



# Andy At It Again

## How to keep reinventing HUD to advance yourself.

**H**ousing and Urban Development Secretary Andrew Cuomo may be the Clinton administration's most megalomaniacal cabinet secretary. So fixated is he on generating favorable publicity for himself and his agency he makes other Clinton appointees almost seem honest. Cuomo declared in 1999: "The PR is the most important thing I do. I'm trying to get out a message that people need to hear, and I'm fighting 30 years of negative stereotypes about this agency.... Eighty percent of this battle is communications."

By his accounts, the HUD public relations campaign appears to have worked. On February 7, Cuomo huffed: "Just a few years ago, our critics were calling for the elimination of HUD. Today, HUD is held up as a model of successful government reinvention." Cuomo bragged that President Clinton's recent request for a big budget hike for HUD "shows that HUD is back in business, and has achieved a new level of public trust and confidence by proving it can create and run quality programs."

Cuomo's devotion to PR is evident in his championing of the Community Builders program—a new cadre of 800 HUD employees specially recruited and paid up to \$100,000 a year to spread the word about HUD's achievements. A 1998 *National Journal* profile of the program noted that Community Builders were to be "handed...state-of-the-art laptops, which HUD officials believe will move the agency 'light-years ahead' in its abil-

ity to respond to communities effectively." New laptops for a few hundred favored employees were supposed to counterweigh the thousands of collapsing public housing apartment buildings HUD was bankrolling around the nation. *National Journal* also noted that HUD "unveiled the prototype for its new local field offices where Community Builders will set up shop. These offices, equipped with stylish furniture and workstations, will feature touch-screen electronic kiosks for information on home improvement loans and how to file housing complaint forms." If only a few more people would accept subsidized loans and make accusations against landlords, all of HUD's problems would be solved. Cuomo created this "urban Peace Corps" with no authorization or appropriation from Congress; instead, he merely shuffled HUD's books and used money "saved" from laying off other HUD employees. HUD violated federal regulations in its hiring processes—but that never stopped Cuomo in the past.

What have the costly employees of Cuomo's pet program been up to? Spreading the word about how Republicans want to destroy urban America. In August 1999, Community Builders distributed a form letter to local community groups to spark opposition to a proposed Republican tax cut. As *Newsday* reported, "Local Community Builders were then expected to fill in blank spaces in the form letter, inserting the number of local jobs that would be lost and the number of housing units that would not be built in case of a tax cut.... For Manchester, N.H.—that's in the big presidential primary state, by the way—

builders were instructed to inform local groups that \$1.437 million would be lost because of the tax cuts, there would be 50 fewer local jobs, 158 fewer housing units and five fewer homeless or AIDS persons served."

Congress has questioned the value of the Community Builders program, and HUD's inspector general launched an audit which HUD sought to derail. A 1999 IG report concluded that "most of the Community Builders' goals are activities rather than actual accomplishments. HUD classifies 15 of the Community Builders' 19 goals as activities performed, rather than outcomes measured." Most of the Community Builders the IG interviewed said they spent their time mainly on "public relations activities." Some of the new cadre's activities make HUD appear as wasteful as ever: "As a result of the Community Builder interference, HUD spent more than \$4.7 million in holding costs or lost sales proceeds. In one instance, HUD sold a property that it had invested \$17 million in to a nonprofit for \$10."

The IG received many complaints about ethical misconduct by Community Builders. Community Builders repeatedly violate a federal law prohibiting "publicity or propaganda designed to support or defeat legislation pending before Congress." The IG concluded: "The one clear effect of the Community Builders is the dramatic increase in the number of people at HUD not part of a specific program, engaged in customer relations, and owing their jobs to the Department's political management." Sen. Kit Bond derided the program as "Cuomo's personal army." One HUD official declared that the Community Builders were seen as "Democratic ward-healers who act as a pipeline between Democratic city officials, party

leaders, and the administration and the Democratic National Committee.”

Last October Congress barred HUD from spending any additional funds on Community Builders, though it did allow current “Builders” to serve out their two-year terms.

