

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Public Liaison

Series/Staff Member: Alexis Herman/Ruby Moy

Subseries:

OA/ID Number: 5073

FolderID:

Folder Title:
Press Releases [1]

Stack:
S

Row:
29

Section:
5

Shelf:
11

Position:
1

Dietitians & Legislators
trim the fat...

AMM
This is what I
faxed to you in
MOBILE. You
still have my files
+ Uncle Nat's tape
at home

Arizona Dietetic Association

Dietitians' Answering Service

Phoenix: 234-4382 • Tucson: 798-3400

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 24, 1993

REMARKS BY THE PRESIDENT
AT SMALL BUSINESS ASSOCIATION EVENT

The Rose Garden

11:05 A.M. EDT

THE PRESIDENT: Good morning. Welcome to the White House and thank you for coming.

A year and a half ago, the Small Business Administration issued the first microloan grants. To date, SBA has awarded 47 grants. We now more than double the program with 49 new grants. And we believe that 42,000 jobs will be created as a result.

This administration is committed to helping entrepreneurs create profits and jobs, and the microloan program is integral to our strategy to make that happen.

I want to thank Senator Pressler and Senator Bumpers for their attendance here today. And I want to say a special word of praise to my state's senior Senator Dale Bumpers who sponsored this legislation to create the microloans, something that he learned about as a result of a community development bank operating in our home state. I am very proud of it. It was modeled on the South Shore Bank in Chicago, and when I was Governor we worked hard to bring the bank there. We know that this concept works. And I appreciate very much the work that Senator Bumpers has done to bring this concept throughout America.

I also want to say that if the Congress later this year adopts our proposal for community development banks, then there will be more banks out there supporting the SBA in the work of making microloans.

This is very important because an enormous percentage of the jobs in America are now being created by small business people and by people starting up their own businesses and by people who were self-employed.

This is an innovative approach which opens the doors of opportunity to American who otherwise would find those doors closed. The program enables community-based lenders to expand their reach and to make very, very small loans to entrepreneurs who otherwise simply couldn't find a way to make their ideas real.

Many potential borrowers simply don't meet the credit standards of traditional lenders. Why? Because of a poor credit history or no track record as a borrower, they may simply not have enough collateral. In fact, SBA analysis indicates that many microloans will be made to individuals who are currently on public assistance. By encouraging entrepreneurial instincts, the program will then give them the help they need to take the first steps toward economic independence, not dependence. And in so doing, this could be a very important part of our overall welfare reform strategy to move more Americans from welfare to work.

By using community-based lenders -- and some are with us today, and I want to thank all of you who are here for your commitment to this concept -- this program relies on the lenders

MORE

understanding of the community and helps to empower the community with the needed resources to create jobs and growth.

SBA looked to these lenders for guidance when this program was being designed. It is the lenders' history of investing in their communities that will ensure the programs success. Gail Miller from Dumas, Arkansas, started her pottery business, Miller's Mud Mill, eight years ago, intent on making the money to send her sons to college and give them their shot at the American Dream. Gail has had good and bad years, but she'd learned that 15-hour days and seven-day weeks can produce a profit. In fact, she'd had so many orders that she and her two-person staff can't keep up with demand. Last year their inability to meet the demand cost her \$90,000 in lost sales. How many businesspeople in America would love to have that problem?

Gail has found the answer, however. The Arkansas Enterprise Group, a microlender from Arkadelphia, Arkansas, knows a good thing when it sees it. Using funds they borrowed from the SBA through the microloan program, the group has granted Gail a \$25,000 loan. She's going to use just under 20 percent of the money to buy a version of the machine used by major China manufacturing companies. This increased capacity for production will finally allow her to take advantage of the demand for her product. She'll use the remaining funds for a revolving line of credit.

Denise Cook used to receive welfare benefits through AFDC, but she understands that we all have a responsibility to work for self-reliance. Denise trained herself as a paralegal and put herself through school, working day and night. Eventually, she graduated with a B.A. in criminal justice. She worked for a number of different firms as a paralegal, but her strong desire for independence and a keen interest in forensic research drove her into starting her own business.

Self-help Ventures Fund in North Carolina has a peer-lending microenterprise program that requires training and business ownership, including peer counseling as a prerequisite for the loan. After she completed the successful training period, Denise received a \$500 loan to get her business off the ground. Today she provides investigative legal research to law firms and other clients.

It is exactly these kinds of creative, hardworking people that the microloan program is designed to help. Since June of 1992, the Small Business Administration had awarded about \$16 million to lenders who have already made 330 loans to small businesses. Today's awards represent another \$16 million. And the Small Business Administration calculates that 42,000 jobs will result.

Small business is the backbone of our economic strength. In the last 10 to 12 years, small business has created more jobs that were lost during the restructuring of the larger businesses of our country. However, about three years ago, the small business job engine started to slow down because of the global recession, the credit crunch here in America which we are trying to deal with, the spiraling cost of health care and other problems. But a lot of it is simply barriers to entry because of the lack of available capital.

To preserve the vitality of small business and increase their capacity to expand our work force, we need programs like this one. The best route to the American Dream is the same route people have trod for many, many years now -- through the small businesses. That's why we're expanding the microloan program today. It creates jobs; it relies on the private sector; it rewards drive and creativity.

I want to say a special word of thanks again to the Congress, and especially to Senator Bumpers, the Chairman of the

Small Business Committee, for making this possible. I want Gail Miller to be able to send her sons to college, and this program will give her the tools and small businessmen and women like her to do exactly that.

Now I'd like to introduce two of the success stories here on the program, and I want to introduce all of them. Of course, Erskine Bowles, the SPA Administrator, who has already talked; Denise Cook and Gail Miller who will speak; Geraldine Janes, Chris and Regina Welch are also up here with us, and they may or may not want to say anything. But Denise and Gail have agreed to speak, so I'd like to call first Denise Cook and then Gail Miller. Let's give them a hand. (Applause.)

* * * *

THE PRESIDENT: I want to thank all of you here who are lenders, who have worked on these programs. The folks up here on this platform are the kind of people I ran for President to try to help. And I am deeply moved by what we have seen today. It kind of reinforces my belief that these programs are on the right course and that we can make a huge difference; that there are millions of people out here, literally millions, who could be employed and empowered if we had the systems in place and the people there who felt comfortable making loans and making these kinds of judgments and understood what had to be done.

And I thank all of you for being part of a genuine American experiment. I wish you well. I ask you to redouble your efforts. We'll redouble ours, and I know the Congress will make sure that we get what we need to make these programs succeed.

I thank you all. And I thank you, Senator Bumpers, Senator Presser, for being here. We're adjourned. Thank you very much. (Applause.)

END

11:23 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 13, 1993

REMARKS BY THE PRESIDENT
TO SMALL BUSINESS LEADERS

Room 450
Old Executive Office Building

10:50 A.M. EDT

THE PRESIDENT: Thank you very much. Erskine's only been here a day and he's already become one of us. (Laughter.) And you just saw an illustration of Clinton's third law of politics: Whenever possible, always be introduced by someone you've appointed to high office. (Laughter.)

I want to introduce the people who are here with me first, starting on my left. Frank Newman, the Under Secretary of the Treasury; and Roger Altman, the Deputy Secretary of the Treasury. Laura Tyson, the chair of the Council of Economic Advisors. You met Erskine Bowles. And next to Erskine is Andrew Cuomo, the Assistant Secretary of the Department of Housing and Urban Development who, among other things, is responsible for developing and implementing our empowerment zone proposal for cities and small towns and rural areas that are economically distressed and that need more free enterprise.

I'd like to thank all of you for coming, but I'd like to also pay a special word of recognition to the smallest entrepreneurs that are here. These young people are from Theodore Roosevelt Elementary School in Houston, Texas. They are second graders. And shortly after I was inaugurated, in February sometime, they sent me this book. I got your book. (Laughter.) With all their letters, telling me what I ought to be doing. (Laughter and applause.) "How are you going to stop the violence and crime? If you will, completely stop it." See, everybody wrote me a letter and there are pictures. "Can you keep companies from making guns so we won't have crime?" And it goes on and on.

But the reason they're here is that they are really the smallest entrepreneurs. They sold 22,000 candy bars to raise the money to come to Washington. So I think they deserve a hand. (Applause.) Thank you.

I want to thank you for taking your valuable time to come here today so that we could talk about the shape of the small business initiatives in the economic program, now well on its way to moving through Congress. So many of you are the best representatives of American small business. For instance, Nancy Alchuleta has led the Mevatec Corporation in Huntsville, Alabama to compete and win in the world marketplace with a new emphasis on high technology.

William Gordon, the President of Applied Data Technology is a high-tech company which has grown from seven employees in 1986 to over 100 today. Paul Sam, President of Holly Metals, has grown from a custom sheet metal company to the fabrication of metal parts for Boeing, and a high-tech composite painting facility.

These are the kinds of things that we need more of in America. As I said yesterday in giving out the Small Businessperson of the Year Awards, the United States benefited greatly, particularly

MORE

in the last 10 to 12 years, from the fact that small business created more jobs than were lost in the large business sector of this economy. It is a little-known fact to most Americans, but in every year of the last dozen, the largest businesses in the country, the Fortune 500 have reduced their employment in the United States by somewhere in the neighborhood in the total of 200,000 jobs. Even as profits increased and productivity increased and stock values increased, the technological advances of productivity led to an actual reduction in the work force, not an increase.

For all of the 1980s until the very end of the decade, those reductions were far more than offset by the growing vibrancy of an entrepreneurial economy in America. Indeed, many of the small businesses were contractors and customers and suppliers for the larger businesses in the country.

Then, about three years ago the small business job engine began to slow down. And there are any number of reasons why. There was a domestic recession, there is a global recession. The credit crunch in parts of our country plainly contributed to it. The substantial increase in the cost of adding one more employee in terms of Social Security, worker's comp, health care and other things has certainly led to the use of more part-time employees, or asking the existing work force to do more overtime. And you may pay a little more for overtime, but you save all the supplemental costs of hiring the additional employee.

Although things are perfectly rational choices, but what they have meant for the United States is that we've had quite a stagnant unemployment rate -- one that mirrors, I might add, every other advanced country in the world.

At seven percent, our unemployment rate is about the same as Western Germany's, and still lower than all of Europe; higher than Japan, which has, as you know, a very different sort of economic system than we do. But even there, they've had trouble now creating new jobs, and many companies there are having some of the first layoffs they've ever had.

I say that to make the following point: Larger companies, just like the federal government, will have no choice but to continue to try to improve productivity and use technology to do more with fewer workers, to increase output per worker. One of the things I'm trying to do here that we're writing into the law, this new budget proposal, is to reduce the size of the federal government by attrition by at least 100,000 workers, by increasing productivity and restructuring. But that's what the national government should be doing.

But if these things are going to occur in our larger organizations, then we have to find a way to preserve the vitality of small business and to increase the capacity of small business to add to the American work force. If everybody in this country who wanted a job had one, we wouldn't have half the problems that we wrestle about all day up here every day. And, frankly, you and people like you all over America are the best prospect we have for getting that done. That's why we worked as hard as we could to try to create an economic program that would benefit small business.

Our policy first begins with deficit reduction. The deficit reduction package that the government has put forward and that the House of Representatives is in the process of coming to grips with now clearly has had a major impact in driving interest rates down over the long run. Since November there has been a dramatic reduction in interest rates, home mortgage is at a 20 year low, many other interest rates at historic lows. The business analysts estimate that if we can keep these rates down for several more months the impact will be about \$100 billion released into this

economy, principally through refinancing of home mortgages and business loans and other refinancing as well as the direct benefit of the lower costs of borrowing. That's why I always say the best stimulus program that we can give to this economy just to stimulate growth is to keep these interest, and to keep driving them down and to keep driving the deficit down.

Yesterday, in an attempt to build up a sense of real confidence that the administration means business and that the Congress will mean business if they pass this program, I propose that we put all the taxes raised and the budget reductions into a deficit reduction trust fund so that, number one, no tax increase without budget cuts; number two, no tax increase for anything but reducing the deficit. And putting that in a trust fund, I think, will hammer home the determination that we have to bring the deficit down and to try to keep the interest rates down.

The second thing I think we have to do is to recognize that there are some initiatives which need to be taken to try to improve the access to capital for small business. One of the first things this administration made an aggressive effort to do was to deal with the credit crunch that I heard about all over America, but especially in certain parts of the United States. We're trying to make it easier for small businesses to apply for and to obtain loans when they are appropriate and needed to expand and create new jobs.

In March, I announced this plan to ease the credit crunch by reducing some excessively restrictive regulations imposed in reaction to the Savings and Loan debacle. Our plans strikes a better balance, I think, so that we can have both safety and credit availability. Banks have more leeway now to make character loans based on the reputation of the borrower. We also have moved to ease the paperwork burdens because it shouldn't be as burdensome to get a \$25,000 loan as it is to get a \$25-million one, and it certainly is, in a large measure, because of direct federal rules and regulations.

We have the Treasury and all the financial agencies of the federal government working on this. We now have an SBA Director who understands it all too well since before he became SBA Director his job was to help other people start new businesses, which is what he did very successfully.

We also know and we're not naive enough to think that just because we announced the policy in March the practice changed in every community bank and every community in this country; we know that hasn't happened. And I have made an offer and I make it again here today of requesting the small business community to tell us -- to tell the Small Business Administrator where the plan for easing the credit crunch is working and where it isn't, and what we can do to work through that. The Treasury Department can only do so much until it knows where the backlog and the problems are. So we invite your participation to make the policy we announced in March real in your community as soon as can possibly do that.

The second thing that we have done since we've been here is to try to canvas the small business community about what kind of tax incentive would best serve to help small businesses engage in job creation. Yesterday, the House Ways and Means Subcommittee voted to increase from \$10,000 to \$25,000 the maximum amount of new investments that a small business can deduct as expenses every year. This means that when you invest so that your company can grow you can immediately write off \$25,000 worth of that investment. If that becomes law, it will be directly because of the input of the small business community to this administration as well as to the Congress.

When I ran for president in 1992, virtually all the small businesspeople I met talked to be about how those which were family-owned businesses and commitments of a lifetime would not have

much immediate benefit from the capital gains tax, and they asked for some sort of investment credit. That's why I recommended the permanent small business investment tax credit as compared with a capital gains option. After we got here, the small business organization said that, as a practical matter, we would get more buying for the buck and it would be easier for more small businesses if we simply just increased the expensing provisions to \$25,000. That change is directly the result of the input of the small business community in this country. I hope it becomes law and I hope you will do everything you can to see that it does become law. (Applause.)

Now, there is a capital gains provision left in this bill which I think is very helpful. It provides a big exclusion from capital gains taxation to help small businesses get started and to invest in completely new projects. That was one put forward by the American Venture Capital Association and sponsored in the previous Congress, among others, by the senior Senator from my state, Dale Bumpers, who's the chairman of the Small Business Committee. I think that should stay in the law; we're working hard to make sure that it does. I think it now has virtually unanimous support.

Finally, we have decided we should try to offer some very special opportunities in a network of empowerment zones and enterprise communities all across America. In the empowerment zones, we're offering small businesses an employment and training credit of 25 percent of the first \$20,000 in wages for employees who live and work in the zones, a targeted jobs tax credit of 40 percent on \$6,000 of the first year of wages for these workers, and an increase in the ability to deduct appreciable property.

All these things are our effort to help communities that are willing to help themselves by developing a long-term strategy to grow through private sector and private-public cooperation. To do that, to attract capital in businesses, I am convinced -- and I think that you are all convinced -- that with the size of the deficit we have, there is not enough money in America to have a publicly-funded revitalization of America's most distressed communities.

But wherever in America there are people who are underutilized, there is a market opportunity. Because when people are working up to the fullest of their capacity, then they have money to spend and they create jobs for others. So when I look at all these places in America which for too long have been without businesses on their streetcorners or in their small towns, or in their hamlets, I see enormous opportunity. I see in people whose potential is not fulfilled the opportunity to make free enterprise work again.

We all know there are certain considerable barriers to dealing with that. I'm trying to make some of the high crime areas much more attractive by simply lowering the crime rate. We know we can do that through community policing. And I've asked the United States Congress to give us some money to put more police on the street in these communities to help make them safer and lower the crime rate. We know that works; there is clear evidence of that.

In New York City alone, after the comprehensive community policing program, established by the man who is now our Drug Czar, Lee Brown, for the first time in 36 years the crime rate actually went down in seven major areas. So we know these things can be done.

We know we have responsibilities to make these areas more attractive. But if this empowerment concept can pass, then it will be more attractive for you and people like you all across America to take that extra risk to go into places where there is an enormous prospect of return if a whole lot of people with no income all of a sudden wind up having income and can be customers as well as employees. And I hope all of you will support the empowerment zones.

We've talked and talked and talked about our cities and our drying up rural communities for years, Democrats and Republicans, they wring their hands every year and nothing ever happens. I say, let's try this, let's see if it works. Let's see if we can have a public-private partnership that works. If it doesn't work, we'll try something else. But the one thing that we know doesn't work is more words. We've had more words for years. We've had wars of words from people across political and party and regional lines, and that hasn't worked; and that's not ever going to work. So I hope we can try this and see once and for all whether the government can create an environment which makes it more attractive for free enterprise to flourish in areas where it hasn't.

Finally, let me say again, I appreciate the burdens under which you labor. I recognize that some of you, perhaps most of you in this room, would pay higher personal tax rates under the program I have proposed. I hope you will support it anyway, because if we do it right, most Americans will save more in long-term lower interest rates than they'll pay in higher taxes, the country will be much better off if we can pass the expensing provisions, the capital gains provisions, the enterprise zone provisions. If we can make our plan to ease the credit crunch work, then small business in the '90s can once again resume its proper role in America as the true engine of our job growth, and there will be more people like you with rewarding stories to tell.

And, perhaps more important of all, when these kids grow up, they'll have a chance to be just as entrepreneurial as they have been in getting themselves here today.

Thank you very much. (Applause.)

END

11:07 A.M. EDT

Alexis Herman
Public Liaison
2nd Floor West Wing

THE WHITE HOUSE

Office of the Press Secretary

Immediate Release

July 21, 1993

PRESS BRIEFING
BY
SBA ADMINISTRATOR ERSKINE BOWLES

The Briefing Room

2:20 P.M. EDT

MR. BOWLES: Let me begin with just a brief opening remark. I've had the chance today to spend the day with the owners of a number of small businesses, both out in Maryland, and today we had a number of small business owners come for lunch here at the White House. And we spent a long time talking about the President's economic plan. And I think for the first time they really had a chance to really focus on the substance of it and not just on the rhetoric that they've been hearing from the politicians. And I think truly they found a plan that they could get behind, a plan that addresses the deficit, that creates capital for small businesses, that stimulates the growth of small businesses and therefore creates jobs.

I'll be happy to take any questions that you have.

Q Why do you think there's so much hostility in the small business community? The people I've met have expressed great fear about the new program and where they'll land in it. And is there really going to be room for -- I mean, are the conferees going to go for something?

MR. BOWLES: Yes, I am confident that this is a plan that small business will be able to get behind. I think there's been so much conflict because of the rhetoric and because there hasn't been enough talk about the substance of the plan. We talked today about the economic plan and we really focused on basically three areas.

First of all, this plan reduces the cost of capital. By bringing the deficit down, you reduce interest rates and, therefore, you reduce the cost of capital, and that enables small businesses to go out and purchase equipment and create jobs. So that was one of the positive things we talked about in the plan today.

Two, we talked about increasing the availability of capital. Clearly, small businesses are still starved for capital. And one of the things this plan does is it really takes a pretty large step forward in creating capital for small business. It does it in a number of ways.

The first way that comes to mind clearly is the President's action to remove the unnecessary regulations and barriers that prevented banks from making character loans. That hasn't had as large an impact as we had hoped, but it is a step in the right direction.

The second thing, the community development banks will bring capital into the poor rural communities, into our inner cities and will help create capital for small business. Getting behind the SBA's \$175-million extension also will help. That \$175 million, Miss Thomas, turns into \$3.2 billion worth of capital for small business,

MORE

it creates or maintains 310,000 jobs, and generates \$600 million in taxes. That's a \$600-million return for an \$175-million investment.

