Discussion Paper for Meeting on "Trillion Dollar Roundtable"
June 1, 1998

Background: On May 7, 1998 the Rev. Jesse Jackson held a meeting with Sandy Weill (Chairman and CEO of Travelers Group), Lamond Godwin (Chairman and CEO of Peachtree Asset Management), Jim Hill (Oregon State Treasurer) and other corporate officers to "explore ways to use the nation's billions of dollars in private capital and pension funds to effectively rebuild America." The result of this brainstorming session was the attached document, which describes an "investment vehicle" that Rev. Jackson calls a "domestic OPIC." Rev. Jackson subsequently met with Erskine Bowles and Gene Sperling to request high-level White House assistance in developing the concept. ~~-- Rev. Jackson acknowledged that the proposal as described in the attached paper was not "fully thought through."~~

Summary of investment vehicle, based on brainstorming paper and White House meeting with Rev. Jackson: The vehicle would be a private fund making primarily equity investments in businesses/projects located in disadvantaged communities, including inner-city and rural areas. Although the paper refers to investments in minority businesses, according to Rev. Jackson the investments would be made in marginalized low and moderate-income neighborhoods without regard to race (e.g., East L.A. and areas of Appalachia would be equally eligible). The Fund would seek a market rate of return on these investments -- they would not be charitable contributions. The group apparently could not reach consensus about whether women-owned businesses should be targeted for Fund investment.

The Fund would be initially capitalized at $100 million. Investors in the Fund would include the financial community, prominent minorities, industry (presumably non-financial services firms) and, in some fashion, government. The Fund would also aim to facilitate investment by small investors who might not otherwise participate in efforts of this type.

The nature of the contemplated government involvement is not entirely clear from the paper. The paper refers to a government guarantee of principal, but also suggests that the Fund would not seek a market rate of return on government-insured investments, thereby implying that the government-guaranteed investments might be a subset of the Fund's activities. In addition, the paper raises the question of whether government funding should be sought before or after the establishment of the private Fund.

Options for Federal government involvement

1. *BULLY PULPIT*

Participate in the announcement of (wholly private) Jackson/Weill initiative, praising their efforts (and similar undertakings such as the New York City Investment Fund) and encouraging others to follow suit.

NOTE: The Trillion Dollar Roundtable proposal appears similar in some respects to the existing NYC Investment Fund. Investors (large firms and wealthy individuals) contribute $1 million to join the NYC Investment Fund, which provides equity and debt financing to 1) projects that encourage the City's growth industries and/or promote economic development and job creation in distressed areas; and 2) public-private ventures that promise long-term economic benefits to the City. Members include AT&T, Bankers Trust, Bear Stearns, Bell Atlantic, Chase Manhattan, Citibank, GE, Goldman Sachs, Henry Kravis, and David Rockefeller. Similar efforts are apparently either underway or under consideration in a number of other cities, including Pittsburgh, Cleveland, Boston and Baltimore. The NYC Investment Fund is, however, entirely private.

2. *DOMESTIC OPIC*

OPIC assists U.S. companies with projects in developing countries by providing project loans and loan guarantees, loans to private investment funds that supply equity to these companies, and political risk insurance against losses due to, e.g., expropriation or political violence. OPIC does not guarantee principal against ordinary business losses. OPIC loans and loan guarantees are available only for projects that cannot secure adequate financing from purely private sources.

A "domestic OPIC," then, could provide loans and loan guarantees to private investment funds (e.g., the Trillion Dollar Roundtable's fund) that make equity investments exclusively in disadvantaged/underserved areas -- i.e., areas meeting criteria established by this new OPIC-type entity. The "domestic OPIC" could also provide loans and/or loan guarantees for particular projects in these areas, rather than only supporting the equity funds as a whole.

Questions:

Overlap with existing programs

- The Community Development Financial Institutions (CDFI) Fund provides equity, grants, loans and technical assistance to institutions, including community development venture capital funds as well as community development banks and credit unions, that finance economic development and housing in distressed urban and rural communities.

[% and amount of CDFI dollars provided to venture capital funds?]

- SBA's 7(a) program guarantees loans to small businesses that are unable to secure purely private financing; one of the program's goals is targeting lending to traditionally underserved small businesses.

- HUD's Section 108 program guarantees notes from private lenders to communities, who in turn use the proceeds for economic development projects. The President's FY 1999 budget includes a request to increase Section 108 guarantee authority to $2 billion while also increasing unrestricted Economic Development Initiative (EDI) funding from $38 million to $400 million -- EDI funds allow communities to leverage additional dollars through the Section 108 program.

Are there government programs other than CDFI that support private investment funds targeting distressed communities?

Impact on Fund incentives

Would government loans or loan guarantees encourage the Fund to seek loans rather than equity investors?
Would government loans and especially loan guarantees reduce the incentive for the Fund's managers to identify profitable low-risk investments?

3. *GUARANTEE OF PRINCIPAL*

As noted above, the concept paper refers to a government guarantee of principal, although this guarantee could be limited to a subset of Fund investments.

Issues:

Distinguishing guaranteed and non-guaranteed investments

It is possible if not likely that, in the absence of safeguards, the least promising and/or higher-risk investments could be assigned to the government-guaranteed pool (see below).

Impact on Fund incentives

A 100 percent guarantee on principal could inadvertently encourage the Fund managers to, at least with regard to the guaranteed investments, seek out long-shot projects with a high up-side. This problem also exists in the government loan/loan guarantee context, but could be even more acute in a principal guarantee structure. If there is a guarantee of principal, it should probably be limited to a percentage of principal.

Timing and other aspects of Federal government involvement

The paper poses the question of whether Federal support/funding should be sought before or after establishment of the private fund. The Fund might be better able to attract investors if some form of government support were in place. It is, however, possible that government involvement could be a disincentive for some potential investors.

Government support, in whatever form, presumably could not be limited to Jackson/Weill venture, but would have to be available for similar efforts/investment vehicles. If Federal government financial exposure is substantial, should the government have some role in selecting the board members of these entities, or would this be unwieldy and/or substantially deter potential investors?

Could safeguards be established against conflicts of interest? For example, what about investments in ventures in which Fund board members have a separate interest?

Memorandum of Understanding Between The U.S. Small Business Administration and the Rainbow/PUSH Coalition

The mission of Rainbow/PUSH Coalition is to promote economic development of its members; to advocate and secure true corporate diversity through research, education, agreement, negotiation and persuasion; and to promote a wide variety of contractual and partnering opportunities to minority-owned small businesses.

The mission of the United States Small Business Administration (SBA) is to aid, counsel, assist and protect the interests of small businesses by providing them financial, contractual and business-development assistance, and advocating on their behalf within the Government. SBA administers its programs through district offices nationwide, and through resource partners including the Service Corps of Retired Executives (SCORE) and small business development centers (SBDC). SBA provides additional services through Government contracting area offices and through business information centers (BICs), U.S. export assistance centers (USEACs), Women's Business Centers (WBCs), and one stop capital shops (OSCSs).

SBA and Rainbow/PUSH Coalition (the Parties) hereby enter into this Memorandum of Understanding (Agreement) to increase participation of minority-owned small businesses in SBA's capital-access, procurement, international trade, advocacy, welfare-to-work and women-owned business programs. SBA and Rainbow/PUSH Coalition intend to focus on communications at national and local levels in order to meet the program goals in this Agreement.

Program Goals

SBA and Rainbow/PUSH Coalition will jointly undertake a campaign to facilitate partnerships between Rainbow/PUSH Coalition's local affiliates and SBA district offices in order to meet the following goals:

Capital Access – SBA and Rainbow/PUSH Coalition will work together to increase the number and dollar amount of SBA-guaranteed loans to minority-owned small businesses.

