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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

December 18, 1995

TO THE HOUSE OF REPRESENTATIVES: ✓

I am returning herewith without my approval H.R. 2099, the "Departments of Veterans Affairs and **Housing** and Urban Development, and Independent Agencies Appropriations Act, 1996."

H.R. 2099 would threaten public health and the environment, end programs that are helping communities help themselves, close the door on college for thousands of young people, and leave veterans seeking medical care with fewer treatment options.

The bill includes no funds for the highly successful National Service program. If such funding were eliminated, the bill would cost nearly 50,000 young Americans the opportunity to help their community, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while earning a monetary award to help them pursue additional education or training. I will not sign any version of this appropriations bill that does not restore funds for this vital program.

This bill includes a 22 percent cut in requested funding for the Environmental Protection Agency (EPA), including a 25 percent cut in enforcement that would cripple EPA efforts to enforce laws against polluters. Particularly objectionable are the bill's 25 percent cut in Superfund, which would continue to expose hundreds of thousands of citizens to dangerous chemicals and cuts, which would hamper efforts to train workers in hazardous waste cleanup.

In addition to severe funding cuts for EPA, the bill also includes legislative riders that were tacked onto the bill without any hearings or adequate public input, including one that would prevent EPA from exercising its authority under the Clean Water Act to prevent wetlands losses.

I am concerned about the bill's \$762 million reduction to my request for funds that would go directly to States and needy cities for clean water and drinking water needs, such as assistance to clean up Boston Harbor. I also object to cuts the Congress has made in environmental technology, the climate change action plan, and other environmental programs.

The bill would reduce funding for the Council for Environmental Quality by more than half. Such a reduction would severely hamper the Council's ability to provide me with advice on environmental policy and carry out its responsibilities under the National Environmental Policy Act.

The bill provides no new funding for the Community Development Financial Institutions program, an important initiative for bringing credit and growth to communities long left behind.

While the bill provides spending authority for several important initiatives of the Department of **Housing** and Urban Development (HUD), including Community Development Block Grants, homeless assistance and the sale of HUD-owned properties, it lacks funding for others. For example, the bill provides no funds to support economic development initiatives; it has insufficient funds for incremental rental vouchers; and it cuts nearly in half my request for tearing down the most severely distressed **housing** projects. Also, the bill contains harmful riders that would transfer HUD's Fair **Housing** activities to the Justice Department and eliminate Federal preferences in the section 8, tenant-based program. ✓

The bill provides less than I requested for the medical care of this Nation's veterans. It includes significant restrictions on funding for the Secretary of Veterans Affairs that appear designed to impede him from carrying out his duties as an advocate for veterans. Further, the bill does not provide necessary funding for VA hospital construction.

For these reasons and others my Administration has conveyed to the Congress in earlier communications, I cannot accept this bill. This bill does not reflect the values that Americans hold dear. I urge the Congress to send me an appropriations bill for these important priorities that truly serves the American people.

WILLIAM J. CLINTON

THE WHITE HOUSE,
December 18, 1995.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

December 6, 1995 ✓

TO THE HOUSE OF REPRESENTATIVES:

I am returning herewith without my approval H.R. 2491, the budget reconciliation bill adopted by the Republican majority, which seeks to make extreme cuts and other unacceptable changes in Medicare and Medicaid, and to raise taxes on millions of working Americans.

As I have repeatedly stressed, I want to find common ground with the Congress on a balanced budget plan that will best serve the American people. But, I have profound differences with the extreme approach that the Republican majority has adopted. It would hurt average Americans and help special interests.

My balanced budget plan reflects the values that Americans share -- work and family, opportunity and responsibility. It would protect Medicare and retain Medicaid's guarantee of coverage; invest in education and training and other priorities; protect public health and the environment; and provide for a targeted tax cut to help middle-income Americans raise their children, save for the future, and pay for postsecondary education. To reach balance, my plan would eliminate wasteful spending, streamline programs, and end unneeded subsidies; take the first, serious steps toward health care reform; and reform welfare to reward work.

By contrast, H.R. 2491 would cut deeply into Medicare, Medicaid, student loans, and nutrition programs; hurt the environment; raise taxes on millions of working men and women and their families by slashing the Earned Income Tax Credit (EITC); and provide a huge tax cut whose benefits would flow disproportionately to those who are already the most well-off.

Moreover, this bill creates new fiscal pressures. Revenue losses from the tax cuts grow rapidly after 2002, with costs exploding for provisions that primarily benefit upper-income

taxpayers. Taken together, the revenue losses for the 3 years after 2002 for the individual retirement account (IRA), capital gains, and estate tax provisions exceed the losses for the preceding 6 years.

Title VIII would cut Medicare by \$270 billion over 7 years -- by far the largest cut in Medicare's 30-year history. While we need to slow the rate of growth in Medicare spending, I believe Medicare must keep pace with anticipated increases in the costs of medical services and the growing number of elderly Americans. This bill would fall woefully short and would hurt beneficiaries, over half of whom are women. In addition, the bill introduces untested, and highly questionable, Medicare "choices" that could increase risks and costs for the most vulnerable beneficiaries.

Title VII would cut Federal Medicaid payments to States by \$163 billion over 7 years and convert the program into a block grant, eliminating guaranteed coverage to millions of Americans and putting States at risk during economic downturns. States would face untenable choices: cutting benefits, dropping coverage for millions of beneficiaries, or reducing provider payments to a level that would undermine quality service to children, people with disabilities, the elderly, pregnant women, and others who depend on Medicaid. I am also concerned that the bill has inadequate quality and income protections for nursing home residents, the developmentally disabled, and their families; and that it would eliminate a program that guarantees immunizations to many children.

Title IV would virtually eliminate the Direct Student Loan Program, reversing its significant progress and ending the participation of over 1,300 schools and hundreds of thousands of students. These actions would hurt middle- and low-income families, make student loan programs less efficient, perpetuate unnecessary red tape, and deny students and schools the free-market choice of guaranteed or direct loans.

Title V would open the Arctic National Wildlife Refuge (ANWR) to oil and gas drilling, threatening a unique, pristine ecosystem, in hopes of generating \$1.3 billion in Federal revenues -- a revenue estimate based on wishful thinking and outdated analysis. I want to protect this biologically rich wilderness permanently. I am also concerned that the Congress has chosen to use the reconciliation bill as a catch-all for various objectionable natural resource and environmental policies. One would retain the notorious patenting provision whereby the government transfers billions of dollars of publicly owned minerals at little or no charge to private interests; another would transfer Federal land for a low-level radioactive waste site in California without public safeguards.

While making such devastating cuts in Medicare, Medicaid, and other vital programs, this bill would provide huge tax cuts for those who are already the most well-off. Over 47 percent of the tax benefits would go to families with incomes over \$100,000 -- the top 12 percent. The bill would provide unwarranted benefits to corporations and new tax breaks for special interests. At the same time, it would raise taxes, on average, for the poorest one-fifth of all families.

The bill would make capital gains cuts retroactive to January 1, 1995, providing a windfall of \$13 billion in about the first 9 months of 1995 alone to taxpayers who already have sold their assets. While my Administration supports limited

reform of the alternative minimum tax (AMT), this bill's cuts in the corporate AMT would not adequately ensure that profitable corporations pay at least some Federal tax. The bill also would encourage businesses to avoid taxes by stockpiling foreign earnings in tax havens. And the bill does not include my proposal to close a loophole that allows wealthy Americans to avoid taxes on the gains they accrue by giving up their U.S. citizenship. Instead, it substitutes a provision that would prove ineffective.

While cutting taxes for the well-off, this bill would cut the EITC for almost 13 million working families. It would repeal part of the scheduled 1996 increase for taxpayers with two or more children, and end the credit for workers who do not live with qualifying children. Even after accounting for other tax cuts in this bill, about eight million families would face a net tax increase.

The bill would threaten the retirement benefits of workers and increase the exposure of the Pension Benefit Guaranty Corporation by making it easy for companies to withdraw tax-favored pension assets for nonpension purposes. It also would raise Federal employee retirement contributions, unduly burdening Federal workers. Moreover, the bill would eliminate the low-income **housing** tax credit and the community development corporation tax credit, which address critical **housing** needs and help rebuild communities. Finally, the bill would repeal the tax credit that encourages economic activity in Puerto Rico. We must not ignore the real needs of our citizens in Puerto Rico, and any legislation must contain effective mechanisms to promote job creation in the islands.

Title XII includes many welfare provisions. I strongly support real welfare reform that strengthens families and encourages work and responsibility. But the provisions in this bill, when added to the EITC cuts, would cut low-income programs too deeply. For welfare reform to succeed, savings should result from moving people from welfare to work, not from cutting people off and shifting costs to the States. The cost of excessive program cuts in human terms -- to working families, single mothers with small children, abused and neglected children, low-income legal immigrants, and disabled children -- would be grave. In addition, this bill threatens the national nutritional safety net by making unwarranted changes in child nutrition programs and the national food stamp program.

The agriculture provisions would eliminate the safety net that farm programs provide for U.S. agriculture. Title I would provide windfall payments to producers when prices are high, but not protect family farm income when prices are low. In addition, it would slash spending for agricultural export assistance and reduce the environmental benefits of the Conservation Reserve Program.

For all of these reasons, and for others detailed in the attachment, this bill is unacceptable.

Nevertheless, while I have major differences with the Congress, I want to work with Members to find a common path to balance the budget in a way that will honor our commitment to senior citizens, help working families, provide a better life for our children, and improve the standard of living of all Americans.

WILLIAM J. CLINTON

THE WHITE HOUSE,
December 6, 1995.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

December 6, 1995

REMARKS BY THE PRESIDENT
AT THE WHITE HOUSE CONFERENCE ✓
ON HIV AND AIDS

The Cash Room
Treasury Building

1:10 P.M. EST

THE PRESIDENT: First of all, thank you, Sean, and thank you, Eileen. Thank you, Patsy Fleming and Secretary Shalala, Secretary Cisneros. Thank you, Dr. Scott Hitt, and all the members of the President's Advisory Council. I think most of them were actually sitting in the overflow room so the rest of you can be here. But I thank them -- we heard them; let's give them a hand, maybe they can hear us. (Applause.)

I thank Dr. Varmus, Dr. Kessler, all the others here who are involved in dramatic effort that they are making in the fight against AIDS. Most of all, I thank all of you for coming and for giving us a chance to have this first-ever White House Conference on HIV and AIDS.

So much has been said by the speakers who have spoken before, and so much is still to be said by the panelists and perhaps by some of you in the audience, but I'm going to do what I can to shorten my remarks, because I want to spend most of my time listening to you and focusing on where we go from here. But there are a few things that I would like to say.

First of all, this is a disease, and we have never before had a disease we could not conquer. We can conquer this. (Applause.) I believe that -- in my lifetime, we've eliminated small pox from the planet and polio from our hemisphere. We can do better, and we can do better until we prevail.

The threat of AIDS, just the very threat of it, has changed the lives of millions of people. And you heard from the talk about prevention, about which I want to say more in a moment, it needs to change the lives of millions of more Americans. It has taken too many friends and loved ones from every one of us in this room. For millions of people it has shaken their very faith in the future.

But it's also inspired a remarkable community spirit. One of the people on this program today, Demetri Moshoyannis, who is right behind me, grew up in a typical American -- I think he's still there -- (laughter) -- grew up in a typical American suburb in a typical American community. He attended college, became politically active, with a quick mind and an active spirit. He was clearly a rising star. After graduating, he joined the Corporation for National Service to help us start AmeriCorps.

While he was working for AmeriCorps, he found out he was HIV positive at the ripe old age of 23. He took the news as a challenge, to use his communications skills, his organizational skills and his leadership skills to educate and support his peers and help them escape the threat. He represents the combination of heartbreak and hope that makes this epidemic so unique. I am grateful to him, grateful to Sean, grateful to Eileen, grateful to every one of you who also represents that remarkable combination. We have to be worthy of your continuing courage.

Twelve days ago, the Centers for Disease Control reported that our nation reached another sad milestone in the AIDS epidemic -- a half million Americans have now been diagnosed with AIDS and more than 300,000 have died. On this very day, and on every day from this day forward until we do something to change it, 120 more Americans will lose their lives, another 160 people will be diagnosed with the disease, nearly 140 will become infected with HIV.

That's why this meeting is important. It gives us an opportunity to say to America what the facts are, to rally our troops, to search our minds and hearts, to leave here with more weapons than we came to make progress in this battle.

Our common goal must ultimately be a cure, a cure for all those who are living with HIV, and a vaccine to protect all the rest of us from the virus. A cure and a vaccine, that must be our first and top priority. (Applause.)

When I ran for President, I said that I would do everything I could to pull together the necessary resources and to organize them, and to exercise real direction toward this goal. At a time of dramatic spending cuts, as Secretary Shalala said, we have nonetheless increased overall AIDS funding by about 40 percent. If my budget passes -- and on this item, it actually might pass this year -- we'll have a 26 percent increase in research. For the first time since the beginning of the epidemic, there is now one person in charge of the nation's entire NIH AIDS research program, Dr. William Paul. And though more budget cuts are coming, we have got to protect the research budget and the Office of AIDS Research. I will oppose any effort to undermine the research effort or the Office of AIDS Research. (Applause.)

I want all our fellow Americans to know that this investment in science has paid tremendous dividends. Today people with AIDS live twice as long as they did just 10 years ago, especially those who seek early treatment. AIDS-related conditions that used to mean a quick and often very painful death for people

living with HIV can now be treated and even prevented.

Since this administration began, I also want to compliment Dr. Kessler and the FDA. In record time they are now approving new classes of AIDS drugs that will help to restore the damaged immune systems of people with HIV. Indeed, there was a study released last week which says that the United States is now approving drugs faster than any European nation. And a drug company executive was recently quoted as saying that we are now two years ahead of Europe in the approval of AIDS drugs. Thank you, bring on more. This is a good direction. (Applause.)

Again, we have a lot to look forward to. Combination drug therapies are showing great promise as a means for controlling the virus in the human body. And just last year we found that the use of drug therapy could actually block HIV transmission from mother to child. Our scientists tell me it's within our grasp to virtually eliminate pediatric AIDS by the end of the decade by offering all pregnant women HIV counseling and testing and guaranteeing that they have access to the treatment they need to protect their unborn children. We can give a generation of Americans the freedom of being born without HIV. We can do it, and we will. (Applause.)

I think all of us know we have to do more. And you may have ideas for us. In the end -- I want to emphasize this over and over again -- whenever we have these conferences, it's important for the President to speak, but it's also important for the President and the administration to hear. And you don't learn much when you're talking. So I want to urge you all here during this meeting today and afterward in following up, we are combing the country and the world for the best ideas about what to do next.

To move the search for a cure forward and to accelerate the pace, I have asked the Vice President to convene a meeting of scientists and leaders of the pharmaceutical industry to identify all the ways in which we might accelerate the development of vaccines, therapeutics, and microbicides that can protect people from HIV and the infections it causes. There are no guarantees in science, of course, but the collective will of government and energy -- industry -- can overcome huge obstacles as we have seen just in the last few years.

Second, let me say I am very pleased that the decision that was made at the NIH to put Dr. Paul in charge of coordinating the AIDS research of the NIH, for the first time to have it all reconciled, coordinated and directed, has worked out very well. But we need to extend this effort government-wide. That's why I have asked Patsy Fleming to coordinate an inner-departmental working group that will be chaired by Dr. Paul to develop a coordinated plan for HIV and AIDS research all across every single department of our government, including developing a coordinated research budget. And I want a report in the next 90 days. That is the next important step -- (applause).

We can't afford any unnecessary delays or missed opportunities. And I'm convinced that these two steps will help us to avoid those.

In addition to the work in research, we have to continue to do what we can to assure that those who are living with HIV and AIDS get the support and the care they need. And I want to talk about this in some detail.

For people with AIDS, the current debate over how to balance the federal budget is far more than a question of political

rhetoric. It is a matter of survival, primarily because of Medicaid. Even if we are successful, and I believe we will be, in reauthorizing the Ryan White CARE Act, at higher levels of funding -- and as you heard the Secretary say, we've increased funding by, I believe, 108 percent in the last three years -- that is less than 20 percent of the total money spent to care for people with HIV and AIDS.

Medicaid is the lifeline of support. It provides health care for nearly half of the 190,000 Americans living with AIDS provides health care for nearly half of the 190,000, including 90 percent of the children. It provides access to doctors, to hospitals, to drugs, to home care, the things that allow people to live their lives more fully. It pays for the drugs that keep HIV under control for longer and longer periods of time. And it pays for drugs that prevent the infections that often end the lives of those with AIDS. Medicaid pays for the care that allows families to stay together.

Yet today, Medicaid, a program that parenthetically also is eligible to cover one in five American children -- that's how many -- 22 percent of our children are living in such difficult circumstances that they are eligible for Medicaid. And one of the things about the congressional budget that I objected to so strongly is that it slashes spending on Medicaid by over \$160 billion and turns it into a block grant, thus eliminating a 30-year national commitment we have made to the poor, especially to poor children, which I might say has given us the lowest infant mortality rate in our history. It is the one thing we have done that has helped us to drive down infant mortality among poor people who otherwise never see doctors. It has given elderly people -- millions of them -- a dignified life in nursing home, or getting home care. And it has helped people with disabilities, not just people with HIV and AIDS, but millions and millions of families on limited incomes with children born with cerebral palsy, children born with spinibifida, families that could never afford to buy a decent wheelchair for their children, much less send them to camp in the summertime or have them in an appropriate living setting. And it is the lifeline for people with HIV and AIDS.

I say again, the Ryan White health Care Act is important. I'm proud of the fact that we have doubled the funding. I am fighting for more funding this year. I am proud of the fact that it enjoys some bipartisan support in the Congress. I am proud of the fact that when there was an attempt in the Senate to eviscerate it, and turn it into a political football, the Senate almost unanimously turned it back.

But be not deceived, we could double it. And if this Medicaid budget goes through, it is a stake in the heart of our efforts to guarantee dignity to the people with AIDS in this country. (Applause.) Thank you. (Applause.)

I want to say one other thing. I want to thank the Secretary of **Housing** and Urban Development for the work that he has done to increase opportunities in **housing** for people living with AIDS. (Applause.) We have taken some tremendous hits in the HUD budget, some of them we have inflicted in an attempt to get the deficit down. And there will doubtless be further reductions which will require reorganization on an unprecedented scale at the Department. But Henry Cisneros and I were together on the day before Thanksgiving at a shelter serving food, and he told me again the one thing that we must not do is to undermine the ability of the Department of **Housing** and Urban Development to try to provide dignified, adequate, compassionate **housing** opportunities for people

living with AIDS.

So I say to you, when we talk about balancing the budget, I'd like to remind you that our administration has cut the deficit nearly in half in ways that were honorable and fair and enabled us to increase our investment in things that mattered, not just the war against AIDS, but education, technology, medical research, the environment, to bring the deficit down and lift the society up. And that's the way we ought to approach this.

I want to say more about this in a minute, but this budget debate, because it requires tough choices, will inevitably require us to define what kind of people we really are. When times are easy and you can just dole out money to everybody that shows up at the door, it's pretty hard to tell what your values are. When times are tough, and you have say yes some places and no others, it becomes far, far clearer.

So I ask you to help us in the fight against the Medicaid cuts, to help us to preserve Secretary Cisneros's ability to support **housing** opportunities.

I got the message. I heard what you said about prevention. I would point out that in the last two years we have asked for increases in our prevention budget. But I am very worried about what's happening there because of what has already been said.

We have to set a goal. And I hope you will suggest one coming out of this conference. We have to reduce the number of new infections each and every year until there are no more new infections. And we all have to do that. (Applause.)

We know that for this to work it has to be targeted and it has to be sustained, as the gay community demonstrated in the 1980s. We know now we have to pay particular attention to young people and those who abuse drugs. There is a lot of evidence that huge numbers of our young teenagers continue to be completely heedless of the risks of their behavior.

I was pleased to see the public service announcements that Secretary Shalala released to educate young people and to urge them to take responsibility to protect themselves. I would say we ought to go further, and you need to help us. We have to educate these kids, but we also have to tell them they cannot be heedless of the consequences of their behavior.

It is not enough to know -- they must act. It is in the nature -- it is one of the joys of childhood that children think they will live forever. It is one of the curses of childhood in some of our meanest neighborhoods that children think they won't live to be much beyond 25 anyway. In a perverse way, both of those attitudes are contributing to the problem, because one group of our children think that they are at no risk because nothing can ever happen to them -- they're bulletproof; another group believes that no matter what they do, they don't have much of a future anyway. And they are bound together in a death spiral when it comes to this. This is crazy. We have got to find some way to tell them you must stop this.

We are doing what we can to make those toughest neighborhoods safer. Believe it or not, amidst all the talk here in Washington, you could hardly know it, but out there in America in almost every community, the crime rate is down, the welfare rolls are down, the food stamp rolls are down, the poverty rolls have dropped for the first time in over a decade. Why? Because if you invest in people and their future and jobs are created and people go to work

and hope begins to be infused in people's lives, all of the problems we talk about here in Washington give way to opportunities in the lives of people.

But we see with this -- with this problem, whether there is an atmosphere of opportunity or an atmosphere of hopelessness, too many teenagers are ignoring the responsibilities they have to protect themselves. We have to find better ways, and maybe more help from different people, to get inside their minds, to shake their spirits, to make them know care about them and we want them to have a future. But we cannot do the one thing that only they can do, which is to control their own decisions. And we have to do more. And if you've got any better ideas for me, believe me, I am all ears.

I want to say, too, just a little word about the importance of trying to tie our prevention efforts with HIV and AIDS to our prevention efforts with drugs and substance abuse, because that's the second big problem area of populations. In 1993 and again in the crime bill in 1994, we increased our federal investment in drug treatment. And I'm working to try to convince Congress to do even more. We know that the right kind of treatment programs work. We know that the right kind of prevention programs work. And we know that we can marry the two.

I've asked the CDC to convene a meeting of state and local people involved in both public health and drug prevention to develop an action plan that integrates HIV prevention and substance abuse prevention. And I hope that we can do that and do it now, because I think it will make a significant difference.

I have to tell you that I am very worried that what we see with the HIV rates among juveniles is now being mirrored in drug use. Last year's statistics showed unbelievably that drug use among people 18 to 34 was going down, but casual drug use among people 12 to 17 was going up. I think it is clearly because there are too many kids out there raising themselves, thinking nobody cares about them and not thinking there's much of a future. So we have to deal with these two things together.

And while we search for a cure, work to improve treatment, strive to prevent new cases and to protect the hard-won gains of the past, I'd also like to say just a word about the basic human rights of people living with HIV and AIDS.

AIDS-related discrimination unfortunately remains a problem that offends America's conscience. The Americans with Disabilities Act now offers more than 40 million Americans living with physical or mental disabilities, including those living with HIV and AIDS, protection against discrimination. And the Justice Department, the Department of Health and Human Services, the Equal Employment Opportunity Commission, they have been vigorously enforcing the ADA. We're about to launch a new effort to ensure that health care facilities provide equal access to people with HIV and AIDS.

We simply cannot let our fears outweigh our common sense or our compassion. And as Sean said, we can't let our bigotry -- to use his word, we can't let our homophobia blind us to our obligations. (Applause.)

I say that for two reasons. One is that the fastest growing group of people with the HIV virus are not gay men. This is not a disease that fits into the homophobic world view. But the second reason is that regardless of sexual orientation or race or income or even whether a person has sadly fallen victim to drug abuse

-- as someone who has lived in a family with an alcoholic and with a drug abuser -- every person -- I say this with clear knowledge, experience and conviction -- every person with HIV or AIDS is somebody's son or daughter, somebody's brother or sister, somebody's parent, somebody's grandparent.

And when we forget this, when we forget that all the people who deal with this are our fellow Americans and that most of them share our values and our hopes and our dreams and deserve dignity and decency in the treatment we give them, we forget a very great thing that makes this a special country. And we forget it at our own peril.

In one way or another nearly every person in America at one time in his or her life has been subject to some sort of scorn. Woodrow Wilson once said that you could break a person with scornful words just as surely as with sticks, and beat him. And I think that's an important thing, too, to remember.

The American people need to know that everybody in this country and, indeed, throughout the world, is now vulnerable to this disease. We need to identify what our responsibilities are in this country, and our responsibilities to developing countries, are to deal with the problem, to search for a cure, to search for a vaccine, to deal with the treatment issues. But I'm not sure it doesn't begin with dealing with our own hearts and minds on this. That's where you have to come in.

Frederick Douglas said, during the great struggle against slavery, that it was not light that is needed, but fire; not the gentle shower, but thunder; the feeling of the nation must be quickened, the conscious of the nation must be roused. That's what you came here to do.

Don't forget this -- most Americans are good people. The great burden we have as Americans is that when we have to deal with something new, too often we can't deal with it from imagination and empathy, we have to actually experience it first. I do not want to wait until every single family has somebody die before we have a good policy -- (applause) --.

So I ask you -- I understand anger and frustration, but I will never understand it until someday and something happens to me and I know the sand is running out of my hour glass. So I can't totally understand it. But I ask all of you to remember this -- this is fundamentally a good country. Alexis de Tocqueville said in the 1830s that this was a great country because we are a good country. And if we ever stop being a good country, we would no longer be a great country.

So I ask you to use this moment to give America a chance to be great about this issue, give our people a chance to feel this the way you feel it, to see it the way you see it, to know it the way you know it.

When I was getting ready for the conference yesterday, I called Bob Hattoy sitting back there in the room. I said, what do you think I ought to say tomorrow? What do you think is going to happen? We were talking. And he said, I think you ought to think about all the people who waged this battle with us in 1992 who aren't around anymore. And so we just went through them name by name.

And then right before I came over here I looked at the picture of little Ricky Ray that I keep on my desk at the White House in the Oval Office. And I remembered his family and the members that

are still struggling with it.

Give the country a chance to be great about this. Shake them up. Shake me up. Push us all hard. But do it in a way that remembers this is fundamentally a good country. Every now -- when we stray, we get off the track a little bit, but we're still around for more than 200 years because most of the time when the chips are down, we do the right thing. And I am convinced that people like you can get this country, starting here in Washington, to do the right thing.

Thank you, and God bless you all. (Applause.)

Q Mr. President, we will now begin the roundtable discussion with reports from each of the workshops. I'd like to begin with Dr. Renslow Sherer. He will report to you from the primary care and benefits workshop.

Dr. Sherer is a dedicated clinician and researcher who is head of the AIDS program at Chicago's Cook County Hospital.

Q Mr. President, let me add my voice to thank you for being the first President in 14 years to convene such a conference. I have four messages for you from the primary health care group, and that's for you and the Advisory Council and for the nation. And I'm really echoing many of the comments that you've just made.

Mr. President, we've made great progress in HIV care since the epidemic began. We have therapies now, as you mentioned, combination therapies that can improve the length of an individual's life and the quality of their life. We've learned a great deal in the management of HIV and established systems of care, much of which is through the benefits of the Ryan White CARE Act. In future, we need to build on the experience and expertise of those caregivers around the country who have worked for so hard for so long.

But in order to do that, we're concerned about the fact that our care system is seriously threatened by the potential for Medicaid cuts that are being debated right now. We urgently need you and the nation to support full funding for Medicaid and for the Ryan White CARE Act without mandatory testing requirements. Included in that need is the availability for all who need it for lifesaving drugs. Today, in several states -- in New York state and Kansas -- people who have had access to life-saving drugs may not now be able to receive them because of funds having expired through Title II of the CARE Act and through other means for the availability of those drugs.

Third, we need to improve access into our health care system for all who need it. In Chicago where I work, we think there are 34,000 with HIV, but only 10,000 of those are identified, know they're infected and are in care. We must improve our ability to reach out and provide HIV counseling and testing for those who need it, in a voluntary fashion so they can engage and come into care.

Some of the new improvements in HIV care in the last year require us to once again renew efforts to train health care providers -- physicians, nurses and other health care providers -- because there's additional complexity now. And that training needs to take place in medical schools and nursing schools, and also through the AIDS education and training centers, for which funding has been threatened. Full funding of that will guarantee that we continue to be flexible and to respond to the increased training needs.

In addition, we need to ensure oversight of the quality

of care. We've learned how to do HIV care well, but that's not consistently transmitted throughout our health care system. On the contrary, there are still centers, individual physicians and providers, who know little or nothing about HIV care. We urgently need to engage them and train them, as well as to ensure that when we're expanding access to care, it's to providers with knowledge and experience, so people gain from the benefits that we've made in the last 10 years.

It's very important that we pursue the most cost effective strategies that we can, but that's not the same thing as limiting costs. We're very concerned that our health care system allow for the optimal management of people with HIV. To quote one of our members, "to manage care only in terms of short-term cost considerations, it's not only bad medicine, it's inhumane and it's unethical." It is also not necessarily the most cost effective in the long run.