Q But don't they fear the taxes? Isn't that the main crux of their --

MR. BOWLES: And we talked about that. We talked about taxes and we talked about it very candidly. Let's talk about, first, the good things that are going to happen, the stimulus package -- the things of expensing. That will be a big help for small business -- being able to increase your annual expenses from \$10,000 to \$25,000 for capital purchases. That will help small businesses go out and make capital expenditures that they couldn't make otherwise.

Second, reducing the capital gains tax for small businesses will be a very important matter. You're probably referring to the Subchapter S situation. We talked about that a lot today, and I'm telling you -- for small business, that's a bogus issue.

I come from a small business world. I started a small business, I told somebody earlier today I've met a Friday payroll on Monday, so I think I know what it is to run a small business. I was concerned when this Subchapter S issue came up, and so I went to the President, which is my role in the administration, to talk to him about it. And I asked him if we could take a look at it, and let's get some facts to see what kind of effect this will have on small business.

So we had the Treasury do some homework. These are facts. There are seven million taxpayers in this country who file their tax returns where their primary source of income comes from a trader business. That's partnerships, proprietorships, and Subchapter S corporations.

Now, of that seven million, 96 percent of them will not be affected one iota by the increase in the marginal tax rates from 31 to 35 percent. Four percent will. What's the average income of that four percent? Five hundred and sixty thousand dollars a year -- not normally what I think of as a small business.

And let's talk about the surtax. Who's going to be affected by that? Ninety-eight percent of all Subchapter S corporations are not going to be affected one iota by the surtax. What about the two percent? Who is in that two percent? The average income of the people in that two percent is over \$1 million a year. And who's in that? Forty percent of them are lawyers, doctors, investment bankers, lobbyists and the like. Not hardly what I call small businesses.

Let's define what a Subchapter S corporation is. It's not necessarily a small business. Clearly, the information I gave you points to that. What it is is a company with just a few number of shareholders. You have to have less than 35 shareholders to be a Subchapter S corporation. You don't necessarily have to be a small business.

Let's talk about, now that we've gone by that issue is it fair for even net four or two percent? If you're a shareholder in a Subchapter S corporation, and you want to take money out of that business, the maximum tax rate you're going to pay is 39.6 percent. And, Ms. Thomas, if you own a share of AT&T and, therefore, are an owner of that company, and you want to take money out of that company the same way that Subchapter S corporation owner wants to take money out of his business, you know what, AT&T is going to pay a 35 percent tax, you're going to pay a 40 percent tax. That's a 61 percent tax. The Subchapter S owner is still better off. He's paying a lower tax.

What if you want to leave the money in? That's the other side of the story. You can convert and become a C corporation and you never have to pay more. It is a bogus issue. It's not a small business issue. What it is is a rich person's issue.

Q You talked about increasing expenses to \$25,000, which is what the House passed. The Senate did not. Are you saying that you're confident that the House version will prevail?

MR. BOWLES: I can promise you that I'm going to spend every single day between now and when that final bill comes out, fighting for small business, trying to get that number at \$25,000.

Q If the administration is talking about raising revenue to pay for that sort of thing through a transportation tax, that is an issue that also affects small business. What did you hear today about that?

MR. BOWLES: Well, we did spend some time talking about the gas tax. We did spend some time talking about energy. And again, I think if you put it in a relative context and look at how much someone is going to have to pay in additional tax because of the energy tax, and you equate that to the savings you get if they just refinance their house, the savings is 10 to 20 times greater than the cost they'd have to pay on the little on the energy tax.

So, really, to me, that's not a big issue facing small business. Small business comes out way ahead of the game with this economic plan.

Q But millions of small businesspeople don't seem to see it that way. They seem to be saying, well, thank you just the same, we'd rather not have the tax increases and keep your benefits -- your expensing and all that. Are they irrational?

MR. BOWLES: No, let me tell you what I've done. Okay? Because I've spent a lot of time talking to small businesses, okay? And I can tell you that they've been influenced by the rhetoric.

There was an interesting article in the Wall Street Journal the other day of a lady who was talking about how much she feared the Subchapter S taxes -- how much that would drive her taxes up. And as it turns out, after she found out what the substance of the bill was and found out she wouldn't pay a nickel more in taxes, she really felt like she'd been fooled.

What I'm telling you is when people understand what is in this bill, understand the substance of it, and the benefits it has for small business, they get behind it and they get behind it hard. Today, as an example, we had nine small business trade organizations come out in favor of the President's economic plan: The National Association For the Self-Employed, The National Small Business United, The American Electronics Association, The National Tool and Machinery Association, The Biotechnology Industry Association, The National Association of Women Business Owners, The National Venture Capital Association, The RV Parks and Campground Owners, The National Lumber and Building Materials Dealers Association. Nine trade organizations today came out and said there's a lot in this President's plan that's good for small business.

Yes, sir.

Q Help me a little with the numbers of those who would be impacted by higher taxes. Seven million taxpayers, four percent -- is something like still 300,000 businesses of whom not all are lawyers and lobbyists.

MR. BOWLES: No, sir. Only about 40 percent of them are.

Q So that means about 150,000 businesses would be impacted by higher taxes. How about the 12 or 13 who showed up today, where do they fall? On which side of the tax line? And what do they have to say about it?

MR. BOWLES: I would say roughly -- and, again, I'm guessing -- but some were affected and some were not, okay? And the principal thing that came out over and over again is they were so pleased that we finally have a President who is focused on deficit reduction, who is really serious about deficit reduction, bringing the deficit down. They've all benefitted by having lower interest costs. That's enabled them to create jobs, make capital expenditures, grow their businesses and hire people. So they are much more attuned to bringing down this deficit, and they're willing to participate in the sacrifice that all of us have to make.

Every single sector could be better off if we did everything we could, but we have inherited a terrible, massive federal deficit. And we have a President who is finally serious about bringing it down. And small business believes in that. They believe in bringing down this deficit.

Q What happens if a small business grows big? Their taxes go up don't they?

MR. BOWLES: Well, they don't unless your income is above \$10 million.

Q Oh, they have to \$10 million?

MR. BOWLES: Well, you know, at some point in time we all have to do something to bring this deficit down. We all have to pay our fair share.

Q So, what do they do if they just start from zero and then they grow and get big?

MR. BOWLES: Well, let me tell you one of the great things that's in the President's plan. If you start a small business under the President's plan and you hold the stock that you bought to start that business and you hold that stock for a five year period, then when you sell that stock you have a 50 percent reduction in the capital gains tax that you would ordinarily incur.

And that's a tremendous incentive for people whether they're individual investors or institutional investors to put capital into small businesses to help them create jobs and create employment opportunities. That's why the National Venture Capital Association has come out so strongly in favor of this plan because they think it's a good plan for small business.

Q How much of the discussion today focused on the upcoming health care reform? And, was there much concern expressed by the businessmen about these current proposed tax increases coupled with the tax increases that one can expect with the health care reform?

MR. BOWLES: We talked about health care a lot. That's a subject that's on the mind of small business. And the reason it is is that if you look at the statistics, and those people weren't statistics these are real businesses we've been with today, but small business has probably experienced more suffering and pain from the skyrocketing escalating cost of health care insurance than any single sector of the economy.

Small businesses health care costs have increased at an annual rate of 20 to 50 percent every year over the last, you know, almost forever. Small businesses today pay 30 percent more for the same health insurance that large businesses do. And the rate of increase in the cost of health care insurance for small business is 50 percent higher than the rate of increase for large businesses.

And, so, unfortunately the smaller your business is the more disproportionate your cost is. And small businesses have tried on their own every single thing we can do to hold down the cost of health care. You know, gosh, we've tried switching programs; we've tried managed care; we've tried cost-sharing; we've tried self insurance; we've tried reducing benefits; we've tried passing on more costs to our employees. Nothing works. The cost of health insurance continues to rise.

Now, 75 percent of small businesses provide some form of health insurance to their employees. And they've experienced just skyrocketing costs. And the 25 percent that don't, they can't even go out and hire somebody because they can't compete with somebody who offers health care benefits.

So small business probably has more at stake in bringing down the cost of health care than any other single sector. And so we spend a lot of time talking about how we're going to bring that cost down and the importance of doing it. They're very much behind it. Lots of people think, as you just kind of indicated in your question that if, in fact, you had a payroll tax that paid for health insurance, that it would be an additional tax. One of the people there brought that up. It's not. What it would be, it would be in lieu of what you're currently paying.

Q But a number of small businesses now don't even offer health care.

MR. BOWLES: And in most cases, actually 75 percent of small businesses do offer health care. Now, the kinds of things that I've been fighting for as we talk about health care, and talk about what the solutions are -- one of the things that people are most concerned about are mandates. Clearly, each of you in this room know that no decision has been made yet. But if mandates were part of a solution that people talked about, the kinds of things that I talked about that would be helpful to small business, would be scaling them in over a long period of time as we bring the cost of health care down; two, going with something other than a Cadillac plan, but really a plan that people can afford; three, making sure that the employees pay part of the cost so no one -- so everyone has incentives to hold the cost down; four, to make sure you had a rainy day plan like they have out in Hawaii to cover that person who just flat can't afford it; five, that you have some kind of combination with worker's comp, which really has been going out of the roof; and, six, 100 percent deduction for the cost of health insurance for the self-employed.

I think if you had some kind of combination of that, you'd see a plan that small business would be behind, and be behind 100 percent.

Thank you.

Q You obviously can't make that savings argument for that 25 percent of the businesses who don't provide any kind of health insurance now. And I don't know what the number is, but I guess percentage-wise, it may not amount to much, but it amounts to quite a few businesses.

MR. BOWLES: I think maybe -- but again, I think if we had a program similar to the one that I just described, it would be a program that not only small businesses that don't have health care

insurance could afford, but it would stop that cost shifting to the small businesses that are now paying it, and it would bring down their costs. So I think it would be --

Q You're telling them the benefits will accrue to them in some way?

MR. BOWLES: I believe it would.

Thank you very much.

THE PRESS: Thank you.

END

2:35 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

July 21, 1993

REMARKS BY THE VICE PRESIDENT
TO SMALL BUSINESS OWNERS

Nick's of Clinton Supermarket
Clinton, Maryland

10:30 A.M. EDT

THE VICE PRESIDENT: I sure do appreciate that warm welcome. Thank you very, very much, Erskine.

Erskine Bowles is an appointee of this administration who has been met with more enthusiasm and positive comment than practically anybody else who has been appointed by President Clinton. And I really appreciate those kind words.

Let me say before I acknowledge the other distinguished guests here that I'm grateful to you, Nick, and to your family and all of those gathered here for the hospitality today. And I'm grateful, too, for your understanding about the unusual circumstances due to the tragic and untimely death of Vince Foster last night, a death by suicide.

Because of the President's closeness to Vince -- they went to kindergarten together and have been friends for 45 years. And he has been very, very close to the Foster family. And because of that, he was with them and did not -- was not able to do the events on his schedule today, and asked me to come here. And immediately, the hospitality and understanding and graciousness with which you all said yes, by all means, please, come on -- I really do appreciate that.

And may I ask, because of the circumstances, if we might just begin with a brief moment of silence. Vince was a very dedicated public servant, and I'd just like to ask for a brief moment of silence.

Thank you very much, ladies and gentlemen.

Nick, I enjoyed the tour of your store. And as a successful small businessman, you have now expanded. Nick's of Clinton now has -- what -- three locations and a sausage factory. I'm going to resist all of the lines about making sausage and making laws -- (laughter) -- but we're going to head from here back to our sausage factory. And I do appreciate the hospitality.

And I want to especially acknowledge Senator Paul Sarbanes and Congressman Steny Hoyer, two of the greatest public servants I've ever had the privilege of working for, and you guys here know that. (Applause.)

Both of them have not only championed the cause of small business, but have been leaders in the Senate and House, respectively, for a sensible economic policy and plan that will make it possible for small businesspeople and working families to have a better standard of living and to get by in these times. And it's a great privilege to work with them. You know them as Maryland legislators in Washington. You also know what we know -- that they stand out as leaders in the entire country.

MORE

We're also privileged to have with us a congressman from New York who is here because of his extreme interest in small business issues. Chairman John Lafalce is Chairman of the Small Business Committee in the House of Representatives, and has been a real leader, and we're really grateful for you coming, John. Congressman John Lafalce. (Applause.) We've worked together a long time and you've been very instrumental in helping to promote the small business initiatives that are part of the President's plan.

After these remarks, there will, of course, be a nationwide teleconference with folks from Atlanta and Omaha, San Diego, Charlotte, Milwaukee, Dallas and Buffalo, participating, and we want to welcome them as part of this event because they are able to hear our words now.

You know, since February 17th when President Clinton first introduced his economic plan, one of the most heartening and significant developments, and I would say perhaps most underreported developments, has been the strong support this economic plan has received from America's small business community. It is extremely significant because we recognize that small business -- and this will sound like a cliché, but it's really true -- small business is the backbone of our economy. You can say that, but you've also got to follow up with specific proposals to put that belief into practice.

And I have to say that for too long, while my political party properly concerned itself with protecting the vulnerable and making certain that people had a fair shake in this country, it was sometimes seen as isolated from this great job-creating sector of our economy. Now people know that we stand for growth and jobs as well as fairness. The secret to our success as a nation is the vitality of our economy. It's the bedrock upon which progress in all other areas has to be based. Now people know that we recognize the private sector is the principal engine of progress and opportunity in our nation. We have a good plan for reducing the deficit and creating jobs and for building a solid foundation for long-term economic growth. And we're going to do it with your help. (Applause.)

So now we have an alliance for progress and change, and together we are committed to working hard over the next three weeks, while we're in the home stretch here before the Congress votes on the final version, to encourage the Congress to pass our plan and restore the vitality of the American economy. The choice is between change and gridlock. That's a pretty easy choice.

So as we enter the final stages of the debate in Congress, as representatives of the House and Senate gather to write a final proposal on the version of our plan that each has already passed, the President has discussed the requirements he has for the final agreement and I want to repeat them here today.

First of all, we have to seize control of our economic destiny and reclaim our economic future by putting our fiscal house in order. That means passing an economic growth plan that reduces the deficit by \$500 billion, putting the savings in a deficit reduction trust fund, and having the toughest budget discipline ever so that we can control overspending, not simply when we're at the edge of a crisis, but every year. This is essential.

For too long, we have allowed the whole management of government to be completely out of control. These last 12 years of mismanagement has left us with a whole bunch of overdue bills, and we've got to get our fiscal house in order. Under the leadership of the last 12 years, we have, as a nation -- we have borrowed \$1 billion every 24 hours. That's crazy. We cannot continue doing that. And by stopping that and restoring fiscal responsibility, we can unleash the forces of the private sector and reclaim our economic

future. And we will do that with your help. (Applause.) So that's the first point -- a half a trillion dollars in deficit reduction.

The second point: We have to return to the fundamental notion of fairness. Our plan ought to require that at least 70 percent of the tax burden fall on people with incomes above \$200,000 -- not because we have any sense of delight in them having to pay, but because it has to be fair when the country has to face up to this problem. Those that got all of the breaks disproportionately during the 1980s need to pay their share of the effort to fix this mess. That means that for 99 percent of American taxpayers, income tax rates will not change under our plan. Only for the wealthiest one percent, above \$200,000 a year, will we see that kind of impact. And of all small businesses, only four percent will be affected by the change in personal income tax rates. And for those of you who have Subchapter S corporations, you know how important that is.

And, you know, one fact that hadn't got out very much is that 96 percent of all small businesses in this country will get a tax reduction under this plan. That's one reason small business is supporting this plan. (Applause.) It is truly fair. It does not punish success. It only asks that those who are best able to pay should pay more than those who have already paid too much.

Now, the third point. We are looking out for the economic interests of middle-income families. This plan reduces the deficit by cutting the government spending by \$250 billion. This plan has already led to a sharp reduction in long-term interest rates, enabling people to refinance mortgages, to buy cars and homes, and to begin improving their living standards. Now, why is that the case? For one simple reason. Over the last 12 years while we were borrowing \$1 billion a day, the financial experts who make their living by trying to predict our nation's economic future have come to the conclusion that we can't go on like this. And so they discounted America's economic future by lifting the real interest rates to a level higher than those in any other nation in the entire world.

As soon as President Clinton took office and told the nation that he was going to provide leadership on the economy for a change and reclaim our economic future, those same financial experts who try to predict the future had to adjust. They had to take account of the fact that we had a new President with the courage to face up to the tough decisions. And so they said, we see change in America's future for the better, lower deficits and less government borrowing. And so when we predict the future, we're going to predict lower interest rates, and the interest rates started coming down. They're now at the lowest level in a quarter century.

And let me just ask for a show of hands. Has anybody here refinanced a home mortgage in the last six months? Could I see a show of hands? Hands all over the -- two of them -- Nick's refinanced two mortgages. I won't ask you how much you saved. But I bet if I went around this crowd and asked each one of you who raised your hands how much you saved, I'd hear \$175 a month, \$150 a month, \$200 a month, \$250 a month. That's -- \$500 a month? You saved that much. You must have a great house there. (Laughter.)

Okay. Well, the point I'm making is, that is money in the pockets of millions of American families. And, in fact, if we pass this plan and keep the interest rates down, the economists tell us that's going to pump \$100 billion into the American economy this year, just from all of the savings of so many hundred dollars a month from all of the people who have been able to refinance mortgages and get cheaper car loans and home loans and small business loans to expand. Now, that is a direct benefit of strong leadership to face the tough choices. But we have got to pass the plan. And we will pass the plan, because for these benefits, we are facing up to the difficult choices. For the benefits we're realizing now and those

we'll enjoy in the future, we are asking the Congress to make some very difficult spending cuts.

As the President said last night on the Larry King Show, for every \$10 in deficit reduction, \$5 comes from spending cuts. Over 200 deep spending cuts. Another \$4 will come from those with very high incomes.

What about the final dollar? Well, we're asking for an energy tax which is a contribution from middle-income families of how much? A dollar a week. A dollar a week. Now, that's a reasonable price to pay for lower interest rates, lower mortgages, economic expansion, an end to gridlock, more jobs, economic recovery, reclaiming our economic future, getting this country moving in the right direction again and having us on the right road. (Applause.)

Now, fourth, our plan while it makes dramatic cuts in government spending must not hurt the vulnerable, the elderly and the middle class as they were hurt during the budget of the last 12 years.

You know, the other side has been so partisan on this. We've asked for a nonpartisan, bipartisan approach. Not a single member of the other party in either the House or the Senate was willing to face up to the tough choices. And, you know, for my money that takes some gall for a crowd that presided over the quadrupling of the national debt in only 12 years to just sit back and take potshots and put out an alternative that has \$66 billion in what they called unspecified deficit reductions. That means we'll figure that out later on. Yes, they will. Just about like they figured it out the last 12 years, which led to this quadrupling of the national debt. (Applause.)

We've had enough of that nonsense and partisanship. Our country wants leadership and change and economic progress. (Applause.) The Wall Street Journal did an analysis of the alternative plan and said it amounted to a proposal for no new anything. (Laughter.) That's right. It wasn't their editorial section, it was their economic reporters. They've got some sense.

Now, finally, as we bring down the deficit we cannot neglect essential investments that we know, historically and economically, will result in jobs, growth, more opportunity, more profits and more prosperity now and in the future. Although the final list of incentives will be the subject of compromise in the conference committee, there are three growth measures that we feel very strongly about: capital gains tax reduction targeted at small business that rewards venture capital for one. The empowerment zones in cities and rural areas that will make free enterprise work in distressed places that need more business activity. And, third, the doubling of expensing provisions in the tax code -- essential for small business people. (Applause.)

We must have a bill that contains these measures. And I speak for the President directly on this. We believe that if we get some of the other moving pieces in the conference report done right, we can achieve more as well. In our original economic plan, as you know, we extend and make retroactive the 25 percent deduction for health insurance premiums. We propose permanently extending the research and development credit. We changed the passive loss provisions in real estate to get homebuilding and real estate moving again. We feel that's very important and critical to the real estate and home building industries. (Applause.)

In every case, we identified and proposed measures that are good for job creation, good for small business profitability, and right for these economic times. Of course, our national economic strategy goes further. We believe that alleviating the credit crunch

is essential for the economic health of our country. And the regulators are moving affirmatively -- not fast enough yet, but moving affirmatively, and the President is right on top of this, to make more capital available to small businesspeople and to others.

