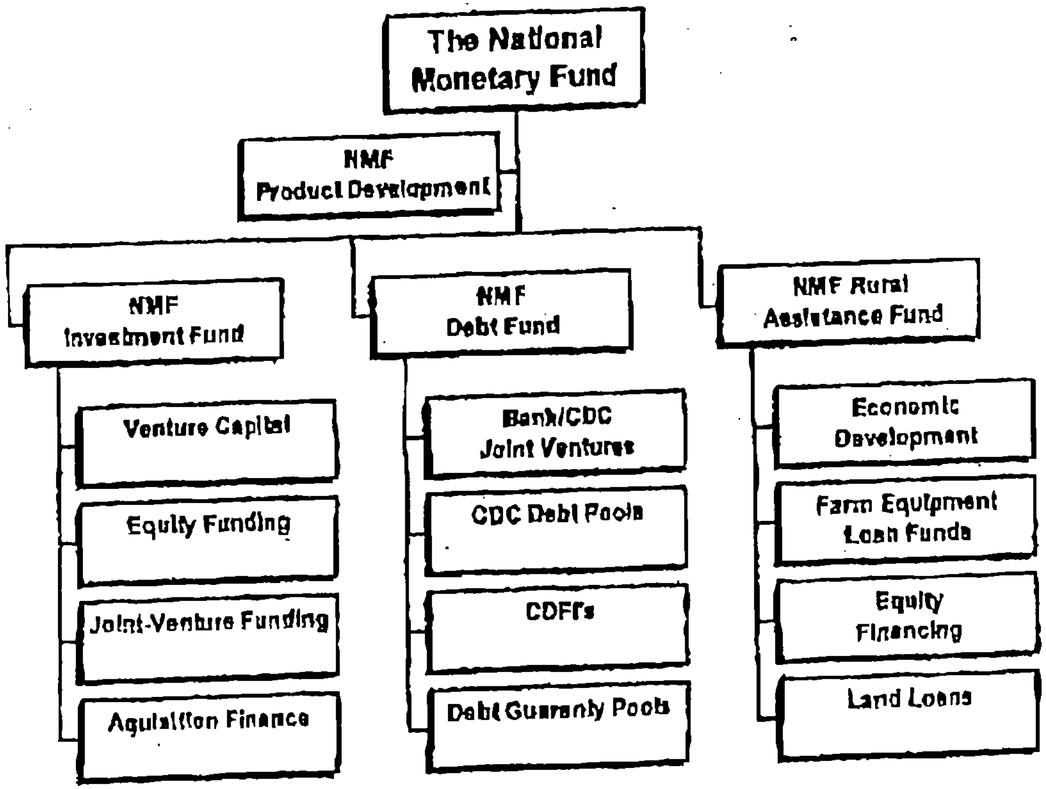
POTENTIAL FUNDING OF THE NMF

LEADING US BANKS	CRA COMMITMENT ($BILLIONS)	BANK ASSETS ($BILLIONS)
BANK OF AMERICA	140	251
BANKERS TRUST	N/A	120
CITICORP	N/A	281
CHASE	18	336
J. P. MORGAN	N/A	222
FIRST CHICAGO	N/A	105
TOTALS		1,315

The National Monetary Fund
Organization Structure



The National Monetary Fund

Organizational and Operating Framework

- National Chairman
- National Headquarters with five Regional Offices
- Product Development Headquarters
- Use of leading intermediaries to include:
    - Urban and Rural Community Development Corporations
    - Community Development Banks
    - Venture Capital Funds
    - Community Development Financial Institutions
- Expand the infrastructure of Community Financing Organizations

THE NATIONAL MONETARY FUND

BENEFITS TO BANK CAPITAL SOURCES

- Participate in an impactful economic force in underserved urban and rural centers of the U.S.
- Support businesses which provide employment and training for targeted areas and specialty areas (i.e.,"Welfare to work")
- Access to economic development arena (fast growing segments of the economy) via appropriately skilled professionals.
- Enhanced CRA ratings
- Existing State of California tax credits and potential Federal income tax credits.
- Economic and social returns
- Expand base of business customers

THE NATIONAL MONETARY FUND

National Advisory Board - preliminary list

- Patrick Prout,
- Joseph Debro, President, Black Contractors Development Fund, Oakland, CA
- Len Canty, Chairman, NuCapital Access Group, Oakland, CA
- Frank Green, General Partner, New Vista Capital, Palo Alto, CA
- Cecil Adams, Financial and Banking Consultant, Oakland, CA
- Jean Wojtowicz, President, Cambridge Management Corp., Indianapolis, IN
- Gail Snowden, Group Executive, Community Banking Group, Bank Boston, Boston, MA
- Alex Mendoza, General Partner, Industrial Growth Venture Capital, San Francisco, CA
- Syd Beane, Western Regional Director, Center for Community Change
- Rural representation
- Michael Porter, Professor, Harvard Business School, Cambridge, MA
- Members of CRA Organization of the participating banks

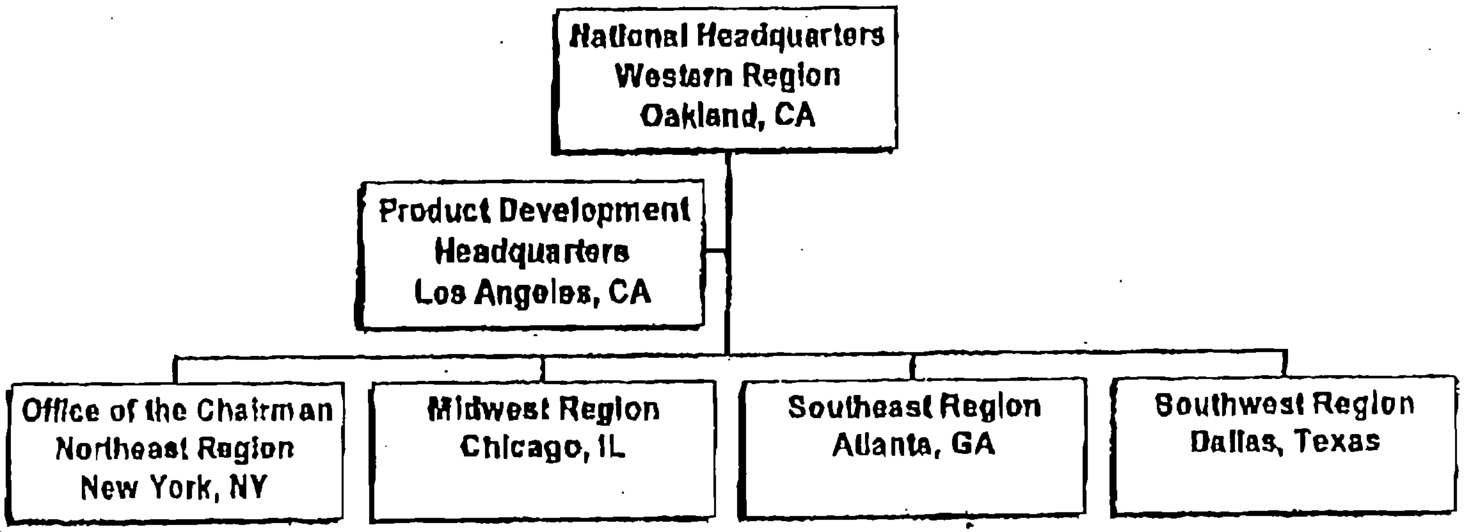
The National Monetary Fund

Geographic Location

- The proximity of regional NMF offices is is a key factor in adding value, assessing the regional market, and close monitoring of loans and investments. A national fund approach also protects the Fund against periodic regional economic downturns.
- New York will serve as the Office of the Chairman and the Northeast Regional Office.
- Oakland will serve as the national headquarters as our potential major sponsor is located in the Bay Area.
- The regional cities selected will support the recruitment of experienced management.

THE NATIONAL MONETARY FUND

Headquarters and Regional Offices



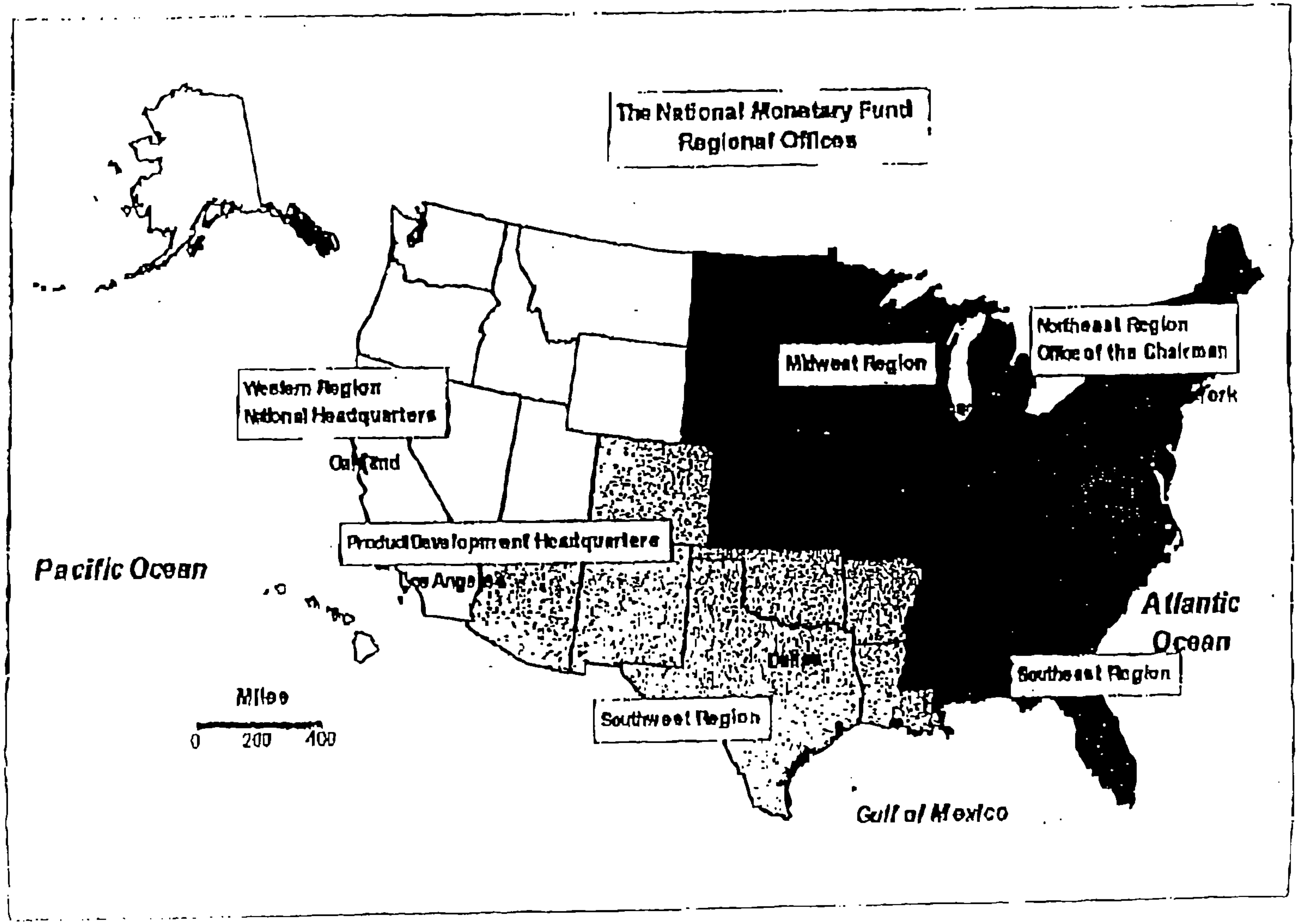
The National Monetary Fund

Next Steps

- Select sponsoring institutions
- Organize small working team
- Confirm Chairman / Advisory Board
- Attract participating entities
- Finalize organizational structure
- Adopt operating policies
- Launch operations
- Refine concept and framework

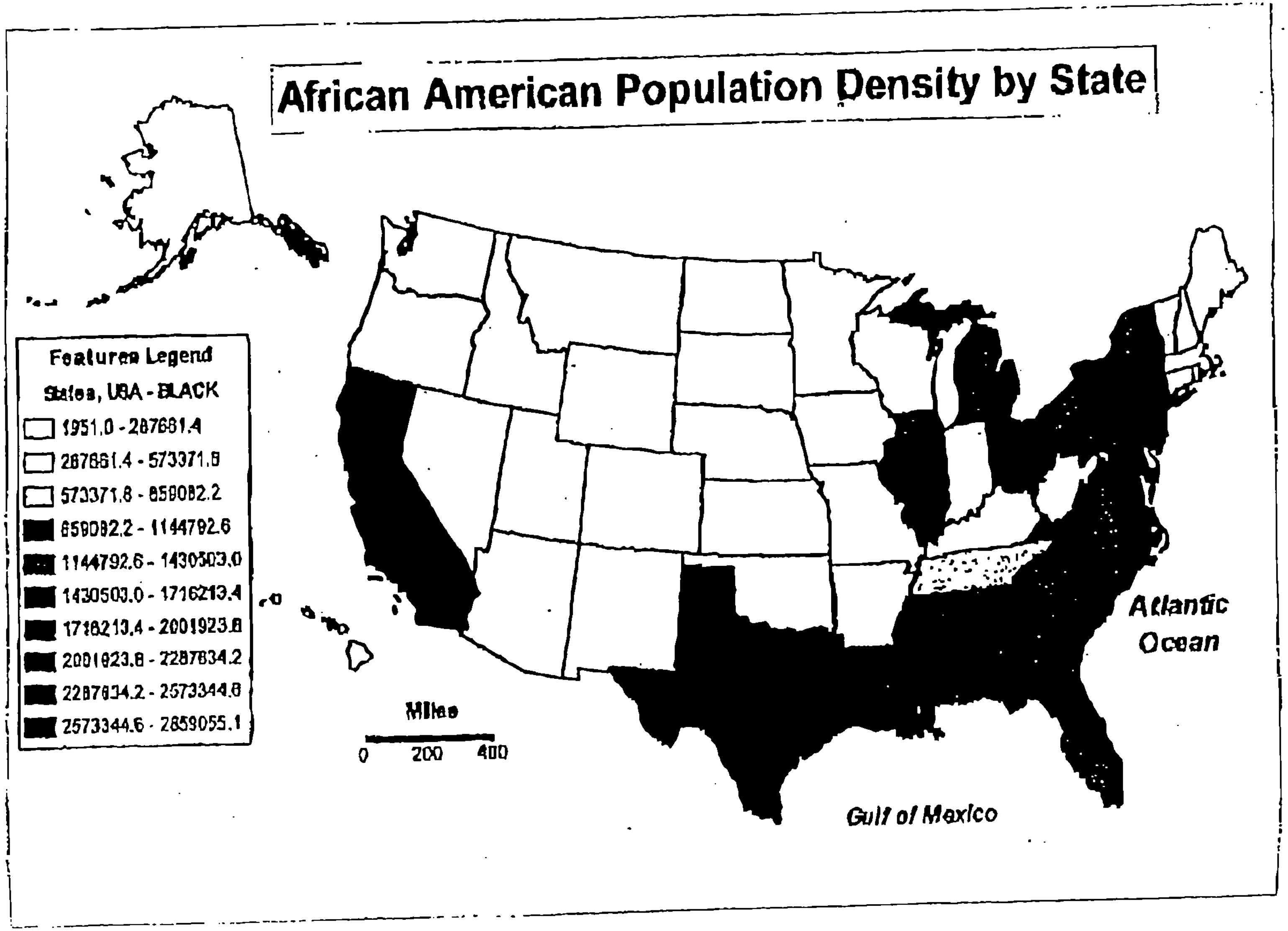
The National Monetary Fund

Regions, Regional Offices, Regional Headquarters, Office of the Chairman, Product Development Office