Finally, Mr. President, the definition of primary care really includes much of what you'll hear following and what you've included in your remarks. In order to provide care at Cook County Hospital for someone with chemical dependency, we need to be able to address their chemical dependency with drug treatment in order to encourage their continuation in primary care. We need prevention urgently, both secondary and primary prevention.

We agree with you that discrimination is a serious impediment to the ability of people to receive care and needs vigorous leadership from the White House and from all the governor's mansions of our country. Our patients need **housing** and need mental health care and drug treatment, and we have to think broadly. Those items will be covered by the remainder of the speakers.

In addition, primary care research in health outcomes and in clinical -- new therapies is a critical component of HIV primary care.

Again, I thank you for convening this conference and for the leadership that you've already shown. Maybe it's our most important message of all, to continue to listen to people with HIV, to affected communities, to their care providers and their loved ones, and to work with all of us to be here for the cure.

Thank you again. (Applause.)

THE PRESIDENT: Thank you.

I want to ask one brief question, if I might. One of the difficulties that we have in dealing responsibly with this issue involves the dilemma that you just laid out when you said we ought to have voluntary testing, not mandatory testing. And the issue is most clearly represented with the whole question of pregnant women now given the advances that have been shown. I've studied the CDC guidelines; I think they're -- they make sense to me. I think the rest of us who don't know the facts ought to follow people that we hire to make these judgments. You know, if there's -- it makes a lot of sense to me. (Applause.)

But you just said that there were 34,000 people that needed your services, and only 10,000 were getting them and we had to find a way to get more people to get voluntarily tested. So how do we close the gap between 10,000 and 34,000? What can we do? What can you do? What can the rest of us do? That's what's driving this whole mandatory testing thing. It's not the notion that people are out there hiding, trying to avoid getting testing; it's that there's

this huge gap and that society is being burdened by it, and so are these people. So how do we close that gap?

Q I know other speakers today will address, this but let me start. Mandatory testing not only will not address this problem, it will further drive people away and be a disincentive to their coming into care. (Applause.)

THE PRESIDENT: So how do you do it?

Q Mr. President, let me pick the single example of pregnant women. At Cook County Hospital, we have a program with our Ob-Gyn physicians in community health centers to engage pregnant women and women at risk of HIV in voluntary HIV counseling and testing. We have an exceptional compliance, well over 90 percent, with those efforts. You could not improve, and should not improve -- you can't force or use coercion in this kind of a public health problem. The first principle of public health is to engage the support and cooperation of the people.

There are many other creative strategies to reach people at risk. I think that Eileen and Sean have spoken to them, and I know you'll hear about more today.

MS. FLEMING: Mr. President, Phill Wilson was in the services workshop. He is the public policy director at AIDS Project Los Angeles, and an eloquent spokesperson on behalf of people living with HIV.

MR. WILSON: Good afternoon. As Patsy said, I'm a person living with AIDS. Tragically, I'm not alone. We are not alone. We are part of the American family. We're not a special interest group. We are men and women; we're old and young; we're gay and straight. We live in urban, suburban, rural communities. We are Americans. And we want an end to this epidemic.

With the advances that have been made especially over the last year in basic science and some therapeutic research, we have the potential for hope. I believe you know something about hope. But that hope is at peril for a number of reasons. One of those reasons is the lack of leadership. We need you to continue and to step up your leadership. You and the Congress have made a commitment to balance the federal budget by a date certain. We need you to make a commitment to end this epidemic by a date certain. (Applause.)

The American people need to hear their President say, I'm committed to setting America on a course to end this epidemic in seven to 10 years. At the very time when there's hope and promise for therapy, we are engaged in a dialogue to dismantle the very mechanisms that the majority of people living with HIV and AIDS use to access that care. Treatment without access is no treatment at all.

The health delivery system of America is crumbling before our very eyes. Medicaid must be protected. It must be protected as an entitlement program. We must maintain the standards of care, and we must support the drug assistance programs.

As was said earlier, we must resist efforts for mandatory testing. And I'll answer your question: One of the ways to close the gap is by telling people that there's something that they can do. That message hasn't gotten out there. The second thing we need to do is to tell them that they have access to that treatment. If you're poor in America, you don't have access to that treatment. If you're poor in America, you don't know that there are

things that you can do. Consequently, there's no motivation for you to get tested.

Yes, in all of our agencies around the country we have waiting lists because we don't have the proper resources to, in fact, test the people who want to be tested. We must invest in a comprehensive, coordinated continuum of targeted care that begins with access to voluntary anonymous testing for every American, and includes primary medical, home health, and hospice care.

You have established research and the Ryan White CARE Act as investment programs. We would urge to include in those programs **housing** and prevention. We are engaged in a war, and in a war you must make sure that all your fronts are covered.

As was mentioned earlier, we've recently sent American soldiers to Bosnia. I know we all pray every night that every man and woman there will come home. Every day I feel like I am in a war, a war that I will never come home from. I imagine there are people around you who say that what we ask for is politically impossible. James Baldwin admonished us in *The Fire Next Time* that in our time, as in every time, the impossible is the least that we can demand. I believe, Mr. President, if you lead, America will follow. (Applause.)

Q Mr. President, Virginia Apuzzo was the reporter in the **housing** workshop. She's the former deputy executive director of the New York State **Housing** Department. She is a New York State Civil Service Commissioner, serves on the New York State AIDS Advisory Council, and was executive director of the National Gay Task Force at the beginning of the epidemic.

MS. APUZZO: Mr. President, we began from the premise that decent, safe and affordable **housing** is a basic right in America. ✓ We wish to underscore that **housing** is an HIV-AIDS issue.

We discovered early on that it was an AIDS and HIV issue when scores of people were put out of their homes and put out of their jobs because of discrimination vis-a-vis AIDS and HIV. So we didn't initially get into the **housing** business, we responded to the demand.

Housing is the foundation upon which any program of care or services must build. Without stable **housing** the person with HIV-AIDS cannot access any of the programs or services that you support. People who are homeless are virtually red-lined out of programs for prevention and care. It is a fact that nearly 50 percent of the persons with HIV and AIDS will be homeless or at risk for becoming homeless at some time in their life in the course of their illness.

If that happens, that person will drop out of any system of health care for their illness. And the next time that person will be seen will be in an acute care facility. The stay in that hospital for that particular patient costs an average of over \$1,000 a day. If that person's health improves in the course of their hospital stay, the stay will probably be prolonged because the hospital has no place to release the person.

The cost of providing **housing** services in the HOPWA-funded residential facility is less than one-tenth, and some estimate as low as one-twentieth of the amount that I underscored for the hospital stay. HOPWA dollars reduce the use of emergency health care services by an estimated \$40,000 per year. But HOPWA alone

can't do the job. We have relied in the past, and need to continue to rely in the future, on the flexibility afforded by -- and Section 8 **housing**.

In the context of **housing**, we speak of a continuum of care, a range of **housing** and services that change over the course of the illness. It may be that a person at some time needs rental assistance, at another time needs transitional **housing** or group **housing** or skilled nursing care. That continuum of care has to be set up with the focus being the person and where the person is at that time of the illness in their life. We underscored that **housing** is a family issue. Houses support families. In some instances they help reconstitute families. And where there is no family, **housing** helps to create a sense of family.

We understand that you are preparing a seven-year budget plan. We need for you to consider how critical **housing** is in that scheme of things. And we need that to be reflected as a priority of yours.

And, finally, Mr. President, as has been said before, we've waited 14 years and watched 300,000 people die to have the opportunity that you've given us today to come before you. We would surely fail those who have passed on and those who are not here to speak for themselves if we didn't reiterate, each of us, that this struggle needs and deserves your leadership -- not for a meeting, not for a day, not for a year, but for the duration, Mr. President.

Thank you. (Applause.)

Q Mr. President, Deborah Cotton was in the research workshop. Dr. Cotton is associate professor of medicine at Harvard Medical School and a physician at Massachusetts General Hospital in Boston. She has been involved with most of the important research questions since the beginning of the epidemic.

DR. COTTON: Mr. President, on behalf of my colleagues in the biomedical workshop, I'm very pleased to be able to report real progress in the treatment of AIDS. As you said so eloquently in your opening remarks, patients are now living longer and living better lives.

Nonetheless, we all know that people are continuing to die every day and we must do more. We must do more because this is now the chief cause of death in people of their most productive years. Because, in fact, our therapies are cost effective and will reduce the burden of cost to our society in caring for those people. In addition, we know that the results that we have in AIDS are going to translate into other diseases. And, of course, because this is the right thing to do.

As you know, this is a virus which directly hits our immune system which is supposed to protect us from infection and tumors. We've had to learn a tremendous amount about how this virus works, and we've done that. This represents, really, an unprecedented achievement of American science, medicine and patient advocacy. And I think that it really is a model for moving forward with other diseases, in addition to AIDS.

We know now a lot about this virus, how it's constructed, how it's activated, where it hides. We know how it interacts with the immune system. And this has really enabled us to have a three-pronged approach against this disease. First, we're developing drugs that actually try to eradicate or control the virus

itself. And, because of an unprecedented cooperation between patient advocacy groups and the FDA, we now have or will soon have six approved anti-viral drugs.

One of these is in an entirely new class and one that flows right out of our basic science research. Several appear to be extremely powerful in being able to reduce the amount of virus in the blood and restore immune function. In addition, we have new evidence that these drugs used in combination will have much greater ability to provide a very durable effect.

Many of us here were at a meeting this week where data from an important clinical trial were presented, which for the first time demonstrates that treating people before they have symptoms can extend their life. This is a truly major result.

Several people, yourself included, have commented on the fact that we are now able to dramatically reduce the transmission of HIV from mother to baby. In addition to the widespread and wonderful results that this will bring to our population -- and it has been said, it's ability to potentially stop the pediatric epidemic -- it also teaches us that antiviral drugs can prevent transmission. And we need to expand on that work to other populations.

Despite all of these advances in antiviral therapies, they certainly do not provide cure. In the meantime, we have new drugs which are just beginning to be shown to be effective in restoring immune function. This kind of research will be a value not only in AIDS, but also in cancer and many other immune deficiencies.

Perhaps most importantly to those of us who have been caring for patients for so many years, rather than sitting by and watching our patients die of devastating infections we can now effectively prevent some of the leading causes of morbidity and mortality in AIDS patients, the opportunistic infections that we all know so well. We're also beginning to see progress in treating AIDS-related cancers. And this, again, is an example of research that will spill out and spill over to other types of cancer as well.

There is now tremendous momentum because of these advances and because of very important work that now shows us that the virus is very active from the beginning of the disease. This means that we have to start to think about treating much earlier. And as several other speakers have said, this means that we have to get the message to the American people that we need to have them come into therapy early, that there are things that we can do for them. We hope that we will eventually be able to treat the disease most effectively at its very earliest stages.

To preserve this kind of momentum we believe that there are several things that are needed. First, we would like to applaud your leadership in trying to preserve funding for basic biomedical science in the United States. We would also like to applaud your support, your very strong support of both the OAR and the FDA. We would like to see this kind of support continue. We would also like to see a strengthening in coordination of our system for doing clinical trials which would pull in not only the pharmaceutical industry and academic centers, but also community-based centers.

We need help in finding ways to make these important clinical trials both achievable by people of color, women and children, and also attractive to them as places where they can receive a state-of-the-art therapy in a respectful environment.

We need to successfully translate our research. And

we've talked about that in several ways. I would like to mention the real need we have to preserve and protect academic medical centers as the home for this kind of biomedical research. These are places where we can bring together basic clinical scientists and clinicians and patients as well. And we must find ways to preserve them.

Finally, Mr. President, we would like to thank publicly all of the many people who have participated in clinical research in AIDS. They are the people who have made all of this progress possible. Sadly, many of them are no longer with us, but we remember them; we honor them; and we hope sincerely that their contribution will end up producing a cure for AIDS. (Applause.)

MS. FLEMING: Mr. President, Gregg Gonsalves will report from the Biomedical Prevention Workshop. Gregg found out he is HIV positive in March of this year. He is policy director of the Treatment Action Group and one of the most knowledgeable activists working to improve our nation's research efforts.

MR. GONSALVES: I just wanted to give you some messages from our Biomedical Prevention group this morning. The economic consequences of HIV infection, the social barriers and the cost of behavioral or biomedical intervention against HIV, particularly in the developing world, make the development of an HIV vaccine and topical microbicides the world's best hope for stopping the AIDS epidemic.

This is how we will save the greatest number of lives, and also in these fiscally conscious times how we will do it in the most cost-effective manner. The cost of treatment far outweighs the cost of prevention in the long run.

The second message we wanted to get to you is that an effective vaccine and the microbicide -- we need to define terms here. We're talking about female-controlled chemical or barrier methods of preventing HIV transmission are possible. We've made enormous advances in our basic knowledge of HIV and the immune system over the past several years. And we stand at the brink of an era of great possibility. But if we're going to realize our goals we need to do several things.

First of all, we need to increase the public investment in research and development on vaccines and biomedical research, in particular. Right now, one out of 10 grants at the National Institutes of Health gets funded -- one out of 10. That means there are nine wonderful awards that don't get funded and research that does not get to be done.

Let me be very clear with you. The Congress's plan to balance the budget in seven years using drastic cuts in discretionary domestic spending will entirely cripple our search for an effective vaccine and topical microbicides for AIDS. Don't let these mad bookkeepers with simply numbers on their minds hold those infected with HIV -- (applause) -- please don't let them hold people who are uninfected with HIV and those infected with the disease hostage. AIDS programs and biomedical research need to be priority investments over the next seven years.

The National Institutes of Health will be the engine that drives vaccine development from basic research all the way to the clinical evaluation of vaccine candidates. But the government can't do it alone. Vaccine development depends upon the strong commitment from industry, and right now companies are heading out of the field. We need you to make vaccines and microbicides a national priority because they are not right now. A first step would be to

ask the Vice President to call together vaccine manufacturers, scientists and governmental officials to figure out how to get them back into the game. And you've already announced that and we applaud that. It really needs to be the intervention of the Vice President on that level to make it happen.

What you could do is to reach out to your counterparts in Japan and France and all around the world and coordinate a global vaccine effort together, because it's a global epidemic and if we don't eradicate HIV everywhere, we'll never eradicate it anywhere. (Applause.)

NIH has a very small budget when you compare it to the rest of the giant agencies of the federal government, and what it is going to give to the American public against AIDs, against cancer, against Alzheimer's Disease is multifold, and the investment is worth it. And if you want to cure this epidemic, if you want to cure cancer, if you want to cure Alzheimer's Disease, you could double the NIH budget next year. But it's not going to happen.

MS. FLEMING: Thank you.

Mr. President, Demetri Moshoyannis was in the prevention workshop. You spoke about Demetri in your remarks.

Demetri.

MR. MOSHOYANNIS: Mr. President, we need, understand and appreciate your presidential leadership on the issue of HIV prevention. And as such, we ask that you, one, protect HIV prevention dollars in the federal budget by making it an investment priority, as the President's Council on HIV-AIDS has recommended. We need you to make a clear statement and a commitment to continued funding for HIV prevention, research and implementation. Block-granting of prevention dollars to the states is unacceptable. (Applause.)

Number two, support current prevention efforts because we know prevention works. It is currently the best and most cost-effective way to halt the spread of the disease. However, it requires that we address some key issues, issues that you already stated -- issues of human sexuality, special orientation including homophobia -- thank you for using that word -- gender, age, race and culture. We need to ensure that education is not only ongoing but honest and comprehensive. We need to be specific and sensitive to the needs of individuals and communities, especially women, communities of color, and rural communities.

Continued support for the community planning process is critical. Additionally, the needs of young people both inside and outside formal education systems are critical, especially in building self-esteem, communication and life skills -- skills I wish I had.

Number three, provide greater financial support, application and translation of behavioral research findings to the general public. As an example, longitudinal studies of high-risk behaviors and circumstantial risks will give all life-saving insight.

Finally, number four, support greater coordination and financial support from different streams of public life, including the private sector and the federal government. We have seen the responsiveness to HIV prevention from foundations, a few corporations, community-based organizations. But we need to stress the more coordinated response.

Finally, we must have access to three things: plain and simple, information, number one. In simple, honest, and nonjudgmental and nonmoralistic language, young people, people of color, women and rural community members need continued HIV education and resources. We need to understand our individual and community rights and responsibilities.

Number two, risk and harm reduction. Condoms and other innovative barriers are not the answer, but they help in the fight. Condom availability programs and needle exchanges are intervention strategies that have proven to be effective. We must support them. (Applause.)

Finally, and not the least of which is very important, programs that utilize delayed intercourse strategies must be supported.

Another finding from our group is that we need to use mass media as a tool for education in the public eye. All sectors of the public arena, including federal government, should explore the use of mass media campaigns in HIV prevention. Other countries have done this. This strategy has proven to be effective in the anti-smoking agenda, for instance. We must use all that we know about social marketing strategies to bolster our current HIV prevention efforts.

This is only the tip of the iceberg, but, hopefully, it will open up some debate and conversation at the White House. (Applause.)

MS. FLEMING: Mr. President, Ed Morse will tell you about the substance abuse workshops. He's a sociologist who does research in behavior medicine with an emphasis on substance abuse and HIV infected women. He's associated with both the Tulane and the Louisiana State University Schools of Medicine.

MR. MORSE: Mr. President, the epidemics of substance abuse and HIV in this country are overlapping and highly inter-related. The issues of substance abuse research, prevention and treatment programs must be carried out and continue to move forward in an environment which instills cooperation, exchange of information and a loss of fear, hopefully in the future, of lack of funding. Every time we turned around, funding is always a threat. Neither the researchers, nor the program director, nor the director of program are going to be able to sustain successful programs that actually aim at substance abuse and HIV if it's a continuous threat.

I would hope that as the country considers balancing a budget, as you yourself have said today, and others here, that there are people behind the numbers. There are people who need help. The substance abuse issue has to be addressed. The society has long ago passed it to the side, but we will move nowhere with HIV and AIDS if we do not address substance abuse in this country.

The programs of research, programmatic efforts intervention and treatment are in fact cost effective and they now are cost effective means of reducing the spread of HIV. So we actually get two bangs for the buck, if, sir, if we have the confidence, if we have the goal to move forward.

Abstinence programs have been very successful and for the most part of accepted in our society. Harm reduction programs are, to say the least, probably not well accepted. And yet it is there that more than likely we will be getting people off the streets by welcoming into centers, rather than pushing them out. They'll be

welcomed into treatment rather than setting such high hurdles that no one will be able to quality. (Applause.) Bleach programs, education, **housing**, detox efforts, all are at the nexus.

But there is no point in beating around the bush with you. I was asked to speak honestly. We must face the issue of a needle exchange program on a national level. (Applause.) I know that your council -- the advisory council on HIV and AIDS -- will come to address the policy ramifications of such a needle exchange policy. Those, I'm sure, will be more eloquently spelled out by them. I only ask you -- and the group that worked with -- ask you to listen to them carefully as you sit with them.

The major institutions in our society, be they insurance company or religious organizations, need to know that your calling to society is not just to the man in the street, but the man on Wall Street as well. They have a responsibility. (Applause.)

The face of substance abuse has no religion, it is of all religions. The face of substance abuse has no race, it is of all races. The face of substance abuse has no social class, it is of all social classes. There are those who have been marginalized in our society beyond belief -- the African American, women, persons who live off on a far island called Puerto Rico, which actually considers itself a part of the United States, and rightfully so, yet pushed aside; the Hispanic population, which by the end of this century will be probably the largest Spanish speaking country in the world, they are marginalized; and our children. We need help with substance abuse. Only you can help us move.

Approximately -- today, approximately one-third of all cases of AIDS are based in substance abuse, specifically, injectable drug users. One half of all new cases are clearly directly related to substance abuse. Substance abuse is a major key to the solution to this problem. We ask of you, and our group begs of you, to listen and provide the leadership to society to accept that substance, as HIV, is a disease that we need to do research on and we need to move forward with today. And we need to move forward with it today, and past tomorrow, and next year, and the year after, until it too, with AIDS, is gone.

Thank you. (Applause.)

Q Mr. President, Mike Isbell will report from the Discrimination Workshop. He's Associate Executive Director of the Gay Men's Health Crisis and the former Director of the AIDS project at Lambda Legal Defense and Education Fund.

Q Mr. President, the nation's leading health experts say that we need to fight the stigma associated with HIV because it impedes our public health efforts to bring the epidemic under control. You asked earlier why so few people have been voluntarily tested for HIV. In a climate of fear and discrimination and stigma, many people simply don't want to learn their HIV status because they believe that nothing good is going to come of them on the other side.

Similarly, people who are infected won't seek appropriate health care if they believe that they'll be the victims of discrimination. We've made important progress since the beginning of the epidemic in fighting discrimination. We now have a federal law which you referred to, the Americans With Disabilities Act, which broadly protects against HIV-related discrimination in employment, **housing** and public accommodations.

But what we've often lacked in the epidemic, as other

speakers have alluded to, particularly in the epidemic's first decade, is the solidarity of our political leaders with people with AIDS. And it's here where we need your help the most.

Your comments and this entire conference have been inspiring. And we are delighted to hear your inspiring words. But I would urge you to also raise awareness among corporate CEOs, among our religious leaders and among our religious leaders, and among our civic leaders throughout the country because they, too, need to hear the message that you delivered to us earlier today.

Mr. President, when a family experiences a crisis, family members pull together and seek strength and support from one another. Mr. President, there is a crisis in the American family, and that crisis is called AIDS. We need you to tell the truth about AIDS, that one out of 93 American men are infected with HIV and will, barring a significant medical development, die at an early age. For African American men, the rate is one in 33. AIDS is the leading killer of American men and women between the ages of 25 and 44.

Mr. President, the worst form of HIV discrimination is inequitable access to health care, and I would simply bring my voice and add those to the others to say that we strongly urge you to ensure the continuation of the Medicaid program and ensure that every Medicaid recipient has a private right of action to fight discriminatory health care treatment.

We are extremely aware, Mr. President, that many members of Congress wish to further stigmatize people with HIV for short-term political gain, and we urge your leadership in opposing these efforts. In particular, the Defense Authorization Bill would terminate qualified HIV positive service personnel. We need you to say no to this provision that treats people with HIV differently than any other group.

The House of Representatives would like to require that pregnant women and their newborns be tested for HIV without their informed consent. Even though we know that voluntary programs work, we urge you to oppose this measure.

Today, members of the House of Representatives are holding hearings because they apparently would rather see young people die than learn the truth about this disease. (Applause.) And we implore you, Mr. President, to oppose those who would base our public policies on fear and ignorance.

And, finally, the congressional welfare bill would withhold basic medical services to people solely on the basis of their immigration status, and we urge you to oppose that provision as well. (Applause.)

Mr. President, your AIDS Advisory Council will be giving you further recommendations in the area of discrimination, and I would request that you and your staff carefully study them.

And finally, let me say again, thank you for convening this historic meeting, and hopefully it's the first of many to come. Thank you. (Applause.)

MS. FLEMING: Mr. President, Martina Clark is the reporter from the International Workshop. Martina Clark is with the International Community of Women Living With HIV and AIDS and the California-based World Organization, and has been a warrior in the international fight against AIDS, especially as a member of the governing board of the new U.N. program known as U.N. AIDS.

MS. CLARK: Thank you. Mr. President, we live in a global community. Most people in this country are descended from somewhere else. The faces of AIDS, both in this country and abroad, clearly reflect this diversity. We at this table who are HIV positive are but a handful of the 18 million people worldwide who are living with HIV.

As has already been mentioned, the recent difficult decision to send 20,000 Americans into Bosnia to help our global community will remain on the minds of everyone in this country until, God willing, they return safely by Christmas of 1996. And, yet, in the fight against AIDS, we're losing the war.

Using conservative estimates from the World Health Organization, 20,000 people will become newly infected with HIV before the Redskins suit up for the football game on Sunday afternoon. Twenty thousand individuals will die of AIDS by the end of next week. Increasingly, the group most affected by this epidemic is women, both married women and single women. Every minute of every day, two women become infected with HIV. Every two minutes of every day, a woman dies of AIDS.

In many areas, more than 60 percent of all new infections are occurring in young women between the ages of 15 and 24 years old. Worldwide, this epidemic is overwhelmingly spread through heterosexual contact, and still, men and women of all sexual orientations from all cultures continue to become infected.

The epidemic affects individuals in their most productive years. It is a family issue. Who will give birth to the children? Who will care for the orphans? Who will raise the food so that countries can eat, survive and not become dependent on the United States in future years?

The United States has already taken a clear lead in this global epidemic, and this must continue. We cannot isolate the United States, as HIV has already successfully penetrated every border of every nation. Our current immigration policy will do absolutely nothing to decrease the spread of AIDS. It only increases the stigma, fear, denial and discrimination already so rampant in this pandemic. (Applause.)

We must secure the continued funding of our international development programs, such as USAID, so that we can ensure that our future generations have economic, social and political stability in the planet. We must share our advances with other nations so that all people, not just the privileged few living in the northern hemisphere, can live longer, more productive lives. The U.S. must continue its support of the new United Nations program on AIDS. And I would encourage you to take advantage of expertise and meet personally with Dr. Peter Piot (phonetic) -- the program director, to be more fully briefed on the epidemic.

The U.S. must continue to follow through on documents already signed, such as the Paris Summit, which highlight the inclusion of people living with HIV and AIDS at all policy and decision-making levels, and research on female-controlled methods of prevention, to name but a few.

In closing, Mr. President, and perhaps most importantly, the world looks to you for leadership. We must continue to bridge our work with our international partners, because the experiences shared from abroad and the research conducted with other countries will be our greatest tools in applying lessons learned to help my

brothers and sisters living with HIV in this great country.

And finally, if I may, I would like to invite all of the HIV-positive people in this room who so wish to stand up and show the true diversity and reality of this epidemic. (Applause.)

MS. FLEMING: Mr. President, would you like to make a comment or ask a question of any member of the panel?

THE PRESIDENT: I think maybe we should open the floor to the audience and see if anyone else has anything they'd like to say. (Applause.) I hear talking of those behind me that I can't see.

Q Mr. President, I want to thank you today for holding the conference. And I especially appreciate that many of us were able to meet with Cabinet secretaries or high-level administration officials. The group that I was I with, we met with Secretary Cisneros. Secretary Cisneros has a model program that I think that should be replicated throughout your administration. He meets bimonthly with AIDS **housing** activists and providers to find out what's going on in the AIDS **housing** community. And that's led to the creation of an AIDS **housing** office at HUD.

That kind of connection with this epidemic in each department can make a real difference with this disease. And I urge you to work with all your Cabinet secretaries to make that happen. (Applause.)

Q My name is Jeff Reynolds. I'm director of policy at Long Island Association of AIDS Care. Long Island leads the nation in -- AIDS cases, and we've been yelling and screaming for years that the white picket fences don't protect you from AIDS.

I'm wondering if you would consider adding your voice to that message and doing a prime-time address on AIDS. There is a lot of media here today, and many people -- (inaudible) -- on prime time, we need the heart of America to hear your voice and to let them know that AIDS is a reality. Will you do that? (Applause.)

Q Mr. President, my name is Jeffrey Morris and I am chairman of the HIV-AIDS -- Organization, in Miami, Florida. In Miami, I, unfortunately, regrettably, have to announce that 17 percent of our population are over the age of 50. And with all due respect, Secretary Shalala, we do need something for this particular segment of our population because they are, indeed, very, very -- in isolation.

Q Mr. President, the National Task Force on AIDS -- came up with a series of recommendations, from regulating -- to ensure that women of child-bearing age who are HIV positive would have access to -- cases of clinical trials and that, in fact, the side effects -- (inaudible.) I would please urge you, Mr. President, to ensure that these regulations are actually promulgated --

Q Mr. President, I'm a person living with AIDS and like many people, I have named my remaining -- after my friends. And I've listened intensely today to the conference and the comments today. And it seems to me that we are sugar-coating a little bit of the problem, at least a problem to someone who is living with the disease.

Thank you, Doctor Koffman and Dr. Kessler for all that you do, but there is today on the horizon -- on the horizon -- the most impressive group, class of drugs to fight HIV. And the most

promising of those have, of course, not yet received approval and are available. And in people's lives, like myself, two months, three months, four months, are critical to sustaining life. And I would just like to ask you and those people who work with you to do whatever you can to see that those drugs receive the top priority of approval and we can get them out as quickly as possible.

Thank you. (Applause.)

Q Thank you. I'd like to reemphasize -- HIV as an development issue. Despite your administration's involvement and commitment to the HIV issue, I'd like to emphasize that you, as the leader in international AIDS awareness and prevention -- international -- \$120 million. -- programs under very serious threat from Congress. We really need your support. Our development programs overall and HIV -- for anything at all at the international level.