We're making great strides in the area of deregulation so that our requirements on business don't interfere with jobs and growth. And, most important, the President nominated and the Senate confirmed this person I bragged on earlier here -- Erskine Bowles, who is an experienced entrepreneur, who will be the best friend of small business the SBA has ever had. (Applause.) He's a member of our National Economic Council and a constant presence in the formation of our economic policy to make certain that small business has a loud, persuasive voice at the table when the economic policy decisions are made.

Now, the final initial piece of strategy to create jobs and long-term growth has to be health care reform. No plan to reduce the deficit works over the long term unless we control health costs, and no plan to stimulate the economy and support small business and create more jobs can work unless and until we reform health care.

The final details of our health care plan haven't been finalized yet, but some of them have been. We will give you bulk purchasing power so that small business owners will have the same leverage in buying health insurance as large corporations have now. (Applause.)

We will simplify dramatically the paperwork and the redundant forms, and the government will reform worker's compensation by covering work-related injuries under health care. And in the overall plan, we must cover the unemployed uninsured. If we don't take these steps, the cost-shifting that has led to such a dramatic increase in health care costs for small business will continue, rising 20 percent, 30 percent a year. That's what's been happening. We've got to find a better way and we will.

Now, in conclusion, let me say that our economic plan will work. It's going to work. Recovery is coming. More jobs are coming. We tried it the other way as a nation. We tried ignoring the deficit, pretending that we could borrow so much money without consequence, pretending that we could make all streets run downhill. We tried shifting the tax code to benefit the largest and wealthiest corporations and individuals at the expense of small business and middle income families. We tried a lot of things at the margins of health care, trying to duck the fundamental reform that's needed. None of it worked. They've had their chance at gridlock and the old way of doing things. America wants change. They want to try something new. It's time for this plan to pass. (Applause.)

Now we have a chance to pass a deficit reduction plan and a package of growth incentives for small business that will create jobs and prosperity and opportunity in every community in America. But we're in the home stretch now, and we need your help now.

I remember I was out at Camden Yards for the All-Star Game last week, and I heard a story there about the first hit that Willie Mays had in the majors, and he hit it over the left-field roof in the Polo Grounds off of Warren Spahn. And after the game, the sports writers asked Warren Spahn what kind of pitch he threw. And he said, "Well, for the first 60 feet it was a hell of a pitch." (Laughter and applause.)

We're now coming into the homestretch. We've begun well. We need your help to hit this thing out of the park for change in America. If we continue to move ahead together as we have for six months, the next 20 years will be the best this country has ever had.

It's a period of profound change, but a period with tough choices. But making the tough choices is a small price to pay for the future our children deserve and our businesspeople deserve.

We're with you. We need you to be with us, and we thank you for your support. Thank you very much, ladies and gentlemen. (Applause.)

END

10:53 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 12, 1993

REMARKS BY THE PRESIDENT
IN APPOINTMENT OF SMALL BUSINESS ADMINISTRATOR ERSKINE BOWLES
AND CEREMONY HONORING SMALL BUSINESSPERSON OF THE YEAR

The Rose Garden

11:02 A.M. EDT

THE PRESIDENT: Please sit down, ladies and gentlemen. Good morning. It's great to see all of you here in the Rose Garden. I want to thank the Members of Congress who have joined us for this ceremony; and welcome, all of you, small businesspeople and your families from all across America here to the White House for this important day.

This is an extra special day to celebrate the winners of the Small Businesspeople of the Year Awards, because today we're also going to have the Oath of Office for the new Administrator of the Small Business Administration, Erskine Bowles. I chose Erskine for a very simple reason: because he's a businessperson and not a politician.

Too often in the past, the SBA has been the province of politics too much and business too little. This man has devoted his life to helping people start businesses, to helping them grow their businesses, to helping them reach out beyond the borders of their communities, to state and regional and national and international markets. He really understands what it's like to start and to keep going a business enterprise. His plans for the agency include a plan to improve the management and outreach to determine what we can do to actually create more success stories in the small business community.

He's already met, I know, with many of you who are here for this celebration. But that's just the beginning. I think you will see the most energetic, connected and continuous effort to reach out to small business that the SBA has ever given to the American small business community. (Applause.)

Now, I'd like to introduce Erskine and Judge James Dixon Phillips, Jr. of the Court of Appeals of the 4th Circuit in Durham, North Carolina, who will administer the Oath of Office. Erskine's wife, Crandall Bowles, will hold the Bible and then they will take it over from there.

Judge?

(The oath is administered.) (Applause.)

ADMINISTRATOR BOWLES: If you don't think this is an exciting day, you've never lived one. (Laughter.) Thank you, Mr. President. I am deeply honored to have been chosen by this President to head the Small Business Administration. I am also absolutely thrilled that my family could be here, and I'd just like to take a second to introduce them. My wife, Crandall, is here; my son Bill; my son Sam; my daughter Annie. I was so nervous the other day, I introduced my daughter as my son, Annie. (Laughter.) My Aunt Louise, my Uncle Richard, who has been a surrogate father to me since I lost my dad; my brother Hargrove; my mother; my sister, Holly; my

MORE

brother-in-law Jeff; and my sister Martha. I've got a big family. (Laughter and applause.)

Let me tell you why I'm so excited about this job. This job is the position that really gives me that unique opportunity to both serve my country and, at the same time, utilize those business skills that I have worked so long and hard to develop over the last 24 years. Let me tell you briefly -- and I mean briefly -- what my vision is and what my guiding principles and priorities will be.

My vision for the SBA truly reflects the President's vision for small business. This President is fully committed and fully understands the absolutely critical role that small business plays in our economy. Let there be no question in your mind, any of you here, that this President is determined to do what's absolutely necessary to help small business begin again to create the jobs this economy must have to move forward once more.

The President has set four priorities for me at the Small Business Administration. I want to tell you what they are, because I want to be held accountable.

First, we must do our part to end the credit crunch. We must find a way to free up capital for investment in small businesses. Small businesses are starved for capital. You know it, I know it, and the President knows it. (Applause.)

This President has already taken a giant step forward in this regard by removing the unnecessary and costly restrictions on banks that prevented them from making character loans. But we have to do more. Small businesses cannot grow and cannot create jobs without capital. It's as simple as that. And I promise you, we're going to do something about it.

Second, we must get rid of the unnecessary paperwork and bureaucratic regulations that inhibit the growth and productivity of small business. Government regulations have a disproportionately adverse effect on small companies. The President wants me to attack this issue head-on, and I absolutely commit to you that I'm going to do just that.

Third, we must restructure, reorganize and reinvigorate the SBA so that it operates in a more efficient, effective manner, so that it can truly serve our customer -- and I use that word "customer" on purpose -- the men and women just like you here today who own and operate small businesses throughout this country. You're our customer, and we're here to serve you.

Lastly, the President wants the SBA to be his eyes and ears in the small business community. And, I promise you -- the SBA will be just that. We will serve as the President's listening post, hearing the concerns and ideas of small business. I, in turn, plan to report these concerns directly to the President, thereby insuring that small business has a place at the economic table in the Clinton administration. (Applause.)

Now, I've said at the beginning I want to be held accountable. And I hope that each of you remembers these goals. Because, in four years, I'm looking forward to coming back and reminding you just how much this great President has done for small business.

President Clinton knows how to get the job done. I've worked with him. I've never seen a man who works harder. I am very proud to be on his team, representing you, the owners of small businesses, the engine that drives the economic train of this great country. (Applause.)

I am now very proud to give you the man I truly most admire and respect, a real leader in the finest sense of that word, the President of the United States. Thank you. (Applause.)

THE PRESIDENT: Thank you very much. I predict that over the next four years, small businessmen and women in every state in America will come to see Erskine Bowles as the best advocate I ever had. And I assure you that he is going to have a real influence on our economic policy.

Some evidence of that is the presence here today of the two other members of my Cabinet -- Ron Brown, the Secretary of Commerce; and Mickey Kantor, our U.S. Trade Representative. We are going to have a coordinated policy for small business. We have to have the Commerce Department, we have to have the Trade Office, we have to have the Treasury Department if we're going to attack all these issues. And I'm very, very proud of the team that we've got working on it.

Let me just mention one or two other things about the small business economy. We have spent most of our time in the last three months or so in meetings in this White House talking about the economy and talking about health care and its impact on the economy. Over and over and over, we come back to a central fact of the American economy in the last 12 years. In every year of the last 12 years, the biggest companies in America have reduced employment in this country, even as they were increasing productivity, even as their profits went up, even as their stock values went through the roof and Wall Street reached all-time highs -- in every year.

Some of that is because of being involved in other countries in a global economy; a lot of it is just using the technology of new productivity to have machines do more work, or have people do more work, overtime and more part-time workers. But the bottom line is, in every year employment has been reduced by the biggest businesses in this country.

In every year until about three years ago, the reduction in employment by big business was more than offset by the increase in employment by small businesses in America and by the start up of new businesses. Then, about three years ago, that, too, came to a halt because of a national and international recession, because of the credit crunch, because of the burgeoning costs of health care on smaller businesses and all the extra additional costs of hiring one more worker, whether it's worker's comp or some other cost or the Social Security costs.

The extra added costs to small business of hiring additional workers meant that, over the last two or three years, small businesses, even when they were growing, have relied more and more on overtime, more and more on temporary workers and less on adding to the job base of America. We have talked about this endlessly in these walls here, trying to come up with policies that would address that, trying to reward the spirit, the grit, the entrepreneurialism, the creativity of you and millions of Americans like you all over this country.

I have seen -- I suppose being a former governor of a small state -- as many small businesses up close as virtually anybody who ever occupied this office. I have more than a healthy respect for the fact that you now employ a majority of America's workers and create a huge majority of America's new jobs.

Just a couple of days ago, as I'm sure you all know, I went out to Ohio and to Illinois. And when I finished my speech in downtown Cleveland to the City Club before we went out to the airport, I told my entourage with no planning that I wanted to go back to a small business that I came across in the primary in Parma,

which is a suburb of Cleveland, to visit a woman named Mary Poldruhi, who became a friend of mine in the election. She started a business called Parma's Pierogis. And she did it as a Polish American, and no bank would loan her any money; so she got a telephone book and called hundreds of people in the telephone book with Polish surnames until she found 80 people who agreed to put up \$3,000 apiece to start her business, which she runs with her family and a couple of friends and which has done very, very well, indeed.

That is the sort of spirit and creativity that I'm sure -- I see a lot of you nodding because you identify with that experience in your own lives. I was so impressed with this woman and her family that, literally, I was sitting there in Cleveland -- we just decided to go back and see her and see how the business was doing and what could be done to try to stabilize this environment and make it better.

I want to talk about just two or three of the things we're trying to do. Erskine already mentioned the initiative that Secretary Bentsen organized to have the five major financial departments of the federal government work on trying to simplify regulations and end the credit crunch. A lot of businesspeople tell me that it takes a little time for the orders we issue in Washington to manifest themselves in the bank down the street. And if that's not happening, that is one of the things that Erskine Bowles is here to address. We are determined to change the environment which has led to so much withdrawing of capital when it ought to be out there plentiful now, given the economic conditions for new loans for good prospects.

Secondly, in the proposal that the Congress is now considering to bring the deficit down, there is a sweeping new proposal to provide a huge capital gains cuts for new investments and new enterprises to try to start more small businesses; and I hope it will have your support. We've also have asked for an extension of the 25 percent deduction of health care costs for the self-employed, which I think is very important.

And finally, we are in intense negotiations at this moment, as we speak, to guarantee that whatever comes out of the House Ways and Means Committee in the tax bill will include a substantial increase in incentives for small businesspeople to reinvest in their own companies. So these are the kinds of things that I hope will help us to generate more jobs and will support your efforts.

There is also a community development bank initiative and a big enterprise zone initiative that I think will help to spark more small businesses in distressed areas and rural communities and big cities. But over the long run, we have to have a healthy financial climate in the country. And that means that we must pass a budget this year that takes a strong step to bring this deficit down.

Ever since the election was over when the then-Secretary-Designate of the Treasury, Lloyd Bentsen, went on television and said we were going to have a tough deficit reduction plan and outlined some of the elements of it, interest rates have been going down in this country. Mortgage rates are at 20-year lows. The business journals say that if we could keep interest rates down this low for another few months, over \$100 billion will be released into this economy through refinancing of home mortgages and business loans and other things for new investment and new opportunities. Now, we know that someday interest rates will go up again, but we want it to happen when the economy starts to boom again. And we want the interest rates to stay down while we refinance and get as much new money as we can at low interest rates back into this economy.

A year ago, only 47 percent of the American people thought, for example, that the next generation of Americans would be able to afford a new home. Just a couple of weeks ago a bipartisan poll said 74 percent of the people now think that, because we're making a strong effort to bring the deficit down to hold the interest rates down. I wish there were easy and painless ways to do that, but it requires cuts and tax increases.

I'm going up to New York after I leave you today to announce at the Cooper Union that I am going to support, strongly, the proposition that we guarantee the American people two things: number one is, no tax increases without the spending cuts. And number two is, that tax increases will go to reduce the deficit, by creating a legally separate deficit reduction trust fund which will tell you where your money is going. I think that this will do as much as anything else we can do to make your lives healthier over the long run. (Applause.)

Let me finally make one last point. We didn't get into our economic difficulties overnight, nor at the hand of any particular party. There is enough blame to go around and there will be enough credit to go around if we work our way out of it. I want to reiterate what I have tried to say since the day I became President. I do not seek a Democratic or a Republican resolution of America's problems. I would like for us to define an American solution that goes beyond the paralyzing debates of the past.

And there -- in spite of the fact that we've had a little of that here, there's also a lot of evidence that we are moving beyond it. We've passed a budget resolution in record time. The Congress passed the Motor Voter bill yesterday which had strong opposition; but it's a great thing and the young people of this country are very excited because it will make it easier for them to vote.

In the last election we had more young people voting than any time in twenty years, and there was a sense that we could give our political system back to the people who are the true owners of it. So I think there is every reason to hope that we can still build a sense of possibility and hope and progress among people of good faith in both parties, and I want to encourage that. And it ought to be rooted in ideas and in action, because that's really the sort of thing that brought all of you here today.

I hardly ever have had what you would call a conventional political discussion with a small businessperson. (Laughter.) You know, I mean, if I go in and I talk to somebody about, can you afford health care, what's your coverage, what are the options, what's the matter with the insurance coverage, how big is the pool you're in, the words Democrat and Republican never come up. Somebody says they went down to the bank and they couldn't get a loan or they -- and here were the problems and look at this stack of paper from the Small Business Administration I had to fill out. Nobody ever put a political context on it. And I hope that we can focus our attention here on our problems and ask openly what should be done about them in the same way that you and I would engage if we were just having a personal conversation in your place of business.

The triumphs of the people we honor here today, it seems to me, are the triumphs of America. The idea that you've got a right to take a chance, you've got a right to fail so that you have the right to succeed, you're given the opportunity in a free-market economy to bring your ideas to bear and see if people respond.

I have been terribly impressed -- I've read the life histories of a lot of the award winners that are here today, and not just the three that we come to recognize. And I wish I could say something about all of you who are represented. But, as you know,

the purpose of this ceremony is to recognize the second runner-up, the first runner-up and the Small Businessperson of the Year. I just want to say to all the rest of you, we honor your achievements and we know that these people, in a fundamental and profound sense, are reflective of what all of you have done.

For David Parker, success has been what you might call an open-and-shut case. His Pelican Products of Torrance, California began as a scuba supply manufacturer, but now is best known as a maker of suitcases and containers that are so hardy they're used in the environmental safety industry. They've even survived on a trip to Mt. Everest, something I'm not sure I could do. Now, that is a real climb to success.

I want to ask David to come up here and receive our congratulations as a second runner-up in the Small Businessperson of the Year. (Applause.)

Carol Rae was hired as a consultant to the Magnum Diamond Corporation. But in no time, she was asked to run the company. Now, I can tell you, as somebody who has fooled with a lot of consultants, that in itself is an incredible compliment. (Laughter and applause.)

As president of the business, she's made it a leader in surgical tools for eye surgery. The Rapid City, South Dakota company has grown from seven employees to 68 in about four years. That's a very impressive achievement for Carol Rae, our first runner-up.

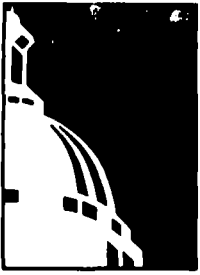
Would you please come forward and be recognized?
(Applause.)

Did you hear what she said? "I'm one of his customers."
(Laughter.)

Bill Engler, Jr. is the CEO of Kaytee Products, and that makes him the biggest employer in Chilton, Wisconsin. Kaytee is a case study of making change your friend and not your enemy. The business has been in his family since 1866 when it sold feed and grain -- something I know a little bit about. (Laughter.) But it wasn't until Bill took over nine years ago that the business began a growth explosion. Kaytee now sells only wild bird and pet food, and it's gone from 64 employees to 364 workers. Sales went up from \$10.6 million to more than \$70 million. And, for his amazing accomplishments, Bill Engler, Jr. has been chosen the Small Businessperson of the Year. Let's bring him up with a hand. (Applause.)

MR. ENGLER: Thank you very much. Mr. President, thank you so much; Mr. Administrator. This is just an incredible honor for me, my family, my brother and sister and father, who are owners of the business, and the 350 employees, my wife, Gail, and the six children that we have, all of whom have been extremely supportive and I am here just representing them. And it is just my deep honor to accept this recognition. And I am very humble because I know how many of you have tried very hard and are so successful in your business and so many of you could be standing here just like I am. And thank you again, very much. (Applause.)

THE PRESIDENT: I want to salute you all. I want to wish you continued success. I want to pledge you continued access to this administration. I want to ask you now as you leave here to give us the benefit of your ideas, your suggestions, your constructive criticisms and help us to bring to the White House the kind of entrepreneurial spirit that you have brought to your businesses and that we must all bring to the United States. Thank you very much.



**SMALL BUSINESS
LEGISLATIVE
COUNCIL**

NEWS RELEASE

For more information contact:

John S. Satagaj
(202) 639-8500

May 12, 1993

SMALL BUSINESS APPLAUDS DIRECT EXPENSING PROVISION

"We are pleased the President has offered to revise his tax incentives for small business" said H. Ted Olson, Chairman of the Small Business Legislative Council (SBLC), speaking of the Administration's indication to the Committee on Ways and Means the President would support an increase in the amount a small business can write off as a direct expense from \$10,000 to \$25,000.

"We hope the Committee on Ways and Means will accept the proposal which we understand has been put forth by Chairman Rostenkowski. Direct expensing has always been a high priority for small business and SBLC in particular, and was a priority for the delegates of both the 1980 and 1986 White House Conferences on Small Business. Cash flow is the lifeline of small business, and any provision that allows them to write off immediately the cost of new equipment keeps the lifeline open," continued Olson.

Olson noted: "The President has clearly indicated throughout the campaign, and his first 100 days in office, his commitment to small business. The fact he was willing to make course adjustments indicates the commitment remains a high priority."

Olson continued: "Of course, we must also note the role of Chairman Rostenkowski. It comes to us as no surprise the chairman would be involved in this initiative. Many people forget that Chairman Rostenkowski first came to the aid of small business in this subject area in 1981, when he played an instrumental role in securing passage of the original Section 179 provision. We were pleased to be allied with him then, and we are happy to be working with him again. We have always found the Chairman to be willing to listen to our concerns."

"Addition of direct expensing is a major improvement. The increase in the direct expensing will help millions of smaller businesses. While we are sorry the Committee could not make the Investment Tax Credit work for small business, this is a very positive alternative," continued Olson.

Olson also noted: "We have raised a number of issues regarding the budget reconciliation package. We said from the start, we expected to work with this Administration and Congress to try to work things out. The process has a long way to go and we look forward to addressing such issues as the disproportionate impact of the lobbying deduction prohibition on small business."

Olson concluded: "Whatever is said about the impact of the budget reconciliation process on small business, it must be recognized an increase in the direct expensing provision has long been sought by small business, it is of direct benefit exclusively to small business and its adoption is reaffirmation of the important role small business plays in the economy and economic policy. Our hats off again to the President and Chairman Rostenkowski."