**C**uomo has numerous other weapons in his public relations arsenal. Following the lead of Henry Cisneros, his predecessor at HUD, Cuomo became a prodigious creator of new programs. The number of HUD programs increased from 240 in 1994 to 328 in 1997—and is much higher today, resulting in lavish press coverage for many of the new program launches. As a master of “Reinventing Government” scams, he knows that it’s far easier to start two new programs than to fix an existing one. Since most journalists don’t keep track of anything more complex than their own lunch appointments, he has largely gotten away with the scam.

Meanwhile, all this program reshuffling has left HUD management a shambles. In February 1999, HUD Inspector General Susan Gaffney testified before Congress that “there is evidence that the [HUD] downsizing that started in 1995 has increased costs as well as program abuse.” In a December report she concluded that Cuomo’s constant reform initiatives have “had a crippling effect on many of HUD’s ongoing operations.” In one misstep, HUD laid off employees who handled defaulted FHA homes and hired an incompetent contractor to do the same thing. As a result, the number of homes sitting vacant around the nation because of HUD rose sharply. As Gaffney noted, “Vacant, boarded up HUD-owned homes have a negative effect on neighborhoods, and the negative effect magnifies the longer the properties remain in HUD’s inventory.”

Fiascoes abound. As part of his “shared visions” plan, Cuomo announced during a visit to South Dakota’s Pine Ridge Indian Reservation last July that HUD would provide 300 new homes for impoverished Native Americans. Cuomo specifically promised that 50 new homes would be built by early this year. As of last count, there were only six new homes, plus 14

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trailer homes that had been put on concrete blocks. Cuomo was warned ahead of time by HUD officials that there was little or no chance that the agency could fulfill such a promise, but was not deterred. One HUD official told the *Washington Times*: “It became apparent that Cuomo’s main objective was not housing, but to make a grand gesture that would provide a photo opportunity showing him ‘pounding nails’ on an Indian reservation.”

Last December 21, Cuomo made headlines by announcing that HUD was seizing control of a program awarding grants to homeless advocacy organizations in New York City. Supposedly Cuomo was outraged that Mayor Rudy Giuliani refused to deliver HUD money to the program. An audit had found that the group was unable to account for \$500,000 in government grants it received in 1997. Despite the possibility that the group was guilty of massive fraud, Cuomo exploited the situation to try to make Giuliani look heartless. On the same day Cuomo made the decision, his wife, Kerry Kennedy Cuomo, announced at a Manhattan fund-raising event for Senate candidate Hillary Clinton: “Just a few hours ago, my husband pulled up the gauntlet. Next time, Rudy, pick on someone your own size!” The *Wall Street Journal* noted, “Mr. Cuomo is an informal adviser to Mrs. Clinton’s Senate campaign. His former HUD regional director for New York, Bill de Blasio, is Mrs. Clinton’s campaign chief.”

Cuomo also has a starring role in the Clinton administration’s latest campaign against the Second Amendment. Clinton announced last September that

HUD would be allocating \$15 million for a fund to buy up private guns. Cuomo promised that the program would start in more than 30 cities and would quickly buy up 300,000 guns.

In one of the first cities in which the buyback program took place, Washington, D.C., it turned out that most of the gun sellers were senior citizens, not criminals. Florida State University Professor Gary Kleck observed, “Support for turn-in programs among government officials yields real political benefits, in the form of favorable press coverage and positive feedback from gun control supporters.... These programs have no demonstrable impact on crime.”

Last December, the White House announced that HUD would bankroll lawsuits by local public housing authorities against gun manufacturers. The Justice Department reportedly advised HUD that there was no legal basis for HUD’s involvement in the lawsuits—but to no avail. HUD released a study in February which announced: “Fear of gun violence and other crime can lead to neighborhood decline.” This is not news for the millions of low-income and working-class Americans unfortunate enough to live near public housing projects.

The HUD anti-gun lawsuit is raising groans from public housing authorities around the country. One public housing official complained to *Housing Affairs Newsletter*: “This whole thing is absurd. The housing authorities hardly have enough for operating expenses. It’s preposterous to ask them to file a suit and fund the expenses with their revenue.” HUD is trying to rev up the anti-gun bandwagon just at a time when judges are throwing out local governments’ lawsuits against gun makers.