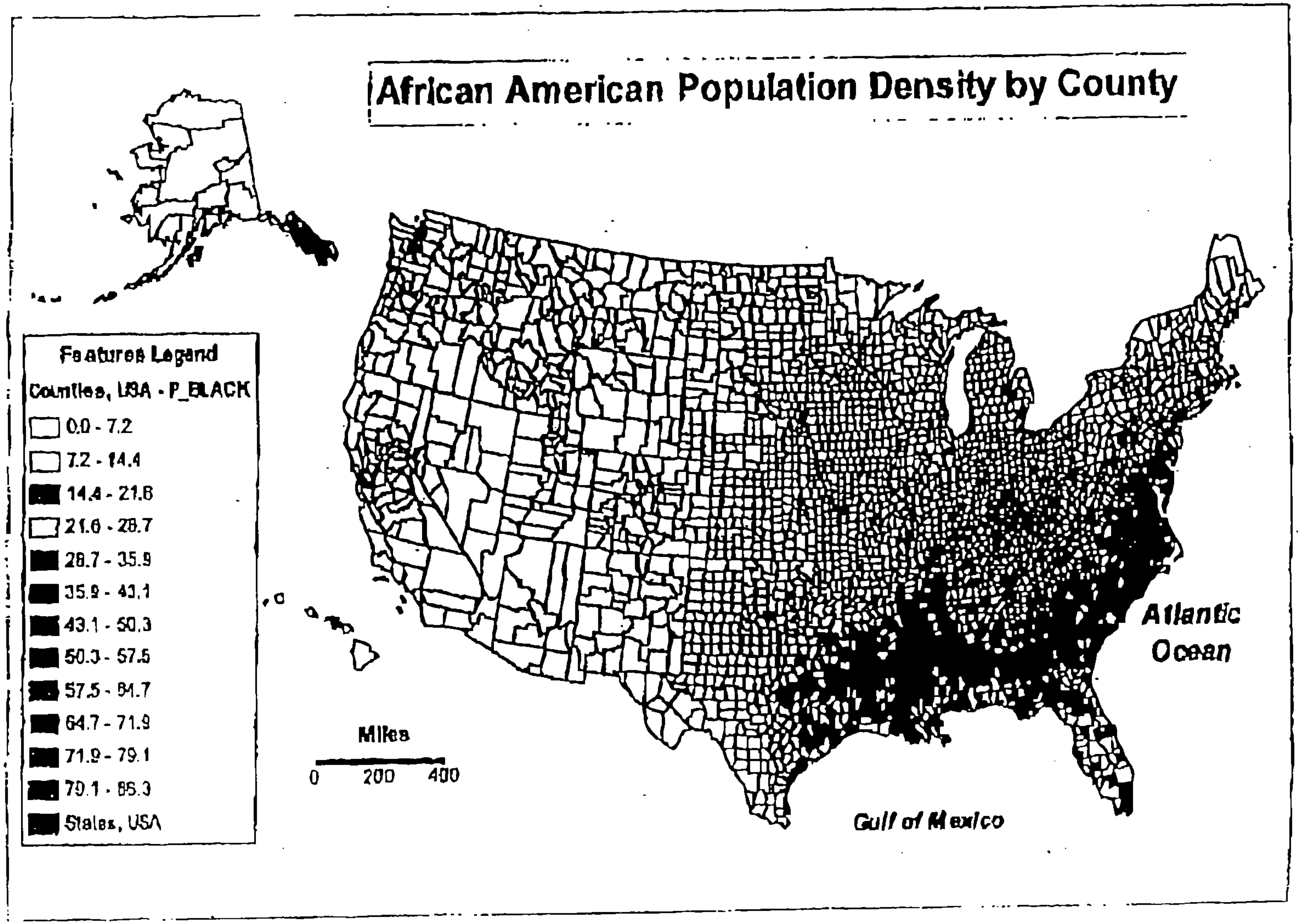
The National Monetary Fund

African American Population Density by State



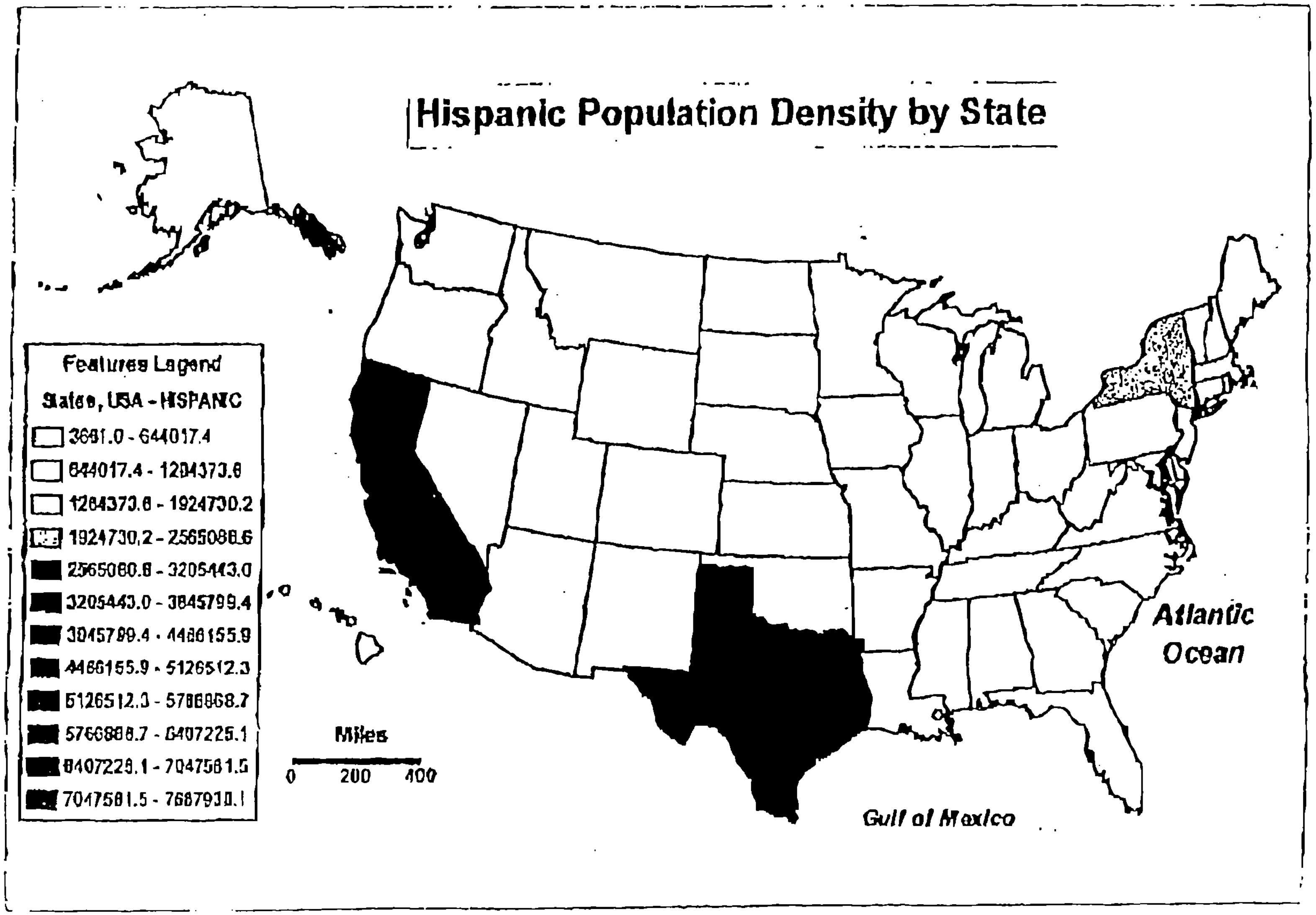
The National Monetary Fund

African American Population Density by County



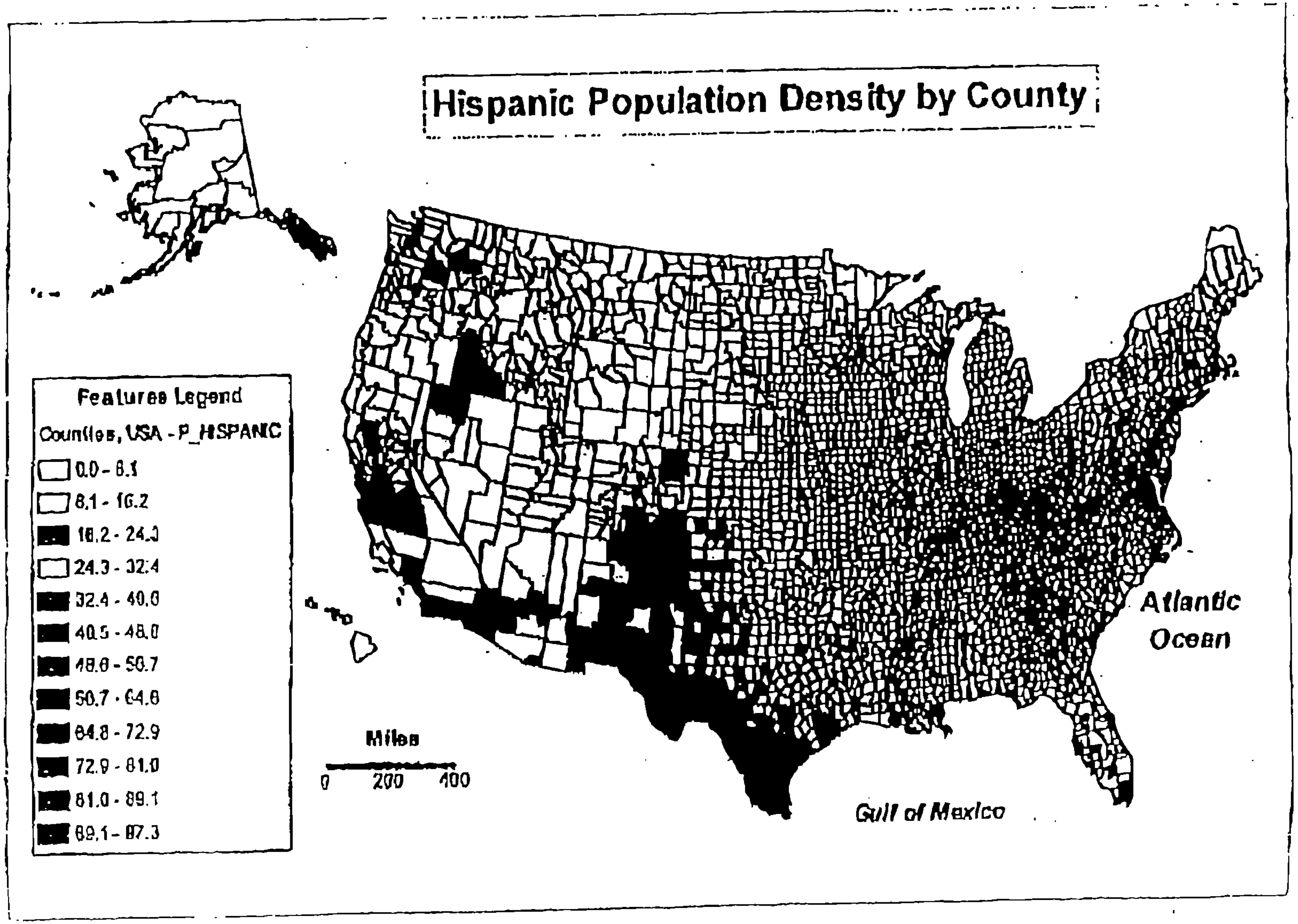
The National Monetary Fund

Hispanic Population Density by State



The National Monetary Fund

Hispanic Population Density by County



Specialized Small Business Investment Companies

The President's budget will expand the tax incentives for Specialized Small Business Investment Companies (SSBICs) to increase the amount of equity capital available to economically disadvantaged people:

- The proposal would make it easier for SSBICs to meet the qualifying income, distribution of income, and diversification of assets tests to qualify as tax-favored regulated investment companies.

new

- The existing 60 day tax-free rollover period of proceeds of a sale of publicly-traded securities into an SSBIC would be extended to 180 days and enhanced to allow an investment in the preferred stock of an SSBIC. The annual caps on SSBIC rollover gain exclusion would be eliminated and the lifetime caps individuals and corporations would be increase to $750,000 and $2,000,000 respectively.

- SSBICs would be allowed to convert from a corporation to a partnership within 180 days of enactment without giving rise to tax at either the corporate or shareholder level.

- The exclusion on gains would be raised from 50 percent to 60 percent on direct or indirect sales of stock of certain qualified SSBICs.

This year's draft Treasury write up.

DRAFT

Expand tax incentives for specialized small business investment companies (SSBICs). Current law provides certain tax incentives for investment in SSBICs. The Administration proposes to enhance the tax incentives for SSBICs. First, the existing provision allowing a tax-free rollover of the proceeds of a sale of publicly-traded securities into an investment in a SSBIC would be modified to extend the rollover period to 180 days, to allow investment in the preferred stock of a SSBIC, to eliminate the annual caps on the SSBIC rollover gain exclusion, and to increase the lifetime caps to $750,000 per individual and $2,000,000 per corporation. Second, the proposal would allow a SSBIC to convert from a corporation to a partnership within 180 days of enactment without giving rise to tax at either the corporate or shareholder level, but the partnership would remain subject to an entity-level tax upon ceasing activity as a SSBIC or at any time that it disposes of assets that it holds at the time of conversion on the amount of "built-in" gains inherent in such assets at the time of conversion. Third, the proposal would make it easier for a SSBIC to meet the qualifying income, distribution of income, and diversification of assets tests to qualify as a tax-favored regulated investment company. Finally, in the case of a direct or indirect sale of SSBIC stock that qualifies for treatment under section 1202, the proposal would raise the exclusion of gain from 50 percent to 60 percent. The tax-free rollover and section 1202 provisions would be effective for sales occurring after the date of enactment. The regulated investment company provisions would be effective for taxable years beginning on or after the date of enactment.

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HOUSE OF REPRESENTATIVES
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WAYS AND MEANS
SUBCOMMITTEES:
TRADE
HUMAN RESOURCES
DEMOCRATIC STEERING AND POLICY COMMITTEE
WHIP AT LARGE

December 22, 1998

Summary of Congressman William J. Jefferson's proposal to assist the growth and recapitalization of SBA-licensed Specialized Small Business Investment Companies (SSBICs).

Conversion to Pass-Through Treatment

Most SSBICs have been organized as regular corporations subject to the corporate income tax. This has been done because of program requirements under the Small Business Investment Company Act. In order for existing SSBICs to attract new capital, they want to be treated as pass-through entities, either as regulated investment companies or as partnerships. Pass-through treatment would eliminate the corporate tax imposed at the entity level. Persons holding interest in the SSBIC would be subject to tax on their share of the entity's income.

The proposed bill would make modifications to the regulated investment company provisions, Subpart M, of the Code in order to permit SSBICs to utilize those provisions. The SSBIC could include income derived from investment as a limited partner in a partnership as qualifying income and assets in satisfying the RIC income requirement. The SSBIC could include all investments permitted under the Small Business Investment Act of 1958 in satisfying the RIC diversification requirement. The SSBIC would only be required to distribute 90 percent of income allowed to be distributed under the Small Business Investment Company Act in satisfying the RIC distribution requirement. The undistributed income would be subject to corporate tax.

The proposed bill would also permit tax free conversions of an SSBIC into a partnership.

Modifications to Rollover Provisions

Under current Tax Code section 1044, gain from the sale of publicly traded securities can be excluded from income to the extent that the proceeds from the sale are reinvested in an interest as a shareholder or partner in an SSBIC. The bill makes several modifications to that rollover provision.

1. The bill extends the period during which the reinvestment can be made from 60 to 180 days.

2. Under current law, there is both an annual cap and lifetime cap on the amount of gain that can be excluded under the rollover provision. The bill eliminates the annual cap and increases the lifetime cap from $500,000 to $750,000 for individuals and from $250,000 to $2,000,000 for corporations.

Modifications to Fifty Percent Exclusion for Gain from Qualified Small Business Stock

Current Tax Code section 1202 provides individuals a 50% exclusion for gain on the sale of the stock acquired at original issue in small business corporations. Stock in an SSBIC which is organized and taxed as a C corporation is eligible for the exclusion. The bill makes several modifications to this exclusion.

1. The bill would provide that corporate investors would be eligible for the exclusion with respect to qualifying gains from an SSBIC.