The SBLC is a permanent, independent coalition of nearly one hundred trade and professional associations that share a common commitment to the future of small business. Our members represent the interests of small businesses in such diverse economic sectors as manufacturing, retailing, distribution, professional and technical services, construction, transportation, and agriculture. Our policies are developed through a consensus among our membership. Individual associations may express their own views. For your information, a list of our members is enclosed.

/S2715



Members of the Small Business Legislative Council

Air Conditioning Contractors of America
Alliance for Affordable Health Care
Alliance of Independent Store Owners and Professionals
American Animal Hospital Association
American Association of Nurserymen
American Bus Association
American Consulting Engineers Council
American Council of Independent Laboratories
American Floorcovering Association
American Machine Tool Distributors Association
American Road & Transportation Builders Association
American Society of Travel Agents, Inc.
American Sod Producers Association
American Subcontractors Association
American Textile Machinery Association
American Trucking Associations, Inc.
American Warehouse Association
American Wholesale Marketers Association
AMT-The Association for Manufacturing Technology
Apparel Retailers of America
Architectural Precast Association
Associated Builders & Contractors
Associated Equipment Distributors
Associated Landscape Contractors of America
Association of Small Business Development Centers
Automotive Service Association
Bowling Proprietors Association of America
Building Service Contractors Association International
Business Advertising Council
Christian Booksellers Association
Council of Fleet Specialists
Electronics Representatives Association
Florists' Transworld Delivery Association
Helicopter Association International
Independent Bakers Association
Independent Medical Distributors Association
International Association of Refrigerated Warehouses
International Communications Industries Association
International Formalwear Association
International Television Association
Machinery Dealers National Association
Manufacturers Agents National Association
Manufacturers Representatives of America, Inc.
Mechanical Contractors Association of America, Inc.
National Association for the Self-Employed
National Association of Brick Distributors
National Association of Catalog Showroom Merchandisers

National Association of Home Builders
National Association of Investment Companies
National Association of Plumbing-Heating-Cooling Contractors
National Association of Private Enterprise
National Association of Realtors
National Association of Retail Druggists
National Association of RV Parks and Campgrounds
National Association of Small Business Investment Companies
National Association of the Remodeling Industry
National Association of Truck Stop Operators
National Chimney Sweep Guild
National Coffee Service Association
National Electrical Contractors Association
National Electrical Manufacturers Representatives Association
National Fastener Distributors Association
National Food Brokers Association
National Grocers Association
National Independent Flag Dealers Association
National Knitwear & Sportswear Association
National Limousine Association
National Lumber & Building Material Dealers Association
National Moving and Storage Association
National Ornamental & Miscellaneous Metals Association
National Paperbox Association
National Shoe Retailers Association
National Society of Public Accountants
National Tire Dealers & Retreaders Association
National Tooling and Machining Association
National Tour Association
National Venture Capital Association
Opticians Association of America
Organization for the Protection and Advancement of Small Telephone Companies
Passenger Vessel Association
Petroleum Marketers Association of America
Power Transmission Representatives Association
Printing Industries of America, Inc.
Professional Plant Growers Association
Retail Bakers of America
Small Business Council of America, Inc.
SMC/Pennsylvania Small Business
Society of American Florists
Specialty Advertising Association International
United Bus Owners of America

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.



Consumer News

**Consumers
Educators
Business
Government**

A Report on U.S. Office of Consumer Affairs Activities

VOLUME 15, NUMBER 11

NOVEMBER/DECEMBER 1994

NCW '94 Focused on Consumer Bill of Rights

The events and activities of National Consumers Week 1994 (NCW) focused attention on educating and encouraging American consumers to be responsible in the marketplace. The theme for NCW '94 was "Know Your Consumer Rights."

Through workshops and other forums, consumers were given the message to preserve their rights by exercising them every time they make a spending decision. The marketplace will work responsibly and efficiently, but only if consumers demand it.

The highlight of NCW was President Bill Clinton's proclamation adding a sixth right, "The Right to Service," to the Consumer Bill of Rights established by President John F. Kennedy in 1962. The latest addition outlines the right to convenience, courtesy, and responsiveness to consumer problems and needs, and all steps necessary to ensure that products and services meet the quality and performance levels claimed for them.

Other NCW highlights:

✓ A kick-off news conference, at the National Press Club, sponsored by AT&T

and the National Institute for Consumer Education and featuring two former Presidential consumer advisers, Esther Peterson and Virginia Knauer;

✓ "Life Smarts—The Ultimate Consumer Challenge," a program sponsored by the National Coalition for Consumer Education, National Association of Attorneys General (NAAG) and MCI, designed to test high school students' knowledge of their consumer rights;

✓ A videoconference, sponsored by SPRINT, NAAG and the National Association of Consumer Agency Administrators, on consumer issues. The videoconference was conducted in a talk show format at SPRINT's Washington, D.C. facility, with remotes from Atlanta, Denver and Kansas City; the emphasis was on targeting grassroots and traditionally underserved consumers; and

✓ A news media briefing, sponsored by the Federal Reserve Board and



Then USOCA Director Polly Baca (center) welcomed former directors Virginia Knauer (left) and Esther Peterson (right) to NCW's kick-off news conference.

USOCA, to publicize the release of a new brochure with information on credit cards. The brochure is called, "Shop—The Card You Pick Can Save You Money."

Summing up the achievements of 1994 National Consumers Week, Acting USOCA Director Bernice Friedlander said: "USOCA is proud to have worked with the many co-sponsors from business, law enforcement and the consumer community to produce an exciting and informative national program for National Consumers Week. Newspaper and magazine clips received in our office number more than 1,500, covering national, regional and local initiatives. It took thousands of volunteers from all walks of life to successfully accomplish this effort. Your work was exceptional. Thanks to you, the country is more aware of the importance of our theme, 'Know Your Consumer Rights.' Now let's roll up our sleeves and work together to surpass our achievements in 1995."

Polly Baca Returns to Denver



President Clinton has asked USOCA Director Polly Baca to head up the General Services Administration's (GSA) regional office in Denver. Ms. Baca, who took over the region 8 office in mid-November, is working on streamlining the region, introducing new training techniques, with an emphasis on diversity training, and implementing Vice President Gore's National Performance Review recommendations.

GSA's Rocky Mountain Region covers the states of Colorado, Wyoming, North Dakota, South Dakota, Montana and Utah. Ms. Baca's new address is General

Services Administration, P.O. Box 25006, Denver, CO 80225.

Health and Human Services Secretary Donna Shalala has appointed Bernice Friedlander acting director of the U.S. Office of Consumer Affairs.

THE WHITE HOUSE
OFFICE OF MEDIA AFFAIRS

For Immediate Release

July 15, 1993

SMALL BUSINESS HELPED BY CLINTON ECONOMIC PLAN

The White House today announced the release of two studies that show President Clinton's economic plan will create jobs for small businesses throughout America.

In letters from Congress's Joint Economic Committee and the National Venture Capital Association, these organizations estimate that the President's economic plan will create 200,000 small business jobs over the next four years.

Deputy Secretary of the Treasury Roger Altman said: **The Clinton Plan is pro-small business** and includes several provisions to create and grow small businesses -- including more than doubling the expensing provision, a targeted small business capital gains tax cut, and lower interest rates as a result of real deficit reduction, the lowest long-term interest rates in 16 years. In addition the Clinton plan brings fairness to small business with **96% of small businesses** being exempt from new income taxes.

In addition, Altman said that the 4% of small businesses who will pay higher income taxes are **not mom-and-pop businesses**. The average affected individual -- many of whom are doctors, lawyers, investment bankers and consultants -- makes **\$560,000 a year**.

President Clinton has also launched an aggressive assault against the credit crunch to provide capital for small businesses to expand and create jobs. This initiative includes more than ten separate regulatory changes to get credit flowing.

The President's plan will create **8 million jobs** over the next four years. Studies show that two of the President's small business investments alone will create **200,000 small business jobs**.

A fact sheet of small business benefits is attached as well as the text of the two letters.

**SMALL BUSINESSES WILL BENEFIT FROM THE CLINTON PLAN
FACT SHEET
July 14, 1993**

The Clinton Economic Plan is fair and beneficial to small businesses. The vast majority of small businesses will come out ahead under the tax proposals in the Clinton plan.

THE CLINTON PLAN IS PRO-SMALL BUSINESS. Those that plow money back into their businesses for economic growth and expansion will be able to take advantage of tax incentives like the expensing provisions and the capital gains exclusion for investments in small business. Benefits include:

***-- Lower borrowing costs.** Markets have responded to the President's deficit reduction plan. Long-term interest rates are at a 16-year low, and mortgage rates are at a 20-year low.

***-- Increased expensing.** The President proposed more than doubling from \$10,000 the investment that small business will be able to expense immediately.

***-- Special capital gains tax cut for investments in small business.** The President has strongly supported a new provision to cut capital gains taxes for new investment in small businesses.

***-- Retroactive extension of the 25% deduction for health insurance premiums of the self-employed.**

***-- Retroactive extension of the ability of State and local governments to issue tax-exempt bonds for small businesses.**

THE CLINTON PLAN WILL SPUR JOB GROWTH: During the last four years, only one million private sector jobs were created --just 20,000 a month. In the first five months of the Clinton Administration, 740,000 private sector jobs have been created ---over 140,000 jobs per month -- seven times the rate of the last Administration. Several independent analysts have projected that growth in the economy under the Clinton plan will create over 8 million jobs in the next four years. Furthermore, studies by the Joint Economic Committee and the National Venture Capital Association show that the President's capital gains cut for small businesses and his expensing provision will create at least an additional 200,000 jobs in small businesses.

ONLY THE TOP 1.2% WILL PAY INCREASED INCOME TAXES. The Clinton plan raises income taxes only on households who take in over \$180,000 a year or individual filers who take in over \$140,000 a year (adjusted gross income). No matter what your occupation, you will only pay more income tax if you have a yearly income of \$180,000. And no family that makes less than approximately \$180,000 will pay any higher income tax.

Fact Sheet Page Two

ONLY 4.2% OF SMALL BUSINESS OWNERS THAT FILE INDIVIDUAL RETURNS WILL BE AFFECTED. Some small business owners who are among the top 1% of taxpayers will have to pay more. But only 4.2% of the business owners that file individual returns -- proprietorships, partnerships or subchapter S corporations -- will be affected by the increases in individual tax rates, because only 4.2% of these returns show income over \$180,000 a year. The other 95.8% of small businesses and subchapter S corporation owners will not be affected at all by increased income tax rates.

THOSE BUSINESS OWNERS THAT WILL PAY MORE ARE WELL-OFF AND OFTEN ARE DOCTORS, LAW PARTNERS, INVESTMENT BANKERS AND CONSULTANTS WITH LUCRATIVE PRACTICES: Those 4.2% of business owners who will pay higher income taxes are quite well-off. The average business owner that will pay more makes \$560,000 a year and nearly half (43%) of all income of these taxpayers goes to people who make over \$1 million. Often these business owners are highly-paid doctors, lawyers or investment bankers rather than owners of small businesses such as the corner store.

AGGRESSIVE ASSAULT ON THE CREDIT CRUNCH: The President has implemented more than 10 regulatory initiatives designed to increase lending to small and medium-sized businesses. These initiatives have cut unnecessary paperwork and regulations, increased bankers' ability to make "character" loans, and created an ombudsman so that regulatory mistakes get corrected. The bottom line is more business loans at lower interest rates.

NATIONAL VENTURE CAPITAL ASSOCIATION
1655 North Fort Myer Drive
Suite 700
Arlington, Virginia 22209

July 15, 1993

The Honorable Erskin Bowles, Administrator
Small Business Administration
409 Third Street, S.W.
Washington, DC 20416

Dear Mr. Bowles:

The National Venture Capital Association annually conducts a study of the impact of venture capital on the United States economy. This study is produced by the independent accounting firm of Coopers & Lybrand and the information and advisory company, Venture Economics. The last study was released in October, 1992 and provides data regarding how efficiently emerging growth companies produce jobs when they have sufficient capital to do so.

NVCA understands the U.S. Treasury estimates that \$700 million per year over five years will be invested if the targeted capital gains provision now contained in the House-passed version of the FY 1994 Budget Reconciliation bill (HR 2264) is enacted into law.

NVCA has determined through its most recent economic impact study that (non-bioscience) emerging growth companies create one job for each \$44,500 of equity investment. Thus, we can conservatively estimate that the targeted capital gains provision will create approximately 16,000 jobs each year for five years, or an estimated 80,000 jobs over the five year period.

This estimate is conservative because the companies surveyed were predominately technology related. The percentage of highly skilled positions created by the survey respondents is over four times greater than the national economy as a whole. Additionally, there is no multiplier used for the ripple effect of additional jobs created to provide the goods and services required by emerging growth companies. Taking these considerations into account, it is likely that well over 100,000 jobs could be created under the targeted capital gains provision currently being debated in conference.

I hope this information proves useful.

Sincerely,

NATIONAL VENTURE CAPITAL ASSOCIATION
Daniel T. Kingsley
Executive Director

CONGRESS OF THE UNITED STATES

Joint Economic Committee

Washington, DC 20510-6602

The Honorable Erskin Bowles, Administrator
Small Business Association
409 Third Street, S.W.
Washington, DC 20416

Dear Mr. Bowles:

This letter provides an estimate of the number of jobs that would be created by an increase in business investment of \$1 billion per year, which the Treasury Department estimates would result from the President's proposal to liberalize expensing of investments by small businesses.

An exact figure cannot be computed without knowing the kinds of products that would be purchased by small businesses, the percent of imports, etc. However, a rough estimate can be made. In 1990 -- the latest data available -- durable goods industries produced \$563.4 billion of output, according to the Commerce Department's data on Gross Product by Industry, while employing 11,109,000 payroll employees, according to the Bureau of Labor Statistics. This means the average worker produced \$50,716 of output. Since 1990, real output per worker has risen slightly but so have prices, so the average worker in durable goods industries today still should produce about \$50,700 of output. Thus, assuming it takes one new worker to produce an additional \$50,700 of output, a \$1 billion increase in investment spending should generate roughly about 19,700 new jobs.

I hope this information will be useful.

Sincerely,

William R. Buechner
Senior Economist

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 13, 1993

REMARKS BY THE PRESIDENT
TO SMALL BUSINESS LEADERS

Room 450
Old Executive Office Building

10:50 A.M. EDT

THE PRESIDENT: Thank you very much. Erskine's only been here a day and he's already become one of us. (Laughter.) And you just saw an illustration of Clinton's third law of politics: Whenever possible, always be introduced by someone you've appointed to high office. (Laughter.)

I want to introduce the people who are here with me first, starting on my left. Frank Newman, the Under Secretary of the Treasury; and Roger Altman, the Deputy Secretary of the Treasury. Laura Tyson, the chair of the Council of Economic Advisors. You met Erskine Bowles. And next to Erskine is Andrew Cuomo, the Assistant Secretary of the Department of Housing and Urban Development who, among other things, is responsible for developing and implementing our empowerment zone proposal for cities and small towns and rural areas that are economically distressed and that need more free enterprise.

I'd like to thank all of you for coming, but I'd like to also pay a special word of recognition to the smallest entrepreneurs that are here. These young people are from Theodore Roosevelt Elementary School in Houston, Texas. They are second graders. And shortly after I was inaugurated, in February sometime, they sent me this book. I got your book. (Laughter.) With all their letters, telling me what I ought to be doing. (Laughter and applause.) "How are you going to stop the violence and crime? If you will, completely stop it." See, everybody wrote me a letter and there are pictures. "Can you keep companies from making guns so we won't have crime?" And it goes on and on.

But the reason they're here is that they are really the smallest entrepreneurs. They sold 22,000 candy bars to raise the money to come to Washington. So I think they deserve a hand. (Applause.) Thank you.

I want to thank you for taking your valuable time to come here today so that we could talk about the shape of the small business initiatives in the economic program, now well on its way to moving through Congress. So many of you are the best representatives of American small business. For instance, Nancy Alchuleta has led the Mevatec Corporation in Huntsville, Alabama to compete and win in the world marketplace with a new emphasis on high technology.

William Gordon, the President of Applied Data Technology is a high-tech company which has grown from seven employees in 1986 to over 100 today. Paul Sam, President of Holly Metals, has grown from a custom sheet metal company to the fabrication of metal parts for Boeing, and a high-tech composite painting facility.

These are the kinds of things that we need more of in America. As I said yesterday in giving out the Small Businessperson of the Year Awards, the United States benefited greatly, particularly

MORE

in the last 10 to 12 years, from the fact that small business created more jobs than were lost in the large business sector of this economy. It is a little-known fact to most Americans, but in every year of the last dozen, the largest businesses in the country, the Fortune 500 have reduced their employment in the United States by somewhere in the neighborhood in the total of 200,000 jobs. Even as profits increased and productivity increased and stock values increased, the technological advances of productivity led to an actual reduction in the work force, not an increase.

For all of the 1980s until the very end of the decade, those reductions were far more than offset by the growing vibrancy of an entrepreneurial economy in America. Indeed, many of the small businesses were contractors and customers and suppliers for the larger businesses in the country.

Then, about three years ago the small business job engine began to slow down. And there are any number of reasons why. There was a domestic recession, there is a global recession. The credit crunch in parts of our country plainly contributed to it. The substantial increase in the cost of adding one more employee in terms of Social Security, worker's comp, health care and other things has certainly led to the use of more part-time employees, or asking the existing work force to do more overtime. And you may pay a little more for overtime, but you save all the supplemental costs of hiring the additional employee.

Although things are perfectly rational choices, but what they have meant for the United States is that we've had quite a stagnant unemployment rate -- one that mirrors, I might add, every other advanced country in the world.

At seven percent, our unemployment rate is about the same as Western Germany's, and still lower than all of Europe; higher than Japan, which has, as you know, a very different sort of economic system than we do. But even there, they've had trouble now creating new jobs, and many companies there are having some of the first layoffs they've ever had.

I say that to make the following point: Larger companies, just like the federal government, will have no choice but to continue to try to improve productivity and use technology to do more with fewer workers, to increase output per worker. One of the things I'm trying to do here that we're writing into the law, this new budget proposal, is to reduce the size of the federal government by attrition by at least 100,000 workers, by increasing productivity and restructuring. But that's what the national government should be doing.

But if these things are going to occur in our larger organizations, then we have to find a way to preserve the vitality of small business and to increase the capacity of small business to add to the American work force. If everybody in this country who wanted a job had one, we wouldn't have half the problems that we wrestle about all day up here every day. And, frankly, you and people like you all over America are the best prospect we have for getting that done. That's why we worked as hard as we could to try to create an economic program that would benefit small business.

Our policy first begins with deficit reduction. The deficit reduction package that the government has put forward and that the House of Representatives is in the process of coming to grips with now clearly has had a major impact in driving interest rates down over the long run. Since November there has been a dramatic reduction in interest rates, home mortgage is at a 20 year low, many other interest rates at historic lows. The business analysts estimate that if we can keep these rates down for several more months the impact will be about \$100 billion released into this

economy, principally through refinancing of home mortgages and business loans and other refinancing as well as the direct benefit of the lower costs of borrowing. That's why I always say the best stimulus program that we can give to this economy just to stimulate growth is to keep these interest, and to keep driving them down and to keep driving the deficit down.

Yesterday, in an attempt to build up a sense of real confidence that the administration means business and that the Congress will mean business if they pass this program, I propose that we put all the taxes raised and the budget reductions into a deficit reduction trust fund so that, number one, no tax increase without budget cuts; number two, no tax increase for anything but reducing the deficit. And putting that in a trust fund, I think, will hammer home the determination that we have to bring the deficit down and to try to keep the interest rates down.

The second thing I think we have to do is to recognize that there are some initiatives which need to be taken to try to improve the access to capital for small business. One of the first things this administration made an aggressive effort to do was to deal with the credit crunch that I heard about all over America, but especially in certain parts of the United States. We're trying to make it easier for small businesses to apply for and to obtain loans when they are appropriate and needed to expand and create new jobs.

In March, I announced this plan to ease the credit crunch by reducing some excessively restrictive regulations imposed in reaction to the Savings and Loan debacle. Our plans strikes a better balance, I think, so that we can have both safety and credit availability. Banks have more leeway now to make character loans based on the reputation of the borrower. We also have moved to ease the paperwork burdens because it shouldn't be as burdensome to get a \$25,000 loan as it is to get a \$25-million one, and it certainly is, in a large measure, because of direct federal rules and regulations.