SBA and Rainbow/PUSH Coalition will encourage local affiliates and SBA district offices to conduct "Meet-the-Lender" forums in Rainbow/PUSH Coalition communities nationwide. Rainbow/PUSH Coalition local affiliates will arrange the events, invite lenders from Rainbow/PUSH Coalition corporate-partner ranks, and promote attendance. SBA will invite its participating lenders, present programs on the benefits of SBA loan programs to both lenders and borrowers, provide promotional materials, and promote attendance. SBDC and SCORE will be asked to provide event support and promotion, have counselors available to schedule individual follow-up with potential applicants, and document the events in order to measure results.

Rainbow/PUSH Coalition will encourage lenders to increase lending to minority-owned small businesses by advocating on their behalf and by urging lenders to adhere to community-reinvestment requirements.

Rainbow/PUSH Coalition will recruit financial institutions to be its corporate partners and negotiate lending commitments with them for minority-owned small businesses as appropriate in each local affiliate market. SBA will provide lender training and ongoing support of SBA loan-guarantee programs for financial institutions making such commitments.

SBA will provide training and information to Rainbow/PUSH Coalition on its loan programs, especially the Loan Prequalification program, Low Documentation Loan Program (LowDoc), SBAExpress and the MicroLoan program. Upon request, SBA will also provide information on opportunities and requirements for local affiliates to become intermediaries for these programs.

SBA will provide training and information to Rainbow/PUSH Coalition on the Small Business Investment Company and Surety Bond Guarantee Programs.

SBA will offer ACE-*Net* access and orientation to Rainbow/PUSH Coalition, upon request. ACE-*Net*, the Angel Capital Electronic Network, is a nationwide listing of information on small businesses seeking $250,000 to $5 million in equity financing from "angel" investors. Angels are accredited investors who invest in companies by purchasing shares of stock.

Procurement— SBA and Rainbow/PUSH Coalition will work together to improve access by minority-owned small businesses to procurement opportunities and to increase the participation and certification of minority-owned small businesses in the 8(a) program.

SBA will offer PRO-*Net* access and orientation to Rainbow/PUSH Coalition local affiliates, upon request. PRO-*Net* is an Internet-based electronic gateway of procurement information for and about small businesses, which serves as a marketing tool for small firms. PRO-*Net* access stations will be located throughout the country at Federal buying offices, state and local government offices, major prime contractors and chambers of commerce. Rainbow/PUSH Coalition will encourage all local affiliates to sponsor a PRO-*Net* access station at its office. SBA will offer an orientation on PRO-*Net* to local affiliates that agree to sponsor an access station.

SBA and Rainbow/PUSH Coalition will encourage local affiliates and SBA district offices to conduct or participate in workshops for 8(a) clients and Rainbow/PUSH Coalition members on Federal procurement opportunities. Rainbow/PUSH Coalition will be asked to provide input and to participate in these local workshops. SBDC and SCORE will be asked to provide event support and promotions, have counselors available to schedule individual follow-up with potential applicants, and document the events in order to measure results.

International Trade– SBA and Rainbow/PUSH Coalition will work together to apprise Rainbow/PUSH Coalition members of trade opportunities for minority-owned small businesses, with particular focus on the Caribbean, South America and Africa. Rainbow/PUSH Coalition will promote these opportunities throughout the Caribbean, South America and Africa.

Rainbow/PUSH Coalition and SBA will advise each other of planned trade opportunities in order to refer clients as appropriate.

SBA will work with USEACs and International Trade Centers (ITCs) of SBDC to coordinate with Rainbow/PUSH in providing information, technical assistance and financial assistance on exporting to its members. SBA will provide promotional materials on the Export Working Capital Loan Program and other international trade programs to local affiliates, upon request.

Advocacy— SBA and Rainbow/PUSH Coalition will share available pertinent data to facilitate better service to Rainbow/PUSH Coalition's small business members.

SBA's Office of Advocacy will, upon request, provide Rainbow/PUSH Coalition available data on small minority businesses, including minority-owned small business development, formation and survival rates, distribution by industry and size, aggregate contributions to the economy in terms of output, employment and taxes paid, growth forecasts and other pertinent data.

Welfare-to-Work— Rainbow/PUSH Coalition will promote SBA's welfare-to-work initiatives among its members.

Women-Owned Businesses— SBA and Rainbow/PUSH Coalition will work together with SBDC and SCORE to provide better opportunities and training to minority women entrepreneurs.

SBA will conduct workshops focused on minority women entrepreneurs, providing training on access to capital, entrepreneurial skills, and the basics of starting a business. SBA will ask Rainbow/PUSH Coalition to provide input and to participate in these local workshops. Rainbow/PUSH Coalition will encourage each local affiliate to name a minority women's business representative who will be responsible for distribution of relevant information and contracting opportunities with its SBA counterpart in the appropriate district office.

SBA will provide information and training on Women's Business Ownership programs and services such as the Women's Network for Entrepreneurial Training (WNET), Women's Business Centers, Federal procurement opportunities, the Online Women's Business Center, and the Women's Prequalification Loan Program.

Communications

SBA and the Rainbow/PUSH Coalition will work together to increase knowledge among Rainbow/PUSH Coalition members about the programs and services SBA provides and to maintain regular contact between local affiliates and SBA district offices.

SBA and Rainbow/PUSH Coalition will exchange and supply promotional and reference materials on their programs and services, and applications, where appropriate. SBA will make materials available to Rainbow/PUSH Coalition's headquarters and to its local affiliates.

SBA and Rainbow/PUSH Coalition will work together to improve access by minority-owned small businesses to current technological information through educational opportunities and through technology available at SBA resource centers.

Rainbow/PUSH Coalition staff and public information officers at SBA will coordinate media coverage of jointly sponsored activities and reports to the public on the results of this collaboration.

To broadly cross-market, Rainbow/PUSH Coalition and its local affiliates will supply pertinent educational and promotional information to the appropriate SBA district offices.

To generate referrals, mutual program orientations will be offered between Rainbow/PUSH Coalition and SBA. Rainbow/PUSH Coalition's local affiliates will include articles on SBA programs and services in its newsletters and invite SBA to make presentations to its members.

SBA will participate in Rainbow/PUSH Coalition's annual conference in1999.

SBA will encourage Federal agencies to participate in Rainbow/PUSH Coalition's annual conference and similar matchmaker events sponsored by Rainbow/PUSH Coalition local affiliates.

Hyperlinks connecting SBA and Rainbow/PUSH Coalition Internet home pages will be installed where available. This includes SBA and Rainbow/PUSH Coalition headquarters as well as between local affiliates and their respective SBA district offices.

Referrals and Nominations

Rainbow/PUSH Coalition will encourage its local affiliates to refer members to SBA resources (SCORE, SBDCs, BICs, USEACs, WBCs and OSCSs), visit local SBA resource centers, and recruit potential SCORE volunteers.

Where appropriate, Rainbow/PUSH Coalition will make nominations for Small Business Week. SBA will provide Small Business Week nominations brochures to Rainbow/PUSH Coalition.

Rainbow/PUSH Coalition is encouraged to nominate representatives to SBA district advisory councils as openings occur. SBA will advise Rainbow/PUSH Coalition of openings.

Terms and Authorizations

The respective points-of-contact for this Agreement will be the Vice President of Rainbow/PUSH Coalition and SBA's National Community Outreach Director. [Darryl H. Dennis, Counselor to the Administrator, or their successors.] SBA and Rainbow/PUSH Coalition will encourage regular contact between the leadership of Rainbow/PUSH Coalition local affiliates and the directors of their respective SBA district offices. Representatives of both groups will meet semiannually to plan specific activities described in this Agreement and to review progress on mutual objectives. Representatives of Rainbow/PUSH Coalition and SBA will make semiannual progress reports to the SBA Administrator and the President of Rainbow/PUSH Coalition.

This Agreement will take effect at the time of execution and will remain in effect through fiscal year 1999. The Agreement may be extended for 2 years by written agreement of the Parties.

The Parties mutually agree to consult each other on any amendments or issues to be addressed. The Parties may modify the Agreement by written mutual consent. Either Party may terminate the Agreement by giving 30 days advance written notice to the other Party.