2. The bill increases from 50 to 60 percent the exclusion for qualifying gains from an SSBIC.

3. The bill liberalizes the flow-through treatment for SSBICs which would make it easier for investors in SSBICs organized as partnerships or regulated investment companies to qualify for the exclusion on qualifying investments held by the SSBIC.

Last year's writeup

SPECIALIZED SMALL BUSINESS INVESTMENT COMPANY TAX INCENTIVES

Current Law

Certain existing tax incentives are intended to encourage investment in specialized small business investment companies ("SSBICs"). SSBICs are partnerships or corporations that are licensed by the Small Business Administration to make long-term loans to, or equity investments in, small businesses owned by persons who are socially or economically disadvantaged.

One such incentive allows any C corporation or individual to elect to roll over without payment of tax any capital gains realized upon the sale of publicly-traded securities where the corporation or individual uses the proceeds from the sale to purchase common stock or a partnership interest in a SSBIC within 60 days of the sale of the securities. The amount of gain that an individual may elect to roll over under this provision for a taxable year is limited to the lesser of (1) $50,000 or (2) $500,000 reduced by the gain previously excluded under this provision. For corporations, these limits are $250,000 and $1,000,000.

Another incentive provides favorable qualification requirements, relative to other small businesses, for purposes of section 1202. Under section 1202, 50 percent of the gain realized by an individual upon the sale of qualifying small business stock is excluded from income. The incentive provides that a SSBIC automatically is deemed to satisfy the active business requirement, which must be satisfied by other small business corporations to qualify their stock for the exclusion.

Reasons for Change

Additional tax incentives would further encourage investment in SSBICs, thereby increasing the amount of equity capital available to small businesses owned by persons who are socially or economically disadvantaged.

Proposal

The proposal expands the tax-free rollover incentive in three ways. First, the 60 day rollover period is extended to 180 days. Second, a taxpayer who uses the proceeds of the sale of publicly-traded securities to purchase preferred stock in the SSBIC is also eligible for the exclusion. Third, the proposal increases the lifetime cap on the SSBIC rollover gain exclusion from $500,000 to $750,000 in the case of an individual, and from $1,000,000 to $2,000,000 in the case of a corporation. The annual caps on gain exclusion of $50,000 per individual and $250,000 per corporation are eliminated.

The proposal also provides that a SSBIC that is organized as a corporation may convert to a partnership within 180 days of enactment, without giving rise to tax at either the corporate or shareholder levels (although the shareholders would be taxed on gain to the extent of boot received in addition to partnership interests). To qualify for this treatment, the corporation must contribute its assets to a partnership (in which it holds an interest of at least 80-percent immediately after the contribution), distribute the partnership interests to its shareholders, and immediately liquidate. The shareholders' basis in the partnership interests generally would carry over from their basis in the SSBIC stock. The partnership would remain subject to an entity level tax at any time that it later disposed of assets that were held at the time of conversion on the amount of "built-in" gains inherent in such assets at the time of conversion.

Finally, in the case of a direct or indirect sale of SSBIC stock that qualifies for treatment under section 1202, the proposal raises the exclusion of gain from 50-percent to 60-percent.

The tax-free rollover and section 1202 provisions are effective for sales occurring after the date of enactment.

Clinton Presidential Records
Digital Records Marker

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

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **E**

Building Entrepreneurial Economies in Appalachia

The Appalachian Regional Commission

The ARC Regional Initiative in Entrepreneurship

The Commission has launched a 3 year, $15 million regional initiative in building entrepreneurial economies in Appalachia. The ARC views entrepreneurship as a critical element in the establishment of self-sustaining communities that create jobs, build local wealth, and contribute broadly to economic and community development. ARC's goal is to promote locally-owned, high value-added, sustainable ventures that increase local wealth inside Appalachia, foster human and social capital and reduce the need for outside government and philanthropic subsidies.

Background: The Changing Economy

Entrepreneurship and small businesses are playing a major role in the restructuring of the U.S. economy and in creating jobs. On the eve of the 21st Century, the barriers to world commerce have declined as information has become more accessible, competition has intensified and markets have become more international. As a result, large firms are downsizing, reorganizing and relocating, often overseas, to remain competitive. In this era of flexible specialization, many small firms are capitalizing on their ability to adapt to meet rapidly changing market demands. But states and communities that do not find ways to capitalize on the strengths of small and medium-sized businesses to diversify their economies risk marginalizing their future development potential. The challenge for states and communities throughout Appalachia, as well as the rural United States, is how to foster the economic and cultural conditions that give birth to entrepreneurs, support innovation, and assist in the development and expansion of successful enterprises.

Appalachia's future economic vitality, in large measure, depends on nurturing home-grown firms, encouraging innovation and risk-taking and enhancing investment in new businesses. Appalachia needs to cultivate resourceful entrepreneurs who not only create value by recognizing and meeting new market opportunities, but who increase the value-added within the region. While the region has several outstanding examples of entrepreneurial communities and organizations, and possesses many entrepreneurial assets, including the self-reliance of its people, it also faces many challenges. These entrepreneurial shortcomings stem from the region's longstanding dependence on extractive industries and branch plant manufacturing, and the presence of many absentee landlords who have siphoned off value from the region. Furthermore, the culture of entrepreneurship is neither broad nor deep throughout the region, and anecdotal evidence and preliminary research findings suggest that there are many gaps in the infrastructure for supporting entrepreneurship, ranging from technical assistance to development finance.

Building an Entrepreneurial Economy in Appalachia: ARC's Strategy

ARC subscribes to the view that entrepreneurial activity can be nurtured through a variety of educational, business assistance and capacity building initiatives. After a year long development process involving region-specific research, local focus groups and consultations with regional and national experts, the ARC adopted a strategy designed to strengthen those key factors that play a central role in stimulating and sustaining entrepreneurship. Together these factors make up the infrastructure that supports entrepreneurial economies and they include:

- **Access to Capital and Financial Assistance** - Finding the initial start-up capital for a new business is often the most daunting hurdle for an entrepreneur to clear, particularly equity capitalization, but other hurdles rapidly confront the new business, including finding adequate working capital and credit for building up inventories. Other financing problems include finding seed capital for new technological innovation, loan packaging assistance and long-term debt financing for newer companies or businesses that are seeking to expand. A wide range of private and public institutions play a role in servicing these financial needs, but the role of development finance institutions is particularly important for rural regions like Appalachia, as these organizations often provide both finance and technical assistance to new and expanding small businesses.

- **Technical and Managerial Assistance** - While capitalizing businesses is important, for a majority of entrepreneurs, the key to launching a business, as well as surviving and thriving past the first year is acquisition of or access to sufficient technical, managerial, and financial expertise. Such business management expertise is essential for enterprise development, from early stage activities, including market feasibility studies, business planning, financial planning and packaging, to on-going marketing, accounting, procurement advice, export assistance and management and legal capability. Such services, as well as other more specialized assistance, are available from a wide range of private and public sector providers, including business consultants, business incubators, colleges and universities, financial institutions, small business development centers and economic development agencies. However, anecdotal evidence suggests that the availability of these services range from fragmented at best to nearly unavailable.

- **Technology Assistance** - Technological innovation by new and existing businesses often lies at the heart of enterprise development and brings with it a host of problems that may confound success unless they can be solved in an efficient and timely manner. The technological assistance required by businesses includes a wide range of services, such as engineering services for product development and manufacturing process design, technology transfer programs to promote commercialization of technologies from universities, public laboratories or large firms, innovation seed grants, research and development financing, patent and licensing assistance and technology-based incubators;

- **Entrepreneurial Education and Training** - Educational and training institutions play a key role in stimulating entrepreneurship through the introduction of entrepreneurial content into the curriculum of primary and secondary school courses. At the secondary education level, non-profit organizations, as well as business and trade groups, can help start and assist in developing such programs through cooperation with schools and by providing alternative educational venues, including mentoring programs. In addition, conducting hands-on activities that expose students to entrepreneurial environments permit them to explore the tasks and challenges of enterprise development. Post-secondary educational institutions also play an important role as both two and four-year colleges and universities can offer more advanced educational and training courses to provide managerial and technical assistance and information to entrepreneurs and those who wish to start businesses.

- **Entrepreneurial Networks** - Formal and informal networks of professional and trade service providers link firms together to improve customer services, share resources, develop markets and solve problems that are usually beyond the scope of an individual firm. Such service provider networks often knit together various business, technical, educational and training and information services to realize synergies in providing a *one-stop shop* for their customers, even though all the providers are not under one roof. Moreover, collaboration among service providers often generates unique information resources for participants and can stimulate new types of innovations in services and new market opportunities. An entrepreneurial network can coordinate the provision of services to customers and supply specific resources that are unique to the network, such as information services. The types and extent of such entrepreneurial services networks in the Appalachian region are largely informal and need to be documented.

- **Entrepreneurial Community Culture** - Communities can foster the emergence of entrepreneurs by encouraging the values of innovation, creativity, and can-do attitudes among the citizenry and within various institutions. Both civic and business leaders must take an active role, if such an entrepreneurial culture is to develop.

A Regional Initiative

The ARC believes that all of the above elements are essential to building vibrant entrepreneurial economies and that it is possible and desirable to stimulate greater levels of entrepreneurship by deepening and expanding this infrastructure in the Appalachian region. Building local business activity based on local talent and resources will take time and the participation of numerous persons, organizations, and institutions. The ARC is committed to an initiative that will build the capacity of existing institutions and organizations, develop or expand the coordination and networking of services and programs that support entrepreneurial activity, and initiate efforts to fill the gaps in or a person's access to the entrepreneurial infrastructure in our Appalachian communities.

Regionwide Entrepreneurship Activities

In addition to funding individual entrepreneurship projects in each of the region's 13 states, ARC is implementing a variety of regionwide activities to address identified gaps in, and build the institutional capacity within, the five key elements of an entrepreneurial economy: access to capital and financial assistance; technical and managerial assistance; technology transfer; entrepreneurial education and training; and entrepreneurial networks. One broad focus of all these activities will be to leverage support from other institutions, including support from federal agencies and the foundation community, to expand the effectiveness of this work and build a broader institutional base of support for economic development activities in the region.

ARC staff are currently developing plans to integrate the Administration's New Markets Initiative into these activities, several of which blend well with the NMI proposals.

Capital Access. Existing research on capital gaps in the region, conducted by Mt. Auburn Associates in 1998 under contract to ARC, reveals significant gaps in the availability of equity capital and working capital financing. ARC is working to eliminate these gaps by promoting the development of a seamless capital system. An informal public-private sector advisory group of development finance experts and regional finance professionals has been created to assist ARC in identifying opportunities to best assist the region. Activities to be undertaken include: promotion of equity-oriented strategies and support for the development of equity funds; information sharing and targeted training among community development financial institutions; review of the structure and outcomes of the ARC Revolving Loan Funds; and development and promotion of programs to close the gaps for working capital financing.

ARC is collaborating with the Small Business Administration in helping with the roll-out of its workshops on SBIC investments in rural America and the Inner City. Federal Co-Chairman Jesse White will be a featured speaker at the Atlanta workshop, and ARC will be aggressively promoting the workshop throughout the region.

Entrepreneurial Education & Training. Appalachia is experiencing a rapid proliferation of entrepreneurial training and education programs, with providers ranging from private non-profits, community colleges, local chambers of commerce, and local development districts (multi-county economic planning and development agencies). ARC staff are helping to identify the current needs of entrepreneurial training and education providers and clients in the region, and the need for development of new curriculum or the consolidation of existing curricula/best practices. ARC will also pursue opportunities for sharing information among practitioners through practitioner training(s), the development of peer networks and an information clearinghouse.

Sector-Based Strategies. By identifying regional strengths and weaknesses, industries which have particular competitive advantages in the target communities can be highlighted and their growth strategically supported. Ensuring private sector participation and leadership (through network development) is a key ingredient to the success of this approach, as is creating partnerships between distressed counties and other counties to focus on overcoming barriers to growth in the targeted sectors. In January ARC sponsored a regionwide forum on the benefits of strategic sectoral approaches to economic development, designed to educate practitioners and foster alliances with private sector service providers. The Commission has just released a Request for Proposals for innovative projects that will strengthen strategically important sectors or clusters in order to support local entrepreneurs.

Incubator Networks. This activity will support new and strengthen existing incubators in the region. Sub-regional networks of incubators will be developed to share experiences, identify best practices, avoid duplication, maximize partnership opportunities and provide technical assistance as needed. An advisory committee of local incubator managers is guiding this work.

Technology Commercialization. Research indicates that the commercialization – and hence economic benefit–of new technologies developed in ARC states typically occurs in more urban communities outside the Appalachian portion of the state. In partnership with universities and private firms in the region, ARC will provide support to efforts targeted at commercializing new technologies within our rural communities. Activities will include support for: regional forums to share learning(s) and best practices among participating institutions; convening of public and private sector partners to build stronger bridges for technology commercialization; and the development of new and innovative rural commercialization strategies.

February 1999

Entrepreneurship Initiative

ARC Approved Projects

1/99

The Appalachian Regional Commission's three-year $15M initiative to help start and expand local businesses seeks to address five key elements of an entrepreneurial economy: access to capital and financial assistance; technical and managerial assistance; technology transfer; entrepreneurial education and training; and entrepreneurial networks. One emphasis for the entrepreneurship initiative is to leverage support from other institutions, including other federal agencies and foundations, to support activities in these five key areas.

Since launching the entrepreneurship initiative last year, ARC has awarded over thirty grants totaling $2 million. Attached is a list of projects funded through ARC's Entrepreneurship Initiative.

For additional information on ARC's Entrepreneurship Initiative, visit our web site at *www.arc.gov* (regional initiatives, entrepreneurship) or contact Ray Daffner, Entrepreneurship Initiative Program Manager, at (202) 884-7777.

ALABAMA

PROJECT: Entrepreneurial Development Training
GRANTEE: Alabama Small Business Development Consortium (ASBDC)

Purpose: To provide in-depth entrepreneurial training to small business owners in Appalachian Alabama.

Funding:

ARC	$43,000
Local	33,760
Total	$76,760

Description: This project will provide two entrepreneurial training programs in five separate locations throughout Appalachian Alabama. These ten-week training programs will prepare approximately 130 small business owners and prospective owners for the challenges of small business ownership. Business counseling also will be provided. In addition, this project will support a pilot seminar on procurement practices for small businesses. The Procurement Advantage seminar will help small firms with strategies in securing federal procurement awards. This project will involve over 130 participants and create approximately 13 new jobs over a two-year period.

PROJECT: Shoals Entrepreneurial Training Program
GRANTEE: Shoals Entrepreneurial Center

Purpose: To implement a multi-faceted entrepreneurial development effort, including creating a training curriculum and providing workshops for youth.

Funding:

ARC	$48,000
Local	12,000
Total	$60,000

Description: The Shoals Entrepreneurial Center (SEC) will undertake three major activities aimed at fostering entrepreneurship in northwest Alabama. The first of these activities, which is focused on the education of potential entrepreneurs, will create a training curriculum and workbook, introducing future entrepreneurs to the basics of business practices. The SEC will pursue a second entrepreneurial activity, which focuses on young people and will include several workshops and an entrepreneurship conference. This is a targeted effort to create awareness among Appalachian youth of entrepreneurship as a viable alternative to working for someone else. Finally, a "Small Business Start-up Packet" will be developed and distributed to potential entrepreneurs. About 160 youth are expected to attend the workshops and "start-up" packets will be distributed to approximately 350 people.

GEORGIA

PROJECT: Entrepreneurial Education Program
GRANTEE: North Georgia Technical Institute

Purpose: To develop a new entrepreneurial training program.

Funding:

ARC:	$110,000
Local:	36,700
Total:	$146,700

Description: With this grant North Georgia Technical Institute (NGTI) proposes to establish an entrepreneurial education program consisting initially of three curriculum modules. These modules will cover topics such as business planning, financing, tax law, and other business regulations. In addition the curriculum will introduce the trainees to other resources available to entrepreneurs in the region. The NGTI program will entail researching available educational programs, developing the three curriculum modules, and exploring and developing alternative delivery methods. This program will target several audiences: high school students; vocational career students; and the general public. Course modules will be tested at NGTI, the Walker Technical Institute, and Union County High School. Working with local chambers of commerce, NGTI will also provide one or more of the course modules via the Internet to potential adult entrepreneurs. In order to successfully test the modules, NGTI estimates that 10-12 students at each site will take the courses. This ten-week training effort will assist 48 small business participants.