We have the Treasury and all the financial agencies of the federal government working on this. We now have an SBA Director who understands it all too well since before he became SBA Director his job was to help other people start new businesses, which is what he did very successfully.

We also know and we're not naive enough to think that just because we announced the policy in March the practice changed in every community bank and every community in this country; we know that hasn't happened. And I have made an offer and I make it again here today of requesting the small business community to tell us -- to tell the Small Business Administrator where the plan for easing the credit crunch is working and where it isn't, and what we can do to work through that. The Treasury Department can only do so much until it knows where the backlog and the problems are. So we invite your participation to make the policy we announced in March real in your community as soon as can possibly do that.

The second thing that we have done since we've been here is to try to canvas the small business community about what kind of tax incentive would best serve to help small businesses engage in job creation. Yesterday, the House Ways and Means Subcommittee voted to increase from \$10,000 to \$25,000 the maximum amount of new investments that a small business can deduct as expenses every year. This means that when you invest so that your company can grow you can immediately write off \$25,000 worth of that investment. If that becomes law, it will be directly because of the input of the small business community to this administration as well as to the Congress.

When I ran for president in 1992, virtually all the small businesspeople I met talked to be about how those which were family-owned businesses and commitments of a lifetime would not have

much immediate benefit from the capital gains tax, and they asked for some sort of investment credit. That's why I recommended the permanent small business investment tax credit as compared with a capital gains option. After we got here, the small business organization said that, as a practical matter, we would get more buying for the buck and it would be easier for more small businesses if we simply just increased the expensing provisions to \$25,000. That change is directly the result of the input of the small business community in this country. I hope it becomes law and I hope you will do everything you can to see that it does become law. (Applause.)

Now, there is a capital gains provision left in this bill which I think is very helpful. It provides a big exclusion from capital gains taxation to help small businesses get started and to invest in completely new projects. That was one put forward by the American Venture Capital Association and sponsored in the previous Congress, among others, by the senior Senator from my state, Dale Bumpers, who's the chairman of the Small Business Committee. I think that should stay in the law; we're working hard to make sure that it does. I think it now has virtually unanimous support.

Finally, we have decided we should try to offer some very special opportunities in a network of empowerment zones and enterprise communities all across America. In the empowerment zones, we're offering small businesses an employment and training credit of 25 percent of the first \$20,000 in wages for employees who live and work in the zones, a targeted jobs tax credit of 40 percent on \$6,000 of the first year of wages for these workers, and an increase in the ability to deduct appreciable property.

All these things are our effort to help communities that are willing to help themselves by developing a long-term strategy to grow through private sector and private-public cooperation. To do that, to attract capital in businesses, I am convinced -- and I think that you are all convinced -- that with the size of the deficit we have, there is not enough money in America to have a publicly-funded revitalization of America's most distressed communities.

But wherever in America there are people who are underutilized, there is a market opportunity. Because when people are working up to the fullest of their capacity, then they have money to spend and they create jobs for others. So when I look at all these places in America which for too long have been without businesses on their streetcorners or in their small towns, or in their hamlets, I see enormous opportunity. I see in people whose potential is not fulfilled the opportunity to make free enterprise work again.

We all know there are certain considerable barriers to dealing with that. I'm trying to make some of the high crime areas much more attractive by simply lowering the crime rate. We know we can do that through community policing. And I've asked the United States Congress to give us some money to put more police on the street in these communities to help make them safer and lower the crime rate. We know that works; there is clear evidence of that.

In New York City alone, after the comprehensive community policing program, established by the man who is now our Drug Czar, Lee Brown, for the first time in 36 years the crime rate actually went down in seven major areas. So we know these things can be done.

We know we have responsibilities to make these areas more attractive. But if this empowerment concept can pass, then it will be more attractive for you and people like you all across America to take that extra risk to go into places where there is an enormous prospect of return if a whole lot of people with no income all of a sudden wind up having income and can be customers as well as employees. And I hope all of you will support the empowerment zones.

We've talked and talked and talked about our cities and our drying up rural communities for years, Democrats and Republicans, they wring their hands every year and nothing ever happens. I say, let's try this, let's see if it works. Let's see if we can have a public-private partnership that works. If it doesn't work, we'll try something else. But the one thing that we know doesn't work is more words. We've had more words for years. We've had wars of words from people across political and party and regional lines, and that hasn't worked; and that's not ever going to work. So I hope we can try this and see once and for all whether the government can create an environment which makes it more attractive for free enterprise to flourish in areas where it hasn't.

Finally, let me say again, I appreciate the burdens under which you labor. I recognize that some of you, perhaps most of you in this room, would pay higher personal tax rates under the program I have proposed. I hope you will support it anyway, because if we do it right, most Americans will save more in long-term lower interest rates than they'll pay in higher taxes, the country will be much better off if we can pass the expensing provisions, the capital gains provisions, the enterprise zone provisions. If we can make our plan to ease the credit crunch work, then small business in the '90s can once again resume its proper role in America as the true engine of our job growth, and there will be more people like you with rewarding stories to tell.

And, perhaps more important of all, when these kids grow up, they'll have a chance to be just as entrepreneurial as they have been in getting themselves here today.

Thank you very much. (Applause.)

END

11:07 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 13, 1993

REMARKS BY THE PRESIDENT
TO SMALL BUSINESS LEADERS

Room 450
Old Executive Office Building

10:50 A.M. EDT

THE PRESIDENT: Thank you very much. Erskine's only been here a day and he's already become one of us. (Laughter.) And you just saw an illustration of Clinton's third law of politics: Whenever possible, always be introduced by someone you've appointed to high office. (Laughter.)

I want to introduce the people who are here with me first, starting on my left. Frank Newman, the Under Secretary of the Treasury; and Roger Altman, the Deputy Secretary of the Treasury. Laura Tyson, the chair of the Council of Economic Advisors. You met Erskine Bowles. And next to Erskine is Andrew Cuomo, the Assistant Secretary of the Department of Housing and Urban Development who, among other things, is responsible for developing and implementing our empowerment zone proposal for cities and small towns and rural areas that are economically distressed and that need more free enterprise.

I'd like to thank all of you for coming, but I'd like to also pay a special word of recognition to the smallest entrepreneurs that are here. These young people are from Theodore Roosevelt Elementary School in Houston, Texas. They are second graders. And shortly after I was inaugurated, in February sometime, they sent me this book. I got your book. (Laughter.) With all their letters, telling me what I ought to be doing. (Laughter and applause.) "How are you going to stop the violence and crime? If you will, completely stop it." See, everybody wrote me a letter and there are pictures. "Can you keep companies from making guns so we won't have crime?" And it goes on and on.

But the reason they're here is that they are really the smallest entrepreneurs. They sold 22,000 candy bars to raise the money to come to Washington. So I think they deserve a hand. (Applause.) Thank you.

I want to thank you for taking your valuable time to come here today so that we could talk about the shape of the small business initiatives in the economic program, now well on its way to moving through Congress. So many of you are the best representatives of American small business. For instance, Nancy Alchuleta has led the Mevatec Corporation in Huntsville, Alabama to compete and win in the world marketplace with a new emphasis on high technology.

William Gordon, the President of Applied Data Technology is a high-tech company which has grown from seven employees in 1986 to over 100 today. Paul Sam, President of Holly Metals, has grown from a custom sheet metal company to the fabrication of metal parts for Boeing, and a high-tech composite painting facility.

These are the kinds of things that we need more of in America. As I said yesterday in giving out the Small Businessperson of the Year Awards, the United States benefited greatly, particularly

MORE

in the last 10 to 12 years, from the fact that small business created more jobs than were lost in the large business sector of this economy. It is a little-known fact to most Americans, but in every year of the last dozen, the largest businesses in the country, the Fortune 500 have reduced their employment in the United States by somewhere in the neighborhood in the total of 200,000 jobs. Even as profits increased and productivity increased and stock values increased, the technological advances of productivity led to an actual reduction in the work force, not an increase.

For all of the 1980s until the very end of the decade, those reductions were far more than offset by the growing vibrancy of an entrepreneurial economy in America. Indeed, many of the small businesses were contractors and customers and suppliers for the larger businesses in the country.

Then, about three years ago the small business job engine began to slow down. And there are any number of reasons why. There was a domestic recession, there is a global recession. The credit crunch in parts of our country plainly contributed to it. The substantial increase in the cost of adding one more employee in terms of Social Security, worker's comp, health care and other things has certainly led to the use of more part-time employees, or asking the existing work force to do more overtime. And you may pay a little more for overtime, but you save all the supplemental costs of hiring the additional employee.

Although things are perfectly rational choices, but what they have meant for the United States is that we've had quite a stagnant unemployment rate -- one that mirrors, I might add, every other advanced country in the world.

At seven percent, our unemployment rate is about the same as Western Germany's, and still lower than all of Europe; higher than Japan, which has, as you know, a very different sort of economic system than we do. But even there, they've had trouble now creating new jobs, and many companies there are having some of the first layoffs they've ever had.

I say that to make the following point: Larger companies, just like the federal government, will have no choice but to continue to try to improve productivity and use technology to do more with fewer workers, to increase output per worker. One of the things I'm trying to do here that we're writing into the law, this new budget proposal, is to reduce the size of the federal government by attrition by at least 100,000 workers, by increasing productivity and restructuring. But that's what the national government should be doing.

But if these things are going to occur in our larger organizations, then we have to find a way to preserve the vitality of small business and to increase the capacity of small business to add to the American work force. If everybody in this country who wanted a job had one, we wouldn't have half the problems that we wrestle about all day up here every day. And, frankly, you and people like you all over America are the best prospect we have for getting that done. That's why we worked as hard as we could to try to create an economic program that would benefit small business.

Our policy first begins with deficit reduction. The deficit reduction package that the government has put forward and that the House of Representatives is in the process of coming to grips with now clearly has had a major impact in driving interest rates down over the long run. Since November there has been a dramatic reduction in interest rates, home mortgage is at a 20 year low, many other interest rates at historic lows. The business analysts estimate that if we can keep these rates down for several more months the impact will be about \$100 billion released into this

economy, principally through refinancing of home mortgages and business loans and other refinancing as well as the direct benefit of the lower costs of borrowing. That's why I always say the best stimulus program that we can give to this economy just to stimulate growth is to keep these interest, and to keep driving them down and to keep driving the deficit down.

Yesterday, in an attempt to build up a sense of real confidence that the administration means business and that the Congress will mean business if they pass this program, I propose that we put all the taxes raised and the budget reductions into a deficit reduction trust fund so that, number one, no tax increase without budget cuts; number two, no tax increase for anything but reducing the deficit. And putting that in a trust fund, I think, will hammer home the determination that we have to bring the deficit down and to try to keep the interest rates down.

The second thing I think we have to do is to recognize that there are some initiatives which need to be taken to try to improve the access to capital for small business. One of the first things this administration made an aggressive effort to do was to deal with the credit crunch that I heard about all over America, but especially in certain parts of the United States. We're trying to make it easier for small businesses to apply for and to obtain loans when they are appropriate and needed to expand and create new jobs.

In March, I announced this plan to ease the credit crunch by reducing some excessively restrictive regulations imposed in reaction to the Savings and Loan debacle. Our plans strikes a better balance, I think, so that we can have both safety and credit availability. Banks have more leeway now to make character loans based on the reputation of the borrower. We also have moved to ease the paperwork burdens because it shouldn't be as burdensome to get a \$25,000 loan as it is to get a \$25-million one, and it certainly is, in a large measure, because of direct federal rules and regulations.

We have the Treasury and all the financial agencies of the federal government working on this. We now have an SBA Director who understands it all too well since before he became SBA Director his job was to help other people start new businesses, which is what he did very successfully.

We also know and we're not naive enough to think that just because we announced the policy in March the practice changed in every community bank and every community in this country; we know that hasn't happened. And I have made an offer and I make it again here today of requesting the small business community to tell us -- to tell the Small Business Administrator where the plan for easing the credit crunch is working and where it isn't, and what we can do to work through that. The Treasury Department can only do so much until it knows where the backlog and the problems are. So we invite your participation to make the policy we announced in March real in your community as soon as can possibly do that.

The second thing that we have done since we've been here is to try to canvas the small business community about what kind of tax incentive would best serve to help small businesses engage in job creation. Yesterday, the House Ways and Means Subcommittee voted to increase from \$10,000 to \$25,000 the maximum amount of new investments that a small business can deduct as expenses every year. This means that when you invest so that your company can grow you can immediately write off \$25,000 worth of that investment. If that becomes law, it will be directly because of the input of the small business community to this administration as well as to the Congress.

When I ran for president in 1992, virtually all the small businesspeople I met talked to be about how those which were family-owned businesses and commitments of a lifetime would not have

much immediate benefit from the capital gains tax, and they asked for some sort of investment credit. That's why I recommended the permanent small business investment tax credit as compared with a capital gains option. After we got here, the small business organization said that, as a practical matter, we would get more buying for the buck and it would be easier for more small businesses if we simply just increased the expensing provisions to \$25,000. That change is directly the result of the input of the small business community in this country. I hope it becomes law and I hope you will do everything you can to see that it does become law. (Applause.)

Now, there is a capital gains provision left in this bill which I think is very helpful. It provides a big exclusion from capital gains taxation to help small businesses get started and to invest in completely new projects. That was one put forward by the American Venture Capital Association and sponsored in the previous Congress, among others, by the senior Senator from my state, Dale Bumpers, who's the chairman of the Small Business Committee. I think that should stay in the law; we're working hard to make sure that it does. I think it now has virtually unanimous support.

Finally, we have decided we should try to offer some very special opportunities in a network of empowerment zones and enterprise communities all across America. In the empowerment zones, we're offering small businesses an employment and training credit of 25 percent of the first \$20,000 in wages for employees who live and work in the zones, a targeted jobs tax credit of 40 percent on \$6,000 of the first year of wages for these workers, and an increase in the ability to deduct appreciable property.

All these things are our effort to help communities that are willing to help themselves by developing a long-term strategy to grow through private sector and private-public cooperation. To do that, to attract capital in businesses, I am convinced -- and I think that you are all convinced -- that with the size of the deficit we have, there is not enough money in America to have a publicly-funded revitalization of America's most distressed communities.

But wherever in America there are people who are underutilized, there is a market opportunity. Because when people are working up to the fullest of their capacity, then they have money to spend and they create jobs for others. So when I look at all these places in America which for too long have been without businesses on their streetcorners or in their small towns, or in their hamlets, I see enormous opportunity. I see in people whose potential is not fulfilled the opportunity to make free enterprise work again.

We all know there are certain considerable barriers to dealing with that. I'm trying to make some of the high crime areas much more attractive by simply lowering the crime rate. We know we can do that through community policing. And I've asked the United States Congress to give us some money to put more police on the street in these communities to help make them safer and lower the crime rate. We know that works; there is clear evidence of that.

In New York City alone, after the comprehensive community policing program, established by the man who is now our Drug Czar, Lee Brown, for the first time in 36 years the crime rate actually went down in seven major areas. So we know these things can be done.

We know we have responsibilities to make these areas more attractive. But if this empowerment concept can pass, then it will be more attractive for you and people like you all across America to take that extra risk to go into places where there is an enormous prospect of return if a whole lot of people with no income all of a sudden wind up having income and can be customers as well as employees. And I hope all of you will support the empowerment zones.

We've talked and talked and talked about our cities and our drying up rural communities for years, Democrats and Republicans, they wring their hands every year and nothing ever happens. I say, let's try this, let's see if it works. Let's see if we can have a public-private partnership that works. If it doesn't work, we'll try something else. But the one thing that we know doesn't work is more words. We've had more words for years. We've had wars of words from people across political and party and regional lines, and that hasn't worked; and that's not ever going to work. So I hope we can try this and see once and for all whether the government can create an environment which makes it more attractive for free enterprise to flourish in areas where it hasn't.

Finally, let me say again, I appreciate the burdens under which you labor. I recognize that some of you, perhaps most of you in this room, would pay higher personal tax rates under the program I have proposed. I hope you will support it anyway, because if we do it right, most Americans will save more in long-term lower interest rates than they'll pay in higher taxes, the country will be much better off if we can pass the expensing provisions, the capital gains provisions, the enterprise zone provisions. If we can make our plan to ease the credit crunch work, then small business in the '90s can once again resume its proper role in America as the true engine of our job growth, and there will be more people like you with rewarding stories to tell.

And, perhaps more important of all, when these kids grow up, they'll have a chance to be just as entrepreneurial as they have been in getting themselves here today.

Thank you very much. (Applause.)

END

11:07 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 13, 1993

REMARKS BY THE PRESIDENT
TO SMALL BUSINESS LEADERS

Room 450
Old Executive Office Building

10:50 A.M. EDT

THE PRESIDENT: Thank you very much. Erskine's only been here a day and he's already become one of us. (Laughter.) And you just saw an illustration of Clinton's third law of politics: Whenever possible, always be introduced by someone you've appointed to high office. (Laughter.)

I want to introduce the people who are here with me first, starting on my left. Frank Newman, the Under Secretary of the Treasury; and Roger Altman, the Deputy Secretary of the Treasury. Laura Tyson, the chair of the Council of Economic Advisors. You met Erskine Bowles. And next to Erskine is Andrew Cuomo, the Assistant Secretary of the Department of Housing and Urban Development who, among other things, is responsible for developing and implementing our empowerment zone proposal for cities and small towns and rural areas that are economically distressed and that need more free enterprise.

I'd like to thank all of you for coming, but I'd like to also pay a special word of recognition to the smallest entrepreneurs that are here. These young people are from Theodore Roosevelt Elementary School in Houston, Texas. They are second graders. And shortly after I was inaugurated, in February sometime, they sent me this book. I got your book. (Laughter.) With all their letters, telling me what I ought to be doing. (Laughter and applause.) "How are you going to stop the violence and crime? If you will, completely stop it." See, everybody wrote me a letter and there are pictures. "Can you keep companies from making guns so we won't have crime?" And it goes on and on.

But the reason they're here is that they are really the smallest entrepreneurs. They sold 22,000 candy bars to raise the money to come to Washington. So I think they deserve a hand. (Applause.) Thank you.

I want to thank you for taking your valuable time to come here today so that we could talk about the shape of the small business initiatives in the economic program, now well on its way to moving through Congress. So many of you are the best representatives of American small business. For instance, Nancy Alchuleta has led the Mevatec Corporation in Huntsville, Alabama to compete and win in the world marketplace with a new emphasis on high technology.

William Gordon, the President of Applied Data Technology is a high-tech company which has grown from seven employees in 1986 to over 100 today. Paul Sam, President of Holly Metals, has grown from a custom sheet metal company to the fabrication of metal parts for Boeing, and a high-tech composite painting facility.

These are the kinds of things that we need more of in America. As I said yesterday in giving out the Small Businessperson of the Year Awards, the United States benefited greatly, particularly

MORE

in the last 10 to 12 years, from the fact that small business created more jobs than were lost in the large business sector of this economy. It is a little-known fact to most Americans, but in every year of the last dozen, the largest businesses in the country, the Fortune 500 have reduced their employment in the United States by somewhere in the neighborhood in the total of 200,000 jobs. Even as profits increased and productivity increased and stock values increased, the technological advances of productivity led to an actual reduction in the work force, not an increase.

For all of the 1980s until the very end of the decade, those reductions were far more than offset by the growing vibrancy of an entrepreneurial economy in America. Indeed, many of the small businesses were contractors and customers and suppliers for the larger businesses in the country.

Then, about three years ago the small business job engine began to slow down. And there are any number of reasons why. There was a domestic recession, there is a global recession. The credit crunch in parts of our country plainly contributed to it. The substantial increase in the cost of adding one more employee in terms of Social Security, worker's comp, health care and other things has certainly led to the use of more part-time employees, or asking the existing work force to do more overtime. And you may pay a little more for overtime, but you save all the supplemental costs of hiring the additional employee.

Although things are perfectly rational choices, but what they have meant for the United States is that we've had quite a stagnant unemployment rate -- one that mirrors, I might add, every other advanced country in the world.

