''PITCHING SOCIALISM''

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 11, 1996

Mr. DUNCAN. Mr. Speaker, many taxpayers around the Nation are being ripped off by mega-millionaire sports team owners who are getting lavish stadiums built largely at public expense. We do not do this for other businesses and should not for sports teams either.

To show how bad these deals are for the taxpayers, I would like to urge my colleagues and other readers of the RECORD to read the following National Review article, ''Pitching Socialism,'' by Raymond J. Keating.

[From the National Review, Apr. 22, 1996]

PITCHING SOCIALISM

(By Raymond J. Keating)

As a federal prosecutor and now mayor of New York, Rudy Giuliani has taken on Wall Street, the Mob, even a number of powerful city unions. But when it's time to talk baseball with George ''The Boss'' Steinbrenner, Giuliani goes weak in the knees.

That's because Steinbrenner is threatening to move the Bronx Bombers to New Jersey unless he gets a new, taxpayer-financed stadium. In a city that has already endured the traumatic departure of the Dodgers and Giants for the West Coast, this bit of brinkmanship is taken quite seriously. The mayor's office, in fact, has suggested the city might be willing to shell out as much as $1 billion for some choice real estate and a new stadium.

The New York Mets like the sound of this action. They are suggesting that a mere $100 million, to help fund a new stadium with a retractable dome, would keep them from moving out to the Long Island suburbs.

While no other city—or state, for that matter—has even considered forking over $1.1 billion to subsidize multi-millionaire owners and athletes, stadium socialism is a serious problem across the nation. Maryland taxpayers, for example, are being socked for almost $300 million—some of the money to partly finance a new stadium for the Washington Redskins, and some to fully finance a new stadium for the former Cleveland Browns.

The public in general does not support such plans, despite the popularity of professional sports. A national poll conducted by Media Research & Communications recently found that 80 percent of Americans oppose the use of their tax dollars for sports stadiums and arenas.

The politicians, however, mesmerized by the glamour of pro sports and the prospect of increased revenue, seem determined to have their way. Very rarely do elected officials schedule referenda on government financing and ownership of sports facilities. And in some instances, when they have done so and the votes have not gone their way, they have changed the rules in mid game. Last September, Seattle voters turned down a proposal that would have hiked taxes to pay for a new stadium for the Mariners and for repairs to the Kingdome, home of the Seahawks. A month later, state and local officials ignored the vote and approved a $320-million plan for the Mariners' park.

The economic justification for government-financed sports facilities has always been based more on spin than on substance. First, the team or elected officials will hire a consulting firm to produce studies predicting substantial economic benefits from a new stadium or arena. These studies rely on the Keynesian notion of an ''economic multiplier''—the justification for every government ''stimulus project'' in the past half-century. The calculation works by taking the dollars ''invested'' in building a facility, adds an estimate of money to be spent by spectators at each event, and multiplies the results by an additional number to arrive at an estimate of increased economic activity.

The problem is that the multiplier effect is all but impossible to measure accurately. Judgments about the catalytic effects of dollars moving through the economy amount to nothing more than statistical guesswork (a dirty little secret of the economic profession). Indeed, it is doubtful that any real multiplier effect occurs at all, because of something called the ''substitution effect.''

Simply put, the substitution effect holds that leisure dollars—that fairly limited amount of income that a family will devote to entertainment—will be spent one way or another. If there is no ballpark for a family to go to, then it will spend those dollars on some other activity, like a movie or a concert. Government-funded stadiums, then, turn out at best to be zero-sum games—a simple shifting of limited resources.

This larger economic picture, however, is usually lost on politicians bedazzled by the bustling markets for red hots and frozen yoghurt in places like Camden Yards and Jacobs Field.

The politicians are also oblivious to the negative effects of the higher taxes needed to pay for these facilities—like rising private-sector costs and diminished incentives for working, investing, and risk-taking. Government ventures usually wind up being net economic losses in the long run.