MARYLAND

PROJECT: Frostburg Entrepreneurial Internship Program
GRANTEE: Frostburg State University

Purpose: The Frostburg University Business Administration Department will start a program placing Frostburg University Business students in small entrepreneurial companies located in Appalachian Maryland.

Funding:

ARC	$50,000
Local	87,183
Total	$137,183

Description: The Frostburg Entrepreneurial Internship Project will place 20-25 students in entrepreneurial companies in Appalachian Maryland. These students will receive 13 weeks of hands-on experience in companies that earn $25 million or less in annual sales and have 200 employees or less. Through this project, students will have a greater opportunity to connect classroom learning with on-the-job experience in the many new and emerging entrepreneurial companies of western Maryland. The economy of Western Maryland will be enhanced by this project through an increased pool of students trained in entrepreneurial business and leadership.

PROJECT: Garrett County Micro Business Partnership
GRANTEE: Garrett County Community Action Agency (CAA)

Purpose: To develop a micro loan program, with corresponding training and support in business management.

Funding:

ARC:	$50,000
Federal:	109,000
State:	82,000
Local:	42,500
Total:	$283,500

Description: The Garrett County Community Action Agency will create a micro loan fund, providing financial, training and technical assistance to individuals interested in starting a new business. Training will be provided in partnership with the Garrett Community College and the University of Maryland's Cooperative Extension Service. Networking and peer counseling will be available through the Garrett County Chamber of Commerce. Approximately 30 people will participate in Garrett County's Micro Business Partnership, creating 30 new jobs and 5 new businesses.

PROJECT: Western Region SBDC Revolving Micro Loan Fund
GRANTEE: Western Region Small Business Development Center

Purpose: To develop a micro loan program and provide associated technical assistance and after care support.

Funding:

ARC:	$107,000
Local:	26,789
Total:	$133,789

Description: This project will create a microenterprise revolving loan fund, providing technical assistance and follow up support for emerging or expanding small businesses. Loans to individual businesses will not exceed $10,000. Approximately 9 entrepreneurs are expected to make use of this program, creating 6 new jobs.

MISSISSIPPI

PROJECT: Lee County Youth Entrepreneur Program
GRANTEE: City of Tupelo

Purpose: To develop a youth entrepreneur program that will educate and inspire at-risk youth to value free-enterprise, undertake business ventures, and develop workforce skills.

Funding:

ARC	$70,577
Local	$17,615
Total	$88,192

Description: Four organizations -- the city of Tupelo, the Boys and Girls Club of Tupelo/Lee County, the Big Brothers/Big Sisters of Lee County and Junior Achievement -- will form a partnership to provide entrepreneurial education and training to approximately 100 at-risk youth. The program will follow the Junior Achievement model for entrepreneurial education. Operating after-school, a variety of field trips and guest speakers will be available to youth, giving them an opportunity to meet with and learn from actual entrepreneurs in the Lee County area. In addition the Big Brothers/Big Sisters of Lee County will recruit mentors for each of the 20 participants. Members of the business community will spend a minimum of four hours per week over a one year period with each participant. The age of the participants will range from 10 years up to 18 years old. This project is expected to create 3 new jobs.

PROJECT: Entrepreneurial Education Training Center
GRANTEE: Mississippi State University Extension Service

Purpose: To deliver ongoing entrepreneurial training that integrates technology-based business skills and tools for home-based and micro businesses, small farms, and young people in Appalachian Mississippi.

Funding:

ARC	$100,000
Local	$ 25,000
Total	$125,000

Description: The Mississippi State Extension Service plans to open an Entrepreneurial Education Training Center at its northeast District. The Center will serve as a technology-based incubator designed to deliver on-going entrepreneurial training to client groups. Home-based businesses, small farmers and young people will learn how to use technology in order to improve management efficiency to be more competitive. Approximately 40 home and micro-based businesses will be trained in marketing and record keeping within the first year. Another 40 youth will receive entrepreneurial training. Approximately forty small farmers will be trained in business management.

NEW YORK

PROJECT: Ithaca Business Innovation Center
GRANTEE: Tompkins County Area Development

Purpose: To establish a new program that provides targeted managerial services to entrepreneurs and their new ventures.

Funding:

ARC:	$43,140
Local:	80,115
Total:	$123,255

Description: This project will provide business planning and other assistance services to new businesses and entrepreneurial start-ups, most of which are spin-offs from Cornell University's research activities. In addition to providing services directly, Ithaca Business Innovation Center (IBIC) will broker services from a number of attorneys, accountants, and other consultants. IBIC will create a network of providers and has already garnered commitments worth approximately $19,500 in pro bono services. An estimated 60 businesses will be served by the Ithaca Business Innovation Center, creating 286 jobs.

PROJECT: Ceramic Corridor Cluster Project
GRANTEE: Southern Tier West Regional Planning & Development Board

Purpose: To support the development of a strategic industrial sector in Southwestern New York State, the ceramics industry.

Funding:

ARC:	$60,000
Local:	$15,000
Total:	$75,000

Description: This project will support the development of a strategic industrial sector—the ceramics industry—in Appalachian New York. Most small and medium-sized firms in Appalachian New York are unconnected to the existing support infrastructure for the ceramics industry. The project will undertake a variety of activities to strengthen entrepreneurial ceramic firms in the region. These activities include: the creation of a venture development corporation, which will support business start-ups and technology commercialization; the development of a student internship program at the Alfred University College of Business; the organization of the industry in the region to better identify opportunities for growth; and the development of regional ceramics industry conference. Approximately 7 firms will participate in these activities, creating 15 jobs.

PROJECT: Initiative to Promote Entrepreneurism
GRANTEE: Southern Tier East Regional Planning & Development Board

Purpose: To provide direct technical assistance to small and emerging businesses, develop permanent training resources, and facilitate access to financing.

Funding:

ARC:	$80,000
Local:	20,000
Total:	$100,000

Description: This multifaceted project will use ARC funds to accomplish the following: identify local impediments to entrepreneurial growth; improve coordination over the dozen or so local public loan funds; identify potential value-added farm products for small farmers and entrepreneurs; and establish an entrepreneurial resource center. A technical assistance fund will be created to support the growth of entrepreneurial firms. Over 10 participants, 2 new jobs and 2 businesses will be created.

PROJECT: **Worker Ownership Resource Center Entrepreneurial Partnership**
GRANTEE: **Worker Ownership Resource Center**

Purpose: To provide training and technical assistance to entrepreneurs in Chemung, Steuben and Schuyler Counties.

Funding:

ARC:	$60,000
Local:	21,898
Total:	$81,898

Description: The Worker Ownership Resource Center (WORC), the Hornell Chamber of Commerce, and the Corning SBDC will develop a program of intensive technical assistance and follow-up counseling for new and existing microbusinesses. The specific elements included in this training entail second stage training for expanding businesses in two locations (Chemung and Schuyler Counties), a general business-training program for new businesses in two locations (Schuyler and Steuben Counties), and technical assistance for preparing loan packages in Schuyler, Steuben, and Chemung counties. In addition this project will help entrepreneurs access needed capital and develop regional peer support groups. Approximately 40 to 50 business expansions will occur as a result of this project. The Worker Ownership Resource Center also projects the creation of 40 new businesses.

OHIO

PROJECT: **Byesville Area Entrepreneurial Development Partnership**
GRANTEE: **Byesville Area Community Development Corporation**

Purpose: To enhance opportunities for entrepreneurial development through mentorships, scholarships, and school projects.

Funding:

ARC:	$48,940
Local:	12,235
Total:	$61,175

Description: A series of 12 workshops for small business entrepreneurs, financial support to new growing firms and the disbursement of student scholarships for youth with promising business proposals are part of The Byesville Area Community Development Corporation's effort to foster entrepreneurship in its service area. The grantee also will conduct a business services exposition and develop a mentorship program for youth. Project activities will be coordinated by the newly formed Byesville Area Entrepreneur Development Council, which is composed of representatives from the student population, government, and local businesses. Approximately 100 individuals will participate, creating 12 new jobs and 12 businesses.

PROJECT: **Entrepreneurial Technical and Managerial Assistance**
GRANTEE: **Jackson County Economic Development Board**

Purpose: To provide direct technical assistance to small and emerging businesses and facilitate access to financing.

Funding:	ARC:	$30,000
	Local:	8,550
	Total:	$38,550

Description: Grant funds will be used by the Jackson County Economic Development Board to provide technical assistance to the County's entrepreneurs. Personnel from the Jackson County Economic Development Board, working with local business volunteers, will provide the technical assistance. Support for business plans and financials will be provided to entrepreneurs, helping to facilitate their access to $50,000 in RLF capital. Over 60 participants will receive assistance, establishing 15 new businesses and creating 15 new jobs.

PROJECT: Adams County Entrepreneurial Education Program
GRANTEE: Adams County/Ohio Valley School District

Purpose: To promote pro-active economic growth through youth entrepreneurship.

Funding:	ARC	$4,742
	Local	$2,920
	Total	**$7,662**

Description: ARC funds will be used to establish an entrepreneurship curriculum for students in both fifth and sixth grades at Peebles Elementary School, a venture capital school. This project will teach students innovative ways to be fruitful entrepreneurs in an area that has been historically plagued by a high unemployment rate. At least 208 students will participate in this program.

PENNSYLVANIA

PROJECT: Team Pennsylvania Entrepreneurial Network Initiative
GRANTEE: Department of Community and Economic Development

Purpose: To provide targeted managerial and technical assistance to entrepreneurs and support collaborative efforts to coordinate and improve the provision of assistance to entrepreneurs.

Funding:	ARC:	$550,600
	State:	92,275
	Local:	45,375
	Total:	$688,250

Description: ARC grant funds will be used to develop work plans to strengthen entrepreneurial technical and financial assistance for seven regional networks as a means to stimulate new business formation, identify new types of value-added services, and target market opportunities for new ventures. Training programs are also a part of the grantee efforts to foster an entrepreneurial culture in Appalachian Pennsylvania, including a "train-the-trainers" program that focuses on the financial and technical resources available to small business and a program on the basics of business finance for incubator tenants. This project will work with some 960 participants, while serving 360 businesses.

PROJECT: Community Development Financial Institution Formation
GRANTEE: Economic Planning and Development Council of Pennsylvania

Purpose: To create a Community Development Financial Institution to provide capital to firms unable to secure traditional financing.

Funding:

ARC:	$257,000
Local:	64,250
Total:	$321,250

Description: This project will create a Community Development Financial Institution (CDFI), providing financial capital to Appalachian firms unable to secure traditional financing. ARC's investment will offset the costs of formation of the CDFI, as well as provide at least $84,000 in seed capital to the fund. This fund will be capitalized at $2M, primarily from private sources. Pennsylvania's Community Development Bank also will provide funds for capitalization. The grantee anticipates the formation of 3 new businesses as a result of this grant.

PROJECT: Pennsylvania Business Plan Competition
GRANTEE: Pennsylvania Partnership for Economic Education

Purpose: To develop an entrepreneurial training program and business plan writing competition for high school students in Appalachian Pennsylvania.

Funding:

ARC:	$59,088
Local:	22,647
Total:	$81,735

Description: This project will involve 140 teachers and 3,500 high school students from Appalachian Pennsylvania in a statewide business plan competition. Participating teachers will be provided with curriculum training. Cash awards will be provided to regional and statewide student winners. The goal of the program is to change student's attitudes towards starting businesses and to develop entrepreneurial skills in the region's youth.

SOUTH CAROLINA

PROJECT: Outreach to Rural Entrepreneurs– Revolving Loan Fund Support
GRANTEE: South Carolina Appalachian Council of Government

Purpose: To provide outreach to entrepreneurs in transitional counties to facilitate access to Appalachian Council of Governments RLF and other financing programs.

Funding:

ARC:	$75,000
Local:	18,750
Total:	$93,750

Description: The grantee will use ARC funds to provide direct technical assistance and outreach to entrepreneurs in targeted counties throughout Appalachian South Carolina. Clients will have priority access to $425,000 in Revolving Load Fund (RLF) support—funds that will be leveraged by additional bank loans. Partners from the local Small Business Development Centers, community colleges, chambers of commerce, and county development offices will be involved in outreach activities. A minimum of 15 entrepreneurs will be provided technical support through this program, and it is anticipated that at least 10 loans will be made from the RLF to entrepreneurs in the targeted communities. Approximately 15 jobs will be created through this targeted assistance.

TENNESSEE

PROJECT: Tennessee's Regional Entrepreneurship Initiative
GRANTEE: Technology 2020

Purpose: To increase the number of locally owned businesses in Tennessee's ARC service area.

Funding:

ARC	$310,000
Local	55,000
Applicant	30,000
Total	$395,000

Description: The grantee will use ARC funds develop programs to improve access to capital and financial networks and provide business and managerial assistance to entrepreneurs in Appalachian Tennessee. A technology transfer pilot project, in collaboration with Oak Ridge National Laboratory (ORNL), will identify ORNL technologies with significant commercial potential. A selected group of entrepreneurs with proven track records will then receive special assistance to create new businesses. Technology 2020 will contract with three sub-regional organizations to supplement their geographic coverage of Appalachian Tennessee. This program will attract some 150 participants resulting in 40 new jobs and 20 business start-ups.

PROJECT: Tennessee Entrepreneurship Training and Education
GRANTEE: Tennessee Department of Economic and Community Development

Purpose: To expand a pilot program that provides entrepreneurial education at the high school level in Knox County, with the goal of duplicating the program in the entire Tennessee ARC service area.

Funding:

ARC	$ 39,967
Other	9,924
Total	$ 49,621

Description: ARC funds will be used to incorporate an entrepreneurship training pilot program into the curriculum of the high schools of Appalachian Tennessee. Six teachers in Knox, Sevier, and Blount counties have been identified to teach the entrepreneurship curriculum in the first year of the project, receiving training during the summer of 1998 and will begin teaching in the fall semester. As part of this project, an entrepreneurship summer camp will be available for students who participate in the high school curriculum. Modeled after the Tennessee Governor's Schools of Excellence program, the entrepreneurship camp will begin in June of 1999.

PROJECT: Entrepreneurial Training Program for former Levi Strauss Employees
GRANTEE: Knoxville Community Development Corporation, Economic Ventures

Purpose: To assist displaced Levi Strauss employees make a successful transition to new work opportunities following the closing of the Levi Strauss Plant in Knoxville, Tennessee.

Funding:

ARC	$100,000
Other	90,400
Total	$ 190,400

Description: The Entrepreneurial Training Program will provide former Levi Strauss employees with the tools, training and support necessary to start new micro-businesses. The Training Program will serve two distinct groups of former Levi Strauss employees. The first group of employees are those who already possess a rudimentary knowledge of business practices and therefore are primarily in need of advanced entrepreneurial support and training. The second group are former employees who are in need of more intensive assistance and personal mentoring in order to integrate into the economic mainstream **prior** to starting a micro-enterprise. The program will serve 750 former Levi Strauss employees. Levi Strauss was Knox County's largest manufacturing employer contributing over $40 million annually to the Knoxville economy. 2,300 employees earning an average hourly wage of $8.64 have been laid-off from the Knoxville Plant. Extensive employee profiling by the Council for Adult and Experimental Learning has identified 630 former Levi Strauss employees who have expressed a strong interest in starting their own businesses

VIRGINIA

PROJECT: Clinch Powell Sustainable Development Initiative
GRANTEE: Value Added Agriculture Program

Purpose: To support the development of value added agricultural businesses in Southwest Virginia and Northeast Tennessee.

Funding:

ARC $	36,000
Federal	20,500
Local	15,375
Total $	71,875

Description: The Clinch Powell Sustainable Development Initiative (CPSDI), in partnership with community based organizations and Virginia Cooperative Extension, will identify and develop markets for high value agricultural products produced in the region. Tobacco farmers and cattlemen face shrinking profit margins, increased pressure from large conglomerates, and, in the case of tobacco, a declining market. Small farmers face a myriad of pressures as our food system becomes increasingly global. In order to create viable alternatives for tobacco, beef, and traditional agricultural crops, small farmers must have not only profitable crops, but also strong market linkages and a physical and institutional infrastructure to support growing alternative crops and value added processing. Funds will be used to: 1) gather additional market information about high-value opportunities for Appalachian products, 2) develop links to commercial and institutional buyers interested in sustainably raised products, 3) identify value added processing needs and purchase needed equipment, and 4) educate and train entrepreneurs in equipment and regulatory issues related to value added food production. This project will result in actual sales of product by entrepreneurs.