At seven percent, our unemployment rate is about the same as Western Germany's, and still lower than all of Europe; higher than Japan, which has, as you know, a very different sort of economic system than we do. But even there, they've had trouble now creating new jobs, and many companies there are having some of the first layoffs they've ever had.

I say that to make the following point: Larger companies, just like the federal government, will have no choice but to continue to try to improve productivity and use technology to do more with fewer workers, to increase output per worker. One of the things I'm trying to do here that we're writing into the law, this new budget proposal, is to reduce the size of the federal government by attrition by at least 100,000 workers, by increasing productivity and restructuring. But that's what the national government should be doing.

But if these things are going to occur in our larger organizations, then we have to find a way to preserve the vitality of small business and to increase the capacity of small business to add to the American work force. If everybody in this country who wanted a job had one, we wouldn't have half the problems that we wrestle about all day up here every day. And, frankly, you and people like you all over America are the best prospect we have for getting that done. That's why we worked as hard as we could to try to create an economic program that would benefit small business.

Our policy first begins with deficit reduction. The deficit reduction package that the government has put forward and that the House of Representatives is in the process of coming to grips with now clearly has had a major impact in driving interest rates down over the long run. Since November there has been a dramatic reduction in interest rates, home mortgage is at a 20 year low, many other interest rates at historic lows. The business analysts estimate that if we can keep these rates down for several more months the impact will be about \$100 billion released into this

economy, principally through refinancing of home mortgages and business loans and other refinancing as well as the direct benefit of the lower costs of borrowing. That's why I always say the best stimulus program that we can give to this economy just to stimulate growth is to keep these interest, and to keep driving them down and to keep driving the deficit down.

Yesterday, in an attempt to build up a sense of real confidence that the administration means business and that the Congress will mean business if they pass this program, I propose that we put all the taxes raised and the budget reductions into a deficit reduction trust fund so that, number one, no tax increase without budget cuts; number two, no tax increase for anything but reducing the deficit. And putting that in a trust fund, I think, will hammer home the determination that we have to bring the deficit down and to try to keep the interest rates down.

The second thing I think we have to do is to recognize that there are some initiatives which need to be taken to try to improve the access to capital for small business. One of the first things this administration made an aggressive effort to do was to deal with the credit crunch that I heard about all over America, but especially in certain parts of the United States. We're trying to make it easier for small businesses to apply for and to obtain loans when they are appropriate and needed to expand and create new jobs.

In March, I announced this plan to ease the credit crunch by reducing some excessively restrictive regulations imposed in reaction to the Savings and Loan debacle. Our plans strikes a better balance, I think, so that we can have both safety and credit availability. Banks have more leeway now to make character loans based on the reputation of the borrower. We also have moved to ease the paperwork burdens because it shouldn't be as burdensome to get a \$25,000 loan as it is to get a \$25-million one, and it certainly is, in a large measure, because of direct federal rules and regulations.

We have the Treasury and all the financial agencies of the federal government working on this. We now have an SBA Director who understands it all too well since before he became SBA Director his job was to help other people start new businesses, which is what he did very successfully.

We also know and we're not naive enough to think that just because we announced the policy in March the practice changed in every community bank and every community in this country; we know that hasn't happened. And I have made an offer and I make it again here today of requesting the small business community to tell us -- to tell the Small Business Administrator where the plan for easing the credit crunch is working and where it isn't, and what we can do to work through that. The Treasury Department can only do so much until it knows where the backlog and the problems are. So we invite your participation to make the policy we announced in March real in your community as soon as can possibly do that.

The second thing that we have done since we've been here is to try to canvas the small business community about what kind of tax incentive would best serve to help small businesses engage in job creation. Yesterday, the House Ways and Means Subcommittee voted to increase from \$10,000 to \$25,000 the maximum amount of new investments that a small business can deduct as expenses every year. This means that when you invest so that your company can grow you can immediately write off \$25,000 worth of that investment. If that becomes law, it will be directly because of the input of the small business community to this administration as well as to the Congress.

When I ran for president in 1992, virtually all the small businesspeople I met talked to be about how those which were family-owned businesses and commitments of a lifetime would not have

much immediate benefit from the capital gains tax, and they asked for some sort of investment credit. That's why I recommended the permanent small business investment tax credit as compared with a capital gains option. After we got here, the small business organization said that, as a practical matter, we would get more buying for the buck and it would be easier for more small businesses if we simply just increased the expensing provisions to \$25,000. That change is directly the result of the input of the small business community in this country. I hope it becomes law and I hope you will do everything you can to see that it does become law. (Applause.)

Now, there is a capital gains provision left in this bill which I think is very helpful. It provides a big exclusion from capital gains taxation to help small businesses get started and to invest in completely new projects. That was one put forward by the American Venture Capital Association and sponsored in the previous Congress, among others, by the senior Senator from my state, Dale Bumpers, who's the chairman of the Small Business Committee. I think that should stay in the law; we're working hard to make sure that it does. I think it now has virtually unanimous support.

Finally, we have decided we should try to offer some very special opportunities in a network of empowerment zones and enterprise communities all across America. In the empowerment zones, we're offering small businesses an employment and training credit of 25 percent of the first \$20,000 in wages for employees who live and work in the zones, a targeted jobs tax credit of 40 percent on \$6,000 of the first year of wages for these workers, and an increase in the ability to deduct appreciable property.

All these things are our effort to help communities that are willing to help themselves by developing a long-term strategy to grow through private sector and private-public cooperation. To do that, to attract capital in businesses, I am convinced -- and I think that you are all convinced -- that with the size of the deficit we have, there is not enough money in America to have a publicly-funded revitalization of America's most distressed communities.

But wherever in America there are people who are underutilized, there is a market opportunity. Because when people are working up to the fullest of their capacity, then they have money to spend and they create jobs for others. So when I look at all these places in America which for too long have been without businesses on their streetcorners or in their small towns, or in their hamlets, I see enormous opportunity. I see in people whose potential is not fulfilled the opportunity to make free enterprise work again.

We all know there are certain considerable barriers to dealing with that. I'm trying to make some of the high crime areas much more attractive by simply lowering the crime rate. We know we can do that through community policing. And I've asked the United States Congress to give us some money to put more police on the street in these communities to help make them safer and lower the crime rate. We know that works; there is clear evidence of that.

In New York City alone, after the comprehensive community policing program, established by the man who is now our Drug Czar, Lee Brown, for the first time in 36 years the crime rate actually went down in seven major areas. So we know these things can be done.

We know we have responsibilities to make these areas more attractive. But if this empowerment concept can pass, then it will be more attractive for you and people like you all across America to take that extra risk to go into places where there is an enormous prospect of return if a whole lot of people with no income all of a sudden wind up having income and can be customers as well as employees. And I hope all of you will support the empowerment zones.

We've talked and talked and talked about our cities and our drying up rural communities for years, Democrats and Republicans, they wring their hands every year and nothing ever happens. I say, let's try this, let's see if it works. Let's see if we can have a public-private partnership that works. If it doesn't work, we'll try something else. But the one thing that we know doesn't work is more words. We've had more words for years. We've had wars of words from people across political and party and regional lines, and that hasn't worked; and that's not ever going to work. So I hope we can try this and see once and for all whether the government can create an environment which makes it more attractive for free enterprise to flourish in areas where it hasn't.

Finally, let me say again, I appreciate the burdens under which you labor. I recognize that some of you, perhaps most of you in this room, would pay higher personal tax rates under the program I have proposed. I hope you will support it anyway, because if we do it right, most Americans will save more in long-term lower interest rates than they'll pay in higher taxes, the country will be much better off if we can pass the expensing provisions, the capital gains provisions, the enterprise zone provisions. If we can make our plan to ease the credit crunch work, then small business in the '90s can once again resume its proper role in America as the true engine of our job growth, and there will be more people like you with rewarding stories to tell.

And, perhaps more important of all, when these kids grow up, they'll have a chance to be just as entrepreneurial as they have been in getting themselves here today.

Thank you very much. (Applause.)

END

11:07 A.M. EDT

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

May 13, 1993

REMARKS BY THE PRESIDENT
TO SMALL BUSINESS LEADERS

Room 450
Old Executive Office Building

10:50 A.M. EDT

THE PRESIDENT: Thank you very much. Erskine's only been here a day and he's already become one of us. (Laughter.) And you just saw an illustration of Clinton's third law of politics: Whenever possible, always be introduced by someone you've appointed to high office. (Laughter.)

I want to introduce the people who are here with me first, starting on my left. Frank Newman, the Under Secretary of the Treasury; and Roger Altman, the Deputy Secretary of the Treasury. Laura Tyson, the chair of the Council of Economic Advisors. You met Erskine Bowles. And next to Erskine is Andrew Cuomo, the Assistant Secretary of the Department of Housing and Urban Development who, among other things, is responsible for developing and implementing our empowerment zone proposal for cities and small towns and rural areas that are economically distressed and that need more free enterprise.

I'd like to thank all of you for coming, but I'd like to also pay a special word of recognition to the smallest entrepreneurs that are here. These young people are from Theodore Roosevelt Elementary School in Houston, Texas. They are second graders. And shortly after I was inaugurated, in February sometime, they sent me this book. I got your book. (Laughter.) With all their letters, telling me what I ought to be doing. (Laughter and applause.) "How are you going to stop the violence and crime? If you will, completely stop it." See, everybody wrote me a letter and there are pictures. "Can you keep companies from making guns so we won't have crime?" And it goes on and on.

But the reason they're here is that they are really the smallest entrepreneurs. They sold 22,000 candy bars to raise the money to come to Washington. So I think they deserve a hand. (Applause.) Thank you.

I want to thank you for taking your valuable time to come here today so that we could talk about the shape of the small business initiatives in the economic program, now well on its way to moving through Congress. So many of you are the best representatives of American small business. For instance, Nancy Alchuleta has led the Mevatec Corporation in Huntsville, Alabama to compete and win in the world marketplace with a new emphasis on high technology.

William Gordon, the President of Applied Data Technology is a high-tech company which has grown from seven employees in 1986 to over 100 today. Paul Sam, President of Holly Metals, has grown from a custom sheet metal company to the fabrication of metal parts for Boeing, and a high-tech composite painting facility.

These are the kinds of things that we need more of in America. As I said yesterday in giving out the Small Businessperson of the Year Awards, the United States benefited greatly, particularly

MORE

in the last 10 to 12 years, from the fact that small business created more jobs than were lost in the large business sector of this economy. It is a little-known fact to most Americans, but in every year of the last dozen, the largest businesses in the country, the Fortune 500 have reduced their employment in the United States by somewhere in the neighborhood in the total of 200,000 jobs. Even as profits increased and productivity increased and stock values increased, the technological advances of productivity led to an actual reduction in the work force, not an increase.

For all of the 1980s until the very end of the decade, those reductions were far more than offset by the growing vibrancy of an entrepreneurial economy in America. Indeed, many of the small businesses were contractors and customers and suppliers for the larger businesses in the country.

Then, about three years ago the small business job engine began to slow down. And there are any number of reasons why. There was a domestic recession, there is a global recession. The credit crunch in parts of our country plainly contributed to it. The substantial increase in the cost of adding one more employee in terms of Social Security, worker's comp, health care and other things has certainly led to the use of more part-time employees, or asking the existing work force to do more overtime. And you may pay a little more for overtime, but you save all the supplemental costs of hiring the additional employee.

Although things are perfectly rational choices, but what they have meant for the United States is that we've had quite a stagnant unemployment rate -- one that mirrors, I might add, every other advanced country in the world.

At seven percent, our unemployment rate is about the same as Western Germany's, and still lower than all of Europe; higher than Japan, which has, as you know, a very different sort of economic system than we do. But even there, they've had trouble now creating new jobs, and many companies there are having some of the first layoffs they've ever had.

I say that to make the following point: Larger companies, just like the federal government, will have no choice but to continue to try to improve productivity and use technology to do more with fewer workers, to increase output per worker. One of the things I'm trying to do here that we're writing into the law, this new budget proposal, is to reduce the size of the federal government by attrition by at least 100,000 workers, by increasing productivity and restructuring. But that's what the national government should be doing.

But if these things are going to occur in our larger organizations, then we have to find a way to preserve the vitality of small business and to increase the capacity of small business to add to the American work force. If everybody in this country who wanted a job had one, we wouldn't have half the problems that we wrestle about all day up here every day. And, frankly, you and people like you all over America are the best prospect we have for getting that done. That's why we worked as hard as we could to try to create an economic program that would benefit small business.

Our policy first begins with deficit reduction. The deficit reduction package that the government has put forward and that the House of Representatives is in the process of coming to grips with now clearly has had a major impact in driving interest rates down over the long run. Since November there has been a dramatic reduction in interest rates, home mortgage is at a 20 year low, many other interest rates at historic lows. The business analysts estimate that if we can keep these rates down for several more months the impact will be about \$100 billion released into this

economy, principally through refinancing of home mortgages and business loans and other refinancing as well as the direct benefit of the lower costs of borrowing. That's why I always say the best stimulus program that we can give to this economy just to stimulate growth is to keep these interest, and to keep driving them down and to keep driving the deficit down.

Yesterday, in an attempt to build up a sense of real confidence that the administration means business and that the Congress will mean business if they pass this program, I propose that we put all the taxes raised and the budget reductions into a deficit reduction trust fund so that, number one, no tax increase without budget cuts; number two, no tax increase for anything but reducing the deficit. And putting that in a trust fund, I think, will hammer home the determination that we have to bring the deficit down and to try to keep the interest rates down.

The second thing I think we have to do is to recognize that there are some initiatives which need to be taken to try to improve the access to capital for small business. One of the first things this administration made an aggressive effort to do was to deal with the credit crunch that I heard about all over America, but especially in certain parts of the United States. We're trying to make it easier for small businesses to apply for and to obtain loans when they are appropriate and needed to expand and create new jobs.

In March, I announced this plan to ease the credit crunch by reducing some excessively restrictive regulations imposed in reaction to the Savings and Loan debacle. Our plans strikes a better balance, I think, so that we can have both safety and credit availability. Banks have more leeway now to make character loans based on the reputation of the borrower. We also have moved to ease the paperwork burdens because it shouldn't be as burdensome to get a \$25,000 loan as it is to get a \$25-million one, and it certainly is, in a large measure, because of direct federal rules and regulations.

We have the Treasury and all the financial agencies of the federal government working on this. We now have an SBA Director who understands it all too well since before he became SBA Director his job was to help other people start new businesses, which is what he did very successfully.

We also know and we're not naive enough to think that just because we announced the policy in March the practice changed in every community bank and every community in this country; we know that hasn't happened. And I have made an offer and I make it again here today of requesting the small business community to tell us -- to tell the Small Business Administrator where the plan for easing the credit crunch is working and where it isn't, and what we can do to work through that. The Treasury Department can only do so much until it knows where the backlog and the problems are. So we invite your participation to make the policy we announced in March real in your community as soon as can possibly do that.

The second thing that we have done since we've been here is to try to canvas the small business community about what kind of tax incentive would best serve to help small businesses engage in job creation. Yesterday, the House Ways and Means Subcommittee voted to increase from \$10,000 to \$25,000 the maximum amount of new investments that a small business can deduct as expenses every year. This means that when you invest so that your company can grow you can immediately write off \$25,000 worth of that investment. If that becomes law, it will be directly because of the input of the small business community to this administration as well as to the Congress.

When I ran for president in 1992, virtually all the small businesspeople I met talked to be about how those which were family-owned businesses and commitments of a lifetime would not have

much immediate benefit from the capital gains tax, and they asked for some sort of investment credit. That's why I recommended the permanent small business investment tax credit as compared with a capital gains option. After we got here, the small business organization said that, as a practical matter, we would get more buying for the buck and it would be easier for more small businesses if we simply just increased the expensing provisions to \$25,000. That change is directly the result of the input of the small business community in this country. I hope it becomes law and I hope you will do everything you can to see that it does become law. (Applause.)

Now, there is a capital gains provision left in this bill which I think is very helpful. It provides a big exclusion from capital gains taxation to help small businesses get started and to invest in completely new projects. That was one put forward by the American Venture Capital Association and sponsored in the previous Congress, among others, by the senior Senator from my state, Dale Bumpers, who's the chairman of the Small Business Committee. I think that should stay in the law; we're working hard to make sure that it does. I think it now has virtually unanimous support.

Finally, we have decided we should try to offer some very special opportunities in a network of empowerment zones and enterprise communities all across America. In the empowerment zones, we're offering small businesses an employment and training credit of 25 percent of the first \$20,000 in wages for employees who live and work in the zones, a targeted jobs tax credit of 40 percent on \$6,000 of the first year of wages for these workers, and an increase in the ability to deduct appreciable property.

All these things are our effort to help communities that are willing to help themselves by developing a long-term strategy to grow through private sector and private-public cooperation. To do that, to attract capital in businesses, I am convinced -- and I think that you are all convinced -- that with the size of the deficit we have, there is not enough money in America to have a publicly-funded revitalization of America's most distressed communities.

But wherever in America there are people who are underutilized, there is a market opportunity. Because when people are working up to the fullest of their capacity, then they have money to spend and they create jobs for others. So when I look at all these places in America which for too long have been without businesses on their streetcorners or in their small towns, or in their hamlets, I see enormous opportunity. I see in people whose potential is not fulfilled the opportunity to make free enterprise work again.

We all know there are certain considerable barriers to dealing with that. I'm trying to make some of the high crime areas much more attractive by simply lowering the crime rate. We know we can do that through community policing. And I've asked the United States Congress to give us some money to put more police on the street in these communities to help make them safer and lower the crime rate. We know that works; there is clear evidence of that.

In New York City alone, after the comprehensive community policing program, established by the man who is now our Drug Czar, Lee Brown, for the first time in 36 years the crime rate actually went down in seven major areas. So we know these things can be done.

We know we have responsibilities to make these areas more attractive. But if this empowerment concept can pass, then it will be more attractive for you and people like you all across America to take that extra risk to go into places where there is an enormous prospect of return if a whole lot of people with no income all of a sudden wind up having income and can be customers as well as employees. And I hope all of you will support the empowerment zones.

We've talked and talked and talked about our cities and our drying up rural communities for years, Democrats and Republicans, they wring their hands every year and nothing ever happens. I say, let's try this, let's see if it works. Let's see if we can have a public-private partnership that works. If it doesn't work, we'll try something else. But the one thing that we know doesn't work is more words. We've had more words for years. We've had wars of words from people across political and party and regional lines, and that hasn't worked; and that's not ever going to work. So I hope we can try this and see once and for all whether the government can create an environment which makes it more attractive for free enterprise to flourish in areas where it hasn't.

Finally, let me say again, I appreciate the burdens under which you labor. I recognize that some of you, perhaps most of you in this room, would pay higher personal tax rates under the program I have proposed. I hope you will support it anyway, because if we do it right, most Americans will save more in long-term lower interest rates than they'll pay in higher taxes, the country will be much better off if we can pass the expensing provisions, the capital gains provisions, the enterprise zone provisions. If we can make our plan to ease the credit crunch work, then small business in the '90s can once again resume its proper role in America as the true engine of our job growth, and there will be more people like you with rewarding stories to tell.

And, perhaps more important of all, when these kids grow up, they'll have a chance to be just as entrepreneurial as they have been in getting themselves here today.

Thank you very much. (Applause.)

END

11:07 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 13, 1993

REMARKS BY THE PRESIDENT
TO SMALL BUSINESS LEADERS

Room 450
Old Executive Office Building

10:50 A.M. EDT

THE PRESIDENT: Thank you very much. Erskine's only been here a day and he's already become one of us. (Laughter.) And you just saw an illustration of Clinton's third law of politics: Whenever possible, always be introduced by someone you've appointed to high office. (Laughter.)

I want to introduce the people who are here with me first, starting on my left. Frank Newman, the Under Secretary of the Treasury; and Roger Altman, the Deputy Secretary of the Treasury. Laura Tyson, the chair of the Council of Economic Advisors. You met Erskine Bowles. And next to Erskine is Andrew Cuomo, the Assistant Secretary of the Department of Housing and Urban Development who, among other things, is responsible for developing and implementing our empowerment zone proposal for cities and small towns and rural areas that are economically distressed and that need more free enterprise.