MS. FLEMING: Thank you, Mr. President. (Applause.)

THE PRESIDENT: I would like to say just one thing before I go.

First of all, I have learned a lot. I even learned some things about some bills in Congress I thought I already knew all about. (Laughter.) And I would like to encourage you to make sure that through our AIDS Office or through the Advisory Council and Scott Hitt that we have an actual record of every question asked and every issue raised. I think it's very, very important that we do a systematic follow-up on every issue raised, every question asked.

Q Mr. President, why didn't you do a systematic follow-up on the two previous conferences on AIDS? You promised in your campaign to adopt the recommendations. Why has it taken another year for you to --

THE PRESIDENT: Didn't you listen to what we said before about what we've done the last two years? (Applause.) Most of the --

Q I heard you talk about --

THE PRESIDENT: Do you want me to answer, or do you want to keep talking?

Q -- I did not hear you talk about specific actions that will save lives today. And there's a list of 50 that have been followed by a range of -- that have been submitted to officials in your administration. And it has taken two years, and now --

THE PRESIDENT: First of all, that's not accurate. We recommended a lot of those recommendations, as you know. So I think that's a little unseemly for you to say. We had a set of recommendations we got when we got here, most of which have been implemented. I am very sorry -- I am very sorry -- now, wait a minute. I listened to you, now you listen to me. I listened to you. (Applause.)

I am very sorry that there is not a cure. I am very sorry that there is not a vaccine. I regret that not everything I have asked for has been approved by the Congress. In the context of what is happened in this country in the last three years, I believe we have gone a long way toward doing what we said we would do. But I will never be satisfied -- and you won't, and you shouldn't be -- until we have solved the problem. That is what this meeting is about

and that's what I am trying to do. And I think all of us should do what we can to be constructive.

Q -- (inaudible) --

THE PRESIDENT: Well, that's a matter of dispute. You have your version of the facts and I have mine, and I'll leave it to others to make a judgment.

Q -- (inaudible) --

THE PRESIDENT: Let me just say, I believe this has been a good meeting. I think most people are glad they came and I think most people believe they're better off than they were four years ago. (Applause.)

END

2:37 P.M. EST

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

November 29, 1995

STATEMENT BY THE PRESS SECRETARY ✓

The President supports today's House vote to send the fiscal 1996 VA/HUD appropriations bill back to a House-Senate conference committee. This bill threatens public health and the environment, kills programs that are helping communities help themselves, and closes the door on college for thousands of young people.

The bill includes no funding for the President's National Service program, AmeriCorps, which is helping to rebuild communities while enabling the sons and daughters of working families to earn money for college. With its big cuts in funding for the Environmental Protection Agency, this bill also would abandon the nation's bipartisan commitment to health and environmental protection. For HUD, the bill provides no funds to support economic development initiatives, and cuts the President's request nearly in half to bring down the most severely distressed housing projects. ✓

As the House agreed in sending the measure back to committee, the bill provides inadequate funding for veterans' medical care. In addition it does not provide new funding for the Community Development Financial Institutions program, a key tool for bringing credit and growth to communities long left behind.

Clearly, this bill does not reflect the values of the American people. The President urges Congress to send him an appropriations bill which reflects these important priorities which reflect the values of the American people.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 11, 1995

FACT SHEET

IMPACT OF REPUBLICAN BUDGET CUTS ON RURAL AMERICA ✓

HEALTH CARE IN RURAL AMERICA

The Republican MEDICARE Cuts Will Force 9.6 Million Older And Disabled Americans In Rural America To Pay Higher Premiums and Higher Deductibles For A Weakened Second Class Medicare Program.

Medicare Spending For People In Rural Areas Of America Will Be Cut By \$58 billion Over Seven Years -- A 20 Percent Cut In 2002 Alone.

- The Republican Cuts Will Increase The Severe Financial Pressure On Rural Hospitals In America And Force Some Rural Hospitals To Close. Today, rural hospitals lose money on Medicare patients while urban hospitals make a small profit. Medicare accounts for almost 40 percent of net patient revenue in the average rural hospital, and as much as 80 percent in some rural hospitals.
- According to the American Hospital Association, under the Republican cuts, the typical rural hospital will lose \$5 million in Medicare funding over seven years.
- Rural Medicare Recipients Would Lose Much-Needed Doctors. America's rural Medicare recipients would need 5,084 more primary care physicians to have the same doctor to population ratio as the nation as a whole. Yet the American Medical Association has stated that the cuts in Medicare are so severe that they "will unquestionably cause some physicians to leave Medicare." (New York Times, October 10, 1995.)

The Republican MEDICAID Cuts Will Further Hurt Rural Hospitals And Eliminate Coverage For Millions Of Rural Americans.

- Rural Hospitals Will Suffer Additional Revenue Losses From

The \$45 Billion Republican Medicaid Cuts. In addition to the average of \$5 million rural hospitals will lose from Medicare cuts, rural hospitals will also face revenue shortages due to the severe Republican Medicaid cut.

- As Many As 2.2 Million Rural Americans Will Be Denied Medicaid Coverage, Including:
 - 1 Million Children
 - 230,000 Older Americans
 - 350,000 People With Disabilities
- Over 77,000 Rural Older And Disabled Persons In America Could Be Denied Nursing Home Coverage in 2002. Most of the 350,000 people living in nursing homes in rural America are covered by Medicaid. Under the Republican Medicaid plan, approximately 77,000 rural nursing home residents (22 percent) could be denied coverage.
- Over 55,000 Rural Older And Disabled Persons In America Could Be Denied Home Care Benefits in 2002. Most of the 365,600 poor elderly in rural America who need home care are covered by Medicaid. Under the Republican Medicaid plan, approximately 55,000 (17 percent) rural poor elderly who need home care will lose coverage.

FARMING IN RURAL AMERICA

The Republican Budget Slashes Farm Spending By 25 percent over seven years. Farm spending in America will be reduced by \$13 billion -- drastically reducing support for commodity programs.

The Republican Budget Will Reduce Farm Income Nationwide. As a result of the Republican cuts, net farm income for target price crops and soybeans is expected to decline by \$9 billion over seven years -- a 4 percent reduction in earnings.

TAXES ON WORKING FAMILIES IN RURAL AMERICA

The Republican Budget Raises Taxes On 4 Million Working Families In Rural America By An Average Of \$352 in 2002. Republican cuts to the Earned Income Tax Credit will impose a \$59.2 million tax increase on working families and their children in rural America.

EDUCATION IN RURAL AMERICA

The Republican Education Cuts Will Deny 113,000 Children Basic And Advanced Skills In Rural America in 1996. Title I funds in rural areas will be cut by \$113 million -- more than 17 percent -- denying crucial assistance at a time when many small-town and rural schools are already having trouble making ends meet.

PUBLIC HEALTH AND THE ENVIRONMENT IN RURAL AMERICA

The Republican Budget Will Reduce The Amount Of Money That States Can Spend To Keep Water Clean In Small Communities And Rural Areas By 20 percent Compared To The President's Balanced Budget. These cuts will derail initiatives that are working to fight water pollution and protect public health.

The Republican Budget Proposal Will Stop Or Slow The Clean-up Of At Least 115 Toxic Waste Sites In Rural America. Nationwide, the Republican Budget reduces spending on toxic waste cleanups by 36 percent -- or \$560 million -- below the President's balanced budget. These cuts will restrict or stop clean-ups of sites nationwide that pose a threat to public health and the environment.

TRANSPORTATION IN RURAL AMERICA

The Republican Budget Will Cut Transportation Grants For Rural Areas By 20 percent. Republican proposals cut \$57.4 million for rural transportation in America. These funds are essential for giving residents access to medical services, supermarkets and grocery stores, and job training.

NUTRITION IN RURAL AMERICA

Republican Cuts Will Slash Up To 15 percent From Food Assistance To Rural America. Republican budget cuts will fall particularly hard on the rural poor, cutting as much as \$46.7 billion in food assistance from rural areas over seven years.

Republican Nutrition Cuts Will Eliminate Jobs In America. These cuts will reduce farm prices and incomes, and result in the loss of as many as 328,900 jobs nationwide -- including up to 57,800 rural jobs.

HOUSING IN RURAL AMERICA

The Republican **Housing** Cuts Will Reduce Spending On Public **Housing** Capital In Rural America 46 percent Below The President's Request in 1996. Cuts to public **housing** capital assistance in rural areas will total \$460 million in 1996, severely hindering efforts by rural **housing** agencies to rehabilitate run down public **housing** projects and provide much needed security and anti-crime programs. ✓

The Republican Budget Will Cut 40 percent From Assistance To Homeless Persons in Rural Areas in 1996. The Republican plan will cut \$108 million in homeless assistance to rural areas. The reduction will mean 4.9 million fewer nights of shelter for America's rural homeless.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 3, 1995

STATEMENT BY THE PRESIDENT ✓

Today I have signed into law H.R. 1817, the "Military Construction Appropriations Act, FY 1996," which provides funding for military construction and family **housing** programs of the Department of Defense.

I am pleased that the Act provides my full request for the vast majority of military construction projects, the military family **housing** program, other quality of life facilities for our military personnel and their families, and the Defense Department base closure and realignment program. Especially noteworthy, the bill funds my request for the Defense Department Family **Housing** Improvement Fund, which will give the Department a new vehicle for acquiring and improving military **housing** and supporting facilities more quickly and at lower cost than with conventional funding and acquisition methods.

Although I am disappointed that the Act provides more funding than required, most of the unrequested appropriations are for legitimate defense requirements. Funding was provided in FY 1996 rather than in future years.

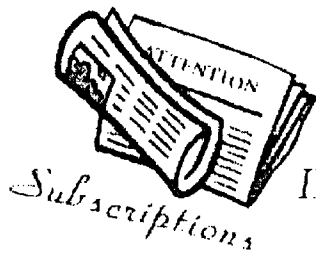
I am concerned, however, that Congress has chosen to spend \$70 million on unneeded projects. The Defense Department has not identified these projects as priorities, and they will not help improve the quality of life for our service members. These projects are clear examples of why the President needs line-item veto authority. The taxpayers deserve protection from this kind of wasteful spending, and if I had the line-item veto, I would use it to strike this \$70 million. Unfortunately, Congress still has not completed action on legislation to provide the President with line-item veto authority. The American people have waited long enough. I strongly urge the Congress to complete action on line-item veto legislation now so I can eliminate wasteful spending this year.

The American people sent us here to change the way Washington does business. Passing the line-item veto would be a good place for

this Congress to start.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

September 27, 1995

Statement by Alice M. Rivlin
Director, Office of Management and Budget ✓
on Senate Passage of the VA/HUD Appropriations Bill

The President would veto the Senate-passed bill for a simple reason: Like its House counterpart, the Senate bill would threaten public health and the environment, terminate programs that are helping communities help themselves, and close the door on college for thousands of young people.

The Senate voted to eliminate the President's national service program, which is helping to rebuild communities while enabling the sons and daughters of working families to earn money for college. AmeriCorps has the support of 90 percent of Americans, and major charities and business leaders across the country -- and for good reason. It is working. The President will insist that Congress restore funds for this vital program before he signs this appropriations bill.

The Senate also approved a budget for the Environmental Protection Agency that would abandon the nation's bipartisan commitment to health and environmental protection. In particular, the bill would provide far too little for clean water enforcement and toxic waste cleanup. The President will not let Congress turn back the clock on our environmental progress of the last quarter-century.

By cutting so deeply into **housing** assistance, the Senate took dead aim at the most vulnerable of Americans. And by eliminating the Community Development Financial Institutions program, the Senate chose to withdraw an important tool by which distressed communities help themselves. ✓

Clearly, this bill does not reflect the values that Americans hold dear. The President is calling on Congress to send him an appropriations bill for these important priorities that truly serves the American people.

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Office of the Press Secretary

For Immediate Release

September 7, 1995

REMARKS BY THE PRESIDENT
AT REINVENTING GOVERNMENT EVENT ✓

The Rose Garden

11:15 A.M. EDT

THE PRESIDENT: Thank you very much. I have to tell you that those of you here who have the privilege of being seated probably missed what almost became the newest example of our reinvented, full-service government. Just as the Vice President was becoming most eloquent about how we were providing a full-service, high-quality government, the people who were suffering in the sun standing in the back almost got a shower along with their press conference when the garden spray came on there. (Laughter.) I saw them moving closer and closer and closer; I thought, well, maybe they can't hear. And then I finally realized they were about to get a shower. (Laughter.) You come back tomorrow, we'll start with a shower.

Let me begin by saying a special word of thanks to the Vice President for the absolutely extraordinary energy and discipline and dedication and quality of effort that he has put in over two and a half years now. This has been an exceptional achievement. There's nothing quite like it in the history of modern American government, and it would not have happened had it not been for his leadership. And I am profoundly grateful to him for it. (Applause.)

I also want to join in thanking the supporters we've had among the members of Congress, the people in our administration who have had to implement a lot of these recommendations. It's a lot easier to talk about than to do, and they have had a difficult job to do. And I thank the Cabinet especially and the agency heads for the embrace that they have given this.

I want to say a special word of thanks to the reinventing government staff and especially to the federal employees and to their

representatives. They have worked very, very hard at this difficult job, and they have done it remarkably well.

Finally, I'd like to thank David Osborne and Tom Peters and Philip Howard for the books they have written and the inspiration they have provided. The Vice President and I and many of our team have read them all with great care and have done our best to be faithful to the ideas and principles which they have espoused.

When we were running for office, the Vice President and I, back in 1992, we said that, if elected, we would do our best to give this country a government that was smaller and less bureaucratic; that had a lower cost, but a higher quality of service; that devolved more power to states and localities and to entrepreneurs in the private sector; that was less regulatory and more oriented toward incentives; that had more common sense and sought more common ground. We have surely not succeeded in everything we have tried to do, and I am certain that there are areas where people could say we have erred. But we have certainly been faithful to the effort and we have made, I think, a great deal of progress in keeping the commitments that we made.

I wanted to do this because I thought it was important for more than one reason. First of all, it was important because we had a huge government deficit, we had quadrupled our debt in 12 years, and we still needed to invest more money in certain critical areas of our national life, in the education and training of our people, in research and development, in new technologies, in helping people to convert from a Cold War economy to the 21st century global economy. So it was important; we needed to do it.

Secondly, we needed to do it because the level of anxiety and alienation about people's relationship to the federal government needed to be mended. We needed to make the government work better.

Thirdly, we needed to do it because of this historic era in which we lived. We, after all, have moved through a rapid transition now at the end of the Cold War, and at the end of the traditional industrial economy into a global economy with new challenges, new conflicts characterized by a high rate of change, rapid movement of money, technology and capital, and revolutions in information and technology. In that environment, the model that we use to deliver government services and to fill public needs was simply no longer relevant to the present and less so to the future. And so we began to try not only to cut the size of the government, to cut the number of programs, to cut the number of regulations, but to change the way the government works and to develop new partnerships and to devolve responsibilities to others would could more properly make the decisions.

There are so many examples of that that are not properly part of this particular report now, but that have been driven by the philosophy of the Vice President's reinventing government. We've given every state in the country now the opportunity to reform it's own welfare system without waiting for legislation to pass. It's a dramatic thing. There's nothing like it in the history of modern American government. And the philosophy of doing it grew out of the work we have done with reinventing government.

When the Pentagon reformed its procurement procedures, America laughed when the Vice President cracked the ashtray on the David Letterman Show, but the taxpayers are better off and the national defense is more secure because the money we're saving there can go in to making our people safer and more secure and fulfilling the objectives of the United States all around the world.

And there are many, many other things. The Secretary of

the Interior is not here, but he's done his best now to try to resolve some of the thorniest conflicts between the federal government and various groups in the western part of our country by pushing more of these decisions down to local councils of people who can make them a long way from Washington, but very close to where everyone has to live with the consequences. And there's so many examples of this in every department of every leader in the government here present. And I thank them all for that.

Fundamentally, this is a question, though, about our values. If you go back and read the Declaration of Independence and the Constitution, you understand that the American people from our beginnings meant for the government to do those things which the government needs to do because they can't be done otherwise; meant for the government to be an instrument of the public interest.

And we have a moral obligation to make sure that we do this right, that we take the money earned by the hard efforts of the American people and use it in ways that further the public interest. If we can't justify doing that, we can't justify being here and we can't justify taking the money. And we have a moral obligation to prepare the future for our children and our grandchildren.

Now, this reinventing government effort is much more important today in many ways than it was on the day I became President because of the choices facing us now in the great budget debate in the Congress. It is much more important now. If we are going to go forward and balance the budget, if we're going to cut spending even more, we have to be even more careful about how we spend the people's money and what we do with the time of public servants and the power that public servants have.

I believe very strongly that we have to balance the budget. I think we have to do it to take the burden of debt off of future generations. I think we have to do it to keep interest rates down and to free up capital for investment now so that we can achieve higher rates of growth. But I think that we have to do it in a way that will achieve our objectives.

And what are our objectives? Our objectives are to grow the American economy, to strengthen the American society, to free up investment so that the American people can live up to their fullest of their potential. That means that we cannot balance the budget in a way that will drive us into a prolonged recession; that will cut off our nose to spite our face; that will be penny-wise and pound-foolish; that will aggravate the wage stagnation and the other problems that people have in this country today, which means we have to have the money that is left to invest in ways that really serve the American people and serve their larger purposes.

We've reduced the annual deficit from \$290 billion the year I took office down to \$160 billion this year. The total reduction is about a trillion dollars over a seven-year period. We have to finish the job, but we have to do it in a way that honors the purpose of a balanced budget, which is to strengthen the future of America. We have to decide, in other words, what is important for us today and what's important for our future.

Of course, the federal government was too large and needed to be cut back. Of course, there is still waste and duplication. Of course, there are still regulations that don't make a lick of sense, and they needed to be changed, and they need to be changed. But we have to keep in mind there are still public purposes that as far as we know today cannot be fully discharged without the involvement of America's national government -- the health care of elderly citizen; protection of

our environment; the safety of our food; the needs of the people whose triumph we celebrated in Hawaii last weekend who won the second world war for us and paved the way for the last 50 years of the American century, giving the poor a chance to work their way into the middle class, and giving our children and now increasingly our adults access to the best possible education opportunities. Those are the value and priorities of the people of this country. They have to be reflected in the budget as well.

The Vice President's report that I received today has over 180 specific cuts in government that will save over \$70 billion in the next five years. One by one, these are not the kind of cuts that make headlines and, I guess, I don't expect them to make too many headlines tomorrow. But when you put them all together, as Everett Dirksen said once, a billion here and a billion there, and pretty soon you're talking about real money. (Laughter.)

These are the kind of cuts that will allow us to balance the budget without cutting the single most important investment we can make in our future -- education. That's why I was able to give to the Congress a balanced budget plan that increases education. By contrast, the proposals of the congressional majority spend \$76 billion less on education and training than I do in the next seven years. They make deep cuts in education at a time when it's more important than ever before. That's why so many people estimate that that budget could actually slow the rate of economic growth over the next seven years instead of increase it, which is the whole purpose of balancing the budget -- to grow and strengthen the economy.

If the congressional proposal is passed, fewer children will go to Head Start, fewer schools will be able to teach their children to stay away from drugs and gangs, or have the resources to use the best possible technology or have smaller classes or set up the charter schools when the existing system is not working. There won't be as many young people who get scholarships to go on to college. And the cost of the college loan program to ordinary students will go up dramatically in ways that will reduce the number of people that go to college at precisely the time we need to see them increasing.

Now, that is really what this choice is all about. There was -- I thought that chart was showing when it blew down, but you can see here that we have to make these kind of choices. Should we balance the budget by reducing education spending by \$76 billion, or should we cut \$70 billion in government waste and duplication? Do we want fewer people to go to college? Do we want larger classes in our schools? Do we want to scale back our efforts to keep our schools safer and drug-free? Do we want to say that having the highest standards for what we teach our children is not a proper objective for the education budget? I don't think we do.

And the point I want to make to you all is we do not have to do this. The sacrifice of all these people in government to promote this reinventing government project must not be in vain. We must take the money that is left and spend it properly. We must take the money that is left and spend it properly. (Applause.)

Let me give you some examples of the cuts in Appendix C of the Vice President's report. Like I said, a lot of them don't sound very interesting, but after you add them up, they -- you got some real money there -- \$118 million by closing 200 weather stations with the National Weather Service, because computers do the job better and cheaper; \$14 million in the Small Business Administration by consolidating their loan-processing operations.

Let me just point out, the SBA, in the last two years, has

cut their budget by 40 percent and doubled their loan volume. Don't tell me that we can't make government work better. Doubled their loan volume and cut their budget. (Applause.)

Secretary Cisneros has proposed a remarkable plan for the Department of **Housing** and Urban Development. They have three basic responsibilities -- public **housing**, affordable **housing**, and economic development. Instead of running 60 programs to do three things, now they've proposed to run three programs to do three things and save \$825 million in administrative costs alone, not money that would otherwise go to Mayor Rice out in Seattle or the other local leaders around our country, but administrative costs. It is wrong, in a time when you have to balance the budget, for us to take one red cent in administrative costs that does not have to be taken when the money ought to be put on the streets of America to benefit the American people. And I thank you for that, Secretary. (Applause.)

The Clean Coal Technology Project was implemented to develop a way to burn coal cleanly, as cleanly as it could possibly be burned. Well, they did it. The project was started to do that job. It did the job, but nobody ever closed it down. Now, we're going to do that -- not because it failed, but because it succeeded.

The Naval Petroleum Reserve in Elk Hills, California, was created during World War I because America's new battleships needed oil. Well, I think World War I is over, and I know that the strategic need for the Navy to have its own oil fields has long since passed.

By eliminating the Clean Coal Technology Program, privatizing Elk Hills, and doing a lot of other cuts like this in the energy area, the Energy Department will save \$23 billion over the next five years. That's a great tribute to the Energy Department's recommendations, and it's the right thing to do. (Applause.)

Believe it or not, the National Oceanic and Atmospheric Administration has a core of 400 officers who command a fleet of less than 10 old ships. I think that we can be adequately protected by the Army, the Navy, the Air Force, the Marines and the Coast Guard. So we're going to stop paying for those 10 old ships and use the money for better purposes.

Well, you get the picture. These are common sense things. We've been working on this hard for two years, and we still keep finding these opportunities, and we will continue to do it.

How do people know this will work? How do they know that the savings on paper will become savings in the bank? Well, we have got a track record on that. The Vice President's first report predicted we could save \$108 billion in five years by reinventing government. After two years, \$58 billion is already in the bank; that much has been implemented and saved, in law, in fact. More than half the savings promised in less than half the time.

Two years ago we said we could shrink the size of government by 252,000 positions. With the help of Congress offering us humane and decent buyout proposals, the federal government today has 160,000 people fewer on the payroll than it did on the day I took office. We are well ahead of schedule on the 252,000. (Applause.)

At the same time, the people who are left are doing their jobs better, and they ought to get credit for it. Last May, Business Week, not an arm of the administration -- Business Week Magazine ran an article about the best customer service in America on the telephone. They rank companies -- great companies like L.L. Bean, Federal Express and Disney World -- people who, for different reasons, need to be very

effective on the telephone.

But do you know who they said provides the most "courteous, knowledgeable and efficient" telephone customer service in the country? The Social Security Administration of the United States government. (Applause.) I am very proud of that, and you should be, too. (Applause.)

The operators at Social Security are some of the thousands of people who are proving the skeptics wrong, people who think government can never do anything right. Because of their hard work, we know we can balance the budget without cutting education and risking our children's future. But I will say again, we have to make some decisions.

When I became President, I just want to mention one other -- I asked the Secretary of State and the Secretary of Commerce to work together to make sure we started promoting America's economic interest overseas. I have had 100 businesspeople in the last two years tell me that for the first time in their entire business lives, every time they go to another country, the State Department is working for them. I have had -- I have never talked to a businessperson who has extensive dealings overseas doesn't tell me that the Commerce Department is more effective in promoting the interests of American businesses and American jobs around the world than at any time in the past. That is also part of reinventing government. We want you to get more for your money, not just reduce the size of government.

This can happen, but we need to continue to do this. This has to be a continuous process. Our goal, the Vice President's and mine, is to build this into the culture of government so that no future administration can fail to embrace this. Our goal is to make this a part of the daily lives, the breathing, the working habits of every manager in the government, every federal employee, everybody. We want them to think about it because, believe me, there are still things that go on every day in the government that the President can't know about, the Vice President can't know about, but that will affect the lives and the interests and the feelings of the American people.

But we are making a difference. Now we have to decide in this budget debate how we're going to cut, how we're going to balance the budget. This is just like the productivity changes that many large American companies underwent throughout the 1980s. I know we can keep doing this. I know we can do more than even we think we can do. I know we can.

But this is the sort of thing we ought to be doing. And it would be a great mistake if in the next 90 days in the desire to balance the budget, which I share fully and which we started and which has taken us from a \$290 billion deficit to \$160 billion deficit, we became penny-wise and pound-foolish. And we forgot that one of the reasons we're doing this is to make sure that the money left can advance the cause of America's economic interest and the basic values of the American people to give every citizen the chance to live up to his or her God-given capacity, to keep the American Dream alive, and to give us a chance to come together in a prosperous, secure and exciting future. That is ultimately -- ultimately -- the great benefit of this whole effort.

So I ask you to continue to support it and, as we come to this budget debate, to say, we do not -- we do not have to make the wrong choices for the right objective. We can balance the budget and we can do it in a way, and reinventing government proves it.

Thank you very much. (Applause.)

END

11:20 A.M. EDT

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Office of the Press Secretary

For Immediate Release

July 26, 1995

PRESS BRIEFING

BY

HUD SECRETARY HENRY CISNEROS *not*

The Briefing Room *included*

1:16 P.M. EDT

MR. MCCURRY: And a silenced hush settles in over the briefing room. I just love that.

Good afternoon, ladies and gentlemen. Thank you for being here today with me, I guess. I would like to start today -- the President today at the Empowerment Zone Enterprise Community Conference outlined, I think, a very creative approach to community revitalization. He talked at some length on that. That's something that the President has been working very closely on with the Vice President as we address the whole issue of empowerment strategies for communities that face economic distress.

The Vice President has been working to constitute a community empowerment board which the President has now formally set up, with the Vice President as Chair and 15 other agencies participating. And Vice President Gore has already been traveling around the country extensively visiting some of the empowerment zones that the administration has already designated in talking with leaders and local communities about how we can revitalize neighborhoods and get American citizens participating in rebuilding the economic life of communities that have very often faced hard economic times, obviously, especially in urban areas.

Last week President Clinton asked Vice President Gore to work with Congress and within the administration in his capacity as Chair of this Community Empowerment Board to find a way to give specific preferences in government set-aside contracts to firms that are located in economically-disadvantaged areas. I think some of you will recall that that was one very important element and, frankly, a new element of

the report on affirmative action that we released last Wednesday when the President gave his speech and something I think you'll see a lot more discussion of as we go ahead in coming months responding to the demands of the Supreme Court in Adarand and as we also address some of the other issues that grow out of the policy review on affirmative action that the President has conducted.

But along with that, along with the report today that the President discussed on urban America, I think it's a good time to have a special guest here, Secretary of **Housing** and Urban Development Henry Cisneros, who can talk a little bit more about some of this work that's underway and then take any questions that you might have as a follow-up to the President's remarks.

Henry, good to have you here.

SECRETARY CISNEROS: Thank you very much.

The President, a moment ago, addressed the assembled group of cities, led by their mayors who have been selected as the first round of empowerment zones. Those cities include New York, Los Angeles, Chicago, Cleveland, Detroit, Philadelphia, Baltimore, Oakland, Kansas City, Houston and Boston. A very impressive assemblage of municipal leaders, community leaders, business leaders from those places. And the President set out his view in a very concise and, I think, effective way of what a national urban policy can be, based on the experience, the early experience of these empowerment zones.

The President set forth four themes within which most of our urban initiatives of the last two years very concisely fit. First, to link families to work. To reward work. And, clearly, you know the earned income tax credit, the increasing of the minimum wage, the reform of welfare, the investments in education, Head Start, Goals 2000 -- all of these fit within the rubric of linking families to work.

A second theme of this urban policy is to leverage private investment. The President's initiatives in the community development banks, the Community Reinvestment Act, the empowerment zones, the one-stop center of the Small Business Administration, the work of the Department of Commerce and Transportation -- all of these fit into that context of leveraging private investment and bringing private investment back to the cities.

The third dimension is a real respect for local policies, locally driven, locally based. And this empowerment zone process is the classic example of how we pay respect both to local leaders, elected leaders, as well as to community-based organizations. The work of many of the Cabinet departments to try to relate from the ground up, bottom up, was demonstrated in the meetings that have occurred this morning.