Cuomo acts as if the more money HUD spends on political fixes, the more indisputable it becomes that the agency and its boss love the poor—as if maximizing the number of slush funds was the secret of salvation for urban America. Cuomo declared in 1998: “Ultimately, the vindication of progressive politics will come only when people believe the government is competent.” With people like Cuomo in charge, we’re in for a long wait. ❀



by Grover G. Norquist

# Netizens United

Web users are the newest voting group that matters.

**F**our years ago, the political world discovered "Soccer Moms" as a swing voter bloc. The November 7, 2000 election will be the first Internet Election, the first in which "Netizens"—Americans who work, play, shop, and get their news on the Internet—are a sizable and coherent voter group.

In 1993, only 90,000 Americans had access to the Internet. By late 1999, 81 million Americans did. The Internet has become part of American life faster than any previous technology. It needed only seven years to penetrate 30 percent of the American population. By contrast, personal computers required 13 years, television 17 years, and the telephone 38 years. It's estimated that Americans will send 7 trillion e-mail messages this year.

Conservative pollster Kellyanne Fitzpatrick found that 30 percent of registered voters log on every day, and of those, one in ten uses the Internet "over two hours per day." Republicans have a 9-point edge over Democrats in Internet usage. Her February poll of daily Internet users found Bush and McCain each defeating Gore.

Sixty-two percent of white registered voters say they use the Internet, as do 64 percent of black registered voters. Sixty-three percent of conservatives, liberals, and moderates use the Net. Earlier polls showed Internet users as being much more conservative.

Still, the liberal establishment has reacted to the Internet as it did to talk radio. It understands that, like talk radio, an unregulated Internet allows public

debate to proceed unfiltered by the liberal press. The venom reserved for Rush Limbaugh and G. Gordon Liddy in 1994 is now showered on Matt Drudge, whose Drudge Report recently topped 1.2 million visitors in one day.

While Internet users look like a cross section of America, Fitzpatrick also found that "the more frequently a voter uses the Internet, the more likely he is to identify himself as a Republican and vote for a Republican candidate for President." The trend is beginning to mirror the 1994 Republican Revolution among talk-radio listeners. That year, the 44 percent of Americans who didn't listen to talk radio broke evenly between Republicans and Democrats. Voters who listened one to three hours a week gave the GOP a three-point advantage. Those who listened five to eight hours a week gave the GOP a 12-point margin and those who listened 11 hours or more favored Republicans by two to one.

Today talk radio boasts a phalanx of conservative stalwarts: Rush Limbaugh, G. Gordon Liddy, Michael Reagan, Dr. Laura Schlessinger, Michael Medved, Ollie North. There are no nationally syndicated liberal talk show hosts. (This is not for lack of trying. Jim Hightower, the former Texas politician, former New York Gov. Mario Cuomo, and former California Gov. Jerry Brown tried to become liberal answers to Rush Limbaugh, but there wasn't a market.)

On the Internet there is no liberal version of Matt Drudge. Nor is there a liberal Town Hall, the Heritage Foundation's Web page that connects many conservative sites.

**P**olitical leaders now think of Internet users as the new Soccer Moms—a new demographic group that could swing the 2000 elections. There are, however, important differences between the two categories. It's much easier to reach Internet users directly, via Websites and e-mail. And unlike Soccer Moms, Internet users face an immediate threat—the drive to tax the Internet.

State and local governments see Internet growth as an opportunity for new taxes. Congress became alarmed that the 50 states and 6,000 local taxing jurisdictions could destroy the Internet with conflicting and overlapping taxes on access to the Internet.

To prevent the immediate destruction of the Internet, Congress in 1998 passed the Internet Tax Freedom Act, which mandated a three-year moratorium on new state and local taxes on the Internet. Originally, Rep. Chris Cox of California and Oregon Sen. Ron Wyden pushed for a permanent ban, but pressure from Al Gore's office and Democratic mayors weakened the legislation to a three-year ban.

Congress thereupon created a 19-member commission to study the question of present and future taxation of the Internet. This "Electronic Commerce Commission" is currently chaired by Virginia Gov. Jim Gilmore, a strong opponent of taxing the Internet. (This writer serves on the commission as the Consumer Representative.)

The Internet's building blocks—all telecommunications, including phone and cable lines—are already one of the most heavily taxed parts of the American economy. The first excise tax on telecommunications was imposed in 1898 to fund the Spanish-American War. It was advertised as a temporary tax on rich

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