I'd like to thank all of you for coming, but I'd like to also pay a special word of recognition to the smallest entrepreneurs that are here. These young people are from Theodore Roosevelt Elementary School in Houston, Texas. They are second graders. And shortly after I was inaugurated, in February sometime, they sent me this book. I got your book. (Laughter.) With all their letters, telling me what I ought to be doing. (Laughter and applause.) "How are you going to stop the violence and crime? If you will, completely stop it." See, everybody wrote me a letter and there are pictures. "Can you keep companies from making guns so we won't have crime?" And it goes on and on.

But the reason they're here is that they are really the smallest entrepreneurs. They sold 22,000 candy bars to raise the money to come to Washington. So I think they deserve a hand. (Applause.) Thank you.

I want to thank you for taking your valuable time to come here today so that we could talk about the shape of the small business initiatives in the economic program, now well on its way to moving through Congress. So many of you are the best representatives of American small business. For instance, Nancy Alchuleta has led the Mevatec Corporation in Huntsville, Alabama to compete and win in the world marketplace with a new emphasis on high technology.

William Gordon, the President of Applied Data Technology is a high-tech company which has grown from seven employees in 1986 to over 100 today. Paul Sam, President of Holly Metals, has grown from a custom sheet metal company to the fabrication of metal parts for Boeing, and a high-tech composite painting facility.

These are the kinds of things that we need more of in America. As I said yesterday in giving out the Small Businessperson of the Year Awards, the United States benefited greatly, particularly

MORE

in the last 10 to 12 years, from the fact that small business created more jobs than were lost in the large business sector of this economy. It is a little-known fact to most Americans, but in every year of the last dozen, the largest businesses in the country, the Fortune 500 have reduced their employment in the United States by somewhere in the neighborhood in the total of 200,000 jobs. Even as profits increased and productivity increased and stock values increased, the technological advances of productivity led to an actual reduction in the work force, not an increase.

For all of the 1980s until the very end of the decade, those reductions were far more than offset by the growing vibrancy of an entrepreneurial economy in America. Indeed, many of the small businesses were contractors and customers and suppliers for the larger businesses in the country.

Then, about three years ago the small business job engine began to slow down. And there are any number of reasons why. There was a domestic recession, there is a global recession. The credit crunch in parts of our country plainly contributed to it. The substantial increase in the cost of adding one more employee in terms of Social Security, worker's comp, health care and other things has certainly led to the use of more part-time employees, or asking the existing work force to do more overtime. And you may pay a little more for overtime, but you save all the supplemental costs of hiring the additional employee.

Although things are perfectly rational choices, but what they have meant for the United States is that we've had quite a stagnant unemployment rate -- one that mirrors, I might add, every other advanced country in the world.

At seven percent, our unemployment rate is about the same as Western Germany's, and still lower than all of Europe; higher than Japan, which has, as you know, a very different sort of economic system than we do. But even there, they've had trouble now creating new jobs, and many companies there are having some of the first layoffs they've ever had.

I say that to make the following point: Larger companies, just like the federal government, will have no choice but to continue to try to improve productivity and use technology to do more with fewer workers, to increase output per worker. One of the things I'm trying to do here that we're writing into the law, this new budget proposal, is to reduce the size of the federal government by attrition by at least 100,000 workers, by increasing productivity and restructuring. But that's what the national government should be doing.

But if these things are going to occur in our larger organizations, then we have to find a way to preserve the vitality of small business and to increase the capacity of small business to add to the American work force. If everybody in this country who wanted a job had one, we wouldn't have half the problems that we wrestle about all day up here every day. And, frankly, you and people like you all over America are the best prospect we have for getting that done. That's why we worked as hard as we could to try to create an economic program that would benefit small business.

Our policy first begins with deficit reduction. The deficit reduction package that the government has put forward and that the House of Representatives is in the process of coming to grips with now clearly has had a major impact in driving interest rates down over the long run. Since November there has been a dramatic reduction in interest rates, home mortgage is at a 20 year low, many other interest rates at historic lows. The business analysts estimate that if we can keep these rates down for several more months the impact will be about \$100 billion released into this

economy, principally through refinancing of home mortgages and business loans and other refinancing as well as the direct benefit of the lower costs of borrowing. That's why I always say the best stimulus program that we can give to this economy just to stimulate growth is to keep these interest, and to keep driving them down and to keep driving the deficit down.

Yesterday, in an attempt to build up a sense of real confidence that the administration means business and that the Congress will mean business if they pass this program, I propose that we put all the taxes raised and the budget reductions into a deficit reduction trust fund so that, number one, no tax increase without budget cuts; number two, no tax increase for anything but reducing the deficit. And putting that in a trust fund, I think, will hammer home the determination that we have to bring the deficit down and to try to keep the interest rates down.

The second thing I think we have to do is to recognize that there are some initiatives which need to be taken to try to improve the access to capital for small business. One of the first things this administration made an aggressive effort to do was to deal with the credit crunch that I heard about all over America, but especially in certain parts of the United States. We're trying to make it easier for small businesses to apply for and to obtain loans when they are appropriate and needed to expand and create new jobs.

In March, I announced this plan to ease the credit crunch by reducing some excessively restrictive regulations imposed in reaction to the Savings and Loan debacle. Our plans strikes a better balance, I think, so that we can have both safety and credit availability. Banks have more leeway now to make character loans based on the reputation of the borrower. We also have moved to ease the paperwork burdens because it shouldn't be as burdensome to get a \$25,000 loan as it is to get a \$25-million one, and it certainly is, in a large measure, because of direct federal rules and regulations.

We have the Treasury and all the financial agencies of the federal government working on this. We now have an SBA Director who understands it all too well since before he became SBA Director his job was to help other people start new businesses, which is what he did very successfully.

We also know and we're not naive enough to think that just because we announced the policy in March the practice changed in every community bank and every community in this country; we know that hasn't happened. And I have made an offer and I make it again here today of requesting the small business community to tell us -- to tell the Small Business Administrator where the plan for easing the credit crunch is working and where it isn't, and what we can do to work through that. The Treasury Department can only do so much until it knows where the backlog and the problems are. So we invite your participation to make the policy we announced in March real in your community as soon as can possibly do that.

The second thing that we have done since we've been here is to try to canvas the small business community about what kind of tax incentive would best serve to help small businesses engage in job creation. Yesterday, the House Ways and Means Subcommittee voted to increase from \$10,000 to \$25,000 the maximum amount of new investments that a small business can deduct as expenses every year. This means that when you invest so that your company can grow you can immediately write off \$25,000 worth of that investment. If that becomes law, it will be directly because of the input of the small business community to this administration as well as to the Congress.

When I ran for president in 1992, virtually all the small businesspeople I met talked to be about how those which were family-owned businesses and commitments of a lifetime would not have

much immediate benefit from the capital gains tax, and they asked for some sort of investment credit. That's why I recommended the permanent small business investment tax credit as compared with a capital gains option. After we got here, the small business organization said that, as a practical matter, we would get more buying for the buck and it would be easier for more small businesses if we simply just increased the expensing provisions to \$25,000. That change is directly the result of the input of the small business community in this country. I hope it becomes law and I hope you will do everything you can to see that it does become law. (Applause.)

Now, there is a capital gains provision left in this bill which I think is very helpful. It provides a big exclusion from capital gains taxation to help small businesses get started and to invest in completely new projects. That was one put forward by the American Venture Capital Association and sponsored in the previous Congress, among others, by the senior Senator from my state, Dale Bumpers, who's the chairman of the Small Business Committee. I think that should stay in the law; we're working hard to make sure that it does. I think it now has virtually unanimous support.

Finally, we have decided we should try to offer some very special opportunities in a network of empowerment zones and enterprise communities all across America. In the empowerment zones, we're offering small businesses an employment and training credit of 25 percent of the first \$20,000 in wages for employees who live and work in the zones, a targeted jobs tax credit of 40 percent on \$6,000 of the first year of wages for these workers, and an increase in the ability to deduct appreciable property.

All these things are our effort to help communities that are willing to help themselves by developing a long-term strategy to grow through private sector and private-public cooperation. To do that, to attract capital in businesses, I am convinced -- and I think that you are all convinced -- that with the size of the deficit we have, there is not enough money in America to have a publicly-funded revitalization of America's most distressed communities.

But wherever in America there are people who are underutilized, there is a market opportunity. Because when people are working up to the fullest of their capacity, then they have money to spend and they create jobs for others. So when I look at all these places in America which for too long have been without businesses on their streetcorners or in their small towns, or in their hamlets, I see enormous opportunity. I see in people whose potential is not fulfilled the opportunity to make free enterprise work again.

We all know there are certain considerable barriers to dealing with that. I'm trying to make some of the high crime areas much more attractive by simply lowering the crime rate. We know we can do that through community policing. And I've asked the United States Congress to give us some money to put more police on the street in these communities to help make them safer and lower the crime rate. We know that works; there is clear evidence of that.

In New York City alone, after the comprehensive community policing program, established by the man who is now our Drug Czar, Lee Brown, for the first time in 36 years the crime rate actually went down in seven major areas. So we know these things can be done.

We know we have responsibilities to make these areas more attractive. But if this empowerment concept can pass, then it will be more attractive for you and people like you all across America to take that extra risk to go into places where there is an enormous prospect of return if a whole lot of people with no income all of a sudden wind up having income and can be customers as well as employees. And I hope all of you will support the empowerment zones.

We've talked and talked and talked about our cities and our drying up rural communities for years, Democrats and Republicans, they wring their hands every year and nothing ever happens. I say, let's try this, let's see if it works. Let's see if we can have a public-private partnership that works. If it doesn't work, we'll try something else. But the one thing that we know doesn't work is more words. We've had more words for years. We've had wars of words from people across political and party and regional lines, and that hasn't worked; and that's not ever going to work. So I hope we can try this and see once and for all whether the government can create an environment which makes it more attractive for free enterprise to flourish in areas where it hasn't.

Finally, let me say again, I appreciate the burdens under which you labor. I recognize that some of you, perhaps most of you in this room, would pay higher personal tax rates under the program I have proposed. I hope you will support it anyway, because if we do it right, most Americans will save more in long-term lower interest rates than they'll pay in higher taxes, the country will be much better off if we can pass the expensing provisions, the capital gains provisions, the enterprise zone provisions. If we can make our plan to ease the credit crunch work, then small business in the '90s can once again resume its proper role in America as the true engine of our job growth, and there will be more people like you with rewarding stories to tell.

And, perhaps more important of all, when these kids grow up, they'll have a chance to be just as entrepreneurial as they have been in getting themselves here today.

Thank you very much. (Applause.)

END

11:07 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 24, 1993

REMARKS BY THE PRESIDENT
AT SMALL BUSINESS ASSOCIATION EVENT

The Rose Garden

11:05 A.M. EDT

THE PRESIDENT: Good morning. Welcome to the White House and thank you for coming.

A year and a half ago, the Small Business Administration issued the first microloan grants. To date, SBA has awarded 47 grants. We now more than double the program with 49 new grants. And we believe that 42,000 jobs will be created as a result.

This administration is committed to helping entrepreneurs create profits and jobs, and the microloan program is integral to our strategy to make that happen.

I want to thank Senator Pressler and Senator Bumpers for their attendance here today. And I want to say a special word of praise to my state's senior Senator Dale Bumpers who sponsored this legislation to create the microloans, something that he learned about as a result of a community development bank operating in our home state. I am very proud of it. It was modeled on the South Shore Bank in Chicago, and when I was Governor we worked hard to bring the bank there. We know that this concept works. And I appreciate very much the work that Senator Bumpers has done to bring this concept throughout America.

I also want to say that if the Congress later this year adopts our proposal for community development banks, then there will be more banks out there supporting the SBA in the work of making microloans.

This is very important because an enormous percentage of the jobs in America are now being created by small business people and by people starting up their own businesses and by people who were self-employed.

This is an innovative approach which opens the doors of opportunity to American who otherwise would find those doors closed. The program enables community-based lenders to expand their reach and to make very, very small loans to entrepreneurs who otherwise simply couldn't find a way to make their ideas real.

Many potential borrowers simply don't meet the credit standards of traditional lenders. Why? Because of a poor credit history or no track record as a borrower, they may simply not have enough collateral. In fact, SBA analysis indicates that many microloans will be made to individuals who are currently on public assistance. By encouraging entrepreneurial instincts, the program will then give them the help they need to take the first steps toward economic independence, not dependence. And in so doing, this could be a very important part of our overall welfare reform strategy to move more Americans from welfare to work.

By using community-based lenders -- and some are with us today, and I want to thank all of you who are here for your commitment to this concept -- this program relies on the lenders

MORE

understanding of the community and helps to empower the community with the needed resources to create jobs and growth.

SBA looked to these lenders for guidance when this program was being designed. It is the lenders' history of investing in their communities that will ensure the programs success. Gail Miller from Dumas, Arkansas, started her pottery business, Miller's Mud Mill, eight years ago, intent on making the money to send her sons to college and give them their shot at the American Dream. Gail has had good and bad years, but she'd learned that 15-hour days and seven-day weeks can produce a profit. In fact, she'd had so many orders that she and her two-person staff can't keep up with demand. Last year their inability to meet the demand cost her \$90,000 in lost sales. How many businesspeople in America would love to have that problem?

Gail has found the answer, however. The Arkansas Enterprise Group, a microlender from Arkadelphia, Arkansas, knows a good thing when it sees it. Using funds they borrowed from the SBA through the microloan program, the group has granted Gail a \$25,000 loan. She's going to use just under 20 percent of the money to buy a version of the machine used by major China manufacturing companies. This increased capacity for production will finally allow her to take advantage of the demand for her product. She'll use the remaining funds for a revolving line of credit.

Denise Cook used to receive welfare benefits through AFDC, but she understands that we all have a responsibility to work for self-reliance. Denise trained herself as a paralegal and put herself through school, working day and night. Eventually, she graduated with a B.A. in criminal justice. She worked for a number of different firms as a paralegal, but her strong desire for independence and a keen interest in forensic research drove her into starting her own business.

Self-help Ventures Fund in North Carolina has a peer-lending microenterprise program that requires training and business ownership, including peer counseling as a prerequisite for the loan. After she completed the successful training period, Denise received a \$500 loan to get her business off the ground. Today she provides investigative legal research to law firms and other clients.

It is exactly these kinds of creative, hardworking people that the microloan program is designed to help. Since June of 1992, the Small Business Administration had awarded about \$16 million to lenders who have already made 330 loans to small businesses. Today's awards represent another \$16 million. And the Small Business Administration calculates that 42,000 jobs will result.

Small business is the backbone of our economic strength. In the last 10 to 12 years, small business has created more jobs that were lost during the restructuring of the larger businesses of our country. However, about three years ago, the small business job engine started to slow down because of the global recession, the credit crunch here in America which we are trying to deal with, the spiraling cost of health care and other problems. But a lot of it is simply barriers to entry because of the lack of available capital.

To preserve the vitality of small business and increase their capacity to expand our work force, we need programs like this one. The best route to the American Dream is the same route people have trod for many, many years now -- through the small businesses. That's why we're expanding the microloan program today. It creates jobs; it relies on the private sector; it rewards drive and creativity.

I want to say a special word of thanks again to the Congress, and especially to Senator Bumpers, the Chairman of the

Small Business Committee, for making this possible. I want Gail Miller to be able to send her sons to college, and this program will give her the tools and small businessmen and women like her to do exactly that.

Now I'd like to introduce two of the success stories here on the program, and I want to introduce all of them. Of course, Erskine Bowles, the SPA Administrator, who has already talked; Denise Cook and Gail Miller who will speak; Geraldine Janes, Chris and Regina Welch are also up here with us, and they may or may not want to say anything. But Denise and Gail have agreed to speak, so I'd like to call first Denise Cook and then Gail Miller. Let's give them a hand. (Applause.)

* * * *

THE PRESIDENT: I want to thank all of you here who are lenders, who have worked on these programs. The folks up here on this platform are the kind of people I ran for President to try to help. And I am deeply moved by what we have seen today. It kind of reinforces my belief that these programs are on the right course and that we can make a huge difference; that there are millions of people out here, literally millions, who could be employed and empowered if we had the systems in place and the people there who felt comfortable making loans and making these kinds of judgments and understood what had to be done.

And I thank all of you for being part of a genuine American experiment. I wish you well. I ask you to redouble your efforts. We'll redouble ours, and I know the Congress will make sure that we get what we need to make these programs succeed.

I thank you all. And I thank you, Senator Bumpers, Senator Presser, for being here. We're adjourned. Thank you very much. (Applause.)

END

11:23 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 24, 1993

REMARKS BY THE PRESIDENT
AT SMALL BUSINESS ASSOCIATION EVENT

The Rose Garden

11:05 A.M. EDT

THE PRESIDENT: Good morning. Welcome to the White House and thank you for coming.

A year and a half ago, the Small Business Administration issued the first microloan grants. To date, SBA has awarded 47 grants. We now more than double the program with 49 new grants. And we believe that 42,000 jobs will be created as a result.

This administration is committed to helping entrepreneurs create profits and jobs, and the microloan program is integral to our strategy to make that happen.

I want to thank Senator Pressler and Senator Bumpers for their attendance here today. And I want to say a special word of praise to my state's senior Senator Dale Bumpers who sponsored this legislation to create the microloans, something that he learned about as a result of a community development bank operating in our home state. I am very proud of it. It was modeled on the South Shore Bank in Chicago, and when I was Governor we worked hard to bring the bank there. We know that this concept works. And I appreciate very much the work that Senator Bumpers has done to bring this concept throughout America.

I also want to say that if the Congress later this year adopts our proposal for community development banks, then there will be more banks out there supporting the SBA in the work of making microloans.

This is very important because an enormous percentage of the jobs in America are now being created by small business people and by people starting up their own businesses and by people who were self-employed.

This is an innovative approach which opens the doors of opportunity to American who otherwise would find those doors closed. The program enables community-based lenders to expand their reach and to make very, very small loans to entrepreneurs who otherwise simply couldn't find a way to make their ideas real.

Many potential borrowers simply don't meet the credit standards of traditional lenders. Why? Because of a poor credit history or no track record as a borrower, they may simply not have enough collateral. In fact, SBA analysis indicates that many microloans will be made to individuals who are currently on public assistance. By encouraging entrepreneurial instincts, the program will then give them the help they need to take the first steps toward economic independence, not dependence. And in so doing, this could be a very important part of our overall welfare reform strategy to move more Americans from welfare to work.

By using community-based lenders -- and some are with us today, and I want to thank all of you who are here for your commitment to this concept -- this program relies on the lenders

MORE

understanding of the community and helps to empower the community with the needed resources to create jobs and growth.

SBA looked to these lenders for guidance when this program was being designed. It is the lenders' history of investing in their communities that will ensure the programs success. Gail Miller from Dumas, Arkansas, started her pottery business, Miller's Mud Mill, eight years ago, intent on making the money to send her sons to college and give them their shot at the American Dream. Gail has had good and bad years, but she'd learned that 15-hour days and seven-day weeks can produce a profit. In fact, she'd had so many orders that she and her two-person staff can't keep up with demand. Last year their inability to meet the demand cost her \$90,000 in lost sales. How many businesspeople in America would love to have that problem?

Gail has found the answer, however. The Arkansas Enterprise Group, a microlender from Arkadelphia, Arkansas, knows a good thing when it sees it. Using funds they borrowed from the SBA through the microloan program, the group has granted Gail a \$25,000 loan. She's going to use just under 20 percent of the money to buy a version of the machine used by major China manufacturing companies. This increased capacity for production will finally allow her to take advantage of the demand for her product. She'll use the remaining funds for a revolving line of credit.

Denise Cook used to receive welfare benefits through AFDC, but she understands that we all have a responsibility to work for self-reliance. Denise trained herself as a paralegal and put herself through school, working day and night. Eventually, she graduated with a B.A. in criminal justice. She worked for a number of different firms as a paralegal, but her strong desire for independence and a keen interest in forensic research drove her into starting her own business.

Self-help Ventures Fund in North Carolina has a peer-lending microenterprise program that requires training and business ownership, including peer counseling as a prerequisite for the loan. After she completed the successful training period, Denise received a \$500 loan to get her business off the ground. Today she provides investigative legal research to law firms and other clients.

