate thirty-two (32) slots to Project Jump Start participants under a special work/study arrangement. Project Jump Start agreed to pay for all classes and related expenses in full.

Supportive services such as the following are offered when needed:

*Bus passes (for those with transportation problems)

*Fees paid for:

- a. Driver's License
- b. Chauffeur's License.
- c. State I.D. Card
- d. Mandatory Driver's and Drug Classes required by Department of Motor Vehicles.

*Work uniforms, hard-toe shoes, and other items necessary to begin work and make for a smooth entry into employment.

*Eye examinations and glasses.

*Counseling and referrals to other social services as needed.

Thus far the results are positive. Twenty-five (25) applicants have been hired with Mayor's O.J.T. funds and one hundred and thirty (130) directly by the private sector or through Hillsborough Community College. Since January of 1991, one hundred and fifty-five (155) have found a better way.

R.E.A.P.

Another local success story is found in Project REAP. The Resident Enterprise Assistance Program assists public housing residents by providing management and technical assistance for those who dream of owning and operating their own businesses. Participants start with goods or service enterprises which are suitable for contracting with THA. In time, they branch out to other public and then private sector opportunities, thereby spawning community-based businesses in an innovative incubator program.

Q.U.A.D.

We have also harnessed the energy of our citizens who have aggressively reclaimed their own neighborhoods through our nationally acclaimed Q.U.A.D. program.

The Quick Uniform Attack on Drugs targets the users as well as the sellers of illicit drugs. A combination of uniformed and plain-clothes officers pursue illegal drug activity in assigned geographic areas. They appear to be everywhere. They work hand in hand with civic groups, religious organizations, and individual citizens. The Q.U.A.D. System joins police and citizens together to make our community a safer place to live and work.

The strategy is city-wide. The commitment is total, long-term. Citizens with neighborhood drug complaints are active and real participants in the eradication. Response is immediate and guaranteed. The confidentiality of citizens' complaints is sacrosanct and they are protected from exposure to retaliation or intimidation. Furthermore, all police bureaus or divisions and all city departments provide back-up. Our housing inspectors and code enforcement officers are crucial players. Condemnation procedures against drug dens became real when private demolition and waste hauling companies joined in to assist us and demolish and cart away crack houses. New ordinances such as one on Nuisance Abatement gave teeth to the system from other than solely a law enforcement approach. There is active media involvement to enhance public education and support.

DRUG COURT TREATMENT AND REHABILITATION PROGRAM

We would be remiss if we did not speak to some of our wonderful efforts involving those who are within the Criminal Justice system. We work with our colleagues on the Hillsborough County Commission and have invested \$165,000 in U.S. Department of Justice Anti-Drug Abuse Act funds to implement our new Drug Court Treatment and Rehabilitation Program. This will be matched by just under \$55,000 in local dollars.

As an innovative diversionary alternative dealing with first-time drug defendants, this program will provide outpatient detoxification through acupuncture, supplemented by an addictions treatment plan tailored to each client. First-time defendants charged with cocaine use (Dealers are excluded.) will enter a twelve-month structured, three-tiered treatment regimen, with expungement of the original charge as the incentive for successful completion. As an affordable alternative to expensive residential programs, this will alleviate overcrowded dockets. We expect to serve 100 pre-trial defendants during the first year, far short of the number in need but at least a start.

DACCO

Excellent and established programs are found in DACCO.

Drug Abuse Comprehensive Coordinating Office, a not-for-profit comprehensive prevention and treatment agency, provides a continuum of services for substance abusers. In addition to traditional outpatient counseling and methadone treatment and residential care, DACCO provides numerous innovative programs including:

- *A day treatment program for substance abusing pregnant and post partum women and their children. Child care, transportation, education and job development services are provided in addition to intensive group and individual counseling five days a week.
- *A school-based prevention program with a Prevention Specialist on site at each junior and senior high school and alternative schools for youth unable to succeed in the traditional setting.
- *A specialized residential program designed to divert substance abusing offenders from prison. The two-phase program includes an employment component.
- *Traditional Apartment Living primarily for recovering addicts in a safe, affordable, supportive environment for recovering addicts to live.
- *Project HOPE. This HIV/AIDS prevention and intervention program includes mobile outreach vans that go into HIV/AIDS high-risk areas to distribute information and make referrals. Other health related issues are also addressed and case management, transportation, nursing services, and counseling are provided to at-risk and HIV positive symptomatic AIDS clients.