And the fourth and final piece of this national urban strategy statement is to focus on community standards and traditional values, individual values -- welfare reform; the benefits in return for work in national service; the financial responsibility built into the Family Leave Act; the focus on anticrime initiatives including boot camp and drug courts, the Brady Bill, the assault weapons ban. All of these fit into a context of safer places through focusing on individual values and community standards.

The President this morning did this in the context of the empowerment zones discussion going on, in the context of his speech last week on affirmative action which you will recall included an element of focusing on place-based strategies where race-based strategies by law cannot be applicable -- set-asides programs that would be place-based as opposed to racially-based -- and directed the Vice President to organize

and lead an effort to look at how that can be done.

The President this morning set this out in, I think, the most sweeping statement of urban policy in this administration. And he noted that several weeks ago Speaker Gingrich had indicated that he was not ready to talk about ending affirmative action because there was not a positive piece to replace it. While the Speaker opposes affirmative action, he cautioned a go-slow strategy on ending it because there was not a positive piece. The President today suggested what the positive elements of that ought to be and invited the Speaker to join him in cooperation on an empowerment agenda. The empowerment agenda that includes the kinds of things I've just described.

Now, let me just say briefly that, in contrast to this kind of positive statement, the Congress is cutting urban programs across the board and deeply. The House VA-HUD appropriations bill cut HUD 27 percent between this year and next, from \$26.1 billion to \$19.1. The House Transportation appropriations bill cuts mass transit by 44 percent, from \$710 million to \$400 million. The House Labor and HHS appropriations bill cuts Title I education by \$1.1 billion, reduces Head Start by \$135 million, eliminates the summer jobs programs and cuts basic vocational education. And the House Commerce, State and Justice Appropriations Committees cuts the Economic Development Administration jobs programs by \$91 million.

So, in contrast to the President setting out a coherent vision, an empowerment agenda of how all of our programs fit together, link together and create a real positive sense in urban areas, what we're seeing is these kinds of random and across the board cuts that will do real damage. These cuts will take jobs and private investment and income out of the inner-city neighborhoods of the very cities that are here today to talk about empowerment. It will shift cost from the federal government to state and local governments and create a new round of fiscal hardships as we are seeing across the country in the cities.

It targets the deepest cuts, Republican cuts to programs that serve the lowest income families and distressed urban communities. The Americans who are the most vulnerable and who are the most needy are getting hurt the worst -- a 27-percent cut at HUD; hundreds of millions of dollars, billions of dollars at HHS.

It will dramatically reduce assistance to low-income children and youth, assuring that these cuts are not just one-time cuts, but that they have a long-term reiterative effect over the years as they touch future generations. The greatest worry, frankly, for me, the saddest thing about these cuts is how long it will take to reverse them even if the politics of the country changes and control of the Congress changes, because of the damage that they will do that will last across the years.

And, finally, it will exacerbate the economic disparities between central cities and suburbs that have driven such divisions in our society by race, income and geography.

So the contrast is a very clear one between a coherent urban message based on the experience of these empowerment zones that the President presented today in a wonderfully thoughtful address, and in contrast to that, despite the Speaker's belief that positive things need to be put in place, what we're seeing in action is a round of cuts that is going to do this dimension of damage.

That's my statement. I'll be happy to take your questions.

Q Do you have any -- do you know of any time frame on the affirmative action piece of this? That is, is this something you're

going to come up with in a few weeks, a few months?

SECRETARY CISNEROS: The Vice President has already begun to work on this. I was with him this weekend in Austin, Texas, when we met with a group of leaders from the United States Conference of Mayors to begin to discuss how this can be done. I don't want to tie him down to a time frame, but my guess is that over the course of the next several months you would see the results of a tough task which is to square federal procurement issues, which he's been working on, with a place-based strategy that focuses on a criteria like distress as an additional dimension of where federal procurement would go.

It's a tough assignment, but given his experience on both sides of this equation, I'm certain the Vice President will work through it in the next several months.

Q On the same point, the White House noted, when the President gave his affirmative action speech, that there's an annual \$200-billion pot for procurement in the federal government, and that under the mandate of the Vice President that you've just described, some of this money was going to go to these distressed areas. Do you or the Vice President have at least a ball park estimate of how much of that \$200 billion might be set aside for the special --

SECRETARY CISNEROS: I think it's too early for that. I think that until we get into looking at the criteria, how this would work exactly, it's just too early to make any kind of a guess about that number. That's a huge number that relates to everything that the federal government purchases, from jet airplanes to submarines and paper clips and paper. And obviously, some of it lends itself to investment in central city and distressed areas; some of it does not. And, so the judgments will have to be made after the task force begins its work.

Q Mr. Secretary, is it your assumption that it would take legislation and executive order, and-or both?

SECRETARY CISNEROS: I'm not making any assumptions about it, but my sense is that some of the constraints will be statutory and probably would require some rethinking of legislative issues. It's too early to say, but that's my sense of that.

Q Any reaction from the Speaker? You've mentioned him quite a lot.

SECRETARY CISNEROS: The President made the speech less than an hour ago, and in it he noted that the Speaker, himself, had said that he did not want to move forward on ending affirmative action until there was a replacement for it. The President has offered a coherent empowerment agenda that is a replacement for traditional thinking. It focuses on work. It focuses on private investment. It focuses on community-based strategies -- all of which the Speaker and the Republicans have said they favor.

What the President has said is, join us in moving an empowerment agenda forward, instead of these random cuts driven by a requirement to balance the budget in seven years -- a self-imposed requirement to balance the budget in seven years to provide these massive tax cuts at the upper levels, and to set some priorities that in our view are just the wrong priorities.

There's been no response from the Speaker, obviously, in the last hour. But the President did lay this out in this framework.

Q Mr. Secretary, if this is linked to affirmative action reforms that the President just talked about a couple of days ago, how

come it's not mentioned, not once, in this overview that you just handed out?

SECRETARY CISNEROS: Well, what I have presented is a statement of urban policy that we have been working on for a long time, which, by the way, is a congressionally-required submission. It is completely place-based. And what the assignment that the Vice President has is to begin to think about set-asides not in a context of race-based strategies, but of place-based. It's my understanding that there is a reference in the document. Mike, you might direct to the precise point.

Q On page two, there is a reference to expanding employment and business opportunities for those isolated in declining city neighborhoods through reformulation of the federal contracting system. Is this --

SECRETARY CISNEROS: No reference to affirmative action, per se. Okay.

Last question.

Q Congressman Kasich said today that HUD is the next S&L scandal. Do you have a response to him?

SECRETARY CISNEROS: We're working very hard to anticipate any liabilities that the government may have encumbered over the years through building apartments and providing certificates and vouchers behind them. We have a plan that we think will save the government money in the long run and still acknowledge a responsibility to house poor people. That line, the next S&L scandal, is a nice line to trot out. It conjures up all kinds of images. In my view, it is just not reflective of the facts. It is not a true statement about what lies ahead for us.

We, in fact, are working with very responsible members of the Congress -- Republican leaders like Senator Kit Bond, who is worried about some of the obligations we have for the long haul, as are we. We're working together with them to fashion a response. We've been working on this for six months and think we have a handle on it.

Q One more question, Mr. Secretary. Some of the empowerment zone people from Chicago and other places were talking about the slowness in which the federal government moving on waivers so that local businesses can be established. What particular attention will be given to this?

SECRETARY CISNEROS: One of the tasks of this community empowerment board is to move the individual federal departments toward responding when communities raise questions of waivers. We think we're doing pretty well, attempting to respond to their requests for all kinds of waivers. Some of them are statutorily based, and therefore, we cannot respond through administrative procedures. But where possible, we are stretching the limits, going beyond tradition to really draw a fine line between those things that are statutory and can't be changed and those that have just grown up in practice.

It's always been done this way. There's an interpretation of a law that is not quite accurate. Regulations have sprung up that can be changed by the departments. We're doing, I think, a reasonably good job. We can always do better and this effort is designed to push the departments to do better on this score and to be accountable. We actually have a scoring system that shows how many requests have come in, what departments have responded, on what time frame, so we can track the job that's being done.

Thank you very much.

END

1:32 P.M. EDT

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Office of the Vice President

For Immediate Release

July 21, 1995 ✓

PRESIDENT, VICE PRESIDENT RELEASE REGULATORY REFORM REPORTS

In their continuing effort to make government more responsive to the American people and less bureaucratic, President Clinton and Vice President Gore today (7/21) released the first in a series of federal agency reports that target for elimination or simplification unnecessary and burdensome regulations that affect such areas as small business, housing, and education. ✓

"Without stripping away regulations that protect and improve people's lives, we have shown today that it is possible to reform the regulatory system so that it's less intrusive and more responsive to the American people," the President said. "By eliminating and streamlining unnecessary, burdensome and duplicative regulations, the federal government saves money and meddles less in the lives of citizens."

Changes at the Department of Education, the Department of Housing and Urban Development, the Federal Housing Finance Board, and the Small Business Administration were highlighted today in the first in a series of announcements of reforms at 28 federal regulatory agencies. These reforms include not only the results of a zero-based review of the agency regulations, but also highlight agency activities to partner with their regulated communities and to change the way they measure their success to focus on results. Governmentwide, the reforms are expected to result in the elimination of more than 16,000 pages of the Code of Federal Regulations (CFR) and the streamlining of regulations in an additional 31,000 pages.

The Vice President said, "Under the leadership of President Clinton, heads of regulatory agencies are empowered to make necessary changes and experiment with new systems while still being held accountable for the results. In addition, we're improving the relationship between regulators and the people they regulate to achieve our goal of a robust economy without sacrificing protections for our citizens."

Today's announcement is the result of President Clinton's directive to the heads of all regulatory agencies to conduct a comprehensive review of their rules to identify obsolete and burdensome regulations, then eliminate or revise them. The President instructed the agencies to ask

themselves these questions as they conducted the review: Is this regulation obsolete? Could its intended goal be achieved in more efficient, less intrusive ways? Are there private sector alternatives, such as market mechanisms, that can better achieve the public good envisioned by the regulation? Could private business, setting its own standard while still being held accountable for the results, do the job as well? Could the states or local governments do the job, making federal regulation unnecessary?

In addition, the President instructed agencies to:

Reward results, not red tape -- Change the way that they measure performance so that the focus is on results, not process and punishment;

Get out of Washington and create grassroots partnerships -- Convene groups of front-line regulators and affected citizens at sites throughout the country, rather than have lawyers here in Washington talk to other lawyers in Washington; and

Negotiate, don't dictate -- Work with the regulated community during the development of regulations to promote a better understanding of the issues and develop a less adversarial environment.

Finally, the President authorized regulatory agencies to waive up to 100 percent of punitive fines on a small business if it corrects the violation within an appropriate time and/or offer the small business an opportunity to avoid punitive action by applying any fine levied towards correcting the violation leading to the fine. He also instructed agencies to cut in half the frequency of many regulatory reports required by the federal government.

The reports include the agencies' responses to these directives. Additional reports will be released in the future.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

July 11, 1995

PRESS BRIEFING

BY CHIEF OF STAFF LEON PANETTA,
SECRETARY OF EDUCATION DICK RILEY, ✓
OMB DIRECTOR ALICE RIVLIN AND
DEPUTY SECRETARY OF LABOR TOM GLYNN

4:09 P.M. EDT

MR. PANETTA: I am joined here by Secretary Riley from Education, Alice Rivlin from OMB, and Tom Glynn, who is Deputy Secretary at Labor. Congress has, over the last six months, debated and then enacted a balanced budget proposal. The President stated to the country that he thought their balanced budget proposal reflected the wrong priorities for the country by essentially cutting education benefits, cutting Medicare beneficiaries, cutting other basic benefits in order to fund a huge tax cut, largely for the wealthy.

And that was the reason he introduced his ten-year balanced budget plan which he believes reflects the right way to try to achieve a balanced budget without hurting working families in this country.

I think the reality of those differences is now coming home to roost as we see the first appropriations bill that affect people in this country beginning to come out of the subcommittees on the House side. The reality of those differences makes clear that the watch word is not watch what they say, but, in fact, watch what they do.

The House subcommittee yesterday on VA-HUD adopted a 1966 appropriations bills for veterans, **housing**, the environment and national service. And today, we believe about 6:00 p.m., the Chairman of the Subcommittee on Education, Health, Human Services, and Labor will announce a proposal that he expects his subcommittee to mark-up this evening.

These first results of the Republicans' budget plan as it's implemented shows the reality of the concerns that the President

had with regards to the budget because these budgets literally bludgeon working families in this country.

In order to balance the budget in seven years, they make huge, deep, and unacceptable cuts in education, job training, national service, **housing** and the environment. Let me give you a few examples of what is contained in the bills that we expect to be reported out of the Appropriations Committee into the floor.

On education and training programs, Goals 2000 for training teachers and reforming our skills -- terminated. Summer jobs programs for young people -- terminated. National Service Programs to encourage volunteer work, help young people obviously afford a college education -- terminated. Head Start has about 60,000 kids who will be thrown out of the program. Title I is a program that literally will be taken away from 1 million kids in this country. Safe and Drug Free Schools cut by 60 percent. Adult job training -- cut by 25 percent.

In **housing**, there is a 50 percent cut in the assistance for the homeless that is included in the bill that came out of that subcommittee. ✓

The ability of the federal government to enforce environmental laws will virtually be decimated by the proposal that was reported out. A 50 percent cut in EPA's enforcement program which represents literally a moratorium on enforcement of the Clean Water Act and a one-third cut in EPA's work force overall. EPA would have to begin to notify Superfund contractors that they will have to stop work on a number of the polluted sites in this country.

Finally, on community development banks, that also has been terminated.

The President will not allow the Congress to make our children, our schools, our workers and the environment suffer in order to fund a tax cut for the wealthy and to meet the arbitrary targets that the Republicans have put into their balanced budget proposal.

So let me make clear: If these bills reach the President's desk in their current form, he will veto those bills. Again, let me repeat: Those bills reach the President's desk in their current form in the manner in which they cut children and cut those who are most vulnerable in our society, he will veto them.

Make no mistake, the President will not accept anything that the Congress sends to him. It is up to the Congress to decide now whether they will choose cooperation over confrontation, leadership over partisan politics, or sensible policies over extreme policies. Those are the choices that we will be facing over these next few months.

And, obviously, it is up to the leadership of this country, on all sides, to try to find a way to achieve a balanced budget in a way that is in keeping with the basic principles that all of us believe in in this country, that we've got to have a sense of family and a sense of community, and reach out to each other to assist rather than punishing those that are most vulnerable.

Mr. Secretary.

SECRETARY RILEY: Thank you. The expected results of the Subcommittee on Education and HHS and Labor leaves me very, very disappointed. It's really kind of a bad day for education at a time

when education is the most important thing that this country is about. And we have in place, really, the mechanisms for making gigantic progress and so much exciting activity is taking place throughout the country and, yet, we come in here the total cuts for all appropriations, \$22.6 billion, are four percent, that's a four percent cut is the basic big cut we're looking at. What does education play in that. Our cut of \$3.8 billion is 15 percent of our budget. So, we're looking at a four percent cut with education taking a 15 percent of its budget as its part.

Now, that is bad news in itself. When you look at what the American people want, they want, clearly, improved basic skills. They want schools to be safer and drug free. They want parent involvement. They want teacher improvement. They want standards raised. They want access to college. They want flexibility for state and local schools. And that's exactly what Goals 2000 and school-to-work and the changes of the elementary and secondary act are providing. Exactly where the school folks and where the American parents want to be.

So, what do they do here. They take the basics out of education by cutting over \$1 billion from our redesign Title One dealing, of course, with disadvantaged kids. They send a terrible signal to families by cutting by more than in half, 55 to 60 percent of safe and drug-free schools. They are destroying the bipartisan effort to assist thousands of local schools to raise their own standards, use their own reforms in their own way in the bipartisan Goals 2000 which was passed about one year ago and is now actively being used and taken advantage of in 47 states and all the territories and lots of exciting things happen.

That's my basic statement. I've been all around the country. I visited in numerous schools and go out every week. I'm telling you there's a very noticeable excitement and energy in terms of education reform and improvement out there. It's positive and it's bipartisan, and this is bad news. It's a sad day for education.

MR. PANETTA: Questions.

Q Leon, are there any appropriations bills now working their way through the House that appear to be acceptable to the White House?

MR. PANETTA: Not at this time.

Q None of the 13 there's not one that appears to be in the ballpark?

MR. PANETTA: Not at this time. You know, it's obvious as they make their way through the process and go through the Senate that I'm not saying it's impossible that there may not be some few appropriations bills that might be acceptable once they work their way through. But right now I have to tell you that is not the case. Obviously, we have real differences with the overall, what are called, 602(b) allocation numbers that have been distributed. In other words, the overall numbers that are being provided because by their very nature of the size of the overall distribution on discretionary spending, it represents then a distribution that has these kinds of cuts that are involved.

So, we, in our 10-year budget plan, we were able to protect our investments. And we think that that's the approach that the Congress ultimately ought to adopt. So, that obviously means that the appropriations bills as they're beginning to make their way to the floor represent exactly the opposite in terms of the

priorities that we would care about as an administration. And, therefore, it would be difficult to see right now which one of the appropriations bills might be acceptable. There may be some.

Q Do you have everything worked out now as far as the base closing is concerned? And when will that announcement come and in what form?

MR. PANETTA: The President really wanted to get information on a number of questions that he's asked regarding, in some cases specific bases, in some cases the overall process, and some of that information is still being presented to him.

But we hope to have the decision soon.

Q Can I follow on that. What kind of a signal would it send, if he makes his point clear on what he hopes will happen with base closings but he accepts the commission report. Is that an important precedent to follow, keeping the independence of the commission?

MR. PANETTA: Look, there's no question that the whole approach that was designed into the BRAC Commission was the approach that it would represent an independent and objective approach to trying to shut down bases and installations that the Congress would otherwise not do. And that process has been implemented, I think, four times in the history of the BRAC proposal. And this is obviously the last of those. So, obviously, there is credibility in that process, although the President was concerned, obviously, that this commission varied more than any other commission from the recommendations made by the Pentagon. And so, for that reason, has taken a very close look at the recommendations particularly because he's concerned about the impact on jobs.

Q Can you tell us more about the meeting this morning with the congressional leaders? Some of them had come outside and said we didn't discuss budget policy but kind of the ground rules and the timetable for moving these appropriations bills through to avoid a train wreck.

Can you give us a sense on, you know, were there any agreements reached on how to proceed?

MR. PANETTA: It was a very frank discussion. It was a good discussion I thought. The President basically said to the members that, when you look at the budget resolution and then you look at reconciliation, and you look at the date on reconciliation, which is September 22nd -- and incidentally, that is a date that is the latest of any budget resolution in history that contained reconciliation, I think it involves about three months, in most instances it was much shorter than that -- so, when you look at that, you look at the pace of what's happening with appropriation bills, it clearly raises the aspect that we're headed towards a crisis at the end of September, the first part of October. And that's not in the interest of the country; it's not in the interest of our economy; it's not in the interest of the President; and it's not in the interest of either party.

So the issue is then how do we try to move that process along, recognizing that there are fundamental differences here between what the President has proposed in his 10-year budget and what the Republicans are working on, that there are deep differences.

But let's have that debate, let's have it in the public. And let's not try to have a last minute crash here where they try to

push through their priorities at the very last hour and somehow force the President to somehow accept their priorities or else face a shut down in the government. The President said that's unacceptable and we can't reach that point.

And so what he urged them to do was let's find a way to move this process up, to do reconciliation on a faster time track to try to get it done hopefully before the August recess, or at least try to get it out of committee before the August recess and if necessary, have them work through the recess to complete that job so that we don't face the prospect of a crisis in late September on these issues.

Q Did any of those congressional leaders say that they agreed with that or that they would try to move the appropriations bills more quickly?

MR. PANETTA: Every one of them reflected, I think, the same concerns. Obviously, there are differences as to how do you try to bring these issues together. There were some suggestions about how to possibly address some of the issues involved. But overall, I think, it was fair to say that all of the members of the leadership reflected the concern that somehow there had to be an effort hopefully to avoid the kind of crisis that right now appears evident to everyone if we don't do something different than what we're currently looking at.

Q Is this a -- this early veto threat -- that there was just out of the subcommittee, is it? I mean, is this a part of that process of trying to get them to move things quickly or come to your -- come to the table more quickly by issuing an early veto threat?

MR. PANETTA: I think the President made clear that there are fundamental differences, they know where he stands with regards to his priorities on reconciliation and on these appropriations bill and that he's indicated that, obviously, if those proposals are presented in the context of their budget to him, particularly on reconciliation and some of the appropriations bills, that he will veto them.

And his point is if -- let's confront those differences now, let's debate those differences now, hopefully there will be time to try to resolve these differences in a way that ultimately will produce a budget before the end of the year -- of that will produce an agreement before the end of the year. That's -- before the end of the fiscal year -- that's his goal.

But what he's basically saying right now is that if we stay on the track we're on now, and Congress adheres to this target on reconciliation, plus maintains the current pace on appropriations bills, this country is headed for trouble.

Q Are you officially the bad cop in this dialogue now Leon? I mean, the President this morning was talking cooperation, are you --

MR. PANETTA: Me, a bad cop? (Laughter.)

Q Are you the person to be out here and say, you know, that's your role now? You're sort of pre-triangulation here today. (Laughter.)

MR. PANETTA: I speak on behalf of the President. I speak on behalf of the administration when we reflect the concerns

that the President has with regards to these bills. And you can interpret it in any way you want. But it reflects the President's position on these bills.

Q -- President of two minds?

MR. PANETTA: Not at all.

Q Do you have a dual-prong strategy to say, for example, we believe cooperation is necessary; we can't wait for a train wreck, but not at any price. And we won't accept any -- I mean, you said, "The President won't accept anything Congress does." You meant you won't accept anything Congress does, not he'll accept something? Right? You just won't accept anything?

MR. PANETTA: Whatever.

Q -- mean he wouldn't accept nothing?

Q Could I ask a Medicaid question? Did the Speaker offer in this meeting this morning to work with you more closely on appropriations bills if you would negotiate with him a Medicare cuts package?

MR. PANETTA: The Speaker made several suggestions, one of which was try to have some kind of working group. And we did talk about the possibility of having staff from the committees from Alice Rivlin's shop working on some of the technical issues, differences that are involved in terms of numbers. But beyond that, I don't want to go into the specific discussion.

Q Would you be willing to do that?

MR. PANETTA: Pardon.

Q Would you be willing to formally negotiate?

MR. PANETTA: Well, that was not offered, and that was not discussed.

Q Are you getting any satisfaction from Mr. Gingrich on the bipartisan commission for political reform? Are you getting any satisfaction --

MR. PANETTA: I'm awaiting -- we had a conversation at the end of the week, and the Speaker indicated to me that he would be presenting his views on that proposal some time this week.

Q And you're satisfied with that?

MR. PANETTA: Well, we're waiting to see his response first, and then I'll tell you what our reaction is.

Q Was the rescission bill discussed this morning? And is there any movement on that?

MR. PANETTA: Yes, it was. The President raised the rescission bill, indicated that he wanted to see the rescission bill enacted, and that we would be doing everything we could to hopefully deal with the objections that have been raised on the Senate side by some of the senators to try to move the bill along.

But I think there was a bipartisan consensus at the meeting this morning that we ought to try to get the rescission bill

enacted, and that, hopefully, that might serve as an example for perhaps resolving future budget issues if we could at least get that through.

Q What are you doing to help, in trying to trust the Senator's objections on the rescission bill?

MR. PANETTA: We're talking with him.

Q Can you tell me what that means and who's -- can you give me a little more detail on that?

MR. PANETTA: No. We're talking with him.

Q When the President raised the issue of reconciliation and said that he would like to have it done before the August recess, what was the Republican response to that, and how does the issue of Medicare cuts in that package weave into, fold into that?

MR. PANETTA: Well, I mean -- look, obviously, there are some concerns about the recess, and I think there were some members who talked about the importance of being able to spend some time with their families during August. At the same time, there are others that believe that this is an important enough issue that, very frankly, the Congress ought to roll up its sleeves and get this job done and get it done on a faster time track than what they're on right now.

So there were some differences reflected over that, and I think everybody -- I think, obviously, the President as well would like to be able to take some time here, but at the same time, the President himself said, if I have to be here, if I have to help work with you, I'll be here to do that.

The most important thing right now is doing everything possible to work together to resolve these issues, to get the reconciliation bill put forward so that we can ultimately resolve these issues before they hit the wall in late September. That's the key.

And the President said very clearly, I've got my priorities; I have my differences; I believe in the budget I presented; and I'm going to be fighting for those issues. But let's fight that openly. Let's not fight it at the last minute where we jeopardize perhaps the economy of the country.

Q Is this to avert another budget summit, which in the past has not been all that successful?

MR. PANETTA: Look, I think the point is not whether or not it's a summit. There are all kinds of views as to whether or not -- those of us who participated in the last summit have mixed feelings about summits -- so, there are those feelings that are evident when that discussion comes up. I think it's more the question -- when do we reach the point where both sides are willing to sit down and try to resolve these differences and at what point does that happen. Right now we're on a collision course. And the President basically said if we're on a collision course, let's put that collision course early so that we can ultimately then try to resolve these issues before we get to the end of the year. But, for goodness sake, don't do this at the last minute, at the 11th hour when the country suddenly faces a shutdown in order to somehow accept your priorities. I'm not going to do that.

THE PRESS: Thank you.

END

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THE WHITE HOUSE

Office of the Press Secretary
(Chicago, Illinois)

For Immediate Release

June 29, 1995

REMARKS BY THE PRESIDENT
AT CHICAGO PRESIDENTIAL GALA

International Ballroom ✓
Chicago Hilton and Towers
Chicago, Illinois

8:46 P.M. CDT

THE PRESIDENT: Thank you very much. Mr. Mayor, thank you for your introduction, your support, the power of your leadership. Thank you, Bill Daley, for being willing to leave Chicago and come to Washington, which is prima facie evidence of some loss of sanity -- (laughter) -- to help us pass NAFTA. And thank you for your long friendship and your support.

Thank you, Father Wall, for getting us off on the right start. Maybe we'll be a little less partisan, little less like the Republicans tonight since you prayed over us to start. I thank you all for being here and for your support.

When Hillary was making her remarks I was looking at her, imagining her here, thinking about the first time I ever came to Chicago to see my wife, before we were married. I believe I was in her house three hours before her father came down and said hello to me. (Laughter.) It was sort of like running for president -- you just can't get discouraged, you have to keep going and -- (laughter and applause.)

You're laughing, but that's the truth, that story I'm telling. (Laughter.) And I owe so much to this city and to this state.

Last Saturday I was home in Arkansas, in a little town called Pine Bluff. I took Dr. Henry Foster back there because he was born there, he grew up there. (Applause.) And that's still a place where people judge you by what you do instead of what you say. And I think we'd be better off if the rest of America were more like that. (Applause.) But, anyway, we went home to Pine Bluff.

And while we were there, it turned out that in this baseball park four blocks from where Henry Foster was born and where he learned to play baseball, there was a phenomenal amateur baseball tournament going on with all the major amateur leagues there in a playoff. And it was on ESPN. And two of the players were drafted right out there to the majors. And I went to throw out the first pitch, since I was there. And I was interviewed by other none other than Garry "The Sarge" Matthews. You all remember him -- he took the Cubs to one of those playoffs. (Applause.)

So he said to me, "Now, come on, Mr. President, who's your favorite baseball team?" I said, when I married my wife, I inherited two things -- a wonderful family of in-laws and the Chicago Cubs. (Applause.) And I expect to get lots of mail. After I met the Daleys, I got to go to White Sox games, which made me feel very good about that. (Applause.)

On my private -- on the wall of my private little office in the White House, just off of the Oval Office, I have one of my most treasured pictures -- a picture of Hillary and me on March the 17th, St. Patrick's Day, 1992, in the confetti in Chicago on the night that we won the Democratic primary in Illinois, and virtually assured the nomination victory. And for all of that, I thank you all very, very much. (Applause.)

Since then this administration has had a remarkable partnership with this state and with this city, in the ways that the Mayor mentioned -- fighting for the crime bill, bringing the Democratic Convention here, Chicago winning a fair and open contest to be one of the six cities in America to get one of our empowerment zones, to prove that we can have a partnership between government and the private sector to rebuild the poorest parts of America and give people opportunity and free enterprise again in every part of the country. And I congratulate Chicago on that. (Applause.)

I have strongly supported the Mayor's efforts at school reform, something that I care desperately about. If we cannot make our schools work, we're going to have a very hard time prevailing in the 21st century with the American Dream. And, you know, over 90 percent of all the funds for education in America come from the state and local government. We can do some things at the national level.