WEST VIRGINIA

PROJECT: West Virginia Micro Loan & Rural Outreach
GRANTEE: West Virginia Small Business Development Center

Purpose: To create a program to improve the quality of services offered to rural entrepreneurs and to facilitate more effective micro loan program operation.

Funding:

ARC:	$68,680
State:	17,170
Total:	$85,850

Description: ARC support will be used to provide for the services of a micro loan program liaison officer who will offer technical assistance to micro loan programs throughout the state. West Virginia currently provides funding to a network of micro capital providers. To date, 11 organizations have been capitalized with $400,000 of state funds. The program will provide training grants of up to $5,000 to support the efforts of micro loan programs to improve in the areas of technology, technical skills, compliance, or customer service. In addition to assistance provided by a micro loan program liaison, funds will also be used to create a mini-grant program of up to $2,000 for micro loan programs. These mini-grants will be used for marketing, advertising, additional training, or other activities that would enhance the overall performance of local programs. At least two training seminars will be provided each year for the micro loan programs, and all programs will be visited at least once and provided on-site technical assistance on an annual basis. The Micro Loan & Rural Outreach program is anticipated to create 1 new job.

PROJECT: Morgan County Business Incubator Development Plan
GRANTEE: Morgan County Commission

Purpose: To enhance of entrepreneurial activity within Morgan County, its communities, and surrounding areas.

Funding:

ARC:	$24,000
Local:	6,000
Total:	$ 30,000

Description: ARC funds will be used by the Morgan County Commission to produce a business plan, which will lead to the creation of an incubator facility and entrepreneurial service program. During the past two and a half years Morgan County has lost more that 225 jobs from three industrial employers. Two of the industries completely closed operations, while another has experienced significant lay-offs. Requests for facilities to accommodate new business start-ups have been steadily increasing over the past couple of years. The absence of a plan (and supportive investment strategies) to develop such facilities has rendered the Economic Development Authority relatively helpless to serve such requests in both now and in the future.

PROJECT: Small Business Innovation Research (SBIR) Phase Zero
GRANTEE: West Virginia High Technology Consortium Foundation

Purpose: To fund a program that will enhance the number of SBIR proposals being submitted from West Virginia firms.

Funding:

ARC	$ 96,518
Other	24,130
Total	$120,648

Description: The SBIR Phase Zero Program will provide funds for eligible West Virginia small business to develop proposals in response to actual SBIR Phase 1 federal solicitations. Four basic components will make up the Phase Zero program, including: 1) marketing, 2) solicitation of RFPs, 3) technical review and evaluation of the proposals, and 4) award of Phase Zero funds to qualifying small businesses. The SBIR program is a highly competitive program offered by ten federal agencies that encourages small businesses to develop and commercialize new technologies. This project will help small firms in West Virginia compete for SBIR business. West Virginia has a low ranking on states whose small firms receive SBIR rewards. It is anticipated that 20 firms will benefit from this program to promote the commercialization of technology.

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PRESIDENT WILLIAM J. CLINTON
REMARKS AT WALL STREET PROJECT
NEW YORK, NEW YORK
JANUARY 15, 1999

Good Morning. Every time I have to make a speech after Jesse Jackson, I remember the story of the man who died in terrible flood. One day in heaven, St. Peter asks the man if he'd like to share his life experiences with some of the newest arrivals. The man says "Sure, I'll tell the story of how I worked to save lives in a terrible flood." St. Peter says, "fine, you'll go on after Noah."

For more than 30 years, Rev. Jackson, you've been one of America's strongest and most soul-stirring voices for justice, freedom, and equality. By shining a spotlight on Appalachia in recent months, you've helped us understand that the struggle to expand economic opportunity is not the struggle of one race or another, but a struggle for all Americans. I am proud to be part of your visionary effort to build America's economy by building a bridge between Wall Street and our greatest untapped markets -- families living in the underserved corners of urban and rural America.

We are living in an American economic renaissance. We have the first balanced budget in a generation. We are entering a second year in the era of surpluses. We have 17.7 million new jobs... the lowest peacetime unemployment rate since 1957...highest homeownership ever.

We have the longest peacetime economic expansion in history. And because our economy has been growing for 93 months, companies are reaching out to hire new workers and train existing ones. Wages are rising at twice the rate of inflation. We have the lowest African American and Hispanic unemployment rate ever recorded. We are mending our social fabric. Crime has fallen six years in a row. The welfare rolls are at their lowest in 29 years. Our people are breaking free of the vicious cycle of dependency and entering a virtuous cycle of independence and work.

These are good times for America. America is working again. But what will we do in this moment of prosperity? Today, we have a rare opportunity to use America's awesome economic strength to bear on our greatest long-term challenges. If we don't act now, if we allow our prosperity to lull us into complacency, then this opportunity will slip from our fingers. I've come here to challenge you, the leaders of Wall Street who are helping to fuel America's unprecedented economic growth, to take the lead in bringing our economic renaissance to every neighborhood and every home in America. I want to talk about what government can do to foster the conditions for your success.

We can begin by remaining true to the three-part economic strategy that helped create these good times: First, fiscal discipline -- to keep us in the black, to keep interest rates low, to keep our confidence soaring. Second, investment in our people -- to reward work, to boost education and improve health care. Third, expanded trade and leadership during the financial crisis -- to make the global economy work for us, not against us.

For the past six years, we have strived to build a 21st century America that provides opportunity for all, demands responsibility from all, and fosters a community of all Americans.
And we've brought a new vision of government to revitalizing our communities. Once the federal government thought that throwing money into one-size fits all programs was the best remedy for their cities' troubles. Then, we thought that ignoring our decaying neighborhoods would somehow make them go away. Today, we have found a third way. Our new vision has been of government as partner -- with the private sector, community groups and individual citizens. It has been a vision of government as catalyst, to bring the spark of private enterprise to our hardest pressed neighborhoods. Whether it's sending 100,000 police officers to work with communities to fight crime, or offering tax cuts to clean up brownfields and lure jobs to cities, our goal has been to empower our people with the tools to make the most of their own lives.

In the past five years, we've worked to bring even more credit to underserved communities by strengthening and streamlining the Community Reinvestment Act. Though it' s been on the books for more than 20 years, 95 percent of the financial commitments made under this law -- more than $1 trillion -- were made in the past five years alone. This law has helped families buy new homes, helped small businesses create new jobs. At the same time, our commercial banks are more profitable than they were ten years ago. It has been good for America and I will fight any attempt to weaken it.

Our cities are indeed coming back. Last week, I was in Detroit, where unemployment has been cut in half. The factories were working, producing safer, more fuel efficient and dynamic cars than ever.

But we all know we have much more to do. This is a time of unprecedented growth for American business -- but the overwhelming majority of new capital is bypassing our underserved areas for our suburbs and overseas. Today, in corporate board rooms all across America, business plans are being developed for new investments in emerging markets in

Eastern Europe and Asia. Venture capitalists are reading the balance sheets for promising companies in Silicon Valley and suburban Washington.

But some of the greatest untapped markets are not just in our suburbs or on other side of the world, but right here in our central cities: 140 blocks up the street in Harlem. In communities where mothers and fathers must commute for miles to the suburbs to find work, where children must walk for blocks and blocks, past abandoned storefronts, just to buy a book for school or a pint of milk from the grocery store. Recently, a Harvard Business School professor found that families living in our most distressed communities control more than $85 billion a year in purchasing power -- that's more than the entire retail market of Mexico. And yet, more than 25 percent of that demand is going unmet. In Harlem, the number is more like 60 percent.

Businesses that have recognized this potential have been greatly rewarded. Two of Pathmark's most productive grocery stores are in Bedford-Stuyvesant and in Newark's Central Ward. These two stores do double the business of a typical grocery store. Of the Rite Aid's 148 stores in New York City, the Harlem branch ranks second in the number of prescriptions filled. This summer, in a meeting with the Vice President, both companies announced plans to expand their investments in these areas.

But these pioneering companies are tapping just a small portion of a vast reservoir of economic potential. That is why today, inspired by Reverend Jackson, Sandy Weill, and the Wall Street Project and after consulting with development experts, I am very proud to unveil a new strategy to leverage billions of dollars in new investment for America's underserved areas. It is a plan to help and encourage all Americans -- from small entrepreneurs to major companies raise the capital they need to build businesses in our cities and rural counties.

First, in my balanced budget, we will support a New Market Venture Capital Program to bring capital and technical assistance to small businesses in underserved areas. There are thousands of inner- city and rural entrepreneurs who only need a little capital and expert guidance to expand their businesses and create new jobs. With these new funds, we can give it to them.

Second, we must expand our investment in community banks that provide inner city and rural residents small amounts of credit to transform good business ideas -- child care centers, bake shops -- into reality. When I was governor of Arkansas, I heard of a bank in Bangladesh that offered loans of as small as $10 to poor women. With these loans, the women had been able to start small businesses and lift their families out of poverty. Hillary and I decided we could do the same in Arkansas. We started the Good Faith Fund that helped citizens across our state improve their lives through entrepreneurship. And I am proud that we could bring this idea to more communities across our country. Americans are the most creative and business savvy on Earth. Inner city and rural Americans are no exception.

Next, our Small Business Administration has helped transform companies such as AOL from small start-ups into household names. Last summer, the Vice President challenged the SBA to do the same for businesses in our underserved areas. So in response, the SBA will strengthen outreach efforts and offer new financing terms -- such has delayed payment of interest on loans and waived regulatory requirements -- to promote investments in targeted communities. We will also expand tax incentives for the SBA licensed Specialized Small Business Investment Companies that channel capital to small businesses owned by economically disadvantaged citizens. I thank Congressman Jefferson for his leadership on this issue.

Fourth, in my next balanced budget, I will ask Congress to support the creation of new American Private Investment Companies to encourage even bigger businesses to enter these markets. For years, America has supported OPIC, the overseas private investment corporation to promote growth abroad. Now we must support private investment at home. APIC, to be administered jointly by HUD and SBA, will offer loan guarantees to investors who help businesses expand or relocate in inner cities and rural areas. This is how it will work: If one group of private investors puts up at least $100 million, then the government will guarantee another $200 million in loans. Now, if five groups of investors do the same thing, that's $1.5 billion in equity for investment.

Finally, our ultimate goal is to encourage as many companies and individuals as we can to put together more funds to invest in our underserved areas. That is why, in addition to all these incentives, we will create new tax credits worth 25 percent of the amount equity placed in investment funds, community development, and a host of other investment vehicles targeted for untapped markets.

This is only the beginning. As this proposal makes it way through Congress, I look forward to the leadership of members such as Charlie Rangel, who will have the responsibility of getting the tax portion of this package through his committee, the members of the Congressional Black Caucus including Chairman Clyburn and past CBC chair Maxine Waters. I also look forward to working with the Hispanic Caucus for their leadership.

But we must recognize that no business will stay in any community, no matter how generous the tax breaks and loans, if residents do not have the skills to do the job. Today, thousands of high wage jobs are begging to be filled. The shortages are so severe that last year, we agreed to allow high technology companies to bring workers from abroad to fill these jobs, provided they train Americans first. This should be a wake up call for all of us. It is wrong that high tech companies have to go all the way to the other side of the world to find qualified workers for these jobs. It is wrong that children living in our inner cities are not learning what they need to take advantage of our gleaming high tech economy. We must work together to improve education. No task is more urgent. I ask you to recognize the stake you have in strong public schools. I ask you to invest the resources we need to make them stronger. Build partnerships, mentor students, open their eyes to the possibilities of the future. And I ask you to work with me to modernize our schools, to attract the best and the brightest to become teachers, to wire all classrooms to the Internet. We cannot afford to leave a single child behind in our global economy.

In 1963, on the steps of the Lincoln Memorial, the man whose birthday we celebrate today, Rev. Martin Luther King, Jr., challenged America to "refuse to believe that there are insufficient funds in the great vaults of opportunity of this nation." Today, the vaults of opportunity are richer and fuller than ever. You have helped make them so. We have a duty to open them even wider for all Americans. I ask Wall Street to take the lead.

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Peter A. Weissman

01/15/99 07:50:42 PM

Record Type: Record

To: Melissa G. Green/OPD/EOP, Sarah Rosen/OPD/EOP

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Subject: 1999-1-15 Remarks by the President to the Wall St. Project Conference

--------------------- Forwarded by Peter A. Weissman/OPD/EOP on 01/15/99 07:53 PM --------------------------

Jason H. Schechter
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Subject: 1999-1-15 Remarks by the President to the Wall St. Project Conference

THE WHITE HOUSE

Office of the Press Secretary
(New York, New York)

For Immediate Release January 15, 1999

REMARKS BY THE PRESIDENT
TO THE WALL STREET PROJECT CONFERENCE

Windows on the World Restaurant
World Trade Center
New York, New York

2:15 P.M. EST

THE PRESIDENT: Thank you. I'm not sure I know what to say. (Laughter.)

First I was thinking, here I have to go follow Jesse again. (Laughter.) You know the story about the guy that went to heaven, and St. Peter said, well, we've got a lot of new entrants today and we want everybody to stand up and tell them about what the best thing they ever did in their life was. How would you like to participate? The guy said, I'd like to do that, I did a great thing once. He said, well, what did you do? He said, I saved a bunch of people in a flood. He said, fine, you go on, right after Noah. (Laughter.)

I will say one thing, Reverend. This marriage of Jesse Jackson and Wall Street, so full of promise, has already produced one incredibly vivid, concrete result. It has done wonders for your wardrobe. (Laughter and applause.) I see your sons out there thinking, no, we did that. (Laughter.)

I want to say, first of all, to all of you who are here, I'm grateful for the wonderful reception. To the previous speakers -- I had actually no idea that they were going to say what they did and I was very moved and I thank you for that. (Applause.) That's the sort of thing you normally hear -- or you normally don't hear because it's said -- (laughter) -- it's the sort of thing people say for your funeral -- (laughter) -- and I don't think we're there yet. (Laughter and applause.)

What you're here to do and what you said about what I tried to do is what I'd like to ask you to think about just for a few minutes. Just about everybody in our administration who's here has been introduced, they do come from all over, from all walks of life and all backgrounds. I'm proud of them. I'm proud of the work that Congressman Rangel and Congressman Bishop and --

MORE

Congresswoman Meeks and Congressman Jackson and others have done to help us. I'm proud that you have people like Jack Kemp and some Republican business leaders who are here. I'm proud of the fact that you have John Sweeney and Percy Sutton and my friend, Ron Burkle and others here. I'm proud of the fact that you have tried to reach across all the lines that divide.

I'm very, very proud especially, Reverend, that you have made this initiative to Appalachia. You know, 20 years ago this year I became the youngest governor in America. And when I became governor of my home state, five of the 25 poorest counties in America were in Arkansas. Two were in the Mississippi Delta. Three were in the Arkansas Ozarks, our Appalachia. Twenty years ago that was a very sobering thing to me. It's all the more sobering that it hasn't changed all that much in a lot of rural America.

Fifteen years ago this year, I worked with other governors to establish the Lower Mississippi Delta Development Commission. It went from the mouth of the Mississippi up through the Mississippi Delta, all the way up into all-white areas of East Tennessee and Southern Illinois, who had -- by the time I ran for President in 1992, in Southern Illinois there were still counties with 20 percent unemployment.

Twenty-five years ago, when I came home wet behind the ears from law school, among my first clients were old coal miners whose lungs were rotted out with black lung disease and whose families barely had enough to live on. I have never understood, from the time I was a child in my grandfather's store -- he had a 6th grade education and an African American clientele -- why in the wide world people with common needs, common dreams and common capacities would spend their time fighting over a shrinking pie instead of building a bigger one. And this is a good thing for America. (Applause.)