The Toronto Skydome, opened in 1989, is a prime example. A recent report from the Pioneer Institute notes that as the Skydome was constructed, cost overruns boosted the Ontario taxpayers' portion of the total bill from $120 million to $322 million. The government's share in the Skydome was eventually privatized in 1992 for $120 million—a considerable loss.

A spate of books, as well as independent studies from groups like the Heartland and Pioneer Institutes and the Brookings Institution, have expressed skepticism about economic growth owing to taxpayer-funded sports facilities. The most recent study, a 1994 Heartland Institute analysis conducted by economist Robert Baade, concluded that ''professional sports is not statistically significant in determining economic growth rates.'' There is ''no support for the notion that there is an economic rationale for public subsidies to sports teams and stadium and arena construction.'' Sports teams and their facilities are largely byproducts, not sources, of economic growth.

Two other negative effects of government-owned sports facilities have become painfully obvious. First, because teams rent rather than own their stadiums, they are turning into transients, tearing up community roots (witness the Cleveland Browns) in a dash for new taxpayer-financed stadiums, relocation payments worth tens of millions, and even taxpayer-guaranteed profits (as in the deal that enticed the Los Angeles Rams to move to St. Louis).

Second, team owners and players, insulated by taxpayers from the cost of stadium financing, are doing extremely well without having to exert themselves to meet the demands of their market. Fans know intuitively that something is wrong when mediocre ballplayers sign multi-million-dollar deals, or ticket prices remain the same when the team is forty games out of the playoffs.

Despite general public disapproval and a lack of supporting economic arguments, even a number of conservatives have pushed for government financing of sports facilities. Leading welfare reformer Gov. Tommy Thompson of Wisconsin has kept the Milwaukee Brewers on the dole, lobbying hard for a new taxpayer-financed ballpark. And Massachusetts Governor William Weld's support for a government-financed stadium/convention center in Boston calls into question his self-proclaimed supply-sider status. Even George Will has gone native. In the January 22 Newsweek, he wrote favorably of the state-built home of the Baltimore Orioles.

While real conservatives have to love the tradition of the ballpark—the game, the hot dogs, the chatter—sentiment shouldn't dim our rationality. Markets work. If new stadiums and arenas have economic value, individuals acting in the marketplace will see that such facilities are built without any government intervention. San Francisco voters, in fact, have held fast. They have voted down taxpayer-funded stadiums on four separate occasions, and now the Giants are privately financing a new ballpark. Rudy Giuliani and his counterparts across the nation should take note, and stand up to Boss Steinbrenner and the other owners. When it comes to corporate welfare, just say no.

THE 2000 CENSUS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 11, 1996

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, August 21, 1996 into the CONGRESSIONAL RECORD.

THE 2000 CENSUS

The results of the year 2000 census will provide a snapshot of America. The census—which collects information not only on population, but on race, income, housing and family size—will affect all Americans. The changing nature of America, as reflected in the 2000 census, will alter the political and economic realities of the United States for decades to come.

The Constitution requires that the population be counted every ten years. Census results determine the number of seats each state has in the U.S. House of Representatives. Boundaries of congressional and state legislative districts, as well as school boards and city council districts, are redrawn based on census data. Federal aid to states is based on population figures. The census also benefits the private sector by providing businesses with information about consumers.

PROBLEMS WITH THE 1990 CENSUS

The Census Bureau is exploring new approaches to gathering information for the 2000 census. Previously, the Census has counted the number of Americans by, first, sending questionnaires to every known address in the country and, second, by sending ''enumerators'' door-to-door to try to get responses from people who did not respond to their questionnaires.

There is general agreement that this approach had its drawbacks in the last census. It proved very costly, and missed many people, 4 million citizens by one estimate. Undercounting was a particular problem in rural and inner city areas where people tend to be harder to reach. In addition, fewer people responded to the questionnaire. The number of responses dropped from a 1970 level of 85% to 63%. The Census had to hire additional enumerators to count those who didn't respond, adding significantly to the cost of the census. All told, the 1990 census

cost $2.6 billion, and if the census were conducted in the same manner in the year 2000, the cost could rise to about $4.8 billion.