CHALLENGE FUND

Jobs and treatment are important. But one of the areas I consider most crucial is Affordable Housing. The stress and frustration which can drive someone to drug abuse is often compounded by the lack of adequate safe, secure and affordable housing. Rotting neighborhoods provide a perfect breeding ground for crimes of drug use and abuse. We have invested a great deal of local private and public money and talent assisting our housing authority with enhancing and improving the quality of life in its very well defined community. We have done this despite numerous hassles from the federal bureaucracy regarding what constitutes appropriate expenditures of their funds, appropriate credits of funds or in-kind services we secure, or a legitimate modification of any units or public housing properties.

Through our nationally acclaimed Challenge Fund, home ownership is reality for thousands of citizens. An outstanding team of lenders, not-for-profits, builders and other housing related professionals has made this possible. The program has assisted with the development, construction and rehabilitation of rental properties, as well.

MAYOR'S OWN-A-HOME

The Mayor's Own-A-Home Program is a partnership effort by the City of Tampa and our Housing Authority to promote home ownership opportunities for residents of public housing or for Section 8 participants. We leverage Federal Community Development Block Grant funds with private financing obtained through our Challenge Fund.

Condemned and/or vacant houses are identified by the City and various non-profit housing service organizations. Once a home has been approved for purchase and/or rehabilitation, Challenge Fund bank dollars are used to purchase the property and to cover part of the cost of repairs; Community Development Block Grant funds, loaned on a deferred payment basis, are used to rehabilitate it.

When a home is determined to be a candidate for the Mayor's Own-A-Home Program, the public housing and non-profit staffs also begin outreach activities to identify potential low and moderate income home-owners. Any resident of public housing or of Section 8 subsidized housing may apply to purchase a home. Candidates are screened to insure that they have a stable employment situation, and a satisfactory credit report and history of rental payments. Given the ability to pay, suitable debt-to-income ratio and adequate credit rating, the applicant then selects the home of his or her choice from the inventory of the Mayor's Own-A-Home homes. Qualifying individuals then submit loan applications to Challenge Fund local lenders through the non-profit organization.

The Mayor's Own-A-Home Program is a model for HUD's "Up and Out" efforts to end the cycle of dependency on public housing through home ownership. It successfully addresses the need to rehabilitate substandard housing units and it greatly expands the opportunities for affordable home ownership by low-income families, some of whom are third-generation occupants of public housing. The program is making a significant contribution to the revitalization and stabilization of Tampa's declining neighborhoods and provides a source of pride for its citizens.

Mr. Chairman, Ladies and Gentlemen, you requested information on some of Tampa's success stories. I am honored and proud to have been given the opportunity to represent the wonderful partnership team which makes these programs work. You also asked what you can do to help. I cannot over-emphasize how important it is for us to declare a real war on drugs. We are partners, you and I. As partners we must fashion strategies which meet the three

principles in my opening remarks. We must use everything at our disposal. We must deploy our federal, state and local forces based on what each is best equipped to do. Finally, we must stop the enemy before it gets a hold.

Thank you.

TESTIMONY BY MAYOR DAVID N. DINKINS

SUBMITTED FOR THE RECORD

HEARING ON "DRUG PROBLEM FROM A LOCAL PERSPECTIVE"

HOUSE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

WASHINGTON, D.C.

JUNE 30, 1992

Chairman Rangel and members of the Select Committee:

Thank you for allowing me to submit for the record testimony on the scourge of drug abuse that is devastating the health and safety of our people -- and on the 1992 National Drug Control Strategy that has been offered as a response. As Mayor of a city that has been hit very, very hard by drug abuse -- as someone who is truly battling the problem on the front-lines -- it is important for me to discuss some of the shortcomings of the federal government's proposed strategy, so that we can work together to ensure that it meets the needs of our cities, and of all Americans, during these very tough times.