And our Secretary of Education, Dick Riley, has done a great job. But unless there are people at the grass roots who are committed to making the schools work so that children learn, they learn things they need to know, they are useful, they are effective -- we are going to have a very difficult time. There is no more important battle, and I congratulate him on waging that battle. (Applause.)

And, finally, I'd like to say a word of appreciation to the city for being willing to work with us in good faith through Secretary Cisneros and the Department of **Housing** and Urban Development in an attempt to reform and really improve the Chicago public **housing**. We are committed to that. The Mayor is committed to that. We are going to prove some things that most people in America don't think can be done. And we are going to do it right here in Chicago, thanks to you. And we appreciate you for that. (Applause.)

And we are very much looking forward to being here for the convention. Debra DeLee is here. We've all got our feet on the ground. It was David Wilhelm's parting gift to his neighbor state before he left the Democratic Party in Washington with our strong support.

I thank the Mayor for what he said about the things that we had done. I just want to say one word about that. I've done a lot of things that were controversial in this last two and a half years. But I haven't done anything that I didn't think was right for America. What I'm trying to do is to test the outer limits of our leadership, I think. But I think that's important at a time of profound change. But I'm trying to learn the balance, you know. Like the Mayor said, balancing the budget in 10 years instead of seven. I want to talk more about the other day -- that in a minute.

But I heard a story the other day about the limits of leadership, which I think about now before I do something really controversial -- about the famous Louisiana governor and later senator, Huey Long, who, as some of you know, was a very great politician and was Franklin Roosevelt's chief rival for the affections of the Democratic Party before he was assassinated in the early '30s. And when Huey Long was a governor, one day he was out on a country crossroads in the depths of the Depression where people had no money -- nothing, no jobs. It was terrible, particularly in our part of the country.

And he had a big crowd of people out there in the country. And he started giving a speech. And his whole platform was share the wealth, you know -- nobody had very much money and we ought to share what we had. So he looked at this crowd of people, these poor people and farmers in the country. And he said, you know, we have got to share the wealth. And he spotted a farmer that he knew out in the crowd.

And he said, "Farmer Jones, if you had three Cadillacs, wouldn't you give up one of them so we could drive it around here in the county and pick up all the kids and take them to school during the week and take them to church on Sunday?" He said, "Of course I would." He said, "And if you had \$3 million wouldn't you give up a million dollars so we could put a roof on everybody's house and feed all the children in this country?" He said, "Of course I would." He said, "And if you had three hogs," -- and the farmer said, "Now, wait a minute, Governor. I've got three hogs." (Laughter.)

So I'm trying to learn what the limits of leadership are. (Laughter and applause.)

This has been a good day for America. We're celebrating the trade agreement with Japan, which all of you were kind enough to applaud. I want to tell you a little about it. (Applause.) It is different from and better than any similar trade agreement we've ever concluded. Most of our trade deficit in the world is with Japan, and 60 percent of our Japanese trade deficit is in autos and auto parts. We have a big surplus in auto parts in the rest of the world and a big deficit with them.

This agreement will allow us to improve our position, not to guarantee us results, but it will give us a chance to compete and to be treated fairly and to create American jobs. And, coincidentally, it will be good for Japan, because they're more closed economic system has led to the unbelievable anomaly of their being the richest country in the world on paper, but not in fact, because their working people are paying 40 percent more -- 40 percent more -- for basic consumer products than Americans are because their markets are closed. We lose jobs, they get money, but they can't do anything with it except spend more for the same stuff.

This is going to be a good thing for America. But it's going to be good for Japan and it's going to be good for the world. And we were right to be firm and strong and go to the 11th hour, because this is one of the kind of difficult changes we're going to have to make if the world is going to be as it should in the next century. (Applause.)

This was also a good day for America because of the hookup of the Soviet -- the Russian and the American space vehicles. Did you see that on television? And you saw them laughing and having a good time together and tumbling around in space. You know, it's amazing when you think about it, all that's happened, just from the last five or six years. That partnership with Russia that you saw in space today is also being mirrored on the ground.

In Russia today, the Vice President is over there working with the Prime Minister of Russia, Mr. Chernomyrdin. They have established an unprecedented partnership that has helped us to work to continue to reduce the threat of nuclear weapons, to reduce the threat of weapons being stolen or smuggled or nuclear material being smuggled out of Russia, to try to deal with the whole raft of problems that they have that will help our country, to work with them to build their democracy and their economy in the years ahead.

One of the things that I am proudest of is that during our administration, for the first time since the dawn of the nuclear age, there are no Russian missiles pointed at the people of the United States of America. (Applause.) So we're celebrating.

And I also want to talk a little about why we're here. When the Mayor went through the record that unemployment's down and jobs are up, and we passed the crime bill, and we passed more trade legislation than anybody in the history of the country, and we've dealt with a lot of important issues -- we have been able to play a constructive role for peace in the Middle East and Northern Ireland, lots of other important places in the world -- you might ask yourself, if that all happened, well, why isn't everybody happy? What happened in the '94 elections? What's going to happen in the '96 elections? That's what I want to talk to you about tonight.

I want to talk to you about what I believe about this country and what I hope you believe about this country, and why we are having the debate that we are having in Washington, D.C. today. The truth is that for most Americans this exciting new world toward which we are moving that has caught us all up is a mixed bag. It is confusing, and they are confused. And that's why politics seems confusing. And it's why sometimes our adversaries do very well, because they are great at giving simple answers to hard questions. They're usually wrong, but it sounds good. (Applause.) It sounds good. (Applause.)

But I want you to think about what the world looks like from the point of view of the average American family. Let's just take the changes that are going on. Look at the economy. Consider this: In the last two and a half years, we've had 6.7 million new jobs; a big drop in the unemployment rate. The African American unemployment rate has gone below 10 percent for the first time in 20 years. We have the lowest combined rates of unemployment and inflation in 30 years. That's very, very impressive. We've had the biggest expansion of trade ever in a two-year period. The deficit has been cut, using the seven-year term now favored by the congressional majority, by a trillion dollars over seven years.

But the median income in the United States has dropped one percent. Now, if anybody had ever told you that jobs would go up, trade would go up, productivity would go up, inflation would go down, and the

person in the middle would actually have a one-percent decline in their income, you wouldn't have an increase in income, it doesn't seem to compute. What happened? How did that happen?

In the last two years we've had more new businesses formed in '93 and '94 than in any two-year period in American history; more new people have become millionaires in '93 and '94 than in any comparable period in American history. But more than half of the people of this country -- 60 percent, to be exact -- are working a longer work week today than they were 10 years ago for the same or lower wages once you adjust for inflation. It doesn't figure.

What caused all this? It's good news and bad news. Part of it was the global economy. Part of it is the information and technology revolution, which means fewer people can do more work. Part of it was wrong-headed policies in our government. But it's happening.

So I get letters all the time from people that say, I know that things are going well, but I don't feel more secure. I got a letter the other day from a guy that I went to grade school with, came from a very poor family, made himself an engineer, got a job with a Fortune 500 company. And now, after working there for 25 years was one of three 49- and 50-year-old engineers who was laid off, and thinks he will never again find another job at remotely the same income or benefits. He's very excited for all these good things that are happening to the American economy. But how does he send his kids to college?

So, it's like a good news-bad news story. I'll give you another example: the technology revolution. Do you know what technology means in education? It means that a child in a poor mountain hamlet in the hills of the Arkansas Ozarks can get on the Internet and hook into a library in Australia to get direct information about volcanoes down there to do a research project. It's incredible. That's what it means. (Applause.)

It means that -- the technology revolution means that all of you, if you have a computer, can hook into the White House and get all the facts on the budget. We were getting 50,000 people an hour for a few hours after we announced our new budget. It's incredible, what it means.

It means a lot of other things that all of you know, I'm sure. But let me tell you what it also means. It means that our children can get on the Internet, and now, without any paying money, can be exposed to hard-core porn. It also means that a person who's smart enough to work a computer, but is slightly deranged and paranoid, can hook into the right people and learn how to make a bomb just like the one that blew up the federal building in Oklahoma City. It also means that clever radical groups in places like Japan can have little vials of sarin gas they can go into subway systems and break open and kill a lot of innocent people. It means that here in our own country we found radical groups experimenting with biological weapons, germ warfare.

Technology -- good news and bad news. Foreign policy -- the good news is, no Russian missiles pointed at the United States. The good news is the Cold War is over and there's no serious threat to our security. The bad news is that once you strip the veneer of communist control off of Russia with nothing to replace it, within five years half the banks are run by organized crime.

Hillary and I went to the Baltic States, to Riga, Latvia, and had tens of thousands of people in the streets thanking us for helping to get the Russian troops out of there for the first time since before the second world war -- people weeping in the streets. We went

inside to a meeting, and the first thing the presidents of the country asked us for was an FBI office, because now that there was no communism and no soldiers, they were worried that the port was going to become a center for drug traffickers.

The crime problem -- every major city in the country that's taken aggressive stance against crime sees the crime rate going down, and that's the good news. But there are so many young people in this country that don't have strong family situations, don't have good community situations, that the rate of random violence among young teenagers is still going up. The rate of random drug use among young teenagers has started going up again, which means unless we figure out something to do about it, in five or six years, there's going to be an awful price to pay.

So there's all these wonderful things going on, and all these troubling things going on. Is it surprising that people would look at all this and be confused and frustrated and anxiety-ridden and feel somewhat insecure?

Now, let me tell you, I believe with all my heart that the United States is better positioned for the 21st century than any nation in the world. I believe that the good news -- (applause) -- I believe that the good news outweighs the bad. And I believe that the future's going to be fine if we will face these challenges.

But I have spent a lot of time in the last few months thinking about how to explain this to my fellow citizens. I ran for President for two reasons. I wanted to restore the American Dream, because I did not want my child to be part of the first generation of Americans to do worse than their parents; because I did not want to see all these young people in our cities and isolated rural areas growing up in poverty with nothing to look forward to; and I wanted to unite the country. I wanted to bring us together.

The diversity of America, the diversity of Chicago, the racial, religious, ethnic diversity we have in this country, unique among all the large countries of the world is our meal ticket to the global economy if we can figure out what to do about it. (Applause.)

And if you ask me to give myself a grade on the first two and a half years, I would say I did a very good job on the first part of that, because we have really worked hard on the economy and on crime and on the other major issues facing. But now, as President, I have to work harder on the second part: how to bring the American people together; how we can understand what it is we are facing.

Because I can tell you right now in Washington -- the members of Congress who are here will tell you -- we are debating fundamental questions that we thought were resolved 50, 60, 70 years ago now. All these changes in the economy and all these changes in the way we live and work have led to a sense of unsettling, and it led us to a composition in the Congress of people who literally are prepared to debate the first principles of our society. And you better be part of the debate if you want it to come out in the way you believe. (Applause.)

I now believe are ability to restore the American Dream and to get this country going economically, to grow the middle class and shrink the under class, our ability to face all these other problems, depends upon our ability to have some understanding about how we relate to each other as a community and what this country's all about. And I just want to give you two or three examples of the profound debates going on in Washington today and why I come down where I do and why I hope you will understand how important this election is.

Debate number one in Washington: Are the problems we have as Americans primarily personal and cultural, or are they primarily political and economic? There are a whole lot of people in the Congress today who believe there's really nothing for the government to do about our problems, and nothing for them to do in their private capacity because most of our problems are personal and cultural. So if everybody would just wake up every day and do the right thing and stop misbehaving, and if people would stop putting out bad movies and CDs, we would have nirvana. Everything would be fine. (Laughter.)

Now, you're laughing, but I'm serious. I am serious. There are people who honestly believe that. And let us give them their due. At a certain level, it is true. That is, there is nothing I can do for you if you're not prepared to do the right thing yourself. You will all concede that. You didn't have enough money to come to this fundraiser tonight because somebody just gave you something. You had to live your life in a certain way. So at a certain level, that is true.

It is also true that the influence centers in our culture, whether it's entertainment or media or sports or you name it, have great influence in our society independent of politics and business and economics. That's also true.

But what bothers me is that if that's all you say about it, it's just an excuse to walk away from our common problems and pretend we're not one country. What I believe is that our problems are both personal and cultural and political and economic. And I don't intend to use the personal and cultural nature of our problems as an excuse to walk away from our common responsibilities to do better. (Applause.)

And I'll try to give you a simple example of every one. Example number one: The Family and Medical Leave Law. There were people who opposed the Family and Medical Leave Law. They said, it is wrong to impose any burden on the private sector at all. It will be terrible for them. And besides that, we are philosophically opposed to it.

I believe that, on the personal and cultural side, if every kid in this country had two parents taking care of her or him and loving them and giving them discipline and giving them direction, we'd have about a third of the problems we've got in this country today. Most of them would be gone. I believe that. (Applause.)

Now, I also believe that economically most people who are adults in this country have to work to make a living, whether they're live alone or whether they're in a single-parent or a two-parent family. Therefore, the most important thing we can do, arguably, is to enable our fellow citizens to succeed as parents and to succeed as workers. Therefore, people ought to be able to take a little time off without losing their job if their child is sick or their parent is sick or a baby is born or something terrible happens to their family. So I supported that.

Now, that is the kind of fundamental debate we're having. You've got to decide where you stand. I say, it's both. Both personal and economic and political. And I hope you believe that. (Applause.) But a lot of people don't.

Let me give you another example. The Mayor mentioned the crime bill. You know, I'm the only President -- sort of, maybe this is not a compliment to me -- but I'm the only sitting President, as opposed to somebody who gets out of office and does it, who has ever opposed the National Rifle Association in the Senate. (Applause.)

Now, I want to -- I hate to say what I'm about to say now that you clapped. (Laughter.) The truth is, that I have agreed with them on many things. When I was a governor, I worked with the NRA a lot. I like their hunter education programs. I liked the fact that they tried to help me resolve some very difficult problems relating to people in rural areas and where you could hunt and where you couldn't and all of that. I don't oppose everything they want. What I oppose is this world view. This is not about the right to keep and bear arms -- not the Brady Bill, and not the assault weapons ban.

There is one view that says, look, the crime problem is a personal problem. It is people doing wrong, right? Their slogan: "Guns don't kill people, people do," right? It's a personal problem. So find the wrongdoer, put him in jail, and throw the key away. This is politics, economics aside -- has nothing to do with this. This is about personal wrongdoing. And therefore, don't you dare inconvenience me one bit because of something somebody else did. I shouldn't have to wait five days to get my handgun, because I haven't done anything wrong. If I want to carry a Tec-9 around, I haven't done anything wrong. And who are you to judge me if I want to take it to target practice? That's what this is about.

I'm not doing -- just find the people who are doing wrong, and punish them. This is all individual. The problem is, if you talk to the police officers of the country, if you talk to the prosecutors and the former prosecutors, like the Mayor, they will tell you that this is like all of our other problems -- if we will all take some responsibility for it, we can make progress.

So I have no objection, and I don't think anybody should, to saying to the citizens of this country, it is your responsibility to go through the minor inconvenience of waiting five days so we can keep people who have got no business buying guns from buying guns. It is a minor sacrifice for a major good. (Applause.)

I don't have any problem telling those guys that you -- it may break your heart not to have one of these Tec-9s, but it's worth it to get the uzis out of the high schools. Sacrifice a little bit for a greater good. (Applause.)

I'll tell you, this may be an unpopular statement here -- I agree with this decision the Supreme Court made saying that that school had the right to drug-test the kids who wanted to play on the sports teams. (Applause.) And I'll tell you why. Not because I think most kids do drugs -- they don't. Not because I think most of our kids are bad -- they're not. They're good. But our young people are pretty smart, and they know this drug deal is a big problem in our country. And I think it's worth saying to them: It's a privilege to be on an athletic team. It's a privilege to be in music. It's a privilege to do extracurricular activities. This is something you ought to do for your country. Help us get rid of the scourge of drugs out schools. Be willing to be tested as an example and to help us catch the people who are doing it. Don't cry about having your rights infringed, when all we're asking you to do is to band together and assume a little bit of responsibility and go through a little bit of inconvenience to move this country forward and help us deal with our problems. That's what we ought to be doing. (Applause.)

And I come now to the third example -- the budget. Let's give the Republicans credit. First, they wanted to do the balanced budget amendment, and it failed by a vote, because a lot of people thought it was a dodge, and because a lot of people feared that sometime we might need to run a deficit in a recession, and we couldn't do it. But then they came up with a balanced budget. And it adds up, and it's a credible budget.

And I want you to know, I think they're entitled to credit for that. Why? Because I believe it's important to balance the budget. Now, I know a lot of people don't. But let me remind you, this country never -- never -- had a permanent, structural deficit before 1981. Never. (Applause.) We ran -- we ran rather modest deficits all during the '70s, because those of you who were around then will remember that we had something called stagflation and the economy was weak, and we needed to do it for sound economic reasons. But we never had a permanent, huge deficit.

In 1981, we adopted those big tax cuts. We never really got over it. And then there was sort of a bipartisan agreement in Washington because the Democrats were not about to cut spending as much it would take to balance the budget, and the Republican Presidents didn't want to raise anybody's taxes, because it violated their ideology.

So I got to be President two and half years ago with the debt quadrupled in 12 years. And I'll tell you how severe it is. Our budget would be balanced today but for the interest we have to pay on the debt run up in the 12 years before I became President. I'll tell how severe it is -- next year, interest payments on the debt will exceed the defense budget. You want more money for the Chicago schools? You want me to help educate more kids? You want me to invest in your efforts to clean up the environment and grow the economy? We won't have it unless we do something to change our spending priorities. So it matters.

When we brought the deficit down two years ago, that's how we got the economy going again, because we drove interest rates down and we got this economy spurred. So it is important. But there's a right way and a wrong way to do it.

What is the difference between my budget and theirs -- it rests on a simple philosophical difference. They believe -- this is honest. I'm not being critical. I'm telling you what they honestly believe. In the heart -- when you strip it all away, they believe that the purpose of the government is national defense, tax cuts on capital, and balance the budget as quick as possible, because the government would mess up a one-car parade otherwise. It's not good for anything. And we don't have any public responsibilities that should be manifest that way. That's what they believe. That's their honest conviction.

Now, I believe that the purpose of government is to help people make the most of their own lives. That's what I believe -- and to meet the challenges of the moment, and to provide security for people who have done what they're supposed to do. That's what I believe.

So our budget says, look, if you balance the budget in 10 years instead of seven; if you cut this tax cut by more than half and you don't give it to people who don't really need it, and you focus the tax breaks on education and child rearing -- the two most important jobs in our society -- then you don't have to gut Medicare and Medicaid. You can shave them in a modest way without worrying about whether you're going to close urban hospitals, or close rural hospitals, or hurt elderly people who don't have enough money to live on as it is. And not only that, you don't have to cut education at all. You can increase education. You can increase Head Start. You can increase apprenticeships for kids that don't go to college. You can increase student loans. You can increase our investment in technology and research. That is the difference.

My belief is we should balance the budget, but we should also grow the economy. The purpose of balancing the budget is to raise

incomes, to create jobs, to bring us closer together, to enable us to meet our challenges. So I think my budget is better. But it all rests on a philosophical difference. You have to decide which side of the divide you're on.

I believe our government's purpose is to help people make the most of their own lives. And let me just point out, there's a lot of people in that Congress who are there because we did that. The G.I. Bill after World War II built the greatest middle class in the history of the world because the government tried to help people make the most of their own lives. And that's the kind of thing we ought to be doing now. (Applause.)

So our budget proposes a G.I. Bill for America's workers. It proposes the kind of thing that they ought to be for -- collapsing all the separate training programs of the government, putting it in a big voucher. If you lose your job, you call the government, say I'm enrolling at the local community college; we send \$2,600 a year for two years, and let people get a re-education or retraining program to get a new job and a better income and a new start in life. That's the kind of think I think is worth spending money on. You have to decide where you stand on that.

These are the big, fundamental issues we're debating in Washington today. I believe time is on our side now. And I believe it for a couple of reasons. First of all, as hideous and awful and heartbreaking as the bomb in Oklahoma City was, it took a lot of the meanness out of this country. It brought us together. It made us all think about the impact of our words and our feelings and how we've been conducting ourselves.

And then when Captain O'Grady survived that magnificent, terrible six days in Bosnia, and he was rescued, it put a little zip back in our step and made us realize what was best about this country. And I think our heads are kind of getting on straighter today as a people.

But I want you to know, I'm going to spend the next year determined to continue to move the country forward economically; to continue to deal with all these problems we've talked about. But we've got to get ourselves together.

I am telling you, this is a great country. If we can get ourselves together; if we can understand we have certain common responsibilities; if we can understand it is a phony, political debate to try to say problems are personal and cultural as opposed to political and economic when they are both; if we can have a conversation with each other again about what it's really going to take to help people make the most of their own lives and give every American a chance to succeed, then we are going to do just find. That is what the 1996 elections are all about. (Applause.)

Thank you and God bless you all. (Applause.)

END

9:23 P.M. CDT

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June 19, 1995

PRESIDENT SENDS BUDGET AMENDMENTS TO CONGRESS FOR HUD AND SBA

The President has sent fiscal year 1996 budget amendments to the Congress for the Department of **Housing** and Urban Development (HUD) and the Small Business Administration (SBA). These amendments are a part of the second phase of the Administration's efforts to Reinvent Government and would produce savings of \$1.4 billion in FY 1996 budget authority. ✓

The proposals include the following:

Department of **Housing** and Urban Development

- Savings of \$1.155 billion in the **Housing** Certificates for Families and Individuals Performance Funds program. This proposal results from the repricing of Incremental Rental Assistance and Section 8 Contract Renewals and further refining of the estimates of HUD's reinvention initiatives, including the Public **Housing** Transformation and multi-family Mark-to-Market proposals. ✓

Small Business Administration

- Savings of \$200 million in the business loans program. This amendment would reduce the Government's subsidy cost to zero for the section 7(a) and the 504 loan guarantee programs.
- Savings of \$24 million in salaries and related expenses. This proposal reflects savings associated with the reduction of staffing levels, consolidation of field offices, and relocation of some headquarters functions. Under this proposal, SBA would continue to fulfill its mission more efficiently under a new, streamlined organizational structure.

-- Savings of \$3 million in the Surety Bond Guarantee program. These savings would result from shifting a small portion of the cost of the program to its beneficiaries.

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Office of the Press Secretary

For Immediate Release

June 5, 1995

REMARKS BY THE PRESIDENT
AT HUD HOMEOWNERSHIP EVENT ✓

The East Room

11:50 A.M. EDT

THE PRESIDENT: Look at it this way, Jean, all your other speeches will be easier now. (Laughter.) You did very well and I thank you and Jim for coming.

Ladies and gentlemen, I have looked forward to this day for a long time, and I care a lot about this issue. I'm glad to see so many distinguished Americans here. I welcome Congressman Bono who was, before he became a congressman, a mayor and, therefore, has an intimate personal experience with this whole issue. And I'm, of course, delighted to see my good friend Millard Fuller here who has done as much to make the dream of homeownership a reality in our country and throughout the world as any living person. And we thank you, sir, for your work.

Before I get into my remarks, I think it's important for me to make a brief reference to another subject. Congress is coming back to work today after a break, and the anti-terrorism bill that I sent to Congress is being considered in the Senate. It will give law enforcement the tools it needs to crack down on terrorists that they -- people in law enforcement -- asked me to seek from Congress, first, a couple of months before the Oklahoma City tragedy, to deal especially with the problems of international terrorism coming in to the United States, and then some more things that were asked for in the wake of Oklahoma City.

This is very, very serious legislation. The Congress not only has the right, it has the responsibility to review the bill and to hear those who think that in some ways its law enforcement provisions are too tough. There ought to be a full debate. But we cannot afford to let scores of unnecessary amendments drag down this process. In that I agree with the statements made by Majority Leader

of the Senate, Senator Dole. So, I call upon my fellow Democrats and Republicans to limit amendments, curb politics, ignore narrow interests, to agree to the simple pact that there should be no excuses, no games, no delays. The time is now to enact this important legislation.

You can be sure that terrorists around the world are not delaying their plans while we delay the passage of this bill. It is within our reach now to dramatically strengthen our law enforcement capabilities and to enhance the ability of people in law enforcement to protect all kinds of Americans. We have an obligation to do that. And so I would urge the Congress to take this bill up and to get on with it, to limit the number of amendments as soon as possible so that we can go forward.

Now, let me get back to the subject at hand. I am delighted to be here. You might ask why do I care about home ownership? After all I live in America's finest public **housing**. (Laughter.) The answer is I once had a life and I hope to have one again some day. (Laughter.) When I was 19 I built a home as part of what I did that summer.

When I was trying to coax my wife into marrying me, we were both living in Fayetteville, Arkansas, teaching at the University of Arkansas, and I had not gotten a definite answer -- I think that's the most delicate way I can put this. (Laughter.) And Hillary had to go away to somewhere -- I can't remember where she was going now -- but anyway she was taking a trip on an airplane, so I was driving her to the airport. And we drove by this wonderful old house. It was an old, old, very small house; and she said, boy, that's a beautiful house. And I noticed that there was a little for sale sign on it.

So, I took her to the airport, went back and bought the house. And when she came home after the trip, I drove by the house. I said, see that house you liked -- I bought it while you were gone, now you have to marry me. (Laughter.) And it worked, 20 years ago this fall it worked. (Laughter and applause.) Most people do it the other way around, but you know. (Laughter.)

I still remember that home cost \$20,500. It had about 1,100 square feet, and I had about a \$17,500 mortgage on it, and my payments were about \$176 a month, as I remember, something like that. And that was 20 years ago this fall that I signed that fortuitous contract. Those prices aren't very much available anymore, but the objective for young people with their futures before them and their dreams fresh in their minds, starting out their families, to be able to own their home and to start a family in that way, that's a worthy objective. Just as worthy today, and I would argue to you more important today than it was 20 years ago -- more important today than it was 20 years ago.

We just had a report come out last week asserting that it may be that up to one-third of our children are now born out of wedlock. You want to reinforce family values in America, encourage two-parent households, get people to stay home -- make it easy for people to own their own homes and enjoy the rewards of family life and see their work rewarded. This is a big deal. This is about more than money and sticks and boards and windows. This is about the way we live as a people and what kind of society we're going to have. And I cannot say enough in terms of my appreciation to Secretary Cisneros, who is a genuine visionary; to the Vice President for all the work he and the National Performance Review have done on this. And to all of our partners who are here, all the people in public and private life whose work is homeownership.

Since the day I asked Secretary Cisneros to build this strategy, he has done about everything a human being could do. And I can say without knowing that I'm overstating it, that if we succeed in doing this, if we succeed in making that number happen, it will be one of the most important things that this administration has ever done, and we're going to do it without spending more tax money.

Two years ago I met a couple having their own first home dream come true. They're here today. Patty and Matt Murray had just bought a home in Frederick, Maryland where I was visiting, promoting my economic plan along with the realtors to bring down the deficit, to bring down interest rates, to bring down home mortgage rates so people can afford to buy their own home. Now, they have a stake in a better life, and I'm glad that they're here today. I would like to ask them to stand. (Applause.)

I would also like to ask now all the other young couples that came here. I just want you to see them. That's where I was 20 years ago. I want all of you to stand here, all these first-time homebuyers that we invited to come here. (Applause.)

We have to remember that there are millions of people just like them who believe that homeownership is out of reach. They may be paying monthly rents that could cover a mortgage payment. They may scrape to save, but a downpayment is still out of reach. They are locked out by rigid restrictions or by a home-buying system just, as Jean said, too difficult or too frightening. And that is not right.

One of the great successes of the United States in this century has been the partnership forged by the national government and the private sector to steadily expand the dream of homeownership to all Americans. In 1934, President Roosevelt created the Federal **Housing** Administration and made homeownership available to millions of Americans who couldn't afford it before that.

Fifty-one years ago just this month, Harry Truman rewarded servicemen and women with the G.I. Bill of Rights, which created the VA Home Loan Guarantee Program. That extended the dream of homeownership to a whole new generation of Americans. For four decades after that, in the greatest period of expansion of middle class dreams any country has ever seen anywhere in human history, homeownership expanded as incomes rose, jobs increased, the educational level of the American people improved.

But in the 1980s, as the Vice President said, that dream began to slip away. I ran for President in large measure because I wanted to restore that dream -- to grow the middle class, shrink the under class, promote the mainstream values of work and responsibility, family and community, and reform government in a way that would enhance opportunity and shrink bureaucracy.

We've made good progress, but we have to do a lot more. I ask all of you just one more time to look at that chart. And I wish I had a lot of other charts to show you that would reinforce that. Homeownership declines then stabilizes at a lower level. At the same time, more and more American families working harder for the same or lower wages every year, under new and difficult stresses. It seems to me that we have a serious, serious unmet obligation to try to reverse these trends.

As Secretary Cisneros says, this drop in homeownership means 1.5 million families who would now be in their own homes if the 46 years of homeownership expansion had not been reversed in the

1980s.