Previous speakers have talked about the economy. I am proud of this visionary effort to build a bridge between Wall Street and our greatest untapped markets. And because the economy is so good, now is the time to build that bridge. If we can't do it now, when in the wide world will we ever get around to it? If there was ever a time when none of us have an excuse, this is that time. But the world changes very fast and we have to seize the moment.

You know, Tuesday night when I give the State of the Union address, I want to talk about the great, long-term, still unmet challenges of the 21st century, the aging of America, the fact that we have the largest and most diverse population of children in our schools in history. And a big part of it is the need to build strong, economically successful communities in the places where prosperity has not reached -- in the inner-cities, in rural America and, don't forget, on our Native American reservations, as well. (Applause.)

Jesse Jackson came to Wall Street the same reason Willie Sutton robbed banks -- that's where the money is. (Laughter.) And I don't mean that in a pejorative way. How could any American of any station in life not be proud of the financial markets we have built and, as Mr. Grasso said, of the fact that now 200 million of our 260 million people actually benefit from it? We are beginning to share the wealth. We need to do more of that and I'll have some more to say about that later. But that's why Jack Kemp is here and why I always liked him. (Laughter.)

MR. KEMP: I like you, too, Mr. President. (Laughter.)

THE PRESIDENT: Although, when Reverend Jackson said he was the ultimate Republican, I thought, would that it were so. (Applause.) I probably just destroyed his future prospects. (Laughter.) I'll be glad to announce that anytime you want. (Laughter.)

But I ask you to think about this. Wall Street has done a great thing in spreading the wealth across America because now 200 million people directly or indirectly benefit from the Stock Market, because a lot of the Stock Market are pension funds, retirement funds. Now, mutual funds -- things that get all kinds of people into the Stock Market.

It is only natural that only is this where the money is, but they have found ways to involve large numbers of people. And yet we know there are still pockets that are relatively untouched.

Now, some of them are just down the street. Treasurer McCall over there, he manages New York's money. He'd have more to manage if the unemployment rate in New

York weren't twice the national average. He'd have more money to rebuild these old schools; more money to give all these kids in troubled neighborhoods after-school programs and summer school programs and opportunities they need to develop their full abilities.

You know, I always say, one of Clinton's 10 rules of politics is, whenever somebody tells you, looks you straight in the eye and says, this is not a money problem, you can bet everything you've got they're talking about somebody else's problem, not theirs. (Laughter.) It is partly a money problem.

Now, before we -- so we have to find ways for you to do this. I think the government has a role to play here, I think we have to do our part. And I thank the members of Congress who are here. The first thing we have to do is to stay with the strategy that's gotten us this far. You know, there are a lot of things that I wish I could be announcing more investment in in the State of the Union. But we've got to keep the budget balanced to keep the interest rates low and the confidence high. We've got to keep investing in our people and target the money we do have to education, to training, to technology, to things that will develop their abilities. And we've got to show leadership and continue to expand trade and deal with this financial crisis around the world because the global economy is either going to work for us or against us. Thirty percent of our growth has come from our relationships with other countries.

The second thing we have to do is to keep working to do what we can to revitalize communities, not by ignoring them or by trying to impose kind of one-size-fits-all programs, but by doing what we've been trying to do -- being a partner with people who live in each community and being a catalyst to bring the spark of private enterprise. These partnerships work in interesting ways. We put 100,000 police out there in the crime bill, and we've got the lowest crime rate in 25 years, the lowest murder rate in 30 years. And we don't tell people who they must hire or how to train them or where to deploy them. But it makes a difference.

In 1993, when I took office, the crime rate, the violent crime rate had tripled in 30 years and the number of police had only gone up 10 percent. It wasn't rocket science -- people needed help. Local governments, the economy was down, they didn't have the money to hire the police and train them and deploy them properly.

When we offered tax cuts to clean up brownfields, all kinds of inner-city neighborhoods were able to be revitalized. We've got cities now that hadn't had a new factory in a month of Sundays getting actually new manufacturing facilities in their backyard, and providing good jobs. That's what we try to do with the empowerment zones and the community development banks -- just to give people tools to do what they want to do.

And I appreciated what Weldon said about affirmative action. I hope we can end it some day. But if you see what's happened in the examples where people have cut it out altogether, it seems to me the rest of us are disadvantaged. My daughter is in college -- I want her to go to college with a bunch of students that look like Americans, because that's the

America she's going to live in. (Applause.) So I ask you to think about that.

I want to thank Secretary Slater, who's here. The Department of Transportation will issue its new rules on disadvantaged business enterprises in the next few days and extend more opportunity to more people.

In the past five years -- I'd like to say one thing about the banking community that I think is important -- we've worked very hard to both streamline and strengthen the Community Reinvestment Act. It was also under fire, has been under fire, still is under fire by some. That Community Reinvestment Act has been on the books for more than 20 years, but 95 percent of all the financial commitments made under the law in the last 20 years have been made in the last five years. That's more than $1 trillion in long-term commitment to invest in people. (Applause.)

And I might say, our banks are more profitable than they were 10 years ago. This is not bad for business, this is good for business. I guess the presence of the business leaders and the Wall Street people here among the previous speakers ought to make that general point. This is not a welfare program, it is not a charity program. We are not asking anybody to do anything we do not think they will make money out of; and if they can't make money out of it we can't ask them to do it. What we're trying to do is to create an environment and create the conditions in which it is more likely that more people will take a chance. We believe they will be rewarded by the chances they take. (Applause.)

Now, again I say, we know that we've got this booming economy; but we also know the overwhelming majority of the capital is bypassing our underserved areas. We know that in boardrooms all across America today people are laying plans for new investments in emerging markets, and not all of them are in trouble today. We know that venture capitalists are planning new ventures, from Silicon Valley to the suburbs of Washington, D.C.

But especially with -- especially with -- the problems in Asia and the uncertainties abroad, we need to ask ourselves, how are we going to keep growing the economy, keep the unemployment rate low, with inflation down? How are we going to do that? The answer is, we've got to find more places to invest and more customers. And the largest pool of untapped investment opportunities and new customers are not beyond our shores, they're in our backyard. (Applause.)

They're up the street in Harlem or the Bronx or across the River in Brooklyn, or in any other countless number of cities around the country where, every morning, huge numbers of working mothers and fathers have to get up and find some way to get transportation -- sometimes in cities that don't have public transportation -- get all the way out to the suburbs to get a job, and then come home at night, dead-tired, leave your kids an hour, sometimes an hour and a half earlier, and lower their income dramatically by the cost of transportation. Why? Because no one is investing. And there's a lot of other people that are still looking for work. I told you -- you think about the fact that we have a 4.3 percent unemployment rate. It's the lowest peacetime rate in 41 years, and still within this city, there are several neighborhoods where the unemployment rate is in double digits.

Now, anybody who has ever spent any time on the streets, who has ever had to struggle to get by, knows that most people there are not stupid -- it takes some amount of skill to survive in the environment a lot of American have to survive in. (Applause.) So to me this is a self-evident case.

The question is, how are we going to do it? Listen to this. Recently, a Harvard Business School professor found that families living in our most distressed communities still control more than $85 billion a year in purchasing power, more than the entire retail market in Mexico. One of the most distressed communities. Still, more than 25 percent of that market is going unmet. In Harlem, the number is more like 60 percent.

How many places are there in America where a kid has to walk for blocks and blocks past abandoned storefronts just to buy a book for school or milk for the family? Now, that is what we're talking about.

And businesses that have recognized this potential have been rewarded. Two of Pathmark's most productive grocery stores are in Bed-Stuy and Newark Central ward. These two stores do double the business of a typical grocery store. Of Rite-Aid's 148 stores in New York City, the Harlem branch ranks second in the number of prescriptions filled. People appreciate it if you make it easy for them to spend their money when they need it. (Applause.)

In a meeting with the Vice President this summer, by the way, both these companies announced that they would expand their investment in these areas. And that is good. But we've got a lot more to do. And we need help from the people who are here -- from Congressman Rangel and the other members of Congress here; from Maxine Waters and others who are trying to bring together stakeholders for capital formation for new growth in their areas. For all the people from the rural communities, from the Congressional Black Caucus and the Congressional Hispanic Caucus. We need help from everybody. We need help from Republicans and Democrats. This ought to be an American issue. We all have an interest in this.

I want to thank again Reverend Jackson and Sandy Weill, who couldn't be here this afternoon, and all of you who have been part of the Wall Street Project. And what I'd like to do today -- and I worked hard on this so I'm not going to do what Jim Harman said I did before -- I'm actually going to read some of this talk. Because I have been working with development experts, with business people, with the members of Congress I mentioned and others, to try to say, okay, if our role is to be a catalyst, if our role is to be a partner, what else can the federal government do to help get this jump-started, to provide a vehicle through which we can channel and attract more money? And here are the things that I want to announce.

First, in the balanced budget this year, we'll support a new market venture capital program to bring capital and technical assistance to small businesses in distressed areas.

(Applause.) Thousands of entrepreneurs who only need a little capital and expert guidance to expand their businesses and create new jobs -- these funds will give it to them.

Second, we'll expand our investment in the community development banks that provide inner-city and rural residents small amounts of credit to transform good business ideas into reality. And Emma has been great on this and I thank you for your support of this. (Applause.)

When I was governor I heard about this guy named Muhammad Yunus in Bangladesh -- one of the poorest countries in the world -- who had set up these banks to make very small loans to rural village women to start small businesses. At the time I met him in the mid-'80s, they made 400,000 loans at market interest rates to groups of people. You had to get a group together -- everybody got a loan, but the second person couldn't get the loan until the first person started to pay back and so forth. They had a higher repayment rate than the commercial banks did at commercial interest rates.

Now the Grameen Bank has made about 2 million loans and the same thing is true. Last year your United States government, under our administration, funded 2 million of those loans in poor countries, from Africa to Asia to Latin America. Our community development banks are designed to do the same thing at an America scale with American financial cost for people who need it. And I thank the members of Congress who are supporting it. We are now establishing them all over America and we have to expand them.

Next, our SBA -- Aida's SBA -- (laughter) -- has helped to transform companies such as America On Line from small start ups to household names. That's right, AOL started with an SBA loan. Last summer the Vice President challenged the SBA to do the same for businesses in underserved areas. In response, the SBA will strengthen its outreach efforts; offer new financing terms, such as delayed payment of interest on loans; and waive regulatory requirements to promote investments in targeted communities. (Applause.)

We're also going to expand the tax incentives for the SBA license, specialized small business investment companies. Their job is to channel capital to small businesses owned by economically disadvantaged citizens. So we're going to give people more tax incentives to invest in them. I want to say a special word of thanks to Congressman Bill Jefferson from Louisiana, who first brought this to my attention. This wouldn't have happened without him because I wouldn't have known about it, and I thank him. (Applause.)

Fourth, in the next balanced budget I will ask Congress to support the creation of new -- this is when you can get some of these big guys to give you some money, so listen to this -- (laughter) -- American private investment companies to encourage even bigger businesses to enter these underserved markets. For years we've supported in America the Overseas Private Investment Corporations, OPIC. What it does is provide financing to promote growth abroad. We ought to have an APIC, an American Private Investment Company, to support private investment at home. (Applause.)

Now, here's how it will work. APIC will be administered jointly by HUD and the Small Business Administration. It will offer loan guarantees to investors who help businesses expand or relocate in inner-cities and rural areas. If one group of private investors puts up at least $100 million, then the government will guarantee another $200 million in loans. (Applause.) Now, if five groups of investors do the same thing, that's $1.5 billion in equity for investment in underserved America. (Applause.)

Finally, to encourage as many individuals and companies to put together more funds to invest in underserved areas, we will propose new tax credits worth 25 percent of the amount of equity placed in investment funds, community development banks and a host of other investment vehicles targeted for these untapped markets. (Applause.)

Now, this is a good beginning. This will provide incentives and a vehicle. But we can't do this alone. And Congressman Rangel, and the other members of Congress here, the CBC, the CHC, the groups in Congress who will care about this, they need your help. We cannot pass this without bipartisan support and people who see that this is bringing free enterprise to places that haven't felt it in ways that will help the whole American economy.

Now, you think about it. If our exports drop this year because of continuing low growth in Latin America, in Asia, in other places, how are we going to keep the American economy growing? How is everybody else going to get a pay raise? How are we going to do this? We should do this not just for those folks, but because they can help us build a better America and better lives for everybody.

And so I say to you, we have got to pass these laws. And we have to make it an American issue. It can't be a Democratic issue or a Republican issue. It shouldn't be the Black Caucus, the Hispanic Caucus, or Bill Clinton's idea. I don't care -- I would gladly put any label on this you want. If I thought it would pass it, I would be glad to call it the Herbert Hoover-Warren Harding-Calvin Coolidge Economic Development Act. I will do anything to pass it. (Laughter and applause.) There is plenty of credit to go around. And I ask you to do everything you can to make this an American issue.

And I ask all my friends in the business community to go down to Washington, call your members of Congress -- without regard to party -- and say, hey, you know, the President made a pretty good point there. If our markets are going to keep dropping next year, we've got problems. We need some new markets. We need someplace to put the money that has been made so it can make some more money. So I implore you to do that.

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Let me just say one final thing. I don't want to make another point and make a whole other speech, but don't ever forget that we're not going to be able to get business to go into, or to stay in areas where people don't have the education and skills to do the jobs that are needed. (Applause.) And we need the business community to keep supporting our schools, to help people who need help with adult literacy or to go back and finish high school, to mentor those kids in middle school so they will go on to college. We can't forget that because, if we do, there will be a limit to how successful we can be.

Now, a lot of things have been said about Dr. King today. Nearly everybody has committed some portion of his "I Have a Dream" speech to memory. But I found a sentence in there that applies uniquely to us here, that I don't ever hear anybody quote. But it's very important. He said in 1963, on the steps of the Lincoln Memorial that he challenged America "to refuse to believe that there are insufficient funds in the great vaults of opportunity in this nation." Now today, those vaults of opportunity are richer and fuller than they ever have been. Wall Street has helped to make that so. Now what we need to do is to open those vaults up so they'll fill up even more for all of you.

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

END 2:43 P.M. EST

Message Sent To:

White House Press Release

REMARKS BY THE PRESIDENT TO THE "WALL STREET PROJECT" CONFERENCE

THE WHITE HOUSE

Office of the Press Secretary
(New York, New York)

For Immediate Release January 15, 1998

REMARKS BY THE PRESIDENT
TO THE "WALL STREET PROJECT" CONFERENCE

World Trade Center
New York, New York

3:00 P.M. EST

THE PRESIDENT: Thank you very, very much, Reverend Jackson. Thank you, ladies and gentlemen. Thank you, Mr. Grasso and Mr. Jones, and all the other sponsors of this event for this historic day. I thank Secretary Herman for her leadership and for coming up here with me today, along with our SBA Administrator, Aida Alvarez. I don't know if Ambassador Richardson is in the audience, but I'll take a chance, because if he's here and I don't mention him I'll live with it from now on. (Laughter.) And because he cares deeply about these issues.

I also see Reverend Susan Cook, a member of our Race Advisory Board, here. I have many other friends here -- business people, the mayors and others. I thank the members of the New York congressional delegation for coming -- Congressman Rangel, Maloney, Owens, Manton and Representative-elect Meech (phonetic). (Applause.) And I thank Lt. Governor Ross and Comptroller McCall and Speaker Silver, and any other state officials who might be here, and Mr. Green and Mr Vallone and any other city officials who are here.

Let me say that I've looked forward to this, but it occurs to me, on Martin Luther King's birthday, that the real danger we have here is that Reverend Jackson and I and all the others might be here preaching to the saved, that we all agree with what we're here to talk about. But there is still some merit in our being here in the hope that we can reach beyond those in this room in this very high place to those who are at work down below us today here in New York and throughout the country. Maybe we should have just let Santia (phonetic) sing to them. That would have persuaded them better than anything I could say.

It is true, Mr. Avot (phonetic), that I told Jesse that I knew this was a historic day because you've been to the White House a half-dozen times and never worn a tie. (Laughter.) So I know that we are on to something big here. (Laughter.)