Let me begin by saying that certain portions of the Strategy are indeed worthy of praise. I am especially pleased that the strategy is aimed at both casual use and hard-core addiction. But despite the progress that has been made to curb casual drug use in the suburbs, we simply have not done enough to attack the main problem -- addiction in our urban centers. In this area, the resources from Washington do not follow the rhetoric. The federal government must work harder -- and offer more dollars -- to help cities fight hard-core drug addiction.

In New York City, the human and financial consequences of drug abuse are absolutely devastating. The statistics speak for themselves -- and they speak volumes. Between 1980 and 1989, New York City experienced a 400 percent increase in the number of babies born to substance abusing mothers.

And the problem extends far beyond the maternity ward. Our Child Welfare Administration estimates that almost one-quarter of all child abuse and neglect cases involve

parental substance abuse. This means that 18,000 children each year may enter foster care because their parents use drugs.

We see substance abuse on our streets and in our schools as well. According to a recent report by our Commission on Homelessness, as many as 80 percent of our homeless suffer from substance abuse. Unless we tackle the problem of drug abuse -- we can never begin to solve the many social problems that plague our cities.

It is gratifying to see the National Drug Control Strategy acknowledge for the first time that alcohol is a drug, and is the gateway drug for young people. Because there are over 100,000 drug abusers between the ages of 12 and 17 in New York City. And this number does not even begin to capture the extent of alcohol abuse among our teenagers.

As these statistics imply, drug abuse has had a crippling impact on our ability to deliver social and health services to the citizens of New York City. This is especially true when we consider the link between drugs, HIV/AIDS, and drug-resistant T.B. Of the 200,000 intravenous drug users in New York City, approximately 50 percent are HIV positive, and the rest are at risk of infection because of their continued drug use. And our anecdotal evidence of "sex-for-drugs" transactions -- usually involving crack -- tells us that the 300,000 to 400,000 non-intravenous drug users in New York City may also be at great risk of HIV infection as a result of their addiction.

Right now, intravenous drug abusers account for at least half of all newly diagnosed AIDS cases in New York City. The consequences of these twin epidemics are staggering. Our Department of Health estimates that by the end of this decade, as many as 50,000 children will lose one or both parents to AIDS. According to the New York State

Department of Social Services, the lifetime medical costs for each drug abuser who develops AIDS will exceed 90,000 dollars.

In this context, we must appreciate that effective drug treatment and prevention are not only good social and health policy, but also sound fiscal policy. These kinds of programs prevent the disease of addiction before we pay millions to cure it -- or to punish it, for that matter.

Consider the case of New York City's Family Rehabilitation Program, which provide drug treatment and intensive foster care prevention to families whose children are at risk of being placed in foster care due to their parents' substance abuse. The cost of the Family Rehabilitation Program may seem high -- 15,000 dollars per family. But when you compare it to foster care costs -- on average, 120,000 dollars in city, state, and federal funds for a drug abusing family -- it's truly a bargain.

As the National Drug Control Strategy points out, children of drug addicts stay in foster care much longer than other children, placing an additional burden on our child welfare system. So far, the Family Rehabilitation Program has proven successful for 7 out of 10 families served, and by 1996 this innovative program may save the city, state and federal governments as much as 290 million dollars in foster care costs.

This analysis does not even include the money we will save on other problems related to drug abuse -- such as homelessness, AIDS services, emergency room care, and special education.

Of course, there are other aspects of the National Drug Control Strategy that deserve special praise. I support O.N.D.C.P.'s decision to focus its law enforcement efforts on

dismantling drug trafficking networks, disrupting supply routes, and removing local street dealers.