Now we have begun to expand it again. Since 1993, nearly 2.8 million new households have joined the ranks of America's homeowners, nearly twice as many as in the previous two years. But we have to do a lot better. The goal of this strategy -- to boost homeownership to 67.5 percent by the year 2000 -- would take us to an all-time high, helping as many as 8 million American families across that threshold.

This is the new way home for the American middle class. We have got to raise incomes in this country. We have got to increase security for people who are doing the right thing, and we have got to make people believe that they can have some permanence and stability in their lives even as they deal with all the changing forces that are out there in this global economy. ✓

No person, even the President, can look at these young people and say, I will guarantee you, no matter what happens in the global economy, you will always have the job you have today and you'll make more money next year than you did this year. You know no one can guarantee that in the global economy. That's not the way the world works any more.

But we can guarantee to people that we're going to empower them to help themselves. We'll make homeownership more accessible. We'll make lifetime education and training more accessible. We'll make the things that make life work for people who are trying to do the best they can for themselves there. We have to begin with the basic things that make it worth doing.

As the Vice President and I said in a book we put out in the election campaign in 1992, our economic strategy includes a commitment to work to provide decent, safe, affordable homes to all Americans, and to do it with an alliance of the public and private sector.

I want to say this one more time, and I want to thank again all the people here from the private sector who have worked with Secretary Cisneros on this -- our homeownership strategy will not cost the taxpayers one extra cent. It will not require legislation. It will not add more federal programs or grow federal bureaucracy.

It's 100 specific actions that address the practical needs of people who are trying to build their own personal version of the American Dream, to help moderate-income families who pay high rents, but haven't been able to save enough for a downpayment, to help lower-income working families who are ready to assume the responsibilities of homeownership but held back by mortgage costs that are just out of reach, to help families who have historically been excluded from homeownership.

Today, all across the country, I say to millions of young working couples who are just starting out: By the time your children are ready to start the first grade, we want you to be able to own your own home. All of our country will reap enormous benefits if we achieve this goal. Homeownership encourages savings and investment. When a family buys a home the ripple effect is enormous. It means new homeowner consumers. They need more durable goods, like washers and dryers, refrigerators and water heaters. And if more families could buy new homes or older homes, more hammers will be pounding, more saws will be buzzing. Homebuilders and home fixers will be put to work.

When the boost the number of homeowners in our country, we strengthen our economy, create jobs, build up the middle class and build better citizens.

I thank Millard Fuller especially for the work that Habitat for Humanity has done in building better citizens. I remember the day we dedicated the very first Habitat house built in my home state that went to a woman who went to church with me and worked for the state government and still her income was so low she was eligible to be considered there. And I was so proud of her because she and her children, for the first time, felt that all these incredible years of sacrifice and labor she had endured were about to be rewarded. And it made her a better citizen, and it made everybody that put a hammer to a nail a better citizen, and it made all of who saw it unfold better citizens.

H.L. Mencken once wrote that, "a home is not a mere transient shelter, it's essence lies in its permanence, and its quality of representing in all its details the personalities of the people who live in it."

What we are doing today will allow more homes to be blessed by more families. I hope it will start all these young people on a path that will take them to great joys in their personal lives, and perhaps to other homes, but something they will always know that their country wanted them to have because they were entitled to it as a part of the American Dream.

Thank you very much. (Applause.)

END12:06 P.M. EDT

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Office of the Press Secretary

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May 17, 1995

PRESS BRIEFING BY
CHIEF OF STAFF LEON PANETTA, *not included*
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET, ALICE RIVLIN

The Briefing Room

2:35 P.M. EDT

MR. PANETTA: Good afternoon. Let me, first of all, introduce the other members that are with me. I will say a few words regarding the President's veto. Then Alice Rivlin will present some of the specifics with regards to the issues that we're concerned about within the rescissions bill. We'll also have Secretary of Labor Robert Reich, Secretary of Education Richard Riley, and Eli Segal, who is head of the National Service Corps, all of whom will be available for questions following the statements.

As you know, the President today announced that he will veto the 1995 budget revisions bill that was adopted this week -- yesterday -- by the House-Senate Conference Committee, assuming that that legislation is passed by both the House and the Senate and comes to the President.

Let me be very clear -- the President wants to sign a bill, but he wants to sign a bill that reflects the nation's priorities, not the pork projects that members have included in this legislation. The issue is not deficit reduction. The President wants to increase the amount of deficit reduction that's included in this bill. The conference report, as we understand it, has about \$16.4 billion in deficit reduction.

The President's proposals would bring it to \$16.5 billion. And it would increase under the President's proposals almost \$18.6 billion in five years. So the issue is not deficit reduction. The issue here is priorities. What happened here is that the conference committee in the Congress basically chose pork over people; courthouses

over education; basically, highway projects over national service; government travel over clean water; and basically, allowing expatriate billionaires to get their kind of tax breaks while we're cutting public **housing**, and particularly **housing** for individuals like AIDS victims who need that kind of **housing**.

Let me just give you a few examples of the concerns that we have in this bill. At the same time they wanted to deprive literally thousands of young people the opportunity to participate in the national service program, they included -- what they did was they failed to rescind and included \$130 million for nine separate highway projects in one congressional district alone -- \$130 million for nine separate highway in one congressional district alone. They wanted to deprive school systems --

Q Whose district was that?

MR. PANETTA: We will provide that information. They wanted to deprive school systems across this country of assistance in making their schools drug- and crime-free. But they were able to find a million dollars to fix a single street in Indianapolis. They wanted to cut deeply into the resources that we want to make available through the Goals 2000 program to train teachers in this country. They cut that money. But somehow they were able to find almost \$109 million for a courthouse in Phoenix, Arizona, that more than doubles the size of the existing courthouse.

The problem is basically this: At a time when you really do have to make tough decisions about what programs you're going to rescind in order to achieve additional deficit reduction and, at the same time, you're focusing on the priorities in this country instead of making the choice to go after this kind of pork in order to protect education, in order to protect some of the programs that impact on people, they did just the opposite.

In addition, they also made an assault on some important environmental programs. On the Senate side, we had supported the level of reductions that they had asked for on clean water. Instead, the conference went up another \$500 million in additional cuts with regards to safe drinking water. The President expressed from the beginning our concern about that level of cuts.

In addition, the President objects to the language that was approved by the conferees that relates to timber cuts. He has supported the objective of increasing timber salvage harvests. But the problem with this legislation is that it would simply lead to the same old gridlock that we have seen in the timber area year after year after year that was resolved by the forest plan that was finally put into place. This would just simply take us back to gridlock, and the President's not prepared to support that.

He has made clear to the Congress that he would reject this bill if they were to cut deeply into the nation's commitments and investments in education and national service. They went ahead and did it anyway. The President has no choice but to veto this bill as a consequence. He will not permit the Congress to impose distorted priorities on the American people.

At the same time, he's making very clear to the Congress how they can improve this bill so that he can sign it. And we are making specific proposals for additional reductions in order to achieve that.

The proposals -- Alice Rivlin will outline those even further, but they include, for example, \$438 million in rescinding

money for courthouses and other federal buildings; \$450 million for special highway projects; another \$470 million for government travel. In addition to that, we are asking them to close the loophole that impacts on those billionaires who basically surrender their citizenship in order to avoid paying taxes in this country. That is unacceptable and that, frankly, provides us with additional funds in order to provide some of the restorations that we think are important to people who decide they want to live in this country rather than in some other country.

These are not just numbers. And these are not just about programs. For those of us who have worked with budgets for years, I think all of us understand that sometimes it looks like this is all just an exercise in numbers, but every one of these numbers has some effect with regards to people. The cuts that are contained in this legislation would hurt people, and they would hurt people in order to protect projects and pork that the members wanted to include in this legislation.

Let me be very clear: The President of the United States wants a budget bill that he can sign. We need the assistance that he is requesting here for the people of Oklahoma City and for those who suffered the disasters in California. We also need deficit reduction. The President has requested these funds, and he wants the Congress to come back, approve the kind of cuts that we are recommending to the Congress, approve the restorations that we are asking for, and send that bill to him so he can sign it.

The President will not allow the Congress to hold the needed assistance that should go to Oklahoma and to California hostage to the kind of pork that was contained in the bill. He will not tolerate using this needed legislation as an excuse for forcing on the American people the kind of distorted set of priorities that we do not believe is in the interest of our country.

Let me have Alice go ahead and go into some of the particulars.

DIRECTOR RIVLIN: I think every time we look at a budget action we need to keep in mind the basic goal of budget policy, and that's to raise the standard of living of average people. To that end, we need to invest in people and their skills. We need to make it possible for today's young people to have good jobs, high wage jobs in the future, especially those with low skills who have been falling behind. We also need to reduce the federal budget deficit so that more of the nation's savings go into productive investment instead of financing the government.

There are twin deficits -- the investment deficit and the budget deficit. The Republican bill cuts \$16 billion in spending from the current year to reduce the budget deficit, and we like that. The bill also cuts programs that the President fought for -- spending that would help people get an education and training for better jobs. And it cuts money for clean water to make it safe for drinking. And it fails to rescind highway demonstrations that didn't seem to be needed, that the President's budget asked to be rescinded. And it keeps funding for courthouses and other kinds of buildings that the administration did not request.

We just think those are the wrong priorities. It's not a question of the bottom line, it's a question of the priorities.

Very specifically what we are proposing is to add some things and to subtract some things in order to put together a bill that the President could sign. The President proposes to cut from this bill

\$438 million for courthouses and other federal office space, \$450 million from highway demonstrations, \$474 million from government travel and overhead, \$102 million from low-priority foreign aid, and \$60 million from the expatriates billionaires loophole. That adds to \$1.5 billion.

The President proposes to restore \$619 million for education and training, \$500 million for the environment -- that's safe drinking water -- \$230 million for **housing** and some veterans programs, \$20 million for the Women and Infants Nutrition Program, \$31 million for crime prevention, and \$14 million for community development banks. That adds to a slightly smaller total -- \$1.4 billion.

That leaves the total deficit reduction in the bill that the President would sign slightly higher -- \$16.5 billion instead of \$16.4. As I said, it's priorities, it's not the bottom line.

Q Does the President think they're going to accept these priorities?

MR. PANETTA: The President believes that these are the American people's priorities and that the Congress should reflect those priorities as they approach this legislation. We think that the President's veto will be sustained by the Congress.

Q What is the low-priority foreign aid that you referred to?

MS. RIVLIN: It is PL-480 for the cognoscenti of food aid, but it is not the main food for humanitarian purposes which I believe is Title I. This is Titles II and III, which have been less effective and which we thought were not necessary.

Q Who reviews it?

MS. RIVLIN: Partly it is food aid that goes to governments for resale. They basically use the proceeds, and it is not the part that goes to the humanitarian organizations to distribute in the face of disaster, which is a much larger number.

Q And who, in particular? Which governments?

MS. RIVLIN: The countries -- we can provide you a list of the countries that have received aid.

MR. PANETTA: It's government to government.

MS. RIVLIN: It's government to government.

Q Bob Livingston, the Chairman of the Appropriations Committee, wrote the President a letter today saying that "For the past several months my committee has begged you to come forward with proposed cuts. You've remained silent until the conference has closed." He says that Pat Griffin followed up with the staff, saying that you couldn't accept any certain -- cuts in certain investments. He said that they never followed up with specifics, and basically says that you are not cooperating.

MR. PANETTA: Well, let me just tell you what we did and then you can draw your own conclusions. First of all, the President made very clear in the Dallas speech that we would accept the Senate bill and the levels in the Senate bill, and that he would sign that bill. Secondly, in the policy positions that we send up to both chairmen, both Chairman Livingston as well as Chairman Hatfield, and also the ranking members up there, we made very clear that the Senate

version of the bill is acceptable, and indicated our strong concerns for the House version of the bill, and that he would veto the bill. That was actually contained in the letter that we sent forward. It also expresses our position on a number of issues that were before the conferees.

In addition to that, I met with both chairmen prior to the conference and made very clear that the President's bottom line on these key priority investments was the Senate bill. We have always said that it is the levels in the Senate bill that we felt were acceptable and that restored the key programs that he cared about and that that was, frankly, our bottom line. We understand that in conference there's some give-and-take, but I made very clear that the President felt that the Senate levels were bottom line.

In addition to that, I called both chairmen during the course of the conference when I could see that they were headed towards beginning to double the cuts that were in the Senate bill with regards to the programs that we cared about, talked both to Bob Livingston as well as to Mark Hatfield and made very clear that the President would not just sign any bill that they sent down. And we have continued to stay in touch through myself, as well as through our legislative operation to make very clear that we were not prepared, the President was not prepared to just accept any bill, that he had some very strong priorities that we had outlined, and that the Senate bill represented the levels that we thought were acceptable.

And, instead -- I just have to tell you -- the conference nearly tripled the cuts, nearly tripled the cuts in the education and training area from the Senate level.

Q Leon, can you explain the origin of rescinding on courthouses and highways and the other things that the President objected to as pork? Is this new spending that they have slipped into this bill, or is this old spending that had been previously approved that they failed to cut out? Where is this money coming from? What's the nature of it?

MS. RIVLIN: Well, the highway demonstrations, we proposed rescission in our 1996 budget submission and they didn't do it. So we still think it's a good idea to rescind those projects. On the courthouses and --

Q So that's pre-existing spending?

MS. RIVLIN: Well, it's money -- I mean, that's what a rescission bill is. It is -- it's been appropriated, but it hasn't been spent. And we think it's low priority.

Q There is some new spending in this bill, isn't there? I mean, the Oklahoma and --

MS. RIVLIN: That's right. That's right.

Q I'm just trying to make a distinction whether they stuck a bunch of new money in here or is it old stuff.

MS. RIVLIN: No, this was stuff previously appropriated, but which we thought was low priority, and had, in the case of the highway demos, already asked to be rescinded. In the case of the courthouses and other federal buildings, this was money not requested by the administration last year, but added by the Congress.

Q And approved and signed by the President?

DIRECTOR RIVLIN: Oh, yes, all of the rescissions come from money that has been appropriated.

Q Did he previously propose that this courthouse money be rescinded?

DIRECTOR RIVLIN: No.

Q When did it dawn on him that this courthouse money should be rescinded?

MR. PANETTA: What happened is that -- obviously, these are monies that we did not request that were then included in the context of appropriations bills that came to him last year that were signed into law. Now we're facing the issue of, do we try to achieve additional deficit reduction and try to maintain the important priorities, particularly affecting kids in this country, that the President's concerned about. So clearly we've got to make some tougher decisions here with regards to what are we going to -- what are we going to try to protect in funding, and where should we cut?

Instead of cutting kids, instead of cutting education, instead of cutting national service, they decided they were going to keep in place the pork projects -- the highways projects, their building projects. We think when you're faced with kind of decision, kids ought to come first; that national service kids ought to come first; that programs that affect people ought to come first; and that they ought to cut the projects in their district. And that's the choice that we're facing.

Q Just to be clear, you had never presented these before?

MR. PANETTA: We have presented the highway demonstration projects as rescissions. We have proposed those. We've --

Q How much did that amount to?

MR. PANETTA: That's about -- over \$450 million.

Q Is there a lock box provision in this bill? The President today said he thought it was a mistake to have that removed to dedicate the savings to deficit reduction --

MR. PANETTA: The President supports making sure that this would go for deficit reduction and not go to be used to pay for tax cuts in the out-years.

Q specific language in the bill?

MR. PANETTA: Pardon me?

Q Is there specific language in the President's bill?

MR. PANETTA: The President would support any language that made clear it could not be used for tax cuts in the out-years.

Q As a technical matter, what do you want them to do, reopen the conference? I mean, can they amend this on the floor in the House?

MR. PANETTA: It's really -- it's a decision that is up to them. I think at this point they've closed the conference, so it would probably be difficult to reopen the conference and make these corrections.

Q As a practical matter, you've got about, what, a billion and a half here about which you're --

MR. PANETTA: That's correct.

Q So would it be fair to say then that the President accepts the overwhelming majority of these?

MR. PANETTA: That's correct.

Q And what happens to the Oklahoma City funding if --

MR. PANETTA: The Oklahoma City funding is in this bill. All they have to do is make the changes with regards to the restorations that we've asked for, do the additional cuts that we've asked for in pork, and we can get the Oklahoma money out.

Q But if they don't?

MR. PANETTA: If they -- look, it's the Congress's responsibility to pass these funds.

Q Mr. Panetta, are you setting a precedent here? I mean, you've accepted the Republicans' parameters, that \$16.4 billion or more have to be cut. Are you willing to come up with your own list of budget cuts to meet the Republicans' other goal, which is getting to balance by 2002? I mean, are you setting a precedent here?

MR. PANETTA: The President has made clear that he's prepared to sit down tomorrow, if necessary -- sit down tomorrow -- if the Republicans are willing to move off of their huge tax cut for the wealthy, if they're willing to do Medicare and Medicaid savings in the context of health care reform, and if they're willing to protect education. If they'll make those commitments, we'll be willing to sit down tomorrow and talk about where we go with the budget.

Q Back to the question about Livingston's letter. We have sat here in this room dozens of times this year and asked you for cuts. And you've always answered that you -- and Ms. Rivlin -- that you favor that idea, but nobody ever mentioned this courthouse money. If you knew you had half a billion dollars in money that you wanted cut, shouldn't you have mentioned it to Bob Livingston at a time when the conference was open?

DIRECTOR RIVLIN: Well, this isn't money that we absolutely wanted cut. I mean, it isn't that courthouses are always a bad thing. But when you have to make very tough choices, and we were faced here, as Leon has said, with a bill with the wrong priorities -- so we wanted to say, here are some things that ought to be added, and here are some things we think, after due consideration, are lower priorities. Certainly courthouses are lower priority than education.

Q Why not make that point while the conference was still open?

MR. PANETTA: But we said we supported the Senate bill. The Senate cut the courthouses. They cut almost \$1.2 billion or \$1.3 billion, pointing specifically at the courthouses. That's why the President would accept that bill. Made that clear at the time we discussed it. The Senate bill makes the right choices. That's why the President would sign it. They reversed that.

Q Leon, is the President disappointed or frustrated that the Senate's going to take a whole new look at Whitewater? Is that going to tie up the administration?

MR. PANETTA: Well, the President has always said that we would cooperate. As a matter of fact, I think the vote and our cooperation in the proposal today reflects that.

Q Leon, to follow on a related subject, is the President going to ask Ron Brown to remain on the job? And can you tell us what the President's justification in whatever decision he makes is?

MR. PANETTA: The President has issued a statement on that, and I have nothing more to say than what's in the statement.

Q Could you explain the White House criteria for that? Because we were told previously, in the case of Henry Cisneros, for example, when an independent counsel was named, that because the allegations involving Mr. Cisneros did not involve his job with the government, the federal government, that therefore he could remain on the job. But the allegations involving Ron Brown involve his very application to the job as Commerce Secretary. So why would the President permit Ron Brown to stay on the job and not ask him to step down?

MR. PANETTA: All I'm going to say is that we're going to stand by the President's statement with regards to Ron Brown. And Mike McCurry is going to answer the other questions involving -- (laughter.)

Q Do you have a list of the courthouses and the highway projects in whose districts they're in? And do you happen to know if any of them are in Democratic districts?

MR. PANETTA: I'm sure there are some in Democratic districts and there are some in Republican districts. Having been a member of Congress, there is a tendency to always split the pie on this stuff when you're passing out these kinds of projects. So I'm sure it affects both Democratic and Republican districts.

Q Can we get that list?

Q Who are the nine highway --

MR. PANETTA: We have the full list of all the courthouses, but this number does not represent all of the courthouses, it represents, as we said, about \$438 million.

Q Who has the nine separate highway projects?

MR. PANETTA: The Chairman of the House Public Works Committee -- wouldn't it? It sounds like the Chairman of the House Public Works Committee.

Q Dr. Rivlin, you seemed to suggest in an interview with The L.A. Times that was published today that you'd be willing to reduce the level of your own tax cut proposals. By how much were you thinking?

DR. RIVLIN: I certainly didn't imply any specifics at all. We were talking about a smaller, more targeted tax cut, which is what ours is.

THE PRESS: Thank you.

END3:00 P.M. EDT

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SOUTHERN REGIONAL ECONOMIC CONFERENCE *not included*
SESSION IV: INVESTING IN SUSTAINED GROWTH AND JOB CREATION

Emory University
Atlanta, Georgia

3:20 P.M. EST

THE VICE PRESIDENT: The President has asked me to moderate this fourth panel, and at the conclusion of this panel, I'm going to turn it back to him. And then you'll hear some summary comments, and then we'll call it a day.

This panel is going to be focused on where we go from here, the future, how we can create jobs by working together, how we can emphasize sustainable growth and community empowerment. We'll be talking about the four elements that are critical in sustainable growth -- the people, and, of course, we talked a good deal about human capital in the last panel -- education and job training. We'll be talking about innovation, and there are some high-tech entrepreneurs and businesspeople who will tell us about the importance of innovation in this equation; open markets -- the ability to play on a level field and sell around the world; and investment and in the importance of having access to capital in areas that haven't always in the past had access to capital.

First of all, Mr. President, I want to say that I'm proud to be joined on this panel by four other members of your administration -- Secretary of Commerce Ron Brown and Special Trade Representative

Mickey Kantor, both of whom got bragged on quite a bit in the earlier sessions; and SBA Administrator Phil Lader, who's also been bragged on; and Under Secretary of State Joan Spero, and the State Department has been a key player in your team opening up markets overseas. And we think that's awfully important for the South and for the rest of the country.

One of the themes we'll be talking about in this panel, as I mentioned, is community empowerment. And what we mean by that when we use President Clinton's phrase is how we can get all parts of the community working together, singing from the same sheet of music, if you will, to head in the right direction.

One of the problems in the past has often been our tendency to identify problems as having a single cause, and then looking at clusters of problems and setting up different efforts to attack each problem, when actually a community is a living, breathing entity and different parts of the community all fit together. And as Andy Young said this morning, all of the topics we've discussed during this conference today do all fit together. And it does paint a very clear picture. It's amazing how much agreement there is in the country, regardless of what party you're in, regardless of what region of the country you're from. And building that consensus is one good outcome that can come from this discussion.

So to start us off in this panel on the general topic of how we can invest for future prosperity and the importance of community empowerment in that challenge is the mayor of this great city that is hosting us and will host millions of people next year for the Olympics, Mayor Bill Campbell.

MAYOR CAMPBELL: Thank you very much, Mr. Vice President and Mr. President. First of all, I think it's important to recognize that we must continue to invest in human potential. When I say that, I mean that a great deal of urban America is in crisis today.

And Atlanta, while we have the Olympics and while our unemployment rate is very low, we still face great problems with poverty. Atlanta has the highest number of public **housing** units per capita of any city in this country. And so, we were enormously grateful to be awarded one of the six empowerment zone designations in this country, which is the Clinton administration's outreach to the city.

Everyone must recognize that in this country 80 percent of the people live on 20 percent of the land, and there must be an investment in the human potential. The empowerment zone allows us to try to rebuild what has been destroyed. For everyone in this country, if you ride into the inner cities of this country, you will see devastation. You will see hopelessness. You will see poverty that is unimaginable in a city, in a country that has as much prosperity as we do. The reason the empowerment zone is so important is because we recognize that businesses need to make money. It is the sine qua none from which they exist. And what we have tried to do in working with the empowerment zone is to make certain that businesses have the opportunity to make money, but also to reach in and reinvest in human potential.

Within the city of Atlanta, the empowerment zone allows us to try to rebuild. We are trying to target entrepreneurial companies, high-tech companies, and particularly, those in the communications and information services that go into our inner city and try to restructure. We had commitments for \$700 million worth of private business investment if we were successful in winning the empowerment zone, and we were. And so we must now go to those companies and try to make them appreciate that they can make money in the inner cities of this country. That is what must be said over and over and over again because many businesses

are not seeing that they can invest and make money and do that at the same time within the inner cities.

We are focusing on the Auburn Avenue revitalization. We get over 3 million visitors a year to Auburn Avenue, and, unfortunately, like many other inner cities in this country, we simply do not have the kind of business support that we would like. It is the home of Martin Luther King, Jr., and the Civil Rights Movement. We believe that working with the empowerment zone that we will be able to re-establish business investment in that community.

Under the leadership of Governor Miller, the state of Georgia's BEST program, which is Business Expansion Support, will allow companies locating or expanding in the zone to take advantage of a \$2,500 per job tax credit annually for five years. That is a tremendous incentive for companies to invest in the zone -- \$2,500 per job. Tax credits are also available for machinery, recycling and primary materials, hauling equipment, day care and worker training. The important thing to note with the empowerment zone is, while it is a \$250 million investment, the largest portion of it -- \$150 million -- is in tax credit. And that is what must be used to try to re-attract business development into our inner cities.

It is so critical for us to recognize that these are terrible times to be poor. These are terrible times to be old. They are terrible times to be handicapped. And as we look at what is happening in the Congress, particularly as it relates to the city of Atlanta when there is tough talk about crime, the one thing that we recognize is that there is one word that stops crime, and it starts with a "j" and it is not jail. It is jobs.

And so what the Clinton administration has done with the empowerment zone is to try to re-invest in jobs in the inner city. If the rescission cuts go through this year, we will lose 1,500 through our Summer Youth Program. There will be 1,500 jobs next summer that will be lost in our Summer Jobs Program. And so, let me ask, what do we believe that those 1,500 young people will be doing if we do not provide them with employment? We cannot build enough jails to house them all. We do not have enough courts to legislate all of them through. And so, we ask again that this investment within the inner cities continues. There are people that need to be retrained. There are people who are under-employed and under-educated.

The one thing that we know -- and I will close with this -- is that if we give people the opportunity, they will seize that and they will work. The old adage, if you give a man a fish, he will eat for a day; if you teach him to fish, he will eat for a lifetime -- that is what the empowerment zone means for us.

And so, to the President and the Vice President, we say, we thank you for this opportunity of investing in the human potential because there is no way that people in this country can run from the problems of urban America. You cannot move far enough away from the city. You cannot buy enough security systems. You cannot put enough gates around where you live because eventually the problems of urban America will confront us all. And so, why not spend the money wisely and invest and try to teach our young people that there is a different way, that you can employ yourselves to do different things, that you can try to do something different.

And so, for that reason, we believe that for us, in Atlanta, the empowerment zone will be the Olympics for those who live in the inner city because it will continue far beyond the magnificent time of the games in 1996 because it will provide jobs and hope. The one thing that we know is that if the wisdom of tomorrow is learned by the

violence of today, will there be a tomorrow? Let us invest in the human potential, and we believe, then, those dollars will be better spent on the front-end rather than on incarceration at the back-end.

Thank you very much. (Applause.)

THE VICE PRESIDENT: Thank you very much, Mayor, for getting us off to a good start. The second of our four opening presentations for this panel is going to be from David Crockett, who is a city councilman in Chattanooga, my fellow Tennessean. And the common denominator is that, just as with community empowerment, we focus on the way all the elements of the problem fit together and the solutions have to fit together also.

Economic development also has to fit within the environment. And David and his colleague in Chattanooga have played a pioneering role in bringing the business community and citizens groups together to really redefine the whole course of Chattanooga. Of course, Chattanooga and Atlanta have been partners for a long time. And, David, please go ahead.

MR. CROCKETT: Thank you, Mr. Vice President, Mr. President, members of the Cabinet. I appreciate the opportunity for Chattanooga to be here and for cities, which I think are -- I agree with Mayor Campbell -- are the prime focal point for addressing most of the problems and the opportunities of the nation.

To spin off of what Mayor Jackson said just for a second, he said, is it good for Atlanta or is it good for America? I would say that sustainability would ask the question, is it good for America today, for this generation, and is it good for America in the next generation and the generation after that?

And to make that point a little bit, let me tell just a bit about our city's history and our present and our future. We're located between mountains with a beautiful river running through our city. We were an early industrial center in the South. We became one of the largest industrial centers in the country, despite the fact we've never had a real large population.

Pictures of Chattanooga of the late 1800s were full of smokestacks which were the symbol, the icon of prosperity for that time. But over a course of time, cheap coal and heavy industry and those mountains, in the 40s and 50s, we almost lost sight of the mountains. In fact, many days you could not see them. And you couldn't find the river. And our environment and our economy suffered simultaneously.

By 1970, HEW said we were one of the most polluted cities in America. And we went through a lot of the social and urban and economic pains of the 70s with most American cities. We had kind of a heart attack, and we needed a quadruple bypass -- ecologically, environmentally, socially and from an urban standpoint. Through a very massive effort with the community -- and it wasn't for good works, it was for survival -- with our private sector as much in the lead as anybody, our industries making heavy investments, our Chamber of Commerce, our community groups -- we cleaned up our air. We started private-public partnerships that created one of the best affordable **housing** programs in the country.