Let me tell you -- this is not part of my remarks, but I want to emphasize on Martin Luther King's birthday, since we're here talking about expanding opportunities of American enterprise to all our citizens, what I did this morning before I came up here. This day is always one of my very favorite days as President. This was the day this year that I awarded the Presidential Medals of Freedom. And let me give you some -- I may not have every name down here, but I think this is interesting. If you just listen to the names, it will tell you something about your country.

Arnie Aronson, an 86-year-old Jewish American who founded -- co-founded the Leadership Conference on Civil Rights -- worked all the way with A. Philip Randolph in the '40s on civil rights. James Farmer, 87 years old -- (applause.)

Fred Korematsu, the Japanese American who refused to go quietly into the internment camp in World War II, and fought for years to have his conviction overturned -- (applause.)

Mario Obledo, former LULAC leader and one of the founders of the Mexican American Legal Defense Fund. (Applause.) Justin Dart, the man who probably is more responsible for the Americans With Disabilities Act than any other single American citizen.

Mardy Murie, a 93-year-old conservationist who lives at the foot of the Grand Tetons in Wyoming, who has done so much to save the West. The distinguished American psychiatrist, Robert Coles, who probably has had more influence through his academic writings to promote equal opportunity for all children and the whole cause of citizen service than any other academic in America.

Frances Hesselbein, who saved the Girl Scouts when they were on the brink of distinction by diversifying the Girl Scouts and unifying them. Al Shanker of New York -- (applause.)

My wife said these were just ordinary American citizens, and I said, yes, ordinary American citizens like Brooke Astor and David Rockefeller -- I government them the Medal of Freedom today. (Laughter.) And I did it for a very important point that brings us to **Wall** Street -- they had other options. They didn't really have to go out and do good with their lives, but they did it anyway.

Wilma Mankiller, the first woman to be chief of the Cherokee Nation. (Applause.) Elliot Richardson, who holds more Cabinet positions than any other American citizen, a distinguished Republican who had a lot to do with saving our Constitution. (Applause.)

And there were others -- Admiral Zumwalt, and a couple of others. But I just give you these names to give you a feel for what America is really all about. All these incredibly different people from different walks of life who made our country what it is. And it's a better country. And when it was over today and everybody was filing out of the East Room at the White House, they were all thinking, gosh, these people are all so different, but they shared something special in their citizenship, in their service, in their devotion to the ideals of this country. And because they all played their roles, we are a much greater, bigger, better country. That's really what we're here to talk about today.

From the beginning this country was set on a mission by the founders -- and I quote -- "to form a more perfect union." It was a brilliant formulation of a national mission, because it recognized that our work would never be done and that there is no such thing as perfection, so that we would always have something new to do. And they wrote this Constitution for us that's full of good basic values, recognizing that it would always have to be applied to changing circumstances; and that if we kept the values and kept the mission in mind that we were always supposed to be forming a more perfect union, we might have a chance to do better than any other people had in human history. Over 220 years later, we're still here -- the longest lasting big democracy in the history of humanity.

A generation ago one man's words, wisdom, and work had a lot to do with leading us toward a more perfect union. Toward the end of his life, Martin Luther King embarked upon securing what he called the next frontier of freedom -- economic freedom. He reminded us that when we limit economic opportunities for some Americans, we limit the possibilities of all Americans.

We are here today because **Wall** Street has a critical role to play in fulfilling Dr. King's dream of opportunity for all Americans. Whether ensuring that companies on the Big Board draw on the talent and diversity of all of our people, or investing in communities long bypassed by capital but full of potential, businesses can and must help us to build the one America we all need for the 21st century.

That's what I want to talk about today. I have been working hard for five years so that three years from now, when I'm gone and a new century is here, we will have an America where the American Dream really is alive for everybody who is willing to work for it, where America is still the world's strongest force for peace and freedom and prosperity, where our people have been brought together across all the lines that divide us into one America.

If we are going to do that, we must bring all Americans into the winner's circle. We must bring more Americans into the winner's circle.

We know that this time is characterized by globalization and a revolution in science, technology and information. We know that these things have changed profoundly the way we live and work, the way we relate to each other, the way we relate to the rest of the world. We know that, for good or ill, the scope and pace of change are greater than ever before. We know that, for good or ill, we are more interdependent than ever before.

Martin Luther King said once that we are all caught in an inescapable web of mutuality, and he was preaching to the American people and reminding us that we had to reach across racial lines. Today, like it or not, around the world we are caught in an inescapable web of mutuality. We see it every day on **Wall** Street -- good or ill.

We now have all kinds of new challenges because of globalization in information and technology and science revolution. These are just a few of them. How do we get the benefits of new markets and technologies to people and places that aren't part of our economic growth? How do we maximize the impact of markets and still preserve the social contract? How do we give everybody who is willing to work a chance to get a job, to get an education, to have access to health care and own a home and save for retirement? How do we grow the economy and preserve the environment at a time when climate change looms as a big problem, but there are many other environmental problems as well?

How do we at home balance the demands of work and family when more and more people are in the work force but raising children is still our most important job? How do we take advantage of all the diversity and opportunities for self-expression that are now out there in the world, and the pulling back of the Cold War, to promote community instead of chaos? Is the future of the world an American school district with kids from 180 different racial and ethnic groups, or is it the darkest days of Bosnia, Rwanda, Northern Ireland, the Middle East and you name it?

Is the future of the world the end of the nuclear threat and security for our children, or is it the rise of terrorists and organized criminals and narco traffickers carrying around small chemical and biological weapons? Will we build community or chaos? These are some of the big questions we face.

And here at home, if everything is changing, what happens to your government? What's our role? I have tried to fashion a new approach -- not an old style top-down bureaucracy that says we can handle all this, because, you know, in the global economy that's not true. But I have never been much in sympathy with the newly resurgent belief that government is the source of all of our problems.

My view is that we need a government that is committed to giving people the conditions and tools they need to meet their own challenges, to act as a partner and to act as a catalyst, consistent with what I think ought to be the guiding philosophy of every American -- a simple one -- opportunity for all, responsibility from all, a community of all, our citizens.

The truth is our federal government today is smaller and less bureaucratic than it used to be, but it's also a lot more active than it has been in the recent past. Beginning in 1993 we moved to establish the conditions for a growing economy with a plan rooted in the realities of the global economy and respecting the role of for financial markets.

First, we restored fiscal discipline. When I took office in January of 1993 we were told that the deficit for this year was going to be $357 billion. Instead, it is close to zero, and next year -- next month I will send to Congress the first balanced budget for the coming year we've had in a generation. (Applause.)

This is something that ought to unite Americans, progressives and conservatives alike. Conservatives ought to like it because it's not profligate; progressives ought to like it because it means we don't have to keep spending money paying interest on the debt, we can do more to invest in our people and our future. And most important, we all ought to like it because in the world in which we live, countries with irresponsible economic policies are punished in the global marketplace. They don't generate jobs, they don't lower unemployment and, therefore, they don't have the tax revenues they need to solve their common problems.

The second thing we've tried to do is to argue to the American people that America must lead in the global economy. A third of our economic growth has come from expanded exports, and that relates to the point we're making here today. We have to open markets, increase exports to make this new economy work for our people.

One of the things -- sometimes I get a little credit for being able to communicate, but one of the things that I have not been able to communicate very well to a lot of people is that we cannot grow at home unless we help others to grow abroad; that with 4 percent of the population and 20 percent of the income, we can't keep growing unless we can expand the frontiers of our activity. And, therefore, we ought to want our neighbors to do well by trading more with us because they help us to do well as they buy more of our products.

An increasingly interconnected world financial system has helped to create this kind of strong economic system -- the rising markets to which we have to export. But the international capital market is also a stern taskmaster, as we have seen in the last several weeks. When investor confidence flees, countries first have to put their own houses in order through serious and sustained economic reforms, just as we had to in 1993 so that we were serious about getting our economic house in order to get interest rates down, investment up, and to create jobs.

When severe instability sets in and threatens to spread, there is a vital role also, I believe, for international support to restore confidence, to provide breathing room. When countries are willing to help themselves, I think the United States ought to be a good neighbor and do its part to support that kind of endeavor.

Now, why should struggling Americans, Americans that are out here in New York City working hard to make ends meet, want their government to support efforts to restore growth in distant lands? I'll say again, because we have 4 percent of the population and 20 percent of the income, we've got to have those folks as customers if we're going to keep growing our income and if we ever hope to extend opportunity to people in places within our borders that have not yet participated in the economic recovery. In other words, there is this web of mutuality, and it actually pays dividends to be a good neighbor. That's why we've taken a leadership role in addressing the current turbulence in Asia and in strengthening the institutions of the international financial system.

But the third point I want to make, and the third part of our economic strategy, is that we have done as much as we could, but we have to do more to invest in our own people to give them the tools they need to succeed and to widen the circle of opportunity. We've put in place the most significant investments in education in a generation -- 200,000 more children in Head Start; tens of thousands of volunteers in our schools teaching our elementary kids to read well, so that they don't go through school not being able to learn; hooking up classrooms and libraries to the Internet; lifting academic standards; opening the doors of college to everybody who will work for it, with the HOPE Scholarship and other initiatives. We've extended health care to 5 million more kids, helped young people to buy their first homes, done more to enable small business people and employees to save for their own pensions.

All that is working. That's why we've got over 13 million new jobs, the lowest unemployment rate in 24 years. For the first time in the history of this country, over 64 percent of the adults are working. For the first time in the history of this country, over two-thirds of the American people are in their own homes. But it is not enough.

You and I know there are still people and places in this city and in this country that have simply not been touched by all this whirlwind of economic activity. And it is holding America back.

Every time the Federal Reserve Board meets, there is all this breathless anticipation -- will they have to raise interest rates, because the unemployment rate is the lowest in 24 years? How can we put off inflation and continue to grow? Well, the answer is twofold. One is, technology and open markets are good depressants against the traditional forces of inflation. But the other is, if you're moving into an area that hasn't enjoyed growth you can have growth without inflation because you're riding on a clean slate.

And if it's a good argument for America to sell more and invest more around the world, it's a good argument for America to sell more and invest more down the street. (Applause.)

If it is true -- a number of members of the New York delegation have been very good in trying to help me pass the Caribbean Basin Initiative, because we want to be good neighbors. There are a lot of people from the Caribbean here in New York City. And one of the unintended consequences of our trade agreement with Canada and Mexico is that Mexico seemed to get a comparative benefit over the Caribbean countries, which we never intended to happen.

I keep telling people -- they say, oh, we can't afford to do this in the Caribbean. We're going to invest in the Caribbean one way or the other -- we'll either pass the Caribbean

Basin Initiative and we'll help to trade with them and help to grow their economy, or we'll invest in them indirectly. Americans will buy drugs from the South American narco traffickers, and then the narco traffickers will take our money and they will put it in the Caribbean so they will have a place to stop on their way to America. (Laughter.) We will do this one way or the other. (Laughter and applause.) I don't know about you, but I prefer the direct way. I think the old-fashioned way is better. (Laughter.)

You know, I talked to a guy the other day from Central America -- we were talking about one of the countries down there, and he said, it's unbelievable, the narco trafficker is down there building schools in nation Tax -- I don't want to embarrass them. I said, they're not building those schools, we are. (Laughter.) America consumes almost half the world's drugs. We give those guys the money; they make the investment; they get the credit. No politician would ever do that. (Laughter.) Elect your opponent by giving him the money, and let him give it to the electorate?

I mean, we're laughing -- this is serious business. If every one of those arguments you can think of works beyond our borders, it works within our borders. If it works down the road, across the water, it works down the street.

The unemployment rate in New York City is about 4 percent higher than the national average. The unemployment rate in the Nation's Capital is about 3 percent higher than the national average. And there are vast opportunities out there.

We just had a study published last week which said there are 365,000 jobs in computer-related areas that are going begging in America today and that it is a threat to our future economic growth. So you want to keep growing the economy and make this the longest peacetime expansion in history by a good long ways, keep reaching out to the rest of the world and do more to invest in America. Do more to trade with America. Do more to train America.

As far as I can tell, there are no other easy alternatives. And this is not only economic good sense, it's morally right. And that's why we're all here. That's the message we have to get out.

What's our role in that? What should the government do specifically to close the opportunity gap? Well, first of all, I think it requires us to have, again I say, the right philosophy of government. My view is that the principal role of government is to provide the conditions and the tools to empower people to solve their own problems, and then to work as a partner with state and local governments, the private sector, and community groups, and a catalyst to take ideas that work someplace and make sure they work every place. That's what I think we ought to be doing.

There is not enough government money in America to put everybody to work in New York City, much less in every city and every rural area that has been left behind. We have to create the conditions, the environment that will enable us to be good partners. And that's what we have tried to do. Pretty soon we'll have 125 empowerment zones and enterprise communities around America that basically say, if local communities -

government, business, and community leaders -- will pull together with a plan for revitalization, we will provide flexible funding and tax cuts to help make the plan work.

Has it worked everywhere? No. Has it worked some places? You bet it has. There are neighborhoods all over this country now that are much stronger because of those empowerment zones. In Detroit alone, the empowerment zone along with the stunning commitment of the automobile industry and the leadership of the mayor have helped to cut the unemployment rate in half in a city which some people thought once could not be saved. (Applause.)

We have created a network of what we call community development financial institutions -- the CDFIs in the jargon of the folks that deal with them. These are small community banks that can make loans in places and to people that ordinary commercial banks normally won't touch. So far, these banks have an extremely high repayment rate. And I might say, this is one case where we took something we were doing around the world, and said if it's good enough for American aid programs to finance these things around the world, why shouldn't we be doing this at home.

We've worked to dramatically strengthen the Community Reinvestment Act. The Community Reinvestment Act was passed in 1997, over 20 years ago. Eighty-five percent of the financial commitments made under the Community Reinvestment Act have been made in the last five years of our administration. I'm very proud of that. That's $270 billion for our hardest-pressed communities. (Applause.)

We're helping cities to clean up and redevelop their brownfields, environmentally contaminated, otherwise attractive business sites. We've more than doubled the number of Small Business Administration loans to minority and women-owned businesses. We've tried to reinvent the Housing and Urban Development Department so that it stands for empowerment and opportunity. We're finding innovative ways to build more affordable housing. When families move into homes they call their own, they can transform communities.

I had a wonderful time in the Bronx the other day. Some of you remember the pictures that were in the newspaper. I went to that place that President Reagan said looked like London during the blitz. And it looks a neighborhood we'd all be proud to live in today. The local people did that. They had empowerment support from others, partnerships -- (applause). That's what we need everywhere in America. (Applause.)

But we have to do more, and so do you. In 1999 these are some of the things -- but not all, I've got to save a little bit for the State of the Union -- (laughter) -- some of the things that we intend to do. The balanced budget in 1999 will contain the most significant new community development and economic empowerment initiatives in years. It will expand the number of empowerment zones. It will increase funding for the community development financial institutions by 50 percent. It will expand eligibility for the low-income housing credit to create between 150,000 and 180,000 new rental units. It will help families with good histories of paying their rent to move into homes of their own.

I've asked Secretary Cuomo to do more with the private sector to also increase access to capital, create jobs, and fuel entrepreneurs, and I'll have more to say about that in the days ahead. But New York can be proud of him. He's doing a good job.

I also want to say that Secretary Herman and Secretary Daley and I have worked on a special project, which I hope will work, and I hope some of you will help us make work. When I read that we had 365,000 computer-related jobs going begging in America, that some people said this is threatening our growth. When I read another article in our local paper back in Washington -- New York is probably the only city I can come to and say Washington has a local paper -- (laughter) -- but anyway I read an article which said that there was a dramatic employment shortage -- not unemployment problem, employment shortage -- in all the suburban countries surrounding Washington and that we had something like 25,000 computer-related jobs going begging in the Washington, D.C., area.

And I look at an 8 percent unemployment rate in our city; in some neighborhoods it's much higher. I asked Secretary Herman and Secretary Daley to come up with a program -- we've never done this before -- they've set aside millions of dollars to train people only to do these kind of jobs and to try to focus them in the areas where they can be hired. (Applause.)

So I would like to ask you to look around New York. How many jobs are going begging here today? Can people be trained for them? Even if people in the inner cities don't have enough education to them, are there people in lower-level jobs now who could be trained for those, opening up those jobs for the people in the inner-city? Shouldn't there be a plan to do that here? (Applause.) And shouldn't there be a plan everywhere. And if so, call Secretary Herman and we'll participate.