As the strategy notes, New York City is the nation's major port of entry for heroin. In a highly alarming trend, law enforcement officials have recently reported an upsurge in the supply of heroin entering New York City. I share the Bush Administration's concern about this issue, and I pledge the complete cooperation of New York City's criminal justice agencies with federal law enforcement authorities to stop the flow of this deadly substance. As some of you may know, I promised that my administration would be the toughest on crime that New York City has ever seen -- a pledge we are carrying out by filling our streets with thousands of new police officers. And we're going to apply our ingenuity and resources to this problem as well.

But while I share the Bush Administration's desire to reduce the supply of drugs, law enforcement alone cannot adequately address this problem. The toll -- in human lives, and in taxpayers's dollars -- is simply too great to ignore early prevention and treatment efforts. And as you understand better than anyone, Chairman Rangel, the connection between urban drug abuse prevention and economic revitalization is crucial.

Thus, I'm pleased that the President has adopted your innovative proposal for "superzones" as described in the Enterprise Communities Incentives Act. The National Drug Control Strategy recommends adding an economic development dimension to "Operation Weed and Seed," which targets poor neighborhoods with high rates of crime and unemployment associated with drug activity. "Weed and Seed" will now combine law

enforcement; community-based social services, including drug treatment and prevention; and education with economic development and revitalization initiatives.

I understand that the Administration has proposed providing 500 million dollars for "Weed and Seed," with 80 percent targetted to enterprise zones in FY 1993. The Administration's proposal would provide these funds by cutting other domestic programs -- many of which have already been devastated, and cannot stand further cuts. Therefore, I urge Congress to support entirely new funding for a "Weed and Seed" or similar initiatives. I cannot support any effort to take money from existing programs and channel it to "Weed and Seed."

I also urge you to: 1) provide the "Weed and Seed" funds directly to the local unit of government, 2) allow local mayors to determine the target neighborhoods; and 3) allow us at the community level to plan and prioritize the programs needed in these neighborhoods.

In New York City, we are already working closely with Otto Obermaier, the U.S. Attorney for the Southern District of New York, on a "Weed and Seed" type project, using money from the High Intensity Drug Trafficking Area initiative. This project, however, covers only one small neighborhood of New York, when several should qualify. With a drug abusing population of over 600,000, we should have four or five "Weed and Seed" projects in New York. The current application process overseen by the Department of Justice, however, does not include New York City at all. I hope that this will be changed under the new "Weed and Seed" proposal being debated in Congress.

Furthermore, I believe it's time for drug treatment and prevention to catch up with law enforcement and interdiction on our national agenda. Now, I'm not saying we should reduce the budget for enforcement and interdiction. But we must increase our commitment to treatment and prevention. O.N.D.C.P.'s strategy does contain several noteworthy suggestions on demand reduction. The Administration has again proposed the Capacity Expansion Program, aimed at increasing drug treatment resources in the areas hardest hit by hard-core abuse.

The availability of appropriate treatment programs in New York City is simply inadequate. Our existing treatment network can only serve about 48,000 addicts at any given time. And 70 percent of these slots are in methadone programs that treat only heroin addiction. Thus, only 30 percent of the available treatment resources are suitable for over two-thirds of the city's addicts. It just doesn't make sense. That's why New York needs the Capacity Expansion Program, and I urge Congress to allocate funds for this Program.

There are other things Congress can do to enhance New York City's ability to provide substance abuse services to at-risk populations. I urge Congress to fully fund the Ryan White Care Act. Thus far, New York City has used over 3 million dollars of its Ryan White money to provide substance abuse services to HIV/AIDS infected addicts, the fastest growing population of AIDS victims. It is also essential that Congress re-authorize and increase the appropriation for the McKinney Act grant program, to provide drug treatment to the homeless.

I applaud O.N.D.C.P.'s recommendation that states and localities increase their use of alternative sanctions for drug-related offenses, such as electronic home monitoring

combined with substance abuse services. The extent of the drug problem among the criminal justice population is well documented. A 1989 study at the New York City Department of Correction found that 58 percent of those inmates surveyed admitted to a past problem with drugs and/or alcohol.

Data from the Drug Use Forecasting System for 1990 indicates that 76 percent of those arrested in Manhattan tested positive for drugs. Many non-violent offenders who abuse drugs commit crimes to support their addiction. By incarcerating these criminals we may be punishing them, but without substance abuse treatment, there's hardly a chance we can rehabilitate them.