The signers of this Agreement further represent that they have the authority to make such commitments on behalf of their respective organizations.

Signed by: ______________________________ __________________________

(name) (date)

______________________________ for the U.S. Small Business Administration

(title)

______________________________ __________________________

(name) (date)

______________________________ for the Rainbow/PUSH Coalition

(title)

RAINBOW/PUSH COALITION
LASALLESTREET PROJECT

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The Project

The Rainbow/PUSH Coalition launched the Wall Street Project in January 1997 and later in 1998 launched the LaSalle Street Project, to serve as the economic advocacy arms of the organization. With these initiatives we challenge corporate America to end the multi-billion dollar trade deficit with minority businesses and consumers. The Projects have brought Rev. Jesse Jackson's early Operation Breadbasket concept of research, education, and negotiation to Wall Street in order to change this deficit.

Our Mission

The mission of the LaSalle Street Project is to encourage economic growth and development in the Chicago metropolitan area and surrounding Midwest by facilitating partnerships between leading corporations and minority business owners. Chicago's strong financial services industry, symbolized by LaSalle Street, is a key to the progress that will and must be made.

The LaSalle Street Project encourages the business community, as a matter of enlightened self-interest, to remove cultural blinders, and in its place establish a freer, more open market. To this end, the LaSalle Street Project aims to facilitate partnerships between under-served markets rich with under-utilized talent and untapped capital on the one hand, and leading corporations and financial institutions searching for talent, growth and new markets on the other.

The LaSalle Street Project's foundation is based on teamwork, education, research and networking. We have taken a leadership role on the issues of economic inclusion and urban and rural development because we believe it to be the key to economic growth.

BRIEFING FOR GENE SPERLING
REMARKS AT LASALLE PROJECT
April 15, 1999

General thoughts:

While the APIC rhetoric is the best and Jackson loves it, the substance of the tax credit and NMVC proposal resonate with many community development and business types, so don't neglect these. Also, we continue to be criticized for giving too little attention to the microenterprise, so use it too.

Jackson specifically asked that you cover the questions noted in bold below. I thought that your remarks at the ARC conference hit the right themes, so I have tried to reorganize your central points there under Jackson's questions.

I have also attached the detailed briefing I did for the ARC Governors Conference as that has more detail on all these points for your reference.

Talking Points

- **Describe APIC and the other components of the New Markets Initiative and why do they matter?**
  - If not now, when?
  - Heard anecdotes about need for capital; looked for a market failure; think we found it -- information about opportunities in these communities doesn't exist, no networks to tell investors about business opportunities in these areas. Our initiatives aim at providing economic incentives to find these opportunities and build these networks.
  - These programs provide **vehicles** for those trying to induce more investment in New Markets.
    - Governors or Mayors who want to encourage more investment in their underserved areas can set up funds (like North Carolina) or work with private fund managers to have them set up.
    - Private investors (like Sandy Weill) who want to go to others in the business community and say here's a great opportunity to do well by doing good can point to funds set up for this purpose.

Program Specifics

A. ***SBICs for Low-Mod Communities.*** First SBA figured out how to provide incentives to make it more attractive for the venture capital firms created under the SBIC program to invest in low-mod communities. (***SBA will be implementing these program modifications this year without legislation.***)

B. ***New Market Venture Capital Firms.*** Next, SBA realized that SBICs won't work for the smaller firms and those that need expertise as well as capital. So they proposed a new program -- know as New Market Venture Capital Firms -- modifying the SBIC concept to meet the needs of smaller businesses in underserved areas. ***(This will require new legislation.)***

C. ***APICs:*** But that left us with a challenge. To really make an impact on a community -- to create 100, 200, 400 jobs at a time -- you need to deal with larger firms that are growing and creating new facilities or relocating. So we enlisted the help of HUD and designed a program to create ***American Private Investment Companies (APICs)***. For years, America has OPIC -- the Overseas Private Investment Corporation -- which has an investment fund program like the SBIC program on a larger scale, to promote growth in emerging markets abroad. We needed a tool to promote growth in emerging markets at home. ***(APICS also require new legislation.)***

D. ***Tax Credit:*** Finally, we considered how to ensure that these new great investment vehicles (as well as existing vehicles like CDFIs, Community Development Corporations, and state enterprise funds) have investors rushing to their doors to take advantage. The fact is that large companies and wealthy investors don't want to know the details of SBICs, NMVCs and APICs -- they just want to invest with qualified fund managers who can promise a healthy rate of return. Equity investments in investment vehicles serving underserved communities are eligible for a tax credit worth up to 25% of the equity invested. (The credit is actually 6% a year, which has a net present value of approximately 25% of the amount invested.)

E. ***Other pieces as well:***

- Increasing by two and a half times the U.S. commitment to microenterprise, including doubling the level of microenterprise lending and a huge new commitment to technical assistance for microenterprise under a proposal for new legislation known as PRIME.
- A $30 million increase in funding levels for CDFIs.
- New small business lending firms targeted to underserved markets.
- BusinessLINC -- an initiative of the Vice Presidents to encourage large businesses to work with small business owners and entrepreneurs to improve the economic competitiveness of smaller firms in distressed areas.

- **What parts of these initiatives require legislation?**

    - New Markets Tax Credit
    - New Market Venture Capital Firms
    - APICS

- **How can we insure their passage and implementation?**

    - Has to be a bipartisan/nonpartisan effort.

    - Three different pieces of legislation, three different committees.
        - Ways and Means/Finance -- tax (if there is tax bill could move as part)
        - Small Business Committees for NMVC firms
        - Banking Committees for APICs legislation

    - Also need appropriators to provide resources for various elements (other than tax credit ($980 million) the cost is modest):
        - $45 million for NMVC
        - $36 million for APICS
        - $125 million for CDFI Fund ($15 million increase in base program and $15 million for PRIME-- microenterprise)
        - Doubling various microenterprise programs (SBA microloan credit subsidy up to $5 million; SBA TA up to $32 million; IDAs up to $20 million; SBA one-stop capital shops up to $10 million)

- **How can we apply the concepts with or without legislation?**

    - The ***SBICs targeted to LMI areas*** do not require legislation; SBA is aggressively marketing these concepts, hosting a series of conferences around the country. We understand that a number of groups are looking to whether they can find qualified management, form targeted SBICs, and solicit investors.

        - For example, South Carolina is proposing to set up an SBIC in which the state will further leverage the private equity investment; the state has also done the research to identify the growth business opportunities in underserved areas in their state to help focus investors on those types of investments.

    - There are a few ***existing Community Development Venture Capital Funds -- Kentucky Highlands*** is the best example -- that we hope will be grow and be cloned as interest grows in investment in New Markets.

- [If you want to hint at POTUS trip and encourage some competition to be the in on the ground floor, you can mention that, as funds are created or expanded to do new market investments, we will be looking to highlight their work as an example of the potential for this initiative.]

- ***CDFIs*** do lending in New Markets by definition. A few of them also do equity investments. Working with strong CDFIs is a great way to invest in New Markets today.

- SBA's ***New Market Lending Company*** initiative will approve a limited number of new non-bank 7(a) (small business) lenders who will focus on the credit needs of underserved communities.

Bullet Points for the Making Apic A Reality Plenary Session
April 15, 1999
8:00-10:00

- What are APIC the New Market Initiatives and why do they matter?
- What parts of these initiatives require legislation?
- How do we insure their passage and implementation?
- How can we apply the concepts with or without APIC?
- What can city and state officials do to bring these initiatives to their regions to inspire economic growth and the development of these new markets?
- How can the private sector take the lead in this initiative (e.g. aggressive SBA, SBIC lending by banking institutions; Corporate investment in private equity funds for new market ventures; Providing technical assistance and engaging in strategic partnerships with small business owners and entrepreneurs)?