NEW APPROACHES FOR THE 2000 CENSUS

The Census is proposing to take a different approach for the 2000 questionnaires, but plans to distribute them more broadly. Forms will not only be sent in the mail, as before, but be made available at grocery stores, churches, schools and community centers. The agency is also investigating whether the public could respond by telephone or via the Internet.

Furthermore, the Census hopes to encourage greater response by redesigning the form to make it easier to distinguish from junk mail and make it less intimidating. The number of questions on the short form will be cut from 17 to 8, and on the long form (which is sent to 1 in 6 households) from 59 to 55. The questionnaire will also explain why the government needs the information. A form being tested, for example, explains the data will help the government and communities plan education and health care services and distribute highway funds.

The most controversial aspect of the Census plan is its proposed use of ''sampling'' to count the population in 2000. In previous censuses the bureau made an actual head count of citizens using mail-in forms and enumerators, but this approach was missing an increasing number of people. For the 2000 census the agency plans to use mail-in forms and enumerators until 90% of households in a given county have been counted. Then a statistical sample of 10% of the remaining households will be selected, and enumerators will be sent, repeatedly if necessary, to count them. The results will be used to estimate the total number of those who were originally missed.

The Census says that this approach will improve the accuracy of its population count and reduce costs, as there will be less reliance on using enumerators. Critics respond that use of sampling is unconstitutional because the Constitution calls for an ''actual enumeration.'' Decisions in lower federal courts, however, have upheld the use of sampling so long as it supplements, and does not replace, an actual count, but the Supreme Court has not yet ruled on the matter. Congress also continues to debate the issue.

JEFFERSONVILLE FACILITY

Jeffersonville is home to the second largest Census facility in the country. The Data Preparation Division supports about 175 Census Bureau projects, including the decennial and agriculture-economic censuses. The division assists in the assembly and mailing of questionnaires; the reproduction of working and training materials; receiving, editing, coding and problem resolution of data; data entry and microfilming; and the management of Census records.

The Jeffersonville facility will play an important role in the collection of data for the 2000 census. It currently employs over 1370 workers, but that number will rise to handle the increased workload for the census. In addition to its normal data-gathering activities, Jeffersonville will be responsible for high-tech processing of census information.

I opposed a funding bill for Census and other activities in the Commerce Department because it provided inadequate resources for the agency as it prepares for the 2000 census. The House bill would force delay in education and out-reach efforts aimed at increasing the number of households which respond to the census. It would also deny much needed increases for current economic statistics. I will work to increase the funding level for the Census Bureau as congressional debate continues on this appropriations bill.

CONCLUSION

I appreciate the outstanding work done by Census employees in Jeffersonville and around the country. The decennial census is an important event, and its outcome has profound consequences on planning for the future, on the distribution of federal aid, and on the make-up of congressional districts in the next decade.

The Census Bureau is working to respond to new challenges. Most would acknowledge that the 1990 census had its shortcomings. The decennial census will always be an enormous and complex undertaking, but changes must be made to make it more accurate and cost-effective, particularly in an era of severe budget constraints.

I strongly support efforts to simplify the census questionnaire and improve distribution. We must also work to educate a new generation of Americans about the importance of responding to the census so that mail-in rates improve. I agree that steps must be taken to address the problem of undercounting. My preference is to improve the actual count rather than rely on statistical sampling, but recognize that Census may have to consider new approaches to produce a more accurate count.

L.A. TIMES EXPOSES PRESCRIPTION FRAUD; H.R. 2839 IS ONE WAY TO REDUCE ABUSE, SAVE LIVES

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 11, 1996

Mr. STARK. Mr. Speaker, the August 18, 1996 Los Angeles Times contained an excellent article on the massive amount of prescription drug fraud in our society and the deaths and illnesses it causes.

Last year, I introduced a bill, H.R. 2839, to encourage a medication evaluation and dispensing system which would stop much of the abuse of the prescription drug market, save lives, and avoid billions of dollars in medical injuries and expense. Last week, I described how the General Accounting Office recommends this type of program for the Nation.