A lot of you have done a lot or you wouldn't be here today. But we have got to do more. We have got to do more. One study estimates that inner-city residents control $85 billion in purchasing power. That's more than the entire retail market in Mexico. Thirty percent of their demands for retail goods goes unmet. Shall I say that again? Thirty percent of their demand for retail goods goes unmet. We need more investment in those areas of high employment. Even in areas of high unemployment, most people are working. And a lot of people are working hard and being good citizens, and paying their taxes, and obeying the law against odds that some of us could not stand up to. (Applause.) So I think we need to think about that.

We need more businesses to form partnerships with neighborhood schools. Major Owens and I were talking on the way up here. If you want all of our kids to have a good education, then those of us who believe in the public schools have to be for high standards, for flexibility, for accountability and for involvement by people that can help to save these kids. (Applause.) And you need to be involved in it. (Applause.)

We need businesses committed to make sure welfare reform succeeds. We've reduced welfare roles by 3.8 million. But the easy work has been done. The people that are left on the welfare roles are people by and large who came from very difficult backgrounds; many of them came from abusive home backgrounds; many of them don't have a lot of education. We have training funds, we have child care funds. The mechanisms are in place, but somebody's got to believe in them and give them a chance.

We need you to help us in all these ways. We have to bring the world of the gleaming office tower and the dark shadow together because the people who live in both places are all Americans and because we need each other. We need each other. We've got to develop the skills and potential of our people. We have to dramatically increase capital investment. We have to continue to build public-private partnerships. We have to open the doors of the executive suites, the sales floors and the factories to talented people of all backgrounds. If we want our best people sitting in the boards rooms, our savviest clerks minding the stores, our hardest workers on the assembly lines, we've got to some how have the talents of all of our people.

And we know from study after study after study that there are smart people, there are people who can organize, there are people who can lead, there are people who can innovate, there are people who can create in areas in America where there is no economic activity. Very often they wind up showing their leadership in less constructive ways. But they need to have an alternative. You can lead in creating that alternative.

We're going to do everything we can to put more on the table, to be a better partner, to give you more options, to support the city, to support the state, to support the private sector, to support the community groups. But you know as well as I do, just as no government can follow irresponsible policies and stand up against the winds of the global marketplace, no government alone can bring opportunity to the people and the places that have been left behind. We'll do our part, but you have to do yours.

I thank Reverend Jackson for his insight, that he has said for years and years and years -- you are missing a market here. This is America's opportunity to close the opportunity gap. Let's seize it.

Thank you and God bless you. (Applause.)

END 3:34 P.M. EST

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**"Expanding the Marketplace:
Inclusion, The Key to Economic Growth"
Reverend Jesse L. Jackson, Sr.
January 15, 1998**

It is a pleasure and an honor to stand before you today. I know all of Wall Street is overjoyed to see me! Actually, since I arrived here in town the stock market has done nothing but go up! 52 points yesterday, including 10 points while I was doing a live interview on CNBC yesterday! I see it in your faces—you guys are starting to think that I should stick around a little bit. I'm telling you...inclusion really is the key to economic growth!!

I would like to extend my special thanks to Dick Grasso, Chairman of the New York Stock Exchange, and Sandy Weill, the Chairman of Travelers, for hosting this conference with me. These are men of vision and thanks to their leadership a ripple of hope is being felt throughout the land today—a ripple of hope that all Americans will more fully share in the wealth Wall Street has helped create.

I also want to extend my thanks to Loida Lewis, John Johnson, Leo Guzman, Percy Sutton, and Dr. Emma Chappell. Along with Sandy Weill and Dick Grasso, they will be hosting our Gala reception this evening on the floor of the stock exchange at 6pm.

And thanks to my son Jonathan who once worked on Wall St. for Mr. Travers Bell and is now a trader and developer in Chicago. And my son Yusef who is now an attorney at Mayer, Brown, and Platt in Chicago.

It is good to be here today. Your presence is critical for there to be serious dialogues to close the gap in American opportunity and to share in the greatness of America. In an effort to heal the breach, to close the gap, to even the playing field, to make this a more perfect union, it is corporate America with its tremendous creativity, ingenuity, and wealth who must be present to help build the infrastructure and even the playing field to include all partners and expand the marketplace.

To close the gap in the race dialogue without you, reminds me of a story I once heard about two drunks sitting on the railroad drinking wine. One drunk says to the other, "I think I going to buy this railroad." The other drunk says, "I don't think I wants to sell it." And they laugh.

The point is that the whole conversation is pointless in the absence of the owner of the railroad. Well, today, we've got the owners of the railroad, and the owners of the utilities, and the owners of the banks, and the leaders of our government, and the head of organized labor all under one roof. Together we have the power to make America better and make the world more secure. We can have a real conversation today. And it is my hope that the dialogues in this conference will lead to real plans of action which can produce tremendous good—and tremendous wealth. Let's commit to follow the theme—

expanding the marketplace; inclusion, the key to growth. This formula can lead to tremendous social good and tremendous wealth.

This Monday, Wall Street will close to honor the memory of Dr. Martin Luther King, Jr.. And it is right that it does so. This week's conference is a fitting tribute to his memory.

For while he is most often remembered for his, "I have a dream" speech, Dr. King was no idle dreamer. He was a practical man of action, a leader who understood that change required challenging the structure of entrenched arrangements.

Dr. King was a visionary. Toward the end of his life, Dr. King became more and more convinced that the struggle for economic justice was central to the civil rights movement. He called us to action. He challenged us to implement change—to level the playing field. He knew that, when all was said and done, that which divides people and communities in this country is not race. There is no race gap. There is an investment gap. There is a capital gap. There is an historical legal gap. There is a trade gap, occasioned by corporate America's historical insistence on engaging in restraint of trade practices.

Restraint of trade based upon cultural blinders triggers a tremendous trade deficit and reduces productivity and creates the huge negative social costs of the jail-industrial complex—under-developed youth, unwired schools, and under-utilized talent. We must see the potential partnerships between corporate America and the emerging $600 billion market of blacks and Latinos here at home.

When the playing field is even, we see great prosperity. For example, last weekend we saw two NFL playoff games. Blacks and whites slugging it out. Knocking each other down. Tempers flaring. Yet no hint of race on the field or in the stands. When there is an even playing field, public rules, and the goals are the same height, we get along amazingly well. Look at this week's billion dollar TV deal. If black players has to run twelve yards for a first down and 120 yards for a touchdown. And if white players only had to run eight yards for a first down and eighty yards for a touchdown because they inherited some yards, there would be a problem. But when the playing field is even and inclusive, we always prosper.

Dr. King knew that justice required that these gaps be closed, that these breaches be healed. Dr. King knew that the cultural blinders which limit growth, development, and market expansion must be removed. Dr. King knew that equal opportunity could not be achieved unless affirmative steps were taken to bring those who have been locked out into the mainstream of the American economy.

His first assignment to me was Operation Breadbasket, an attempt to open up business to the talent and potential market offered by African Americans. To this day, we continue to work for this end. We have negotiated the acquisition of automobile dealerships, construction contracts, agency fees for minority ad agencies, increased roles for money managers. We have sought to greenline the redlined districts of America.

Expand opportunities and put all of America in the black with a stronger sustained bottom line.

And so last year, to honor the legacy of Dr. King, in the tradition of Operation Breadbasket, we established the Wall Street Project. And this week, we come together to continue this critical work.

Because I am convinced—and I hope that you are convinced—that diversity in your workplaces makes us all stronger.

Because I am convinced—and I hope that you are convinced—that the emergence of strong, vibrant investment firms managed by women and people of color makes us all stronger.

Because I am convinced—and I hope that you are convinced— that when urban America is viewed as an emerging market with great economic potential, we are all made stronger.

Today in the global marketplace, investment funds put together billions of dollars to open up emerging markets in the far corners of the world. Generally, when investors and companies go abroad, they seek local partners for joint investments. They invest to create productive facilities as well as local distribution and trading networks. Great risks are taken and obstacles overcome—of political instability, backward infrastructure, uneducated populations, corrupt legal structures—all in the search for new markets and new profits. Companies and leaders of both parties preach the virtues of free markets and warn of the dangers of restraints on trade.

So let me describe to you a big, overlooked emerging market that seeks new investment and offers new partners. It contains more than sixty million people, about 25% of the American population. It commands more than $600 billion in annual earnings. Compared to the world economies, it ranks fifteenth in the world—ahead of Mexico, Switzerland, India, Indonesia, Thailand, Saudi Arabia, and South Africa. It is more accessible than any of these, more stable, with better-educated people, close to airports, highways, rail, and markets. It is growing in population and economic prowess every year.

This emerging market is America's emerging market, consisting of America's minority populations—primarily African American and Latino; primarily urban. Never forget the largest market for American business is America. Under-utilized, under-developed Americans limits production and slows growth.

Yet because of our cultural blinders or habits of mind, that which we might see were it located overseas, is too often overlooked as a potential market for investment and trade. These blinders are causing restraint of trade. And restraint of trade is the greatest sin against capitalism.

Fly over Manhattan today and you quickly see that Manhattan is really a story of two islands: one which is green and one which is scorched and brown. One island is irrigated and the other lacks the water to make a rich soil grow. Any farmer would know what to do. It is necessary to bring the irrigation networks to ensure that water goes to the entire fields.

In modern economies, capital is the equivalent of water to fields. With it comes the possibility of growth, without it little can survive. When we spread capital around, we expand the market, remove restraints on trade, and everyone benefits.

When the walls come tumbling down and the playing field is leveled and the brown fields are nourished, obsession with race ends and growth begins.

Think of Major League Baseball. Prior to 1947, there were only 16 Major League franchises. When Branch Rickey had the good sense to bring Jackie Robinson into the game, everyone benefited. The game got better. And then came Henry Aaron and Willie Mays and Roberto Clemente and the game got better still. Today there are 30 major league franchises and the fastest growing segment of fans are Latino.

Plant two seeds of equal strength. Water them. Put a wall between them. One grows taller; not because of a defect in the seed that keeps it short or a special genie that makes the other seed grow tall. It's photosynthesis. If we share the light, we all grow stronger and more productive.

Inclusion is the key to economic growth.

Think of the WNBA. Think of the incredible changes wrought by Title 9. Today millions of little girls are dribbling basketballs, have posters of Michael Jordan and Rebecca Lobo on their walls, can dream of playing college ball, and will undoubtedly become the NBA fans of the future. Does David Stern know what he is doing? You bet he does!

Inclusion is the key to economic growth.

Let me give you some more evidence. According to a recent study rating S&P 500 companies on factors related to the hiring and promotion of minorities and women, the top 100 companies enjoyed rates of return more than twice as great as the companies ranked in the bottom 100.

Inclusion is the key to economic growth!

You see, we have nothing to fear from inclusion. We have nothing to fear from diversity. Diversity is one of the great assets our country possesses in the world economy. It represents our competitive edge. Because we live in a diverse world. We live in a multicultural world. And a multicultural workforce is the workforce best prepared to do business with the rest of the world.

Today we heard Jac Nasser of Ford Motor Company challenge his own industry. The automotive market by not expanding partnerships has missed a great opportunity. African Americans are known to be car buyers. In 1996, Target Market News reports that African Americans spent more than $39 billion on new and used cars, trucks, and related services. The total for all minorities tops $50 billion. African Americans spend more of their household income on new cars than their white counterparts do.

Yet, the African American community is treated as a foreign consumer, not as a trading partner. As of 1997, there were more than 18,000 domestic automotive franchises and 10,500 import franchises. Of the domestic franchises, 757—just a tad over four percent are owned and operated by persons of color. Of the import dealers, people of color own 246—barely more than 2 percent.

330 Mercedes Benz dealers—two are black.
174 Lexus dealers—one is black.
341 BMW dealers—none are black.

The story is no different on the supplier side—or for the professional consultants and vendors, money managers, banks, insurance companies, architects, engineers, etc.

Inclusion is the key to economic growth!!

Given the current crisis in Korea, we must sit as partners and determine our joint destiny. Korea is subsidizing their auto industry for example and targeting massive global expansions regardless of cost and market conditions. Billions of government dollars were channeled into automobile and auto parts producers so that Korea is producing more than twice any conceivable level of domestic auto sales. And they aren't stopping there.

They've announced plans to double that capacity. Meanwhile, the Korean market remains the most closed of the world's auto producers—blatantly discriminating against our products and our workers. U.S. sales in Korea were minimal—less than 8000 vehicles. So not surprisingly, the U.S. ran a $1.7 billion automotive trade deficit with Korea. Together we can weather the storm.

Now let's talk for a moment about employment practices among the firms which are collectively known as Wall Street.

Nine percent of the 284,000 securities industry employees in the United States are African American. Let's look at where they're placed though.

Let's look at those persons classified as stockbrokers—there are around 90,000 of them and only 600 are African American.

Let's look at portfolio managers. The number of minority portfolio managers has declined in recent years. And fewer than 40 African Americans have discretion over portfolios at majority-owned asset management funds or major pension funds.

Let's look at mutual funds. Only about a dozen mutual funds are owned and operated by African Americans out of more than 7,000.

This is wrong. It is not enough to hire African Americans or Latinos to work in your mail rooms. Yes it is wrong. But more important, it is not smart!

It is not smart to leave a whole segment—and the fastest growing segment—of American society out of your business. You are passing up customers. You are passing up investment opportunities.

Is there any question but that the low levels of investment in securities by minorities is related to the absence of minority financial advisors?

Look, I know how business gets done. People naturally, instinctively gravitate toward people they know, like, and...trust. And so, people wind up doing business with neighbors, family members, fraternity brothers, sorority sisters...that's the way of the world.

Now imagine you were to diversify, expanding to include more women and African Americans and Latinos and Asians to your team. They will have friends and neighbors and acquaintances and relationships and cultural insights which will help you penetrate new and untapped markets.

Think about it. Inclusion is the key to economic growth! You see, where else can you go to more quickly and efficiently expand your market than right here in your own backyard?

Sometimes I try to move people through morality, because something is right. And sometimes I try to move people through confrontation, because there is no other way. But the best way to move people ultimately is through enlightened self-interest. The good news is that we can do well, and do good at the same time.

And so I appeal to you today on the basis of your enlightened self-interest and your will to dignity to share the American dream. I ask you to take a new look at urban America, at the parched lands, at the redlined areas. Take a new look at our multicultural society:

As an opportunity, not a problem.
As an emerging market, not something to avoid.
As a source of new value and new profits, not simply a source of aggravation.

I ask those of you who seem so willing to pour billions of dollars into high-risk emerging markets all over the world, take off your blinders, remove the cataracts from your eyes, and take a new look at your own backyard and your own fellow Americans. I'm not saying that it is wrong to invest in foreign markets. I'm simply suggesting that there are overlooked opportunities here which may be superior.

I am of the belief that Wall Street's failures to recognize the potential of minority communities and individuals is not a disease of the heart, but is rather a deficit of vision.

And I firmly believe that Wall Street must take the lead when it comes to expanding opportunity and embracing diversity. You are people who make a living off change. By staying ahead of the curve. By taking risks. Those who fail to do so wind up making buggy whips.

You will march where many politicians fear to tread, because for many politicians, change is a mortal enemy. Many of them choose to control and recycle votes in one district as the basis for their power. You need growth. Growth and inclusion are inextricably linked. We grew our way out of the deficit. In the South under Dr. King's leadership, when walls came down, the Olympics, professional athletic teams, investment could flow across the bridge. In Berlin... In South Africa... When walls come down and bridges are put in their place, we all prosper.

And we are at a special moment in time. A time when an unprecedented run up in stock values affords Wall Street the luxury to think more broadly and act more proactively. And a time when we have an administration in Washington, D.C. that is sensitive to the capital needs of our urban neighborhoods and has already provided us with many of the tools we need to bring water to the brownlands. Wealth and prosperity must grow horizontally, as well as vertically—a sound infrastructure—housing, roads, schools, bridges—for sustained growth.

Thanks to the Clinton administration, we have a revised Community Reinvestment Act, whereby bank lending practices will be evaluated according to actual practice rather than intent. Now it is up to