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Empty Promises for Harlem

The empowerment zone, the cornerstone of the Administration's urban policy, won't do a nickel's worth of good in New York City. It defeats the plausible idea at the heart of the enterprise zone the forerunner of the empowerment zone.

The enterprise zone, as originally conceived by Jack Kemp and Robert Garcia, both former New York Representatives, had a simple logic: relax regulations and reduce taxes for private investors who want to do business in depressed inner-city neighborhoods, thereby stimulating economic growth and creating opportunities for local residents.

Instead of encouraging the creation of jobs, the New York empowerment zone will only encourage dependence on government by creating an enormous and costly safety net for social services.

It was Representative Charles Rangel of Harlem, a Democrat, who brought empowerment zones to life in the 1993 budget act. Congress later appropriated funds for them under a provision of the Social Security Act that provides block grants to the states for social services. In doing so, Congress transformed a market-oriented program into a political boondoggle that expanded, rather than reduced, government involvement in low-income neighborhoods.

After a national competition that attracted hundred of applicants, President Clinton awarded New York one of six empowerment zones in December 1994 an almost preordained outcome, given Mr. Rangel's role in pushing the legislation.

Soon after the 1993 election, the defeated Mayor, David Dinkins, designated Harlem the city's empowerment zone. Rudolph Giuliani modified the zone to include parts of the Bronx but Mr. Rangel was able to keep the Bronx portion to one-sixth of the zone's population.

The Harlem Urban Development Corporation wrote the Harlem portion of the plan which will likely determine the activities in the zone even if Gov. George Pataki abolishes the corporation, as he plans to do - since Federal guidelines require community involvement in developing a zone proposal, the corporation assembled groups to identify local needs and priorities.

The corporation made a mistake: it tried to get businesses to invest in public projects rather than to create jobs: the result is that its efforts to attract private-sector resources have been unsuccessful - The corporation wants to spend Federal dollars on a computerized drug treatment referral system; to improve security in public housing; to upgrade a child-care program; on "family preservation, development and intergenerational programs;" on a community health center, and on a cadre of community organizers to help residents gain

access to empowerment-zone and other Government programs.

The proposal earmarks 23 percent of the Federal funds for children and youth programs) 12 percent for health and substance-abuse programs, 6 percent for other social services and 17 percent for local administration 58 percent of the total.

The proposal calls for a new community college at the empty Washburn Wire Company plant, which would not create private-sector jobs or attract private investment and is unlikely even to get state and local funds in an era of budget cutbacks.

The biggest capital project explicitly designed to fetch private money is not likely to succeed. Long a Rangel pet project, it is the Harlem International Trade Center a high-rise building intended to house trade offices of third world countries. The problem is that most nations prefer to situate their trade office near the banking, financial and business center.

The Bronx portion of the plan pays more attention to creating jobs, but public funds are more likely to be earmarked for Yankee Stadium renovation than for revitalizing industrial land in the South Bronx. The plan for the zone has gone largely unquestioned. It went unchallenged when Vice President Al Gore and other Democratic politicians gathered with empowerment zone leaders from around the country at a Columbia University conference in March. Little wonder: many participants represented nonprofit organizations that stand to benefit handsomely from Federal funds.

Unless the empowerment zone is treated as more than political pork, it is not likely to do more than bring a burst of Federal dollars for social welfare programs into low-income New York, perpetuating its dependence on the public sector. When those dollars expire, there will be no long-term improvement in the community's capacity to generate jobs or attract private investment.

In the end, the Clinton Administration's principal initiative in New York City is bound to self-destruct.