It is exactly these kinds of creative, hardworking people that the microloan program is designed to help. Since June of 1992, the Small Business Administration had awarded about \$16 million to lenders who have already made 330 loans to small businesses. Today's awards represent another \$16 million. And the Small Business Administration calculates that 42,000 jobs will result.

Small business is the backbone of our economic strength. In the last 10 to 12 years, small business has created more jobs that were lost during the restructuring of the larger businesses of our country. However, about three years ago, the small business job engine started to slow down because of the global recession, the credit crunch here in America which we are trying to deal with, the spiraling cost of health care and other problems. But a lot of it is simply barriers to entry because of the lack of available capital.

To preserve the vitality of small business and increase their capacity to expand our work force, we need programs like this one. The best route to the American Dream is the same route people have trod for many, many years now -- through the small businesses. That's why we're expanding the microloan program today. It creates jobs; it relies on the private sector; it rewards drive and creativity.

I want to say a special word of thanks again to the Congress, and especially to Senator Bumpers, the Chairman of the

Small Business Committee, for making this possible. I want Gail Miller to be able to send her sons to college, and this program will give her the tools and small businessmen and women like her to do exactly that.

Now I'd like to introduce two of the success stories here on the program, and I want to introduce all of them. Of course, Erskine Bowles, the SPA Administrator, who has already talked; Denise Cook and Gail Miller who will speak; Geraldine Janes, Chris and Regina Welch are also up here with us, and they may or may not want to say anything. But Denise and Gail have agreed to speak, so I'd like to call first Denise Cook and then Gail Miller. Let's give them a hand. (Applause.)

* * * *

THE PRESIDENT: I want to thank all of you here who are lenders, who have worked on these programs. The folks up here on this platform are the kind of people I ran for President to try to help. And I am deeply moved by what we have seen today. It kind of reinforces my belief that these programs are on the right course and that we can make a huge difference; that there are millions of people out here, literally millions, who could be employed and empowered if we had the systems in place and the people there who felt comfortable making loans and making these kinds of judgments and understood what had to be done.

And I thank all of you for being part of a genuine American experiment. I wish you well. I ask you to redouble your efforts. We'll redouble ours, and I know the Congress will make sure that we get what we need to make these programs succeed.

I thank you all. And I thank you, Senator Bumpers, Senator Presser, for being here. We're adjourned. Thank you very much. (Applause.)

END

11:23 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 24, 1993

REMARKS BY THE PRESIDENT
AT SMALL BUSINESS ASSOCIATION EVENT

The Rose Garden

11:05 A.M. EDT

THE PRESIDENT: Good morning. Welcome to the White House and thank you for coming.

A year and a half ago, the Small Business Administration issued the first microloan grants. To date, SBA has awarded 47 grants. We now more than double the program with 49 new grants. And we believe that 42,000 jobs will be created as a result.

This administration is committed to helping entrepreneurs create profits and jobs, and the microloan program is integral to our strategy to make that happen.

I want to thank Senator Pressler and Senator Bumpers for their attendance here today. And I want to say a special word of praise to my state's senior Senator Dale Bumpers who sponsored this legislation to create the microloans, something that he learned about as a result of a community development bank operating in our home state. I am very proud of it. It was modeled on the South Shore Bank in Chicago, and when I was Governor we worked hard to bring the bank there. We know that this concept works. And I appreciate very much the work that Senator Bumpers has done to bring this concept throughout America.

I also want to say that if the Congress later this year adopts our proposal for community development banks, then there will be more banks out there supporting the SBA in the work of making microloans.

This is very important because an enormous percentage of the jobs in America are now being created by small business people and by people starting up their own businesses and by people who were self-employed.

This is an innovative approach which opens the doors of opportunity to American who otherwise would find those doors closed. The program enables community-based lenders to expand their reach and to make very, very small loans to entrepreneurs who otherwise simply couldn't find a way to make their ideas real.

Many potential borrowers simply don't meet the credit standards of traditional lenders. Why? Because of a poor credit history or no track record as a borrower, they may simply not have enough collateral. In fact, SBA analysis indicates that many microloans will be made to individuals who are currently on public assistance. By encouraging entrepreneurial instincts, the program will then give them the help they need to take the first steps toward economic independence, not dependence. And in so doing, this could be a very important part of our overall welfare reform strategy to move more Americans from welfare to work.

By using community-based lenders -- and some are with us today, and I want to thank all of you who are here for your commitment to this concept -- this program relies on the lenders

MORE

understanding of the community and helps to empower the community with the needed resources to create jobs and growth.

SBA looked to these lenders for guidance when this program was being designed. It is the lenders' history of investing in their communities that will ensure the programs success. Gail Miller from Dumas, Arkansas, started her pottery business, Miller's Mud Mill, eight years ago, intent on making the money to send her sons to college and give them their shot at the American Dream. Gail has had good and bad years, but she'd learned that 15-hour days and seven-day weeks can produce a profit. In fact, she'd had so many orders that she and her two-person staff can't keep up with demand. Last year their inability to meet the demand cost her \$90,000 in lost sales. How many businesspeople in America would love to have that problem?

Gail has found the answer, however. The Arkansas Enterprise Group, a microlender from Arkadelphia, Arkansas, knows a good thing when it sees it. Using funds they borrowed from the SBA through the microloan program, the group has granted Gail a \$25,000 loan. She's going to use just under 20 percent of the money to buy a version of the machine used by major China manufacturing companies. This increased capacity for production will finally allow her to take advantage of the demand for her product. She'll use the remaining funds for a revolving line of credit.

Denise Cook used to receive welfare benefits through AFDC, but she understands that we all have a responsibility to work for self-reliance. Denise trained herself as a paralegal and put herself through school, working day and night. Eventually, she graduated with a B.A. in criminal justice. She worked for a number of different firms as a paralegal, but her strong desire for independence and a keen interest in forensic research drove her into starting her own business.

Self-help Ventures Fund in North Carolina has a peer-lending microenterprise program that requires training and business ownership, including peer counseling as a prerequisite for the loan. After she completed the successful training period, Denise received a \$500 loan to get her business off the ground. Today she provides investigative legal research to law firms and other clients.

It is exactly these kinds of creative, hardworking people that the microloan program is designed to help. Since June of 1992, the Small Business Administration had awarded about \$16 million to lenders who have already made 330 loans to small businesses. Today's awards represent another \$16 million. And the Small Business Administration calculates that 42,000 jobs will result.

Small business is the backbone of our economic strength. In the last 10 to 12 years, small business has created more jobs that were lost during the restructuring of the larger businesses of our country. However, about three years ago, the small business job engine started to slow down because of the global recession, the credit crunch here in America which we are trying to deal with, the spiraling cost of health care and other problems. But a lot of it is simply barriers to entry because of the lack of available capital.

To preserve the vitality of small business and increase their capacity to expand our work force, we need programs like this one. The best route to the American Dream is the same route people have trod for many, many years now -- through the small businesses. That's why we're expanding the microloan program today. It creates jobs; it relies on the private sector; it rewards drive and creativity.

I want to say a special word of thanks again to the Congress, and especially to Senator Bumpers, the Chairman of the

Small Business Committee, for making this possible. I want Gail Miller to be able to send her sons to college, and this program will give her the tools and small businessmen and women like her to do exactly that.

Now I'd like to introduce two of the success stories here on the program, and I want to introduce all of them. Of course, Erskine Bowles, the SPA Administrator, who has already talked; Denise Cook and Gail Miller who will speak; Geraldine Janes, Chris and Regina Welch are also up here with us, and they may or may not want to say anything. But Denise and Gail have agreed to speak, so I'd like to call first Denise Cook and then Gail Miller. Let's give them a hand. (Applause.)

* * * *

THE PRESIDENT: I want to thank all of you here who are lenders, who have worked on these programs. The folks up here on this platform are the kind of people I ran for President to try to help. And I am deeply moved by what we have seen today. It kind of reinforces my belief that these programs are on the right course and that we can make a huge difference; that there are millions of people out here, literally millions, who could be employed and empowered if we had the systems in place and the people there who felt comfortable making loans and making these kinds of judgments and understood what had to be done.

And I thank all of you for being part of a genuine American experiment. I wish you well. I ask you to redouble your efforts. We'll redouble ours, and I know the Congress will make sure that we get what we need to make these programs succeed.

I thank you all. And I thank you, Senator Bumpers, Senator Presser, for being here. We're adjourned. Thank you very much. (Applause.)

END

11:23 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 24, 1993

REMARKS BY THE PRESIDENT
AT SMALL BUSINESS ASSOCIATION EVENT

The Rose Garden

11:05 A.M. EDT

THE PRESIDENT: Good morning. Welcome to the White House and thank you for coming.

A year and a half ago, the Small Business Administration issued the first microloan grants. To date, SBA has awarded 47 grants. We now more than double the program with 49 new grants. And we believe that 42,000 jobs will be created as a result.

This administration is committed to helping entrepreneurs create profits and jobs, and the microloan program is integral to our strategy to make that happen.

I want to thank Senator Pressler and Senator Bumpers for their attendance here today. And I want to say a special word of praise to my state's senior Senator Dale Bumpers who sponsored this legislation to create the microloans, something that he learned about as a result of a community development bank operating in our home state. I am very proud of it. It was modeled on the South Shore Bank in Chicago, and when I was Governor we worked hard to bring the bank there. We know that this concept works. And I appreciate very much the work that Senator Bumpers has done to bring this concept throughout America.

I also want to say that if the Congress later this year adopts our proposal for community development banks, then there will be more banks out there supporting the SBA in the work of making microloans.

This is very important because an enormous percentage of the jobs in America are now being created by small business people and by people starting up their own businesses and by people who were self-employed.

This is an innovative approach which opens the doors of opportunity to American who otherwise would find those doors closed. The program enables community-based lenders to expand their reach and to make very, very small loans to entrepreneurs who otherwise simply couldn't find a way to make their ideas real.

Many potential borrowers simply don't meet the credit standards of traditional lenders. Why? Because of a poor credit history or no track record as a borrower, they may simply not have enough collateral. In fact, SBA analysis indicates that many microloans will be made to individuals who are currently on public assistance. By encouraging entrepreneurial instincts, the program will then give them the help they need to take the first steps toward economic independence, not dependence. And in so doing, this could be a very important part of our overall welfare reform strategy to move more Americans from welfare to work.

By using community-based lenders -- and some are with us today, and I want to thank all of you who are here for your commitment to this concept -- this program relies on the lenders

MORE

understanding of the community and helps to empower the community with the needed resources to create jobs and growth.

SBA looked to these lenders for guidance when this program was being designed. It is the lenders' history of investing in their communities that will ensure the programs success. Gail Miller from Dumas, Arkansas, started her pottery business, Miller's Mud Mill, eight years ago, intent on making the money to send her sons to college and give them their shot at the American Dream. Gail has had good and bad years, but she'd learned that 15-hour days and seven-day weeks can produce a profit. In fact, she'd had so many orders that she and her two-person staff can't keep up with demand. Last year their inability to meet the demand cost her \$90,000 in lost sales. How many businesspeople in America would love to have that problem?

Gail has found the answer, however. The Arkansas Enterprise Group, a microlender from Arkadelphia, Arkansas, knows a good thing when it sees it. Using funds they borrowed from the SBA through the microloan program, the group has granted Gail a \$25,000 loan. She's going to use just under 20 percent of the money to buy a version of the machine used by major China manufacturing companies. This increased capacity for production will finally allow her to take advantage of the demand for her product. She'll use the remaining funds for a revolving line of credit.

Denise Cook used to receive welfare benefits through AFDC, but she understands that we all have a responsibility to work for self-reliance. Denise trained herself as a paralegal and put herself through school, working day and night. Eventually, she graduated with a B.A. in criminal justice. She worked for a number of different firms as a paralegal, but her strong desire for independence and a keen interest in forensic research drove her into starting her own business.

Self-help Ventures Fund in North Carolina has a peer-lending microenterprise program that requires training and business ownership, including peer counseling as a prerequisite for the loan. After she completed the successful training period, Denise received a \$500 loan to get her business off the ground. Today she provides investigative legal research to law firms and other clients.

It is exactly these kinds of creative, hardworking people that the microloan program is designed to help. Since June of 1992, the Small Business Administration had awarded about \$16 million to lenders who have already made 330 loans to small businesses. Today's awards represent another \$16 million. And the Small Business Administration calculates that 42,000 jobs will result.

Small business is the backbone of our economic strength. In the last 10 to 12 years, small business has created more jobs that were lost during the restructuring of the larger businesses of our country. However, about three years ago, the small business job engine started to slow down because of the global recession, the credit crunch here in America which we are trying to deal with, the spiraling cost of health care and other problems. But a lot of it is simply barriers to entry because of the lack of available capital.

To preserve the vitality of small business and increase their capacity to expand our work force, we need programs like this one. The best route to the American Dream is the same route people have trod for many, many years now -- through the small businesses. That's why we're expanding the microloan program today. It creates jobs; it relies on the private sector; it rewards drive and creativity.

I want to say a special word of thanks again to the Congress, and especially to Senator Bumpers, the Chairman of the

Small Business Committee, for making this possible. I want Gail Miller to be able to send her sons to college, and this program will give her the tools and small businessmen and women like her to do exactly that.

Now I'd like to introduce two of the success stories here on the program, and I want to introduce all of them. Of course, Erskine Bowles, the SPA Administrator, who has already talked; Denise Cook and Gail Miller who will speak; Geraldine Janes, Chris and Regina Welch are also up here with us, and they may or may not want to say anything. But Denise and Gail have agreed to speak, so I'd like to call first Denise Cook and then Gail Miller. Let's give them a hand. (Applause.)

* * * *

THE PRESIDENT: I want to thank all of you here who are lenders, who have worked on these programs. The folks up here on this platform are the kind of people I ran for President to try to help. And I am deeply moved by what we have seen today. It kind of reinforces my belief that these programs are on the right course and that we can make a huge difference; that there are millions of people out here, literally millions, who could be employed and empowered if we had the systems in place and the people there who felt comfortable making loans and making these kinds of judgments and understood what had to be done.

And I thank all of you for being part of a genuine American experiment. I wish you well. I ask you to redouble your efforts. We'll redouble ours, and I know the Congress will make sure that we get what we need to make these programs succeed.

I thank you all. And I thank you, Senator Bumpers, Senator Presser, for being here. We're adjourned. Thank you very much. (Applause.)

END

11:23 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 24, 1993

REMARKS BY THE PRESIDENT
AT SMALL BUSINESS ASSOCIATION EVENT

The Rose Garden

11:05 A.M. EDT

THE PRESIDENT: Good morning. Welcome to the White House and thank you for coming.

A year and a half ago, the Small Business Administration issued the first microloan grants. To date, SBA has awarded 47 grants. We now more than double the program with 49 new grants. And we believe that 42,000 jobs will be created as a result.

This administration is committed to helping entrepreneurs create profits and jobs, and the microloan program is integral to our strategy to make that happen.

I want to thank Senator Pressler and Senator Bumpers for their attendance here today. And I want to say a special word of praise to my state's senior Senator Dale Bumpers who sponsored this legislation to create the microloans, something that he learned about as a result of a community development bank operating in our home state. I am very proud of it. It was modeled on the South Shore Bank in Chicago, and when I was Governor we worked hard to bring the bank there. We know that this concept works. And I appreciate very much the work that Senator Bumpers has done to bring this concept throughout America.

I also want to say that if the Congress later this year adopts our proposal for community development banks, then there will be more banks out there supporting the SBA in the work of making microloans.

This is very important because an enormous percentage of the jobs in America are now being created by small business people and by people starting up their own businesses and by people who were self-employed.

This is an innovative approach which opens the doors of opportunity to American who otherwise would find those doors closed. The program enables community-based lenders to expand their reach and to make very, very small loans to entrepreneurs who otherwise simply couldn't find a way to make their ideas real.

Many potential borrowers simply don't meet the credit standards of traditional lenders. Why? Because of a poor credit history or no track record as a borrower, they may simply not have enough collateral. In fact, SBA analysis indicates that many microloans will be made to individuals who are currently on public assistance. By encouraging entrepreneurial instincts, the program will then give them the help they need to take the first steps toward economic independence, not dependence. And in so doing, this could be a very important part of our overall welfare reform strategy to move more Americans from welfare to work.

By using community-based lenders -- and some are with us today, and I want to thank all of you who are here for your commitment to this concept -- this program relies on the lenders

MORE

understanding of the community and helps to empower the community with the needed resources to create jobs and growth.

SBA looked to these lenders for guidance when this program was being designed. It is the lenders' history of investing in their communities that will ensure the programs success. Gail Miller from Dumas, Arkansas, started her pottery business, Miller's Mud Mill, eight years ago, intent on making the money to send her sons to college and give them their shot at the American Dream. Gail has had good and bad years, but she'd learned that 15-hour days and seven-day weeks can produce a profit. In fact, she'd had so many orders that she and her two-person staff can't keep up with demand. Last year their inability to meet the demand cost her \$90,000 in lost sales. How many businesspeople in America would love to have that problem?

Gail has found the answer, however. The Arkansas Enterprise Group, a microlender from Arkadelphia, Arkansas, knows a good thing when it sees it. Using funds they borrowed from the SBA through the microloan program, the group has granted Gail a \$25,000 loan. She's going to use just under 20 percent of the money to buy a version of the machine used by major China manufacturing companies. This increased capacity for production will finally allow her to take advantage of the demand for her product. She'll use the remaining funds for a revolving line of credit.

Denise Cook used to receive welfare benefits through AFDC, but she understands that we all have a responsibility to work for self-reliance. Denise trained herself as a paralegal and put herself through school, working day and night. Eventually, she graduated with a B.A. in criminal justice. She worked for a number of different firms as a paralegal, but her strong desire for independence and a keen interest in forensic research drove her into starting her own business.

Self-help Ventures Fund in North Carolina has a peer-lending microenterprise program that requires training and business ownership, including peer counseling as a prerequisite for the loan. After she completed the successful training period, Denise received a \$500 loan to get her business off the ground. Today she provides investigative legal research to law firms and other clients.

It is exactly these kinds of creative, hardworking people that the microloan program is designed to help. Since June of 1992, the Small Business Administration had awarded about \$16 million to lenders who have already made 330 loans to small businesses. Today's awards represent another \$16 million. And the Small Business Administration calculates that 42,000 jobs will result.

Small business is the backbone of our economic strength. In the last 10 to 12 years, small business has created more jobs that were lost during the restructuring of the larger businesses of our country. However, about three years ago, the small business job engine started to slow down because of the global recession, the credit crunch here in America which we are trying to deal with, the spiraling cost of health care and other problems. But a lot of it is simply barriers to entry because of the lack of available capital.

To preserve the vitality of small business and increase their capacity to expand our work force, we need programs like this one. The best route to the American Dream is the same route people have trod for many, many years now -- through the small businesses. That's why we're expanding the microloan program today. It creates jobs; it relies on the private sector; it rewards drive and creativity.

I want to say a special word of thanks again to the Congress, and especially to Senator Bumpers, the Chairman of the

Small Business Committee, for making this possible. I want Gail Miller to be able to send her sons to college, and this program will give her the tools and small businessmen and women like her to do exactly that.

Now I'd like to introduce two of the success stories here on the program, and I want to introduce all of them. Of course, Erskine Bowles, the SPA Administrator, who has already talked; Denise Cook and Gail Miller who will speak; Geraldine Janes, Chris and Regina Welch are also up here with us, and they may or may not want to say anything. But Denise and Gail have agreed to speak, so I'd like to call first Denise Cook and then Gail Miller. Let's give them a hand. (Applause.)

* * * *

THE PRESIDENT: I want to thank all of you here who are lenders, who have worked on these programs. The folks up here on this platform are the kind of people I ran for President to try to help. And I am deeply moved by what we have seen today. It kind of reinforces my belief that these programs are on the right course and that we can make a huge difference; that there are millions of people out here, literally millions, who could be employed and empowered if we had the systems in place and the people there who felt comfortable making loans and making these kinds of judgments and understood what had to be done.

And I thank all of you for being part of a genuine American experiment. I wish you well. I ask you to redouble your efforts. We'll redouble ours, and I know the Congress will make sure that we get what we need to make these programs succeed.

I thank you all. And I thank you, Senator Bumpers, Senator Presser, for being here. We're adjourned. Thank you very much. (Applause.)

END

11:23 A.M. EDT