Speaking Order of Presenters:

Gene Sperling, White House Economic Advisor

Representative from the Governor's Office

Mayor Richard M. Daley

Cary McMillan, Managing Partner, Arthur Andersen

Phil Condit, Chairman, CEO, The Boeing Company

Richard Notebaert, Chairman, CEO, Ameritech

All APIC Plenary participants (with the exception of Mayor Daley due to his Thursday morning schedule) can meet in the VIP Room, Suite 5 – Level 3, at the Hyatt Regency Hotel/McCormick Place. You will be greeted by either Princella Tobias or Darice Wright. Once convened we will guide you to the Plenary session.

NATIONAL PRESS CLUB LUNCHEON SPEAKER
REVEREND JESSE JACKSON
RAINBOW PUSH COALITION

MODERATOR: DOUG HARBRECHT
NATIONAL PRESS CLUB PRESIDENT

NATIONAL PRESS CLUB
WASHINGTON, D.C.

1:01 P.M. EST

FRIDAY, DECEMBER 4, 1998

.STX

TRANSCRIPT BY: FEDERAL NEWS SERVICE
620 NATIONAL PRESS BUILDING
WASHINGTON, DC 20045

MR. HARBRECHT: Good afternoon, and welcome to the National Press Club. This is our 90th anniversary year.

My name is Doug Harbrecht. I'm president of the National Press Club, and Washington news editor of Business Week Magazine, a McGraw-Hill Companies publication.

I would like to welcome club members and their guests in the audience today, as well as those of you watching on C-SPAN or listening to this program on National Public Radio.

Before introducing our head table, I would like to remind our members of some upcoming speakers. On Friday, December 11th, Mark Van Putten, president of the National Wildlife Federation, will be here to discuss prospects for the Endangered Species Act. On Friday, December 15th, we hear from fashion designer Oleg Cassini. And on Wednesday, December 16th, we'll hear from Dr. Nancy Dickey, president of the American

Medical Association.

Transcripts and audio files of National Press Club luncheons will be posted this afternoon at our Web site at npc.press.org. To purchase audio and video tapes, please call 1-888-343-1940.

If you have any questions for our speaker today, please write them on the cards provided at your table and pass them up to me. I will ask as many as time permits.

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called. Please hold your applause until all our head table guests have been introduced. From your right, Dr. Jesse L. White, Jr., federal co-chairman of the Appalachian Regional Commission; Michael Rhea, Reuters, member of the Speakers Committee; John Fogarty, editor of Kiplinger California Letter and former National Press Club president; Glen Elsasser, national correspondent, Chicago Tribune; Deborah Price, Washington bureau of the Detroit News and a new Press Club member -- welcome, Deborah; U.S. Representative Jesse Jackson, Jr. -- (applause) -- David Wilhelm, former Democratic National Committee chairman; Ken Eskey, as always, chairman of the Speakers Committee here at the Press Club. Skipping over our speaker for just a minute, Mark Hamrick, business editor, AP Broadcast Services and committee member responsible for organizing today's lunch; Sheila Cherry, legislative reporter, CCH, and National Press Club secretary; John Aubuchon, Newsnight Maryland of Maryland Public Television and Press Club treasurer; Elizabeth Brannan, Washington correspondent, La Prenza of Panama; David Hess, congressional correspondent, Knight-Ridder and, again, a former Press Club president; and Steven Holmes of the New York Times. (Applause.)

Winston Churchill once said, "If you have an important point to make, don't try to be subtle or clever. Use a pile driver. (Laughter.) Hit the point once then come back and hit it again. Then hit it a third time with a tremendous whack." Over the past three decades, our speaker today has taken Winston Churchill's advice to heart. (Applause.) He has been a pile driver in promoting civil rights and shaping American politics. He was an assistant to the late Reverend Dr. Martin Luther King, Jr.; he is president and founder of the Rainbow Push Coalition and is father to a U.S. Congressman. Our speaker has mounted two presidential campaigns and it is said he has not made the decision whether to seek the Democratic Party's nomination for the year 2000. Most recently he served as President Clinton's special envoy to Africa on an eight-day trip to four African countries in an effort to promote democracy in the region. He was called upon during what may have been President Clinton's most difficult time during the Monica Lewinsky saga, to provide spiritual guidance to a hurting First Family.

And he is credited for getting out the vote in the recent mid-term election, helping to demonstrate once again that the pundits can be proved wrong. There is that pile-driver again.

Please give a warm National Press Club welcome to the Reverend Jessie Jackson. (Applause.)

REV. JACKSON: Thank you. (Applause.)

Let me express my thanks and delight for this opportunity to share with you who are present, and the nation today -- (cross talk, possibly a heckler) -- I want to recognize our esteemed congressman from Illinois, Congressman Jesse Jackson Jr.; David Wilhelm, the former chair of the DNC. I want to recognize Dr. Chairman Stanta (sp), who directs the Rainbow Push Public Policy Institute; Sister Dorothy Haight (sp), the dean of Civil Rights-Social Justice struggle. I want to express thanks to all of you for your presence today and to Jess White (sp), who is co-chair of the Appalachian Regional Commission.

For those of you who have interest in the message today and the follow-up, Rainbow Push has a Web site; "www.rainbowpush.org."

I have come to learn that this is the week to try out new themes and messages for the presidential campaign to come. I am pleased to be able to participate in this important exercise. (Inaudible) -- I have not yet decided whether or not to enter the race; I do intend to set the pace.

The great movements to expand the American dream have been led by pace setters, outside of the box of the status quo: the women's suffrage movement, the workers' right to organize in the '30s, the '54 Supreme Court decision, the drive to end apartheid, the '64 Public Accommodations bill, the '65 Voting Rights Act, the new Middle East peace policy, the new South Africa policy -- all led by fearless patriotic pace setters, who established a moral litmus test, beyond the conventional politics and popularity.

And I have a test for all candidates who would enter this race, a race that is the most significant expression of democracy in the entire world. That test is, do you matter to Mud Creek, Kentucky, a town I visited not too long ago, nestled deep in the hills of eastern Kentucky, a town populated by men and women who have helped build this nation, who have fought our wars, mined our coal, dug up our iron, and played by the rules? Do you matter to Mud Creek, Kentucky? Do you have anything to say that is relevant to the people of eastern Kentucky and central West Virginia and Appalachian Ohio, where good people, working hard, have tried to break the cycle of poverty? Do you have a plan that offers hope to the proud people of Appalachia?

We have a plan for Southeast Asia. It consists of incentives from the front side, guarantees on the back side -- Export-Import Bank, OPIC, tax-free zones, low -- long-term low-interest loans, IMF. We do not have a plan for southeast Ohio or eastern Kentucky.

When things go wrong overseas, when economic indicators take a nosedive, we blame the system. Here at home we have a nasty habit of blaming the people. We suffer from a kind of optical illusion called farsightedness; we have vision for things and people far away, but have difficulty seeing that which is just in front of our noses.

And so I ask those who would run for president, at what point in your inaugural address would it strike you to mention Appalachia? Would you mention it at all?

I've spent a great deal of time in Appalachia in recent months. The time I've spent there has moved me and helped to shape, expand my views. Just as Dr. King, in his final campaign, marched for economic justice for all Americans, today I'm driven by the moral imperative to leave no American behind. The "one big tent" American dream -- that's what informs my world view.

That's what I -- that's why I'm more convinced than ever that the single most important issue facing our nation today, as we move into the next century, is the ever-widening gap between the haves and have-nots in our society, a north-south gap, the gap between those who in live in surplus and those who live in deficit, a gap in income and wealth that is the widest in the world and growing wider, a gap that is more reflective of pre-revolutionary societies than strong, vibrant democracies, a gap that threatens to derail and suffocate this period of economic growth. This is America's dirty little secret. You won't hear presidential candidates talking very much about this yet, if at all. Their finance directors will not allow them.

In retrospect, my leadership has changed, both rhetoric and reality. There will be caravans for Appalachia real soon, because I'm blazing a trail, and they'll follow a path. That's the stuff of which leadership is made.