Unfortunately, the National Drug Control Strategy does not appear to include any new money for the alternative sanctions it recommends. I encourage Congress to take the lead on this issue, and allocate resources for localities to carry out these creative projects.

Along similar lines, the provision of the Omnibus Crime Control Bill which funds drug treatment for state prison inmates should be fully funded and amended to include substance abuse services in local correctional facilities -- and community-based treatment for our inmates once they are released, so that our investment in their health and welfare is not lost. The Substance Abuse Intervention Division -- we call it "SAID" -- operated by the New York City Department of Correction, is a good model for jail-based treatment and intervention. Serving approximately 13,000 drug abusing inmates each year, SAID provides structured services 7 days a week, 12 hours a day. I believe that programs like SAID meet the Administration's Strategy Drug goal to expand and improve treatment for drug-dependent offenders, and are worthy of federal funding.

Finally, I caution the Bush Administration against labeling certain groups -- such as pregnant and parenting women, intravenous drug users, and adolescents -- as "hard-to-reach" populations until we have in fact tried to reach them.

New York City's Family Rehabilitation Program is one successful example of engaging a so-called "hard-to-reach" population -- parenting women. With a small federal grant, we have been able to expand that program to serve approximately 85 pregnant addicts. However, our local Health Department estimates that 14,000 precious babies will be born to addicted mothers in the coming year. If you've ever held in your arms a baby exposed to crack, then you know the profound tragedy of even one addicted baby. In yet another example of New York City's resourcefulness, my Office of Drug Abuse Policy, in collaboration with Harlem Hospital and the Board of Education, has established a therapeutic nursery to provide intensive educational and developmental services to children exposed to drugs "in utero."

The fact is, we in the cities of our nation have the ability to reach even the toughest populations. What we lack in many cases are the dollars and cents. And that's where the federal government can play its most effective role. In addition to funding the federal initiatives discussed previously, I recommend that Congress and the President reform the Medicaid laws to allow reimbursement for residential drug treatment for pregnant and postpartum women.

By providing a steady funding source, Medicaid reimbursement encourages health care providers to open and maintain programs dedicated to female addicts. I understand that many will greet such a recommendation with trepidation. But the time has come for

the entire nation to realize that drug treatment for pregnant women will reduce other entitlement costs, and save money in the short and long term, for taxpayers across the nation.

In closing, I must say that it is deeply disturbing to me that the Bush Administration and Congress will not meet the same "maintenance of effort" requirements that it is attempting to impose on states and localities. Drug abuse is a long-term problem, and it requires an ongoing financial commitment from the federal government. Drug treatment and prevention save the city, state and federal governments a tremendous amount of money in health care, child welfare, and criminal justice, as well as saving human lives and helping families. It is short-sighted and just plain wrong for the administration to propose programs and then fund them for only two or three years.

If the "Weed and Seed" program is to succeed, the federal government must make a long-term commitment to funding it. While we encourage the development of new programs, in the context of state and local fiscal crises, limited federal commitment dooms these programs to wither before they are ever able to bear fruit.

Not only must more money for comprehensive treatment and prevention go into cities, but also the information gap on which the National Drug Strategy is based must be closed. Each city is concerned that the Administration's drug prevalence surveys -- the NIDA Household Survey, the DAWN statistics, and the Survey of High School Seniors -- may significantly understate urban drug use. Unanimously, we want a better measure. We suggest that the Select Committee work with Mayors from large cities across the nation to

develop a proposal to study drug prevalence in the cities. A non-partisan group like the Joint Center for Political and Economic Studies would be an ideal resource for this project.

These are complex issues, and in many ways, our responses will determine the future of our cities and our entire nation -- because with every passing year, the problem only grown and intensifies. Together, we can reverse this ugly trend, by investing in programs that prevent drug abuse as well as punishing it; and by worrying not only about the overseas cartels, but also about the inner-city communities that are the victims of the problem.

Thank you.

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