We started to renew our urban core, and we turned ourselves around to the point where, from those remarks of HEW in 1970, when the President's Council on Sustainable Development visited in 1995, Vice President Gore and the President's Council, they found a Chattanooga that you could see the mountains, that was off all EPA non-attainment list and had been for years. Its river walks -- its river which was

accessible and its river walks were a model for the National Park Service, and its downtown was being restored. And you could sit on the banks of the Tennessee River next to the world's largest freshwater aquarium and watch a town that had been devoid of people, streaming with people any day or hour.

Now, what is significant about that is that -- and we didn't, frankly, comprehend the impact of it at the time. Those river walks, 20 miles or so, reconnected our entire population, not just to their natural element, but to their city, and one step further with each other, Mayor Campbell. From all over parts of the city, it has been the greatest mixer of our population. We didn't view the significance of what a walkway, restoring an old bridge, the Walnut Street Bridge that was going to be condemned, would have on our economy, pulling our community together, revitalizing the core city. So that's where, I guess, Chattanooga present is.

Chattanooga future speaks to economic development because our problems are the same as everybody's -- family-wage jobs for everybody, keeping our kids at home with good jobs, a better education system, community revival and pulling us all together toward a common goal. Our theme for that is the environment, is sustainability -- not only as a boundary condition, but as a means to accomplishing every one of those goals -- of providing the jobs, providing the good jobs, family-wage jobs; of enhancing our education system, not just snapping a course on to it.

If you step out of the Tennessee Aquarium today, two things are there. One of them is the old smokestack from one of the schools. It's about 150 feet high, and we've kept just the smokestack because it's a part of our heritage. It's also a reminder that there probably was an economic summit like this one about the time that that was prosperity, and this generation had to go back and fix and repair that prosperity.

The second one is that we are entering an age that we believe is -- it will be based on manufacturing, and we will not leave that. And those are jobs built out of sustainable -- the emphasis of sustainability. And that is the economic thrust of our city -- will still be to make our industries viable and to get the new industries of the future that will be created out of environment and sustainability emphasis. You step off one step and you're on a battery-powered bus, and by next year, it'll be the largest fleet in the nation. We make them there. It also keeps our air clean.

And if you took a ride to the next end of the town, the Southside, our newest project, you'd find a dilapidated area of old industry that's about to come to life and will be our future because in that zone will be not only a conference center and a trade center, it will be designed different than anything we've ever done. And this is sustainability, is about thinking about things in a different way. It will convert from a concrete jungle to an urban forest. It will be a conference center. It will be especially designed, but there will be a manufacturing zone there. There will be **housing**. It will be pedestrian. As someone said, the long-run strategy for this district and for our downtown is a short walk. It will be a place where you live, where you work.

And it will be possible because we have some companies -- some of the Georgia companies, Governor -- that we're working with, are willing to try to find something called zero emissions. Also, some major Fortune 500 companies -- DuPont and others. And they will build new jobs in a new way, and they will be sustainable. Collins and Aikman from Dalton makes a carpet that's reformulated to be healthier. But it's also formulated, and their process with a 1- 800 number that says,

send it back to us, and we'll convert it into another product. It won't go into landfill. They are one of the companies we are working with. A soap company -- has zero emissions. We'll have a total thrust of that.

And as a regional hub, we're right between Oak Ridge, TVA and the NASA labs. We will try to develop new technologies of the future to make our current industries viable and to create the brand-new industries that will be export and will give us an economic advantage. And we will do that in a way that won't take two steps backward from one step forward on economic growth. So we'll build from this step in a sustainable fashion.

THE VICE PRESIDENT. Thank you very much, David. I can't tell you how proud it made me as a Tennessean when I represented President Clinton last year on a trip to Bolivia. And one of the people there asked through the interpreter, you're Tennessee; tell us how Chattanooga did it. Do you think we could clean up our air pollution and pollution problems the same way? And we put them in touch with you, and I hope you can sell some products there, also.

Our third presenter is Jeanette Golden. In keeping with the theme of how we work in partnership to create the kind of future that we want, it's important to focus on how, in a public-private partnership, the government relates to small business. And small businesses that use technology are increasingly prominent in the creation of new jobs. And Jeanette Golden is going to tell us a little bit about what we need to know.

MS. GOLDEN: I think the biggest thing with the whole technology phase is giving people an opportunity. And having an opportunity -- I was fortunate in that I took advantage of everything the SBA could possibly offer. I went to SBA seminars. I went up to SBA so many times that people thought I worked there, but I was there. (Laughter.) I was able to call on the phone and ask questions that I thought were stupid questions, but nobody knew it was me asking so I kept on asking. In doing so, I was able to put together a business plan that's going to help me live my dream. And that's to put technology in the classroom, make sure it's leading-edge, breathing-edge technology, not something from two through four years ago so the kids will be learning on things that are current, something that will help them in their jobs and their futures.

SBA -- when I first started writing, I wrote this business plan -- it took me probably a year. And I wrote and I wrote, and I read and read, but there was one piece that I was afraid of, and I'll admit it. That was the SBA paperwork because I could not grasp the finances the way they do them. I knew my business inside and out, but I could not put them on that form. So I was fortunate. I found a bank, and by the time I had the courage to go to the bank, SBA had a one-page form. I found a banker at Wachovia Bank who was willing to work with me. And when he said I had one form and I could explain finances, I mean, I knew the loan was mine. And I worked with SBA, and within two weeks, my loan was approved. There were no major questions because I had detail up the wazoo, and I was presenting an idea on high-tech and classroom which I believed. And I wanted to thank them for that.

THE VICE PRESIDENT: Well, that's great. Thank you. They call that one-page form the "low doc." And I saw Phil Lader grinning from ear to ear when you were talking about the new form arriving -- and the old one was about an inch thick. And people got pretty frustrated with it. And Erskine Bowles, who is around here, was at the SBA when that low-doc was brought in. So, congratulations to you. That's part of our re-inventing government approach, and the SBA has been a real leader on that.

Our fourth opening presenter before we go to our discussion with the panel is on the importance of innovation in order to meet competition in global markets. And I'm pleased to introduce Ernie Deavenport, Chairman and CEO of Eastman Chemical.

MR. DEAVENPORT: Thank you, Mr. Vice President, Mr. President. It's indeed a pleasure. I'm delighted to be here to talk about global business success and some of the things that we think in our company has caused us to have that success.

Eastman Chemical Company has had a very long successful history in the Southeast region with our headquarters in upper-east Tennessee. I know it kind of looks like you maybe you might have loaded this panel with Tennesseans today. Eastman Chemical Company began operations some 75 years ago in northeast Tennessee, and I'm happy to say, with lots of companies that have had to restructure lately, it's been over 50 years since we've had a major involuntary restructuring in our company.

During those 75 years we grew, basically, from a one-product company that sold -- basically, the one company, the Eastman Kodak company to a company that makes hundreds of products, and we sell those to literally thousands of people all over the world today in 48 different countries. We has sales last year of \$4.3 billion, and about one-third of that \$4.3 billion were outside of the U.S. with over 80 percent of those being exports. So we are a major exporter for this country.

I think there are lots of factors that affected a company's ability to compete today in a global environment. But let me just concentrate on two of them very quickly. First of all, it all begins, I believe with quality. And quality begins with a passion to satisfy your customers. Customer satisfaction is a prerequisite to success in business today anywhere in the world -- and I say, anywhere in the world. There is simply, in my opinion, no substitution for an organization's global dedication to quality and customer satisfaction.

Mr. President, when you presented Eastman Chemical Company the Malcolm Baldrige National Quality Award back in 1993, I stated in my acceptance of that, that we didn't seek that award for the recognition. We did it to win customers, and we certainly did.

I think today, with limited resources, the private sector today and also the governmental sector -- I think we must use quality management practices to take the limited resources that we have and make sure that we apply those to the most pressing problems and that we create value with those rather than consume value. Too many times today, industry and government, too, I believe, actually utilizes our resources to consume value rather than creating.

The second factor -- and we've talked a lot about it today already -- affecting success is people, and, more importantly, the way that those people interact within an organizational structure whether it be a governmental structure or whether it be private industry. It is certainly no secret that highly-skilled and highly- educated people provide our very best opportunities to achieve a very unique and a sustainable competitive advantage in a very competitive global environment.

I believe that empowerment and teamwork in our private enterprise today, and in government, provides the keys to unleashing the tremendous potential that exists in the minds of people, no matter what language they speak or where they might come from.

Let me address the President's initial question when we

started this morning: What should federal government do to support companies in this region of the world and companies in this country being competitive on a global basis? I think if we could boil it down to one, I would have liked to have served on the education panel because I believe that the root of all of it is education.

But let me talk just about three others very briefly. First of all, continue to pursue fair and equal trading rules. Let me say that I applaud the administration and I applaud Secretary Brown for the work that has been done in terms of promoting free trade. NAFTA, GATT, all of these things that you have done clearly put us in a much better position today than we were several years ago.

The chemical industry that I represent, obviously, is one of the industries that had a net favorable balance of trade of over \$20 billion in 1994. We are a major exporter from this country and a major contributor to a favorable balance of trade. But I believe we must continue to defend the pressures that we get from all around the world to build new tariff and non-tariff barrier that are aimed at U.S. exports.

The second area that I believe that we can continue in, and that is to pursue greater cost-efficiency in our regulatory programs. And both you, Mr. Vice President and Mr. President, had indicated your support of that because the private sector cost today for implementing many of our regulations places a very heavy burden on U.S. industry. We have in the past reaped tremendous benefits from many of these programs. But I believe as we come down to getting the last of this, in some cases, many of these have become inefficient and they have become somewhat wasteful. So we need to use just good common sense in making sure that our regulatory policies, demanding the use of our limited resources, use good science and good economics in our regulatory decisions.

And then, lastly, let me say that we should continue to expand federal incentives for global investment in sales. Many other countries in the world today employ such practices as adjustable taxes. They employ lower capital gains taxes, special treatment on foreign-source income to stimulate investment. I believe we should study these and look at these with an eye on maintaining our own competitive position, not only in our domestic industry, but also foreign investors who are interested in investing in the U.S.

Thank you very much for this opportunity.

THE VICE PRESIDENT: Thank you very much, Mr. Davenport. I can assure you that under President Clinton's direction, we are certainly taking to heart the desires of many in business and all over the country to innovate in the federal government, and regulatory common sense. We're making great progress on that. And with the re-inventing government project, we're creating a government that works better and costs less.

In our first panel discussion, I want to return to the community empowerment theme. And we heard from Mayor Campbell. But earlier the President pointed out that there are 104 community empowerment zones and enterprise communities around the country --six urban zones; three rural zones; and then a large number of smaller enterprise communities, both urban and rural. And what we're trying to accomplish with that approach is to focus special attention on areas of the country, both in urban and impoverished rural areas, in sectors of the economy that, in the past, had been left behind when the national economy had gone up. And we're trying to learn what works.

And I want to call on two people, Harry Bowie, who is

President of the Delta Foundation and has been very active in the Mississippi Delta area; and Larry Stein, who's President and Director of the Center for Rural Studies, and ask both of them to briefly talk about what we can do in this region of our country that has more rural poverty than any other part of America.

Harry, and then Larry.

MR. BOWIE: Thank you, Mr. Vice President, Mr. President, and other members of the Cabinet. I want to talk a little bit about the rural areas that we face in Mississippi and in Arkansas. These are areas that, similar to a question you asked earlier, were left out. They had not progressed with the dynamic growth of the rest of the South. We have small towns that were dependent upon agriculture, and fact, agriculture has mechanized and no longer is there a need for the people who live in these towns. The infrastructure has basically been wiped out. They need all kinds of change.

And it's around this that we built an empowerment zone in the mid-Delta, but also worked with several other communities. And, in fact, there is one empowerment zone, there are two enterprise communities, and there are 18 champion communities in Mississippi. And we've tried to get as many to apply as possible to begin solving the problems of depressed communities -- poorly-trained workforce, inadequate capital base, inadequate infrastructure. And your empowerment zone concept, I think, was internalized by our group in a very special way because many of us have been involved in trying to solve problems or deal with problems of poverty.

And I think the way we approached it before is, we were servicing poverty. We were putting -- there. We were merely rating it, making it not quite so harsh. And we've taken on the challenge of trying to eradicate aspects of poverty. If it's **housing**, no longer to have bad **housing**. To make a total change, but to do it with the community being in charge, empowering itself. I might point out that in our particular one, I think we matched the \$40 million almost 4 to 1 in terms of community buy-in.

I was with the State of Mississippi officials early last week, and, with the state, was buying into the process and talking about how we could get the jobs, how we could be flexible in using the training programs that exist, to go in and have a flexible response to an industry coming in and having a workforce that becomes trained and becomes able to be globally competitive with the states, the community, industrialists, all of them being involved.

One of the things -- and I'm trying to go quickly -- that was important to our process is we did somehow achieve something that was very important. We had the breath of the community involved. We had welfare workers and we had bankers sitting in the same meeting. We had industrialists and we had city officials. We had the whole of the community talking about what they could do to create new opportunities.

I want to make a very important point: As we brought people together, it could not have happened in a vacuum, could not have happened if a couple of programs that existed before and that are now targeted for being destroyed -- affirmative action programs that created a competent workplace and leadership from the minority community to sit down in partnership with the larger, white community; section 5 of the Voting Rights Act which brought elected officials to the table, black and white, so that the whole community was represented in a very important way in this process. Very important things.

There is a problem, though. And I'm going to point it out real quickly. The tax credits have an urban bias. It needs a minor,

narrow adjustment to make them as effective for rural areas as possible, and that's something we're going to be talking with the administration about. In fact, some people were out talking with folks in the Ag Department. But there is a minor urban bias in that that needs to be corrected.

Lastly, what I want to say is that we can, in rural Mississippi, with all the problems we have, create an oasis of change and development in the small, poor towns if we're willing to use holistically all the tools of government and private sector to create jobs that are competitive, and train the work force, deal with education, deal with crime and all these things that are there.

THE VICE PRESIDENT: Thank you very much. Larry Stein, Director of the Center for Rural Studies.

MR. STEIN: Thank you, Mr. Vice President, Mr. President. I want to identify, especially, with that last point about unifying all of those sources. I think it's fairly clear that even though the current expansion had been remarkably robust -- a lot more robust than a lot of people have cared to notice -- in this part of the country, in the South, it has largely been an urban phenomenon.

And rural communities, I think, are very much at a crossroads right now. A lot of the forces that are creating the overall global economy could work to the great advantage for rural communities, or it could work to the great disadvantage of rural communities. The old formula for economic growth with low wages and low taxes, we attempted to capitalize on what in any view is a set of deficiencies. The result of that was low skills and inadequate schools that tended to perpetuate low skills -- more or less, a death cycle, in my own judgment.

I think the policies of this administration have been directed exactly where they ought to be in that regard. We're trying generate local initiatives, local energies, local resources and convert those into enterprise. Going out and seeking smokestacks, going and attempting to draw industrialization based on low wages is simply not going to work. Those jobs are going to be lost offshore.

So we, too, are associated with a rural empowerment zone. It's precisely the right kind of approach. I think it needs to be multiplied. I'd make one other point. That old formula is based on a kind of poverty model for rural America. There are great opportunities out there. There are tremendous opportunities in rural America. There are things that are going on that are terrifically exciting in areas that you simply wouldn't expect, and largely, the result of telecommunication. And the telecommunication superhighway that the Vice President had so much to do with setting up. I really think that continued investment in those high-tech areas is absolutely crucial, and the things in the current rescission bill is not too -- doesn't give one grounds for optimism in that regard.

THE VICE PRESIDENT: Thank you very much, Larry. I wanted to make a brief note of the fact that one of the things we learned on the President's Community Empowerment Board in this program is something that both you and Harry talked about. If a community will put all of its own assets on the table and everybody will agree to work toward the common goal -- not just servicing poverty, as you said Harry, but really trying to eliminate it -- then the assets in the community already dwarf what the federal government can put in there.

And, Ernie, I'd like to say that we modeled this after the Malcolm Baldrige Award process that you referred to because we've heard for years how many companies went through that process, and went down

the checklist of all the things that they needed to do to be world-class in order to win the award, and then when they got through with the list, it didn't matter if they won the award or not because they had transformed themselves. And we've heard from hundreds of communities around the nation that the process of competing for this community empowerment designation has led them to a similar set of lessons.

The next topic that I'd like to open up involves access to capital. And again, in keeping with the theme of partnerships to build for the future, what we've found so often in the South and in other parts of the country is that some of the communities that have been left behind with talented entrepreneurs that don't necessarily get access to government financing have deposits that come from the community that they have trouble getting reinvested in the community.

And I'm going to call on Reggie White, again, from Tennessee, from Knoxville, and then from Julia Vindasius who is Founder and Executive Director of the Good Faith Fund which is a microenterprise fund making small loans to entrepreneurs in southeast Arkansas.

Now, some of you all know Reggie White best as the all-time sack leader when he was defensive lineman for the Green Bay Packers. In Tennessee, we know him as somebody who works full-time to develop the community, an ordained minister, and the founder of the Knoxville Community Development Bank.

MR. WHITE: Thank you, Mr. President, Mr. Vice President. It is an honor to be here. I also want to thank Secretary Henry Cisneros who's given us a lot of help. And, you know, I play in front of thousands of people every day, and I don't know why I'm nervous right now. (Laughter.) I'll get over it here in a minute.

I'm excited about what's going on in Knoxville. Some of the things that led us to get involved in the Community Development Bank were some of the things that I've seen in the inner cities. I think most of us -- I've been out -- I'm from Chattanooga. I've been out of the community for about 15 years now. And I think as much as we know what's going on in these communities, we don't -- until you go to a community and sit down and talk with some of these people that are living in these communities. We had the opportunity to build our bank around the community, going into the community and seeing what the people wanted because we didn't want them to think that we were coming in there trying to take anything from them.

And understanding also, being a minister, you can tell a person until they're blue in the face that they need Jesus, and if they are homeless, if they are making \$2,000 or \$4,000 a week in drugs, if they are young ladies who are pregnant, they are not listening to you because they're going to look at you and say, well, Reggie, what has Jesus done for me lately? And people do not understand that Jesus' first proclamation was a proclamation to the poor, that he came to present the gospel to the poor. He made an economic proclamation.

And I think, in some ways, that the church more than anything has failed to communities. With as much money that's coming through the church, for us to have re-invested that in the communities and become partners with as many people as possible so that we could change the lives of people.

I'm very excited about the Community Development Bank we've established in Knoxville which is a non-depository bank. And the money that we've put up is -- the money that I've put up and my pastor, Jerry Upton, we've put up in money and assets. We made in excess of about \$400,000. But we need partners. Everybody looks at me when I go in the community and says, Reggie, why are you making a whole bunch of money? Why don't you change the community? I can't do that. I can't change a

whole city. I don't have enough money to change a whole city.

It's frustrating, over the last couple of years, to go in some areas and just sit down and meet with people who just want to talk. And to be honest with you, I'm tired of talking. There's too many people dying in these communities to just sit around and talk about what needs to be done. Something needs to be done. I would hope and pray that our country does not declare war on the poor. A guy told me one time as we were sitting down talking about the plight of the black community and the things that are happening and the devastation that's going on in the black community --he told me something interesting. He said, Reggie, this is not a black problem; this is an American problem. And America has to get involved with people who are hurting. We have to take care of poor people. That's what they did in the Bible in the Book of Acts. When the people came together, they made sure the poor in the group was taken care of. They even sold their possessions to make sure those people in the group was taken care of.

Our bank here, as I mentioned, we've made about \$400,000 in loans. We've made some **housing** loans with mothers who live in the projects -- all of their lives -- who are on welfare, was able to be transacted out of these homes, out of the projects into brand-new homes. And to see how these people appreciate a new home is something -- it's a sight to see, something that they never had before. They were able to come to an institution that would give them a chance.

And, no, we don't reject people. We have an entrepreneur school. If they have problems with home buying or getting a mortgage, we bring them and ask them to come to the entrepreneur school and we teach credit budgeting, credit training education, individual accounting seminars, business training, home buyer's information, and self-help programs.

We made about 14 business loans for people who didn't have an opportunity to get loans from banks, that were able to get opportunities to get a loan from my bank and to start business which is creating jobs in the community. and we realize, too, as a church, that we have to invest in the community. We build businesses so that the money comes through the church so that we can give the people in the church jobs. We feel like if they are going to take care of the ministers of the church, the ministers had sure better make sure that the people are taken care of. So that's something that we are excited about.

We've also made consumer loans. We made in excess of 40 loans into the community. But we understand that we need the government's help also. And I would hope that the bill to rescind the \$125 million will not be taken away because this is something that we've depended on. This is something that we've worked with the President, the Vice President, the Secretary on. And this is something that we are very excited about.

Not only that, we have athletes that we met with and entertainers that we met with that have said, well, Reggie, we're committed to making this work. We have a meeting here in Atlanta next month. We're going to meet with Mayor Campbell about establishing a community development bank here also.

And, if I could, quickly, I would like to ask Lee Jenkins to give a little more testimony of what we're trying to do as a group to make sure that we are able to invest our money and also to get partnership from the government and corporations to be able to have an impact because this has a lot of potential to it.

MR. JENKINS: Mr. Vice President, Mr. President and Mayor

Campbell, it's an honor to be here. And it's an honor to be Reggie White's friend because, as you all can tell, he's more than just a great football player, he's a great person who has an awesome and a vision for the city and for this nation.

I would just like to reiterate some of the things Reggie has talked about. One of the ways the Community Development Bank can really impact society economically is it can create jobs, it can create an opportunity for entrepreneurs to start businesses. And when you start businesses, you create jobs. When you create jobs, there's money flowing in the community.

As Reggie said, some of the athletes and entertainers around the nation, many of them you've heard of -- Herschel Walker, rap star Hammer, and some other people -- have gotten together and have dedicated themselves to one another and to this project of investing their own personal funds into community development banks. But as Reggie said, a few people, even though they may make a lot of money, that's still not enough. We need a partner. And we need to partner with the government, we need to partner with the private sector in order to make this work because the problem is a vast problem and it is going to take money.

And, as Mayor Campbell said when he started the talk, the biggest investment we're making is really in people. It's not -- the Community Development Bank is just a vehicle, but the big investment is really in people. So I would hope, just as Reggie hopes, that the \$125 million that is allocated for the Community Development Bank will not be rescinded. Thank you.

MR. WHITE: Mr. Vice President, a lot of guys are ready to invest their money in the community. To be honest with you, we are tired of giving our money away. We want it to be invested in a way that it can impact people because we don't want to go broke. We've got families, also. And we feel that we pay enough money in taxes, and we just want to begin to see some of our money, along with the money that we're putting in the community, to go back in.

THE PRESIDENT: I just want to interject here. I was going to wait until after the next speaker talked because she runs a program that I helped to set up like this when I was governor.

I said something earlier today that the community colleges might be the most important institutions in the country because they were taking care of the educational things. The first speaker we had on the first panel, Larry Farmer, was talking about how there weren't enough institutions in the poor areas of the country to bring opportunity.

These things are -- this stuff can revolutionize poor people in America and bring them into the mainstream of economic life, whether they're in cities or rural areas. And we have 350 community development financial institutions in America today. Our bill, which has \$500 million in it over a period of years, but \$124 million in this first year that is about to be eliminated if this rescission package goes through, will leverage billions and billions of dollars in free enterprise, private sector money that will, in turn, be given in loans to people who have a good chance of paying them back. Every one of these institutions has got a repayment rate that is on average as good as commercial banks. We've got Bank of America wanting to put \$50 million in this, NationsBank wanting to put \$25 million in this.

And the model of this whole thing -- I was thinking about it today because my wife, as you know, is on a trip to Asia with our daughter, and they're going to Bangladesh. The most successful model in

the world is the Grameen Bank in Bangladesh where they've made almost a million loans, I think, now. And they have a repayment rate above 96 percent -- to poor village women at market interest rates.

This is a huge deal that has gotten no national attention yet, but this is an institution like community colleges that can revolutionize America if we see it through. And I want to give Jimmy a chance to talk about what they've done, but I want to thank you. And I want to tell you that your friends shouldn't give their money away anymore to something that won't work. They ought to put it into some institutionalized system that will have a return for people. And I applaud you, and I thank you for coming here today.

THE VICE PRESIDENT: Let me add a comment that the legislation that President Clinton proposed to establish this community development bank network around the country passed last year, a year and a half ago, in the House 420 to 12. And it passed in the Senate 100 to 0. It had very strong bipartisan support. It's a great success, and yet, all the money for it is proposed to be completely eliminated. And so it would be stopped dead in its tracks unless there is a change on that.

And the other comment I wanted to make, Reggie, is that if I borrowed money from you, I would definitely pay you back. (Laughter and applause.)

Go ahead, Julia.

MS. VINDASIUS: I think that most of what's been said about community development banks and micro-loan trends have -- you know, everything that's important at this point has really been said. But CDFI bill is really critical. The CDFI field has emerged over the years almost entirely with private sector money. I'd like to invite some sports stars to come on down to Arkansas because you'd have a partner there. We definitely need more private sector support.

But the promise of federal support through CDFI legislation really raised the hopes of many of my colleagues around the country who run micro-loan funds like myself, community development loan funds, community development credit unions and community development banks because the \$124, \$125 million dollars, would have the ability to leverage far greater amounts of money from the private sector, and it would truly be a partnership to try to promote community economic development.

I'd like to just say a word about the sort of defining feature of a community development bank. Our community development bank is a depository institution, the Elkhorn Bank & Trust in Arkadelphia, Arkansas, about \$95 million in assets. And it's coupled with a non-profit organization that can try to deepen and strengthen the kinds of the development activities that a bank alone can't do. The bank uses all of the credit enhancements that it possibly can to try to do development lending -- SBA guarantee programs and any other enhancement programs that the state provides. The non-profit organization has a range of loan funds and training programs and other kinds of development initiatives to try to strengthen what we're doing in the community.

The other defining feature is that the overarching mission of a community development bank is long-term, sustainable economic development and growth -- not short-term profit. There are lots of community banks, but the distinguishing feature of a community development bank is that they target a distressed neighborhood or region, in our case in rural Arkansas, to try to promote long-term economic growth and development.

Southern Development Bank Corporation, which is our holding company, since 1988 has made \$37.5 million in development loans and investments in the region; \$34 million of that has been to small businesses; 168 of those new businesses are minority-owned businesses. The additional investment was in the rehab of commercial properties in distressed downtown areas and about 60 units of low-income **housing**.

One of the non-profit programs is a micro-enterprise program which is the program that I started and currently run called the Good Faith Fund. And as President Clinton mentioned, we're the first replication of the Grameen Bank in the United States. It was really to the credit of a few people who had the vision to see that an international model could really work in our country and in Arkansas as an opportunity to give credit to people who would definitely not normally have access to credit.

At Good Faith Fund, we've made about \$700,000 in loans. Our average loan size for our small loan program is about \$1,700. We make loans to people who have home-based businesses, very small retail and goods-and-services businesses. We also have a program to assist welfare recipients in learning to become self-employed and working themselves off welfare as a result of their self-employment training and credit.

And earlier panels are much more articulate about all of the things that we need to do to improve the welfare system, but community development banks have the opportunity to experiment and push the edges of some of the development activities in communities using the market and using the knowledge that we have that the market can bear. Thanks.

THE VICE PRESIDENT: Thank you very much. That's an inspiring story. I'd like to now return to the theme of partnering with small business where most of the new jobs are created. And I'd like to call first on Donald Hayes, President and Founder of MicroFab Technologies in Texas; and then, Jean Griswold who is the Founder of Metrolina Outreach Mammography in Charlotte. And I'd like to hear from both of you about what we can do to help small business.

MR. HAYES: MicroFab is a small R&D company, and for the last eight years, we've been developing some technology that has a wide range of applications in a lot of industries. And one of the ones that we are focusing on right now the most is technology that can help electronic manufacturers. So our technology would end up in their equipment.

One of the problems is that not only do we have to do the R&D development of our technology, but they have to do R&D to help implement through technology in their processes, their manufacturing processes. So we tried to put a consortium of these companies together, and we had a lot of big companies very interested. We tried to get the companies to come together with us, and we were going to apply for one of the Department of Commerce Advanced Technology Program Awards. And we kept trying to get them together, and we had a very difficult time. So we decided at the last minute -- after trying that, I guess, for almost a year -- at the last minute, we decided to apply for the award as a single company.

And we won the award, and within three months after getting the award, we had the consortium together. And these companies now are teaming with us to try to really implement the technology. What happens is, these big companies look at the risk versus the reward. And what the ATPA gave us is it reduced the risk. They were risking less money. And also, it made us look like a bigger company, which always helps. So, it really gave us an edge. And it was very positive.