We must address the crisis in inner cities and forgotten rural areas like Mud Creek. These are the issues facing underserved communities of all colors, whether they're in East Los Angeles, the Navajo reservation in Arizona, the Bronx, or Appalachia.

For the rich, the ceiling has been removed. For the poor, the floor has been removed. For the middle class, there's that sinking feeling that comes with the onset with an ever greater number of layoffs -- Boeing, 20,000 to 40,000 people will be out of work; Exxon-Mobil merger, 9,000 more looking for jobs; Bill Gates, the $60 billion man, recently laid off 5,000 workers for a month, so he might avoid paying these workers certain benefits, and then rehired them; Wal-Mart undercutting both labor and business, driving down wages, engaging in monopoly tactics.

And these periods of deregulation usually trigger the revival of monopoly, extreme concentration of the wealth, the resegregation of ownership, and the sort of economic behavior that is not informed by the democratic principles at the core of our nation's being.

As we look forward to the year 2000, we must look at the path and evaluate the results of our government's actions. The expressed goal of the Telecommunications Act of 1996 was to foster competition in the telecommunications industry. However, instead of creating competition, it's created an atmosphere of consolidation of wealth, of ownership, and resegregation of industry.

The evidence of this consolidation is overwhelming. Hundreds of billions of dollars in mergers and acquisitions have been announced in the past two years alone. They include AT&T's acquiring cable giant TCI, $32 billion transaction; MCI and Worldcom have joined forces, 47 billion; Bell Atlantic and NYNEX have merged, a $30 billion deal; Bell Atlantic is now in the process of merging with the nation's largest independent telephone company, GTE, 71 billion; SBC acquired Pacific Telesis, 16.5 billion, in '97; a reported 72 billion merger with Ameritech is currently pending.

Rainbow/PUSH is a stockholder in all of these pending mergers and actively involved with guaranteeing that the consumers and workers get benefits from these mergers. We want to ensure that these mergers result in price competition, technology competition, minority and gender inclusion, and opportunities for everybody in the years ahead.

When I think of Appalachia, I think of how beside the point so much of our political dialogue has become, not just because of the freak show that's going on in Washington today, right now; because even on those rare occasions when we get a glimpse of what passes for substantive debate in our nation's capital, it fails to meet the test of Appalachia, where a coal miner dies every six hours, it fails to meet the test by a country mile. We measure character by how treat the least of these.

Take HMO reform, for example -- a good thing to do. The next Congress will undoubtedly pass some version of it, as well it should.

But no one should think for a moment that by doing so Congress has made a dent in the major health-care challenges facing our nation. Kicking HMOs around may feel good. But let's face it; they are a convenient fall guy for our nation's leaders' failure to provide universal health care. (Scattered applause.)

HMOs will not provide universal health care. They can't. They are for-profit businesses. They can't make money on the chronically ill, they can't make money on the mentally ill, they can't make money on really old people. They won't try.

They will, however, reward their shareholders handsomely. They will pay big executives generously. And to expect them to act in any other way is to expect that which they cannot and will not possibly do.

HMO reform means nothing to the people of eastern Kentucky who have no health-care coverage at all. HMO reform is not much of an asset for the people of Appalachia, who have more heart attacks, more respiratory diseases and who die younger than the rest of us.

HMO reform means nothing to the victims of black lung disease, who go without health care because coal companies with deep pockets have admitted to challenge with impunity the claims of sick miners.

And every year in Appalachia, 1,500 people die from this disease. The great Titanic sank; 1,500 people died, mostly rich and their servants. We can't get over it yet; 1,500 mostly rich people died. It's now the stuff of which legend is made. A state-of-the-art ship came apart. That many people die every year in the hills of Appalachia.

I recently visited Nelsonville, Ohio, in the Appalachian region of southeastern Ohio, a stunningly beautiful place. In the county next door, Vinton County, there are 11,000 people but only one doctor. These are people who need something more than Band-Aids from our nation's political leaders.

For the single-payor universal system -- that's the one based on our current Medicare system -- now that would mean something to the people of Mud Creek and Vinton County.

Who will make the case? I asked those who are thinking of entering the presidential race. The question is not, "Who will take on the HMOs?" That's too easy. The question is: "Who will fight for universal coverage? Who will fight for Mud Creek?"

Now travel to Appalachia. I visited one county where the newest elementary school, Dr. Walters (sp), had been built 60 years ago. I came across children being taught by unbelievably dedicated teachers in tiny little trailers. These children live in trailers; they go to school in trailers. They live from trailer to trailer; schools without cafeterias, without textbooks, hopelessly outdated. This is America. And this should not be, but it is. At a time of such great prosperity, this is unacceptable.

And so while Congress and the media focus obsessively on impeachment, our nation continues its retreat from the dream of quality universal public education. The court case that led to the Ohio Supreme Court decision to throw out that state's existing system of school finance was not filed by some inner city school district, but rather by a Perry County school district deep in the foothills of Appalachia. Two years later, Ohio has failed to act to bridge the gap.

When states fail to act, when states allow their poorest schools to crumble, when states fail to provide the floor on which all children may stand and grow and learn, then the American dream dies and the federal government must act.

Vouchers in Appalachia? I don't think so. (Laughter.) The area is not exactly overrun with private schools. That debate is irrelevant. It means absolutely nothing to the people of Mud Creek, or the people who live in Chicago, in cities across the country. In Chicago right now there are 500,000 school children. If the families of 10 percent of those children chose vouchers tomorrow, 450,000 would be left without an alternative to the schools that were left behind. To choose the fortunate 10 percent and to disinherit the remaining 90 percent does violence to the American dream; that American dream demands that all schools be choice, and all children be chosen.

The '54 Supreme Court decision. That case prevented schools from closing their doors to children because of their color. It changed America for the better, forever. But that famous decision, critically important as it was, did nothing to guarantee for all children, be they black, white or brown, red or yellow, that they could count on some basic level of quality education and become productive citizens.

The Supreme Court decision helped pull down the wall between black and white, but did not build a bridge between rich and poor. That's our nation's challenge today: to build the floors for all of America's children. It's a moral test that all future candidates must meet. Who among them will fight with Perry County, Ohio? Who among them will work without fail to see to it that all schools are choice and all children chosen? Who will lead? Who will be a president for Mud Creek?

When I travel in Appalachia I can't help but think of the miracles wrought by the extraordinary success of our Social Security system. It has virtually eliminated poverty among the elderly in Appalachia, across the country. Working people can retire in dignity. Those who are disabled, withered, or orphaned are insured against destitution. Social Security matters in Mud Creek; it matters in a big way.

And now it matters because it's under attack; it matters that some would end the guaranteed protection against inflation that's one of the great virtues of our current system.

It matters that some have let benefits fluctuate the uncertainty of the market.

It matters that some are painting a false picture of gloom and doom when it comes to Social Security. In fact, the reports of Social Security's demise are more fanciful than real. In fact, if the economy grows as fast in the next 50 years as in the last 50, Social Security can finance the retirement of the Baby Boomers without a problem.

But that is the real concern and a real source of anxiety -- not that the Baby Boomer's are about to retire or that the elderly are likely to live longer. It's slow growth and stagnant wages. If wages declines, Social Security's problems grow.

Saving Social Security first does not require partial privatization or deep cuts in benefits and increases in retirement age. What it requires are initiatives to keep the economy growing, to keep employment high and wages rising.

And so, the Mud Creek test for those that run for president is this: to speak clearly for core principles; no retreat from the covenant made for workers for their retirement; no dilution of the commitment to a guaranteed benefit to provide the foundation for a secure retirement; save Social Security. There must be clear growth agenda for the nation, one that includes all and excludes none -- a growth agenda that leaves no American behind. That's the moral task for those who would president.

Just one month ago, the United States held a successful midterm election. I say successful in that it was held without violence, without widespread cheating. The results are viewed as legitimate by the vast majority of Americans. It was the kind of election that we have come to expect, but still the envy of large parts of the world.