Today, I am entering in the RECORD the L.A. Times story which documents the enormity of the problem and its cost to our society. I hope the passage of a bill like H.R. 2839 will be a priority of the next Congress.

[From the Los Angeles Times, Aug. 18, 1996]

PRESCRIPTION FRAUD: ABUSING THE SYSTEM

(By Dan Weikel)

Millions of pills are being illegally resold on the streets. Some see a double standard in leniency toward doctors and the rich and powerful who overuse drugs.

Along one massive front of the war on drugs, where fortunes are amassed and lives destroyed, barely a skirmish has been waged.

Every year, hundreds of millions of prescription pills flow into the nation's illicit drug market, creating a giant cornucopia of painkillers, stimulants and tranquilizers. They are believed to be among the most abused substances in the country, even rivaling the estimated use of cocaine and crack.

But in California and elsewhere, only a few agents, often equipped with the most lenient narcotics laws, investigate the illegal trafficking of powerful pharmaceutical by doctors and others. In this backwater of enforcement, recognition comes hard and frustrations abound.

''There is just no glory in it—no guns, no piles of coke, and no bundles of cash to stack up for the TV cameras.'' said Special Agent Walter Allen III of the state Bureau of Narcotic Enforcement, who supervises prescription fraud cases.

It seems the only time prescription drug abuse gets serious attention is when a celebrity tumbles—be it Betty Ford, Elizabeth Taylor or superstar producer Don Simpson, who died of an overdose in January from a lethal mix of cocaine and 20 prescription drugs.

In an extraordinary effort, authorities from local, state and federal law enforcement agencies are investigating more than a dozen doctors suspected of unlawfully supply prescription drugs to the producer of such hits as ''48 Hours,'' ''Top Gun'' and ''Beverly Hills Cop.''

On Friday, the offices of two of those doctors, both psychiatrists, were raided by investigators. The home of one also was searched.

''Abuse of prescription drugs is a serious problem in our society, but nobody pays attention until somebody big and powerful like Don Simpson drops dead,'' said Steve Simmons, the California Medical Board's senior investigator on the case. ''But this kind of thing happens all the time to lots of regular folks.''

Even when law enforcement resources are marshaled, the returns often are small. No more than two dozen doctors, dentists and pharmacists are prosecuted annually for prescription drug offenses, case records show. Most get probation and stay in practice, largely because it is harder to prosecute a professional in a white coat than a street-corner pusher.

In California, about three of four physicians convicted of a prescription drug crime keep their licenses. Users often do more time in jail.

''There are two kinds of justice in this system,'' said former state narcotics agent Paul K. King, who worked on prescription fraud in Los Angeles County for 10 years. ''One for doctors, and one for everybody else.''

Take the case of Dr. Eric C. Tucker, whom state narcotics authorities suspected of illegal trafficking after scrutinizing prescription records.

Before his arrest in 1991, court records show, Tucker issued more than 7,000 questionable prescriptions for the stimulant Preludin and another 7,600 for Dilaudid, so-called drugstore heroin, an addictive pain reliever that fetches up to $100 a pill on the street.

More Dilaudid was coming out of Tucker's Montebello office every year than at County-USC Medical Center, the West Coast's largest public hospital.

Tucker, than 59, pleaded guilty to two felony counts of prescription fraud and lost his medical license. Although responsible for flooding the illegal market with hundreds of thousands, if not millions, of dangerous pills, he was sentenced to eight days in jail.

In contrast, Daniel G. Siemianowski, 38, of Los Angeles, a low-level street dealer and first-time offender, was prosecuted about the same time as Tucker. Police arrested him with about four ounces of crack and powder cocaine on the front seat of his car—a speck compared to the doctor's goods. Siemianowski's sentence: a year behind bars.

About 2.6 million people in the United States use prescription painkillers, stimulants, tranquilizers and sedatives for ''non-medical reasons''—more than the estimated use of heroin, crack and cocaine, according to surveys by the National Institute of Drug Abuse. Only marijuana is more popular.

Users run the gamut from street addicts to senior citizens who mix afternoon cocktails