One of the things that we're real pleased about with the Advanced Technology Program is that the program is administered very competently and very fair. And it's as good for a small company as it is for a large company. And, in a sense, the playing field is level. And so, with that kind of level playing field, we have a good chance, we feel like, with our technology we can compete with almost anybody. So it's really helped us a lot.

I guess the other thing is, when I come to a meeting like this, and you get all these inputs from all these different people, by this time in the afternoon, my brain hurts. (Laughter.) Because you try to tie it together and weave some -- and obviously, the educational theme was weaved through this program.

But I guess I just wanted to make one other comment. I was taking some notes through the day, and Hugh McColl, you know, he talked about eliminating regulations that really didn't help anything, and that would give us a level playing field. And then he said, throw up the ball and then we'd start to play. Pete Kittrell said the same thing. He said, you know, he wanted a level playing field. Jerry Newby who was over there talking about the farmer said the American farmers could compete as well as anybody in the world if you'd give them a level playing field. You allow them to play and compete with these other people.

I think I heard the same thing from the people in the rural areas in the minority businesses. They want that level playing field. But by this time of the day, I think I even heard that little three-year-old child who drew that picture of his mother say his playing field wasn't level, and he wanted that, too. So I think there's a theme there that's running through this whole conference that may be something worth going after.

THE VICE PRESIDENT: Thank you very much. Jean.

MS. GRISWOLD: Thank you, Mr. President, Mr. Vice President, and my special thanks to SBA for allowing me the opportunity to be here.

When researchers are able to pinpoint the bio-markers to an able prevention, the rules that govern breast cancer today will change. However, for now, education and early detection are the only weapons women have in the fight against this disease.

Accessibility plays a key point in persuading women to comply with recommendations for mammography screening. The first time we visit a site with our mobile facility, an average of 75 percent of the women we see are first-time mammograms. Many of these women choose to participate in work-site screening because their employers allow us to educate them on a site about the importance of breast self-examination, annual clinical exams, and screening mammography.

We know that if we can properly deliver the message and women begin to avail themselves of these three simple tools, we can reduce the death rate from breast cancer across this nation by as much as 50 percent. Mainstreaming women into becoming pro-active in their own wellness programs needs to be emphasized throughout this country.

Thanks to an SBA loan, and thanks to Hugh McColl's NationsBank, Charlotte SBIC First Loan, I exist. Entrepreneurially-owned facilities such as mine, working in partnership with traditional community hospital-based facilities can impact directly and emphatically on this country's economic bottom line. It matters not if a breast cancer is detected early in a woman whose insurance provider covers the

cost, or if it is found in an indigent for whom taxpayer dollars are directly used to foot the bill. The bottom line is millions of dollars and thousands of lives saved annually. A win- sin situation for all involved -- the woman, her family, her employer, her community, the region, the nation.

I urge you, Mr. President, to focus on rural health care which is targeted for de-funding. Unaccessibility issues on teleradiology and on devising innovative ways to reach out to women and to their families for truly comprehensive health care, reach out to them on their own turfs. We can change the face of America in the fight against many diseases if we can have support from the top. That's you, gentlemen -- right on down to the grass-roots level on which we everyday people live and work. Thank you.

MR. VICE PRESIDENT: Thank you very much, Jean. Now, you obviously feel very passionately about this, and you're devoting your full time to it. You created a small business to make it possible for you to deliver this service. But one of the key ingredients was a small business loan, correct? Why did you turn to the SBA? Why couldn't you raise the money some other way?

MS. GRISWOLD: No one thought I could do this. When I went to the traditional banks, I was not a good risk. I was not a loan they wanted to make. It took -- actually, the CDC was the first person in the SBA loop that had an entity who believes in what I saw as a vision out there. And although the 5-A program was not good, they brought me into the SBA proper and a 7-A loan which is 85 percent guaranteed. So the risk factor on the banking institution was minimized.

And then when that initial capitalization was not enough, they sent me through to the point where I could hold my own. NationsBank stepped in with literally the first SBIC loan given in Charlotte. And I feel very fortunate that between SBA and SBIC, I'm here. And there are thousands of women that we serve annually now in education and in mammography screening.

THE VICE PRESIDENT: Well, very good. Thank you. I want to return briefly to the theme of innovation and competition. Bernard McPheely is General Manager of Hartness International. And could you tell us a little bit about your experience? And I want to remind everyone, incidentally, to please pay attention to the lights, the green and red lights, and they're timed to two and a half minutes in this part of our discussion. We're running a little bit behind, and we want to finish pretty close to the finishing hour. Go ahead.

MR. MCPHEELY: Thank you, Mr. Vice President, Mr. President. Hartness International Packaging Machinery Manufacturing in Greenville, South, Carolina -- we have 200 people. We export to 80 countries and do business in each state in the United States. We are small business manufacturer, and small business manufacturers are getting their butts kicked right now. The rules have changed, and I haven't heard much in the media discussing what are the real reasons it's difficult for small business right now.

What we must address and realize is that small businesses are where the jobs are coming from. Job creation is coming from small business. Fortune 500 companies employ less than four percent of the U.S. workforce, and that's getting less each year. We have global customers that are looking for turnkey solutions or total solutions.

The downsizing of corporate America and multi-nationals worldwide is having a drastic effect on small businesses. A participant just mentioned something at the last session that was so important. It was terrible for that man to lose his job in Arkansas. But what the

additional impact is, is that's the guy that used to order the goods from the small businesses. He's not there anymore. They've downsized to the point that they have to go to the total solutions. Small businesses can't provide that.

Our foreign competitors have merged and formed mega-companies, and those mergers are more suited to be enabled to provide the turnkey solutions. You have the Japanese trading companies. The Italian trade associations represent large groups of manufacturers very efficiently. In Germany, you have huge mega-mergers that have taken place where competitors that we're competing against are billion-dollar companies.

To give you an example, in Latin America, we were lucky to get an order for a machine with an American multi-national that went in; it ran perfectly. Our German competitor ran very poorly. There's an order for \$100 million worth of equipment that should have gone to American manufacturers. Our area would have been \$2 million of it; our German competitor cornered \$3 million. We had the best machine, running the most efficiently, demanded by the customers in the plant. We got none of that business. We were shut out because we couldn't provide that total solution.

There is a solution for us, though. And what we have to do is, we have to figure out if small businesses in working with the government how we are going to be able to join together and make it available so small companies can produce, can put these turnkey solutions together. And it won't take grants, and it won't take any tax dollars, and we don't need that.

What we need -- our group has set up a consortium of seven companies where we're acting as a big company. We are looking like we are one to our customers overseas. And those European competitors are coming in this country, so we have to do it in this country, also.

I have several solutions, several recommendations. One, we've got to relax the antitrust. The antitrust makes it very difficult for us to talk to one of our competitors who may need to be a partner to us in order to secure some business.

We also need to continue -- and I'd like to ask the Secretary of Commerce to be a salesperson for American businesses where we can call some of these multinational companies and have a sales promotion where we're talking about the benefits. I think Secretary Brown needs to continue the trade missions like he's been on. I was lucky enough to attend the Russian trade mission. It's the most effective thing since my old Commerce days that I've seen that the government has done.

We need to work with Commerce -- and I suggest you take our group that's formed this consortium and use us as a model. We would like to work with the government to show how we can make this work very effectively. We also have one of the best associations in the world, The Packaging and Machinery Manufacturers Institute. And if we can do what the Italians do with theirs, and let the associations become more active and not worry about preventing us from getting too much bigger or some other one hurt -- we're losing business to the overseas -- right now.

There's no greater chance for job creation than letting small businesses compete for all the business we can possibly get. We're losing billions of dollars throughout the world right now of business we should get right here. (Applause.)

THE PRESIDENT: I'd like to ask Mr. Lader and Secretary

Brown to get together and do an analysis of this antitrust issue. I went to Italy in 1987, and I was so impressed.

You know, northern Italy has a higher per capita income than Germany. And one of the reasons is the way that the small businesspeople organize and market together. And I went home and we actually got a consortium of sheet metal workers who started their own small businesses because they'd been laid off of big companies from defense downsizing. Then they started marketing together. But then I got involved in this line of work, and I lost track of what happened. (Laughter.)

I'd like to know -- I'm convinced, though -- I'm convinced -- it could make a huge difference in the United States. And so I would like for you to organize -- you know, give me a paper on whether we need to change the antitrust laws and what else we ought to do. I thank you.

THE VICE PRESIDENT: Thank you very much. I'd like to call on Maria Elana Torana. And you know, we've got so many exciting companies here in the South that are seizing these successful opportunities in the growing global marketplace out there. I want Maria to tell her story briefly.

MS. TORANA: Well, I founded my company in 1981 in the middle of the recession with a focus to distribute computer solutions to the international market, mainly focusing on the African market. Everybody thought I was crazy. They said Africans don't need computers, they use smoke signals. (Laughter.) I thought to myself, is there is no market there, whatever is there is going to be mine. So I packed my suitcase and went to Africa. Actually, I visited the smaller countries -- Ghana, Uganda, Kenya, Zimbabwe, Botswana, Nigeria, Cameroon, and so forth.

The company has grown since 1991 to '94 to \$11 million in sales. We are debt-free. I did not have a loan from the SBA, unfortunately, because I didn't need one. I was self-financed with a --

I would advise small businesses to look at the international markets if for only at least one reason -- an increased cash flow. In the international markets, the customers are used to prepaying for their goods. So the prepayment finances my inventory. The dollar is weak. Today, the dollar is lower than it has been in many, many years. So our products are more competitive overseas.

The American products are still considered top quality.

The American professionals are considered top quality. We have reputation overseas that our universities are the best in the world. I am here because I came to this country to go to college. I tell you, I was supposed to go to -- University. I landed there on January 4th, so I never unpacked my suitcase. (Laughter.) I flew back to Miami. (Laughter.) -- (Gap in feed) -- and I love it.

THE VICE PRESIDENT: How cold was it that day? (Laughter.)

MS. TORANA: I think about 30 degrees below zero. (Laughter.) I graduated at -- international in Computer Science, and that's how I became interested in sending computers overseas. I was part of your Summit of the Americas hosting committee, and I want to thank you for choosing Miami for that event. We are still profiting the effect of the event.

My only advice to your administration is continue doing what you have been doing. I congratulate you for supporting NAFTA. GATT is going to put us on an even plane like everybody has been

requesting. Develop more partnerships overseas and remove regulations. The removal of the licensing requirements have been a tremendous advantage for my company. And I want to congratulate Secretary Brown. Your entrepreneurial spirit reflects in the entire organization. Thank you. (Applause.)

THE VICE PRESIDENT: Great. How many countries are you selling computer products in now?

MS. TORANA: Over 100 countries.

THE VICE PRESIDENT: And some of them in Asia, right?

MS. TORANA: Yes. We, actually, we sell Japanese back to Japan. (Laughter.)

THE VICE PRESIDENT: So, from right here in the South, you are exporting computer products to Japan?

MS. TORANA: Yes. When Japan started dumping memory chips and products into the United States, I said, why worry about it? Let's dump it back to them at a profit. (Laughter.)

THE VICE PRESIDENT: All right. We're running out of time, and we're -- we may not be able to get to everybody in the panel. But I wanted to hear briefly from Janet McAllister because I want to close the loop with some of the earlier discussions that we had today in keeping with the theme of how all this fits together. And, Janet, could you tell us your story?

MS. MCALLISTER: Thank you, Mr. Vice President, Mr. President. I was involved in the dislocated workers program in 1984. I started to work with a company straight out of high school. I worked with this company for nine years. It was assembly production-- line work. And after I was there for nine years, they closed the factory and relocated to Mexico.

I found myself unemployed. I had no marketable skills. So I saw a sign in the unemployment office of the dislocated workers program. I applied and was accepted. After being accepted to the program, I had no doubt what I wanted to major in. I've always had an interest in engineering. I had two years of design drafting in high school, but could not afford to continue my education.

I started school at Tri-County Technical College in the engineering technology program. And I was determined I was going to make the best out of this I possibly could. I graduated in engineering technologies with a 4.0. And my current employer --hired me before I graduated. They hired me in my last quarter. They hired me in as an entry-level drafter. I've been there almost nine years. Currently, I'm a supervisor of the drafting department and the manager of the -- system. I do the hiring for the drafting department now. I recommend and purchase the hardware and software that facilitates our company in the design process.

Mr. President, we've talked a lot today about retraining the adults. I was 27 years old when I started back to school. I had two small children. I had a nine-month-old and a five-year-old. And without the help of the dislocated workers program and re-educating the adults, I would not have been able to achieve my lifelong dream of being in engineering.

THE VICE PRESIDENT: Good for you. And I think it's important to remember that early in the session today, the point was made that this -- of the country today faces one potential obstacle to

the continued dynamic growth. And that is a shortage of talented, skilled, educated people. And the dynamic companies that are growing and are successful -- in order to continue that growth, they're going to need this.

And the JPPA was what really helped you, right? I'm reminded that my predecessor, as Vice President, Dan Quayle was one of the principle authors of the JPPA in the Senate. It was bipartisan with Dan Quayle and Ted Kennedy. It has always had bipartisan support. And at a time when this region of the country and the whole country needs this job training more than ever, it's a serious mistake to just slash it and cut it back so far that a lot of people who need it will not be able to get it. So we're hopeful that this consensus that's been building in the country will support its continuation.

Ronald Allen, the CEO and Chairman of Delta Airlines has been a key leader of the business community in the South and in Atlanta. Could you tell us your thoughts on this?

MR. ALLEN: Thank you, Mr. Vice President, Mr. President, members of the Cabinet. I was born and raised in the city of Atlanta. I grew up poor. I didn't really realize that, as a lot of us didn't. I spent a lot of time in public housing growing up. Working the encouragement of my father and part-time jobs, and, I might say, loans from the federal government, I got a college education. And one of those part-time jobs was with Delta Airlines, and that's how I started my career with Delta.

It's been exciting to see this city grow. A lot of the reasons are -- for the success of this city and this area. It's also been exciting to be a part of the transportation industry and to see that grow. Atlanta and the transportation industry, of course, have been linked from the beginning, as Atlanta was terminus in the beginning as railroads came here and formed this city. And now air transportation is a very important part of this area and the city of Atlanta.

If you look back and track what happens when we start a new international route out of any major city, Atlanta, for example, we've seen dramatic growth in foreign investment in this area. We've seen, for example, the cities that we've started airline service to grow at a rate of about 400 percent since we started service to these cities. So, transportation is a vital part of the economy here.

It looks like, Mr. Vice President -- I don't have to tell you, though -- this is a troubled industry at this time, continues to be a troubled industry. Over the past four years, we've lost \$13 billion, 120,000 jobs. There have been cancelled orders for 1,000 aircraft which results in another 125,000 in the manufacturing area that have been lost. The debt levels in this industry now total some \$30 billion.

The President called a meeting in Seattle, Washington, two years ago -- February, 1993, Mr. President. And we had a good roundtable discussion at that point in time. You formed the Airline Commission. A lot of good recommendations were made there, and many of them have not yet been implemented. But we're hopeful that they will because a lot of good work went into that. And I commend you for that. But it's obvious we have had to do something to help ourselves. And in Delta, we set out on a program to do just that.

A little over a year ago I met with our people, just going around and meeting with our people in hangars and talking with them. And they told me in almost every meeting, don't come back with partial solutions, but goals for the ultimate solution. And that's what we've done, implementing a program of some \$2 billion in cost reduction which started last year. This program is being led by Delta people, some

eleven teams headed all by Delta people from within the ranks. And we're well on our way to a successful conclusion. It's a three-year program, but we're in the process now of implementing \$1.6 billion of those savings, and I believe that we will accomplish our goal in three years.

It has resulted in job loss. From June of 1992 through June of this year, we will reduce our job complement by some 20,000. That's a 25 percent reduction in our jobs. But I might add that only 10 percent of those 20,000 job losses have resulted in involuntary separation because we've been able to offer a voluntary program. We've retrained about 6,000 people in our organization, and I'm pleased so far with the results.

One innovative program that's grown out of this, Mr. Vice President, is at Clayton State College. We've located a reservation center on the college campus, and we're employing students in that reservation center. It's been good for our company and, certainly, a good work environment for the students there. And it opened in February, and, so far, it's been extremely successful for both us and to the students in that college.

Our program, I might say, is now getting some attention, I'm pleased to say. NASA has been in to look at our overhaul procedures that we're using now in aircraft. The Brookings Institute has been in looking at our program. I might say also, this is the same group of people that donated a \$30 million airplane to the company in 1982.

Let me touch on four quick concerns, if I may, and I'll make them very quick. One is in the area of taxation. As you know, that's a major concern. We've seen taxes grow in our industry by 12 percent a year even though our losses were \$13 billion over the past four years. We would like to see a deferral of appeal of the fuel tax that's scheduled for implementation in October. That would be a good investment in jobs and our industry.

International regulation policy is another area of concern, and I commend the administration for what you have done -- Secretary Brown, with the leadership, Ambassador Kantor with the GATT leadership, NAFTA leadership. Of course, we are under a different regulation with the bilateral relationships we have throughout the world. We ask you to continue to press for open skies so we can compete, as we said earlier, on a level playing field.

Infrastructure is another important area, Mr. Vice President. You have focused on that in some of your efforts as we look at modernization of air traffic control systems at FAA. We need to keep working together on that.

And, finally, we need to recognize that the travel and tourism business is the largest business in the United States with our 200 million jobs here. I commend Ron Brown for his work, USTA, even though it's a very, very small budget there in comparison to what's happening in other countries. But we need to keep working to form a partnership where we can identify return on investment in this country in that regard. And I commend, again, Secretary Brown and the President for the White House caucus that will be coming up this October.

Thank you.

MR. VICE PRESIDENT: Thank you. A quick commercial for the modernization of the air traffic control that you mentioned -- another re-inventing government project. Somebody gave me an example coming in here of a vacuum tube which still use in our air traffic control system. Most of them are not made in the United States anymore. We have to buy

them from Poland because they're obsolete in the United States because the system is so encumbered with obsolete regulations and approaches that we can't modernize quickly enough. And the President has proposed the recommendations from National Performance Review to modernize air traffic control and corporatize it. And it has a lot of bipartisan support, but inertia is one of the enemies. But we're going to get it done.

We're running so close to the end of this. I'm going to ask the remaining panelists, Richard Fisher, Jorge Perez, Barbara Davis Blum and Billy Payne to address the question -- and I hate to put a time constraint on you, but really be as brief as you can -- what is the most important action we can take to ensure a growing economy. Richard.

MR. FISHER: Mr. Vice President, we have spoken today in investing in human potential, investing in new technology, investing in our communities and our young people, our workers, our cities, our businesses. To do that takes capital. It takes affordable capital. And I think, in the end, the bottom line is that the most important thing we can do as a nation is to continue along the path of deficit reduction.

You inherited, you and the President inherited, a situation where we had piled on massive amounts of debt. Fourteen percent of every penny we pay out goes to just pay interest on that debt. And we have a noose around our neck which is the noose of compound interest. We know that the debt levels force up interest rates and the cost of money. We know that they lead to reverse social engineering from the standpoint that people that are well-off can take advantage of that situation. People that are poor are struggling to buy a mortgage -- or get started, are victimized by it.

And there's a third aspect to it, and that is that your ability and the President's ability as CEO of a sovereign power is hampered and restrained. Your maneuverability, our maneuverability is hampered and restrained. I want to urge you, Mr. Vice President, to continue along the course of the things that you have stood for -- re-inventing government; reforming the system; making government work for and on behalf of business, rather than against the interest of business and for and on behalf of efficiency. And continue down that path, and please don't waiver.

And please, if you'll allow me, don't get sucked into the vortex of tax reduction. Don't let that thing get carried away. Because the most important thing we can do is bring about the new generation of leadership which you embody and exemplify.

And I just want to conclude on one quick note. As you know, I have run an unsuccessful race for U.S. Senate in Texas. When I got the Democratic nomination, I joked to my colleagues in my party that old Democrats are the kind of people that would pull over to help you fix a flat tire and end up setting your car on fire by accident. Republicans may claim they know how to fix a flat tire, but wouldn't bother to pull over to help you. Our job, your job, and you and the President represent this new generation of leadership. We know what all the flat tires are, but we've had a major blow-up in terms of debt accumulation.

And, in the end, I believe the greatest legacy you can leave this country and future generations is to start us back on the path of being a creditor nation again, and get us away from being a debtor nation and restore the potential and the future for our children. Thank you.

THE VICE PRESIDENT: Thank you, Richard. Jorge.

MR. PEREZ: Mr. Vice President, thank you for inviting me here and for listening to all of us. I'm an urban planner, and I have been a developer now for 20 years. I think the mayor of Atlanta and the ex-mayor of Atlanta -- that I'm going to speak about in a much better way. I'm going to summarize it as one thing. I think the gap between the haves and the have-nots has continued to grow in this country. And it really represents a sore in this very affluent and prosperous community. To make matters worse, the fad, the political fashion is to have massive government cuts. And I'm afraid that they are going to be at the expense of our depressed neighborhoods and our central cities.

I want to urge you, Mr. Vice President and Mr. President, to continue to provide and fight for those urban incentives, such as the empowerment zones, the enterprise zones, **housing** tax credits, tax-exempt financing, home and community development block grants and others that continue to provide incentives for private capital to flow to lower-income minority areas. The emphasis here should be on leverage so each federal dollar attracts a multiple of private funds.

Without the accumulation of these incentives, our older neighborhoods and poorer neighborhoods will continue to decline and the gap between the haves and the have-nots, I fear, will widen, producing the type of urban turmoil that will not allow for the long-term, sustained growth of our country.

We have -- I'm one of the examples of a person that came to this country, and without having a citizenship at the time, although I was a legal resident, was able to obtain scholarships and loans from universities and form my own company. We now employ over 1,000 people. We do about \$200 million of development a year. And almost half of it is affordable **housing**.

This would have not been possible without, first, the start-up loans that I got from the government through federal subsidies and, more important, through federal guarantees so I could borrow to build this **housing**. But, more importantly, now, without the consensus, a developer such as myself and banks will abandon those neighborhoods and go into more profitable areas with lesser risks. So if I have to do one thing, it's to encourage you to keep on fighting to provide those incentives for the urban areas to continue to exist --

THE VICE PRESIDENT: Thank you so much. Barbara Blum.

MS. BLUM: Well, speaking of urban banks -- Mr. Vice President, thank you. I am President and CEO, Chairperson and CEO actually of an urban community bank where 53 percent of our loans are Community Reinvestment Act loans. And we're profitable. So don't back off. It can be done. It can be done in urban areas. It reflects our community, and every bank should do that. Don't back off.

But, ending on a really positive note, in Little Rock, at the Economic Conference, I said to you and the President that it was just as difficult to make a \$50,000 loan as it was a \$50 million loan. And you reacted so quickly to that, that we were able to get money out into the community safely, soundly, but without the ridiculous kind of things that we had to go through to make these small loans. We got it into the hands, in urban areas, primarily women and minorities. And I think that the two of you should take real credit for that being one step at affirmative action -- something that we all think is very important. Thanks.

THE VICE PRESIDENT: Thank you very much. Billy Payne, the man of the year. The man of next year, with the Olympics.

MR. PAYNE: Thank you, Mr. Vice President, Mr. President.

Very quickly, I think the most important thing we can do as we contemplate action for the future is to remember the reason for the successes of our past, and, principally, to remember that first and foremost, we are proudly all Americans.

Mr. President, yesterday when you addressed our Olympic Committee, you said in very eloquent style, "The United States needs the Olympics to remind us that every time we work together, every time we keep our eye on the future, every time we keep a set of honorable rules by which to play, and every time we try to lift each other up, we do remarkably well." Well, those remarks, Mr. President, made me realize that the Olympics represent, for thousands of us here in Atlanta, certainly, our American dream, but, more importantly, they represent for tens of millions of other Americans the best possible manifestation of the American spirit.

So where do we go from here? I would suggest, once again, that we turn to our past. That American spirit is our heritage. It's what makes us believe and then go out and prove that we are better than our competition. It's what makes us acknowledge and then confront our problems like we are doing today, but with a view towards resolution and not one of despair or hopelessness. It's simply what makes this country great.

And so I would commit, Mr. President and Mr. Vice President, as we today have discussed current economic conditions in this country and, specifically, the South, and we have admired, in many cases, felt very prosperous in our own success and growth at the way I believe we Southerners really want to be regarded and what we really want to do is to serve all Americans by providing them a living reminder of the power of the American support. Because in doing so, and living always in service to others, we also elevate ourselves. (Applause.)

THE VICE PRESIDENT: Thank you. Mr. President, because we've run over time, I'm not going to make closing remarks on this panel except to thank everyone who has spoken.

But before turning this panel back over to you to close the conference, I thought that someone more appropriate than me to give the closing comments on this particular panel would be Governor William Winter, someone to whom you and I have both looked up over the years. In many ways he asked and addressed almost all the questions we've been talking about on this panel for a long, long time. And, Governor Winter, if you'd make the final remarks, and then turn it back over to the President, I'd be honored.

GOVERNOR WINTER: Thank you, Mr. Vice President. Mr. President, you started off this morning by talking about the halfway home report before the Commission on the future of the South that we started on right here in Atlanta almost 10 years ago. One-half of that report was tied to this proposition -- that sustained economic growth and job creation in the South is tied to the quality of the workforce. Education, training people was the key note of that report. That's what we've been talking about all day today. We know now that we haven't done a very good job in the past. We've left too many people out. We can't afford to leave anymore human beings. And we've got to train them. The NBC organization in Chapel Hill in a more recent report documents all this in a very dramatic way.

There's one other factor that we have ignored in the past, and we haven't talked about much here today. And that is this elusive thing called the quality of life. It's so obvious as I travel around the South, around my state of Mississippi, that the places like Tupelo that are doing well are the ones that are willing to make investments, not only in their schools, and in their usual infrastructure, but in

some of the extras -- the libraries and parks and playgrounds, in music and the arts, and in creating good, warm, human relationships that transcend race and class. These are the places that are going to attract capital and create jobs and sustained growth and be the leaders in the region.

We must also think more about the common strengths and weaknesses of the -- The success of programs like the ARC, for instance, have been a model for regional collaboration. We heard just a few minutes ago Harry Bowie talk about the problems in his and my part of the country in the lower Mississippi Delta where similar collaborative efforts have to be applied.

Let me say, finally, this: There is a huge amount of creativity and vision and compassion in communities all across the South. The message that needs to go out from this conference is that we here not let those qualities be diminished or supplanted by self-defeating attitudes of fear and division and isolation and grief. Thanks to the leadership of you, Mr. President, Mr. Vice President, everyone, all the leaders in this room and those whom you represent, we, in the South, are now more than halfway home. Our commitment today must be to get all the way home. Thank you. (Applause.)

THE PRESIDENT: Let me close by once again thanking Emory University and its leadership for letting us be here, and thank all of you for giving us a day of your lives -- which I will say again, I hope you think it has been well spent. I have been deeply moved by the stories I have heard.

I actually have quite a lot more specific and clear sense than I did when the day started about the similarities and the differences of the Southern economy as compared with the rest of the country, and the differences within the states which are still not insignificant. I have a clear idea of what all of you think, based on your personal experience, is the appropriate role of the federal government. And, again, I will say, it strikes me as, not on the extreme that there is a government solution for most problems or the extreme it would be better if the government went away and wasn't around anymore, but it's somewhere not in the middle but way beyond that -- much more sophisticated.

And I leave this meeting feeling more hopeful, as I always do when I get a chance to talk to the American people, but certainly to be here in a kind of a homecoming for me. A lot of you I've worked with for more than ten years.

But I would say this in view of what both Bill Winter and what Billy Payne said: You know, all of us have a scale inside us, I think, a sort of psychological scale about the way we look at the world. And some days, it seems to be a little more weighed on the positive, hopeful side of the scale, and some days, somebody takes some of the weight off and it kind of gets off on the other edge. And we all battle it within ourselves, within our families, within our work organizations.

And one thing I said this morning I want you to remember -- we cannot go on where we have a disconnect between our public conversation. It's so often oriented towards what divides us and how to get us to resent one another. And our public behavior, that is, the things we do together which is what works, is what Billy said, is when we play by the rules, we work hard, we try to bring out the best in everybody. We recognize we don't have a person to waste.

The South learned that lesson, I think, better than any other part of the country because of the horrible price we paid for our

past. And I think that's why the economy is growing more rapidly than in any other part of the country, why Atlanta is the perfect place to hold the Olympics and why we have a chance to see this region lead our country into a very bright 21st century.

But we've got a lot of work to do, and I feel today that all of us -- and I know the President, at least -- has more energy for the tasks ahead and a better idea about how to approach them, thanks to you. I thank you very much. (Applause.)

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