Now the fact that we also built a midnight train to Georgia and gave Newt Gingrich a one-way ticket -- (laughter) -- aside from that. (Applause.) And I might add, there are a few extra seats left on that train. (Laughter.)

Yet for all of this, there was nothing about the election that would cause Wall Street to sit up and take notice. And there's nothing about that election that would cause a single investment banker to think differently about the work that he or she does every day, that would challenge the wisdom of the ever-expanding number of mergers or of the merits of downsizing and consolidation. That requires leadership and courage and knowledge. That means challenging Wall Street to build a bridge to Appalachia. That means challenging the capital markets to broaden their vision. That means challenging demanding that democratic values inform the behavior of the captains of finance.

January 14th and 15th on Wall Street, President Clinton will be there as well as new speaker Bob Livingston, and Sandy Wyle (sp) and Mike Armstrong and John Sweeney will speak, because politics and capital and labor must form broader movements and more increased inclusive capital arrangements. That means a federal government that has figured out ways to subsidize risky investments across the globe must be mobilized to figure out ways to get capital to flow to emerging markets here at home. There's talent in Appalachia -- resources, entrepreneurs, money to be made, money made from Appalachia that stays there, or West Side of Chicago or Harlem or

East L.A.. Just as in urban regions, there is indigenous talent, untapped potential. This is not about extracting human and natural resources for export or chasing smoke stacks; it's about developing local assets and sustainable growth.

A president for all of America, a president who wishes to meet the Mud Creek challenge, must not simply accept a flow of capital as a given, but must do whatever he or she can to help guide that flow in ways that create economic growth that's shared by all. The democratization of capital. The broadening of capital ownership by American society. The development of new vehicles to transport capital to underserved communities. These issues must be high on the agenda of our next president. They're essential to a growth agenda that leaves no American behind.

Democracy demands inclusion and equal opportunity. Democratic principles demand health care for all Americans. Democratic principles demand a quality education for all Americans. Democratic principles demand the right to organize and bargain collectively. Democratic principles demand access to capital for all of the talented entrepreneurs that need it, no matter where they live. Within those communities with extra challenges, there must be a rebirth of the spirit of self-determination. In their cynicism, too many have hung their harps on the willows and lost their self-reliance and their self-determination. In the cities, factories have shuttered and closed their gates. In Appalachia, so many coal mines have shut down, some in the Appalachian region may have lost the sense that they control their own destiny.

This may seem strange to say about a people that in many ways are among the most self-reliant the world has ever seen. The people of Appalachia know how to live off the land. They're the first to fight our nation's wars, and they fight fiercely for their families and their communities. We must motivate the nation to return to the tradition of independence, the spirit which built this country, nurture a new hope that the barriers can be overcome, the hope that together we can reclaim the power that rests in those hills, those barrios, and build a new future. There will be an independent will. The strongest impulses of human nature must be revived. I understand that with every fiber of my being. And while people on the ground have to have the competence, capacity, and strength to pursue their dreams, we must ask our leaders to motivate the country to do better and be better.

Lastly, our leaders need to incorporate democratic values, the values of inclusion versus exclusion, into a bold vision that challenges people to rise to the occasion, to put their best self forward, to fully participate in the economic engine that drives our country and that fuels a better quality of life for all of us. There must be rebirth of vision, of creativity, of thinking outside the box.

We've been boxed in for too long by the Soviet threat, by huge deficits, by a corrupting campaign finance system. The Soviet threat is gone. The deficits have turned into surpluses. Now we must demand leadership that risk alienating convention, alienating the funders, who will act in the absence of polls, in the contravention to the polls. If you will, that sort of leadership that our nation requires at this point will make us better. It's bold leadership, the kind that will take us to Mud Creek, takes us outside the box.

I stand before you today to say if we can reasonably expect Mandela, after 27 years, to sit down with de Klerk, if Mandela can sit down with de Klerk 27 years after being locked up in jail, we can expect Netanyahu to sit down with Arafat, it's time for an American president to sit down with Castro, to bring stability and peace and development to our hemisphere. (Applause.)

Our foreign policy should never be foreign to our values. What must drive foreign policy is international law, respect for human rights, self-determination, democratic values, commitment to growth, development, peace, and stability.

That's why our next president must propose an African economic initiative as bold as in the Marshall Plan. The time has come to do right by that continent, just seven hours from New York, the most endowed land in the world. It's in our common economic interest to do so.

Whether I run or not, these are issues that demand attention in the coming election: health care, expanding the marketplace, challenging the flow of capital. I'll be articulating these policies and others in a series of papers called "Vision 2001." I have a clear vision of the leadership our country now requires and a history of being a catalyst for change.

Change requires thinking outside the box and challenging conventional wisdom. Who says capital cannot be expanded to Appalachia? If investment vehicles can be created for Poland, African countries and other developing nations with more risk than our depressed inner cities, why not direct similar investment incentives and guarantees to our own emerging markets?

Why can't schools in underserved communities, and rural and urban and Mud Creek, be wired for the Internet? Vision 2001 represents pushing the envelope; social and economic architecture, but grounded in the values of democracy and the values of inclusion.

So I ask you today: Are the stories you are covering relevant to the people of Mud Creek? Let us view America through an open door, not through a keyhole -- view America through an open door, not through a keyhole?

Let's go forward -- (applause) -- by our dreams and our hopes, and not backwards by our fears. Our best days are in front of us. Keep hope alive.

Thank you. (Applause.)

MR. HARBRECHT: Reverend, for our first question today: You paint a dire picture of parts of America in your remarks. But the fact is that an unemployment rate and inflation are down; jobs, home ownership and consumer confidence are up; shouldn't you give credit where credit is due? Shouldn't the Clinton administration be applauded for these successes?

REV. JACKSON: I applaud the Clinton administration. I support it. But his term will be over in two years. There is unfinished business.

There is record-breaking growth on Wall Street. There is more wealth in the country. But democracy demands that we share the growth and share the wealth and share the prosperity.

Those on the bottom cannot be entertained by the wealth accumulation of the few in a democracy. Democracy-informed health care, all of us can have some of it. Democracy-informed education, all of us can get some of it. Our economic growth must be informed by democratic principles.

The record of President Clinton is outstanding in terms of more people working, more wealth, less inflation. Then there is the underbelly of the American society; they are still left in the dark.

And for the record, those who are working in those conditions -- for the record, most of them are not black. Most poor people are not black, and most black people are not poor. Most poor people are white and female and young. But whether white, black or brown, they must be included.

Second: And most poor people are not on welfare. That became a football.

Most poor folks work every day. (Applause.) They raise other people's children, they drive cabs, they change beds in hotels, in the hospitals they wipe the bodies of sick, empty their slop jars, their bedpans -- no job is beneath them. And yet when they get sick, they cannot afford to lie in that bed they make up every day, because they don't have health insurance. And so the continuing challenge of democracy is to keep expanding, keep including, until everybody is included and no one is left behind.

MR. HARBRECHT: If you do not hear Democratic candidates addressing Mud Creek, will you run? When will you decide? And why are you not happy with the other Democratic hopefuls, Gore and Gephardt? (Laughter.)

REV. JACKSON: I am happy with them. And I think they should keep their jobs. (Laughter, applause.) I think they have so much experience they would just do good to just keep working at it until they perfect it. (Chuckles.)

I think the real challenge we have is that when our primaries are broad-based, they're more inclusive. When I ran in '84, the pundits said the race would be divisive; in fact, it was expansive. We put on 2 million new voters because of an '83 campaign of voter registration before the '84 campaign. And what did those 2 million new voters do? In '86, at the height of Mr. Reagan's popularity, Democrats gave up on regaining the Senate. Democrats regained the Senate because those voters voted. And we regained the South in '86 because we revived interest in those with despair. In '88 we kept the expansion going. We won in '88 -- Virginia, Doug Wilder won in '89. Or, Dinkins in New York in '89 or White in Cleveland or Rice in Seattle. Whenever we lift the -- boost up the bottom, they lift everybody.

By '92, Mr. Clinton won, in great measure, on those new revived voters. But by 1994, something came into the system. A virus came in our system. (Laughter.) A kind of DLC virus that began to push people away. And it pushed major players off the field onto the sidelines. You can't score from the sidelines, and so they'd labor on the sideline and those southern black voters on the sideline -- Gingrich won by the measure of players pushed off the field by push-off politics. In '98, we regained our momentum because all the players are back on the field again.

So what happened in '98 is what happened in '96, and what it proves is when there is inclusion and all the players are on the field and focused on shared values -- There's been too much made of just how black the vote was. The fact is, let's define the vote, not just describe it. What about its interests? Its interest happened to be in more access to more education to all children, so we supported the 100,000 new teachers. It just happened to be in refurbishing and modernizing rural and urban schools. Or Medicare. Our saving Social Security. Or just happened to be a commitment to low income energy assistance. A commitment to a universal health care system.

And we were arguing in the field that with all the focus here on the freak show in Washington, 1,500 Americans die a day from cancer, a half-million die a year from cancer. That can't get in the paper on the want-ad section. We are being warped away from issues that matter. And so when the base was on the field, it won, and it will continue to do so. (Applause.)

MR. HARBRECHT: Do you see a "more kinder and gentler" Republican Congress now that Speaker Newt Gingrich is leaving and the Republican House majority is now down to only six votes?

And secondly, how do you evaluate the work of the Republican so-called compassionate conservatives such as the Bush brothers -- (laughter) -- who focus more on inner-city development and minority educational and business opportunities?

REV. JACKSON: I do not know whether the Republicans are kinder. I know they are tamer -- (laughter) -- because they hear footprints. And the footprints are the people that become cynical and despaired -- have had their spirits revived; for one sees emerging in the party is that you have the Bush brothers and the Whitman wing and the Jack Kemp wing looking toward a sense of inclusion, and you have the Pat Roberts-Republican DLC wing looking toward retreat.

And this campaign really was about inclusion versus intolerance. Inclusion was a big tent; intolerance was a small tent. And inclusion won.

And so clearly, the Republican Party's future is in finding that moral center for all the included. This is the time to stop the race baiting, a time to stop the divisive schemes that rationalize choosing some children, leaving others unchosen. This is the time to say: "This land is our land. Make room for all of us."

And I choose to focus a lot on Appalachia because when you focus on Appalachia, as Lyndon Johnson did with the Great Society, among other things, you derationalize the debate. You put the focus on resource gaps, on real gaps. All the time spent discussing black and white; if you are not real careful, it could be a big debate without a budget. And there must be some budgetary gaps addressed.

It reminds of -- and I hear a lot of these very energized debates about race positioning, which is self-evident.

When I was growing up in South Carolina, there were two drunks, Barbara, on the railroad track, drinking wine.

That was before drugs, dope came, and wine was the thing. (Laughter.) And the more they drank, the better they felt. And it was hot. They had been playing cards. And so when they got real hot, one said, "Give me the corner." That's the last element of the wine bottle. They called it the corner. (Laughter.)

And so when they got real high, hot and happy, one wino said, "You know, I believe I'll buy" -- and one of them was black and one was white -- said, "I believe I'll buy this railroad track." The other one said, "I don't think I want to sell it; have a drink on me." (Laughter.)

Now, until the man or woman who owns the railroad and the train is at the table, they're just talking. That's why we intend to have President Clinton and Livingston and Sweeney and Appalachia at the same table on Wall Street. That combination must build a trail to expand markets, to "greenline" redlined America.

When you look at Appalachia or Harlem or East L.A., you simply see underdeveloped market, underutilized talent, and untapped capital. Matter of fact, there is no third world market with as much money as, as close as, as secure as underdeveloped markets within our country. And it is our mission to take the blinders off and build a new dynamic coalition between labor, business, government and community.

MR. HARBRECHT: What are your thoughts concerning the election of J.C. Watts to the leadership of the Republican Caucus?

REV. JACKSON: I think it was a good thing for the Republicans if his presence helps in some measure to make them more civil, to make them more conscious, to make them more inclusive, if in fact they use the laws we had to pass to make a J.C. Watts possible. If they extend an appreciation of those values, America will be better. J.C. Watts needed an athletic scholarship. He needed a chance, and he used it. He needed public accommodations bills so he could get beyond sitting on lunchrooms on one side of town. He certainly needed the right to vote. He needed open housing. His parents needed the right to organize. They needed basic civil rights, social, justice laws. His mother needed basic gender equality so when she worked she could make a liberal wage. If the values that made J.C. Watts possible are shared and spread, it will make America a better nation. (Applause.)

MR. HARBRECHT: Democratic Senator Bob Kerrey of Nebraska says we must dare to privatize Social Security. Do you agree?

REV. JACKSON: I dare him to join the primary with that position. (Laughter.)

He will get -- he will get senator seniority status if he keeps that position in the Democratic primary. (Laughter.)

MR. HARBRECHT: Well, you twice referred to the Lewinsky matter as a freak show. Do you blame the press for shifting the focus from the issues that you have articulated to soap opera or insignificant issues?

REV. JACKSON: You assume that was my reference to freak show. Not true. I know what's happening on Capitol Hill now is a freak show. That was an unfortunate private matter. It should have been somewhere between where it happened and that grand jury and perhaps by a credible, mature group of congresspeople to make an assessment. Taking that private matter, making it public, going to a level of degeneracy that makes Larry Flynt look like a moral leader -- (laughter) -- was a judgment made by the special prosecutor as he politicized the process.

And then when the Congress released it on the Internet before they even read it, that was the freak show. And that was the unfortunate titillating, market-driven diversion.

The fact is (it's hard ?) to judge our leaders by their public policy and by their strengths, not by their private habits and their weaknesses. You know if we'd used that standard, we'd have lost the genius of Thomas Jefferson or Eizenhower or John Kennedy. Who can read and be a biblical scholar and not think about David, arguably the Israelites greatest king, who look upon Bathsheba almost overcome by the excitement? And what did do? Sent her husband to get him killed as an act of national security -- (laughter) -- that he might lay with her, and they begot Solomon.

So this act of private indiscretion and, -- (inaudible) -- weakness is not a new thing. It's never a good thing, but it's not a new thing. What did David say? "I made a mistake. I fell from grace. Now, Lord, please do not take from me my gifts. Restore unto me the joy of my salvation."

That is the human the human experience. For those who try to make a living off of President Clinton's misfortune when Flynt's book comes out next week with 12 of those who responded to those ads in the Washington Post, they're going to see how broad the base of the madness is going to get.

We need to move from madness to meaning; move from madness to comprehensive health insurance; move from madness to adequate education from all of our children. I am determined to force the agenda of health care, education and vehicles that transport capital to all Americans. And we're going to prevail, because, American people said in the polls we isolate an indiscretion from what our real needs are. They said it at the polls. And yet there are some on Capitol Hill who can't quite yet get the message: serve the American public's real interests. (Applause.)

MR. HARBRECHT: Reverend, in 1995 you spoke at Minister Louis Farrakhan's Million Man March, which gathered 800,000 black men here in Washington. Why can't the black Christian clergy do something like this? Do you see a failure of the black Christian church to reclaim its former leadership role over America's black youth?

REV. JACKSON: First, that was not one man's march. Black men experience a profound sense of alienation in our society. That march was led by Christian ministers, by congresspeople, state legislators, people of all faiths, fraternities, sororities, unions. And the message was lost in reacting to the personality.

What were they really saying in that march? Why, that African Americans are 12 percent of the population and 55 percent of the jail population. What's wrong with this picture? That 85 percent of all rural arrests are white, 75 percent of all urban arrests are white, but 55 percent of those in jail are black. A, because of targeting and B, because of lack of "dream team" lawyers.

What were they really saying? Every city I visit, I see at least two buildings: a new ballpark and new jail -- invariably, first-class, fully wired, barbwired jails and unwired urban schools.

What were they really saying that day? If you are caught with 5 grams, five Sweet 'n' Low sugar bags, of crack cocaine, five years mandatory; 500 grams of powder, you get probation -- a 100-to-1 ratio. Those who bring it in get probation; those who get trapped go to jail.

What were they really saying? Forty-five thousand dollars' worth of marijuana, the drug of preferred use on campuses -- of preferred use on campuses -- five years, but not mandatory. What were they saying? Eight thousand worth of powder, five years, but not mandatory. Twenty-nine dollars' worth of crack, five years, mandatory.

What were they saying? That we react to the pain of being stereotyped. Susan Smith, woman in South Carolina, drove her two babies into the water, and at her lowest emotional state, she knew what cord to pull. She said an imaginary black man -- who didn't even exist -- "killed my babies." And everybody went looking for him, and he didn't exist. If they had found even a reasonable facsimile, he would have died. (Scattered applause.)

What happened up in Boston when the man shot his wife in the belly and said an imaginary black man "killed my wife"?

And so that march had to do more with pain. And what should have come out of it should have been a policy to address the pain, not a reaction to personalities. And I hope that we gained from that -- a nonviolent march of that magnitude should be a message not soon lost on America. For clearly, if that body of people can supply our nation's soldiers in a time of war, or entertainment on our stages, athletic prowess on our fields, that body of Americans must be included in the American tent. That group had to have special laws to use the bathroom. I went to jail as one of those young black men, July 17th, 1960. I was jailed trying to use the library; while they called us illiterate, assuming that we could not learn. Jailed trying to get books in Chicago schools. Jailed for the right to vote.

So it was a march for America. It was a march for patriotism. I hope that march will, in time, get appreciated for its real impact and its real opportunity. (Applause.)

MR. HARBRECHT: Reverend, former agriculture secretary Mike Espy said he now plans to be a witness when Congress considers reauthorizing the independent counsel's office. He was just found not guilty on 30 counts after an independent counsel's indictment. Would you want to be a witness on this issue?

REV. JACKSON: I would be, but let me say at the outset, Mike Espy was tried in the newsroom before he was tried in the courtroom, and while he has regained his freedom, he's not regained his reputation and his honor. Mike Espy has integrity, and survived against the odds, the sweltering heat of Mississippi, became a congressman and a good agricultural secretary. Made some errors, as people do, but did not warrant a $17 million expenditure on chasing them down on a case that fell apart in the courts. And so in some sense the judicial system owes Mike Espy an apology and we who have an appreciation of justice must make room for him again in the broader society because he has leadership to offer. (Applause.)

MR. HARBRECHT: Black and Hispanic Americans have been seen as particularly supportive of President Clinton during his troubles this year. The Nobel Prize-winning novelist Toni Morrison was quoted as saying of Clinton, "White skin notwithstanding, this is our first black president." What do you make of this? (Mild laughter.)

REV. JACKSON: That's called literary license. (Laughter, applause.) He is not black, he is white. But he comes from rural Arkansas. He comes from a broken home, and there was alcohol in the home. He comes from a home where people looked down on him and said he would never amount to much. And he had the power to overcome those odds, and so he identifies with people who are odds-breakers and who are dream-makers. And it is that character in his background that makes him so sensitive to so many people.

Blacks and browns relate to Bill Clinton, as they did to Eisenhower when he represented our interests, when he said, "I will go to Korea, and I will bring the boys back home," at the time when we were losing our neighbors disproportionately to the war in Korea.

And so I remember my mother saying -- I was 10, 11 years old -- (inaudible) -- all these "I like Ike" signs in Greenville -- "Who are we going to vote for?" I didn't realize my mother and father couldn't vote. She said: "But we are going to support the Ike man. He is going to bring the boys back home from Korea." More blacks voted for Eisenhower than Stevenson. They voted their interests.

Kennedy ran. Dr. King's father was a Republican. He grew up in a Republican household. He was a Rockefeller Republican. And he was in jail. Kennedy reached for Dr. King, and Nixon did not. And that was enough of a shift: Kennedy beat Nixon by 12,000 votes, less than one vote per precinct. He voted our interests.

And so then you look at Prop 209 in California locking our youth out of school and up in jail; when you look at all of the divisive schemes to undercut women and people of color and build bridges; if Clinton is a bridge-builder and a breach-healer, he gains that base. A lot of folks -- (inaudible) -- about Clinton and black support. What about Clinton and labor support; Clinton and women support? Clinton had enough support to get elected twice because he represents the most people's interests. (Applause.)

MR. HARBRECHT: Well, Reverend, before I ask our last question today, I have a few items for you. One is a certificate of appreciation for appearing here today at the National Press Club. We thank you. (Applause.) We have a copy of "Reliable Sources," our 90th anniversary history book, and I'd like you to have that please.

And the vessel that sets the pace at the National Press Club, the National Press Club mug. (Laughter, applause.) I have got one more one for you.

For our final question today, give us your opinion about how well or how poorly a young congressman from Illinois named Jesse Jackson, Jr., is doing in Congress. (Laughter.)

REV. JACKSON: I've always tried to be a father that's honored my children's dreams, and so there is some tension. He wants me to run for president. And we will determine sometime after Christmas whether or not I will pursue that dream for him and the rest of our children.

Secondly, I am too proud of him even to crack a joke about it, because his proudest record now is that he has never missed a vote as a congressman. He's the number five vote-getter among all Democratic congresspeople, which raises the question about will the Democratic Party make room for youth in its leadership or will it make room for blacks in its leadership. After that tremendous vote, driven in many states by African Americans, on November the 3rd, the Democrats' response was to elect four white males all between 50 and 60. The DLC came back this week; they're all white speakers. They still don't seem to get it that somehow if women and blacks, Hispanics and whites vote together and win together, they should share leadership together. And so Congressman Jackson represents that hope and that possibility. Those who are now in the leadership, all of them did not get more votes than he got in the streets; they got them in the suites.

So he represents challenge and possibility. And I would urge him to continue to -- I suppose two things I would say about the congressman, as I've said to each of our children. One, don't put lids on your dreams, and go forward by your dreams, not backwards by your fears, forward by your hopes, and not backwards by your fears. Someone asked the other day was he interested in being mayor of Chicago. I said, why would at 32 he limit his dreams to being mayor of a city; why can't you think of him as governor or U.S. senator or president? At his pace and preparation, why must we put him in a box based upon cynical assumptions?

So I said to him and our children, and I say to you who are rearing children today, at least convey upon them, Barbara, four qualities. One, make them smart. Strong minds break strong chains; sharp axes cut down big trees. Work hard in their formative years. Turn their TV off three hours a night, and spend time on making them smart.

Number two, teach them character; what does it matter to be smart and can't be trusted, or to be dishonest, or to be one with a character-deficit disorder. Be smart. Have character. Open doors for your children. Create opportunities. And lastly, give them a sense of religion, a sense of faith, because as smart as they are and as honorable as they try to be, storms of life will rage. And storms do not have to apply to you to come. Storms show up suddenly and unexpected. And only a faith, only rooting in some sense of religion will give you the capacity to hold on till the morning comes.

And so I say to the congressman, at this point, he's doing very well, seeming a tailwind is behind his back, he's getting lots of support. And as surely as he lives, headwinds will come, and crosscurrents will come. But if he holds on with his faith, the storm will pass over. He'll make America better and all of us proud.

Thank you very much.

(Sustained applause.)

MR. HARBRECHT: Like to thank you for coming today, Reverend Jackson. I'd also like to thank National Press Club staff members Leigh Ann Boren, Joann Booze, Pat Nelson, Melanie Abdow Dermott and Howard Rothman for organizing today's lunch.

Thank you all very much for coming. (Gavel.)

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