

CONGRESSMEN AS LOBBYISTS: A LOOK INSIDE THE HUD SCANDAL

Congress currently is investigating allegations of millions — perhaps hundreds of millions — of taxpayer dollars wasted by the Department of Housing and Urban Development. Although the publicity over the HUD scandal focuses mainly on influence peddling by former executive branch officials, Congress shares much of the blame.

Congressional finger-pointing is nothing new. Congress, it seems, has created a system of double standards: one set of rules that apply to Congress, and another, more restrictive set of laws and standards that apply to the executive branch and to private citizens. Examples of these congressional double standards are set forth in the recent book, *The Imperial Congress: Crisis in the Separation of Powers* (Pharos Books, 1988). Among them: ethics laws that apply to the executive branch, but not to Congress; laws that establish special prosecutors to investigate wrongdoing in the executive branch, but not in Congress; and, laws against discrimination in employment, which apply to private businesses, but not to Congress.

The current HUD investigation should not become yet another example of congressional double standards. If influence peddling by executive branch officials is a scandal, so too is influence peddling by Congressmen and their staffs. A spotlight indeed should be trained on HUD. Yet one also should focus on Congress. The reason: to determine how Congress at best, did nothing to prevent the misuse of funds, and at worst, encouraged and participated in the current Washington system of policy-by-influence-peddling, which is at the heart of the HUD scandal.

Asking for "Consideration." Congress's role in HUD mismanagement is emerging in bits and pieces as the investigation unfolds. Congressmen routinely lobby HUD, implicitly and even explicitly asking for favors for those who then, it seems, can aid that Congressman's reelection campaign. Example: One Congressman at a recent congressional hearing expressed outrage over a consultant's lobbying activities at HUD. Later, *The Wall Street Journal* reported that this Congressman himself had lobbied HUD officials on a similar matter. Example: A Senator, working at the request of a paid lobbyist, wrote to HUD officials asking that funding

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for a housing project in another state “be given every consideration.” Five other members of Congress also sent letters advocating the project, which local HUD officials had turned down.

Long-Time Gold Mine. Political pressure leveled at the federal bureaucracy by Congressmen is not a phenomenon of the Reagan years. HUD, itself, has long been a gold mine for pork-barrel politicians seeking dollars for influential friends and constituents. According to a former HUD investigator, quoted in 1980 by the *Boston Herald*: “The system was designed to fall apart from the start. It was designed to make politicians rich, developers prosperous, and the poor more destitute.”

Writing in the December 1976 *Reader's Digest*, for example, investigative reporter Donald Robinson detailed more than \$600 million wasted by HUD, much of it due to “the political influence that has surrounded many HUD projects.” Robinson reported that one such project involved a \$5.8 million mortgage guarantee granted to an Arizona developer at the urging of then Senator Carl Hayden, the Arizona Democrat. When the project went broke one year after completion, the federal government attempted to foreclose. The foreclosure however, was stymied by an Arizona Congressman, who according to Robinson, was a friend of the developer. Such wasteful spending at HUD thirteen years ago prompted former Representative Fernand J. St. Germain, the Rhode Island Democrat, to remark: “A government program that started out as a magnificent dream has turned into a national scandal.”

Business as Usual. The real scandal, however, is not just the money stolen and missing from HUD. The real scandal is that the process and structure permitting such misappropriation are part of business as usual in Washington. “When you have this much money just sloshing around, people who understand how the system works are going to take it,” said one HUD official who asked not to be named. What is true of HUD programs also is true of programs in most other agencies. The problem is the Washington system of doing business, which *Wall Street Journal* investigative reporter Brooks Jackson calls “honest graft”: the trading of federal tax dollars for honoraria and campaign contributions.

More than \$1 trillion of taxpayer money flows through official Washington's corridors annually. Those who understand the system can skim off the top. As political observer M. Stanton Evans notes: “A lot of people come to Washington determined to reform the system, root out corruption, and clean out the sewer — only to discover upon arrival that the sewer is more like a hot tub.” HUD Secretary Jack Kemp is moving aggressively against those involved in criminal activity at HUD. But Congress also should be investigated. The American public needs to know how lobbying by members of Congress may have contributed to the HUD scandal and other, yet unreported, wasteful expenditures of taxpayer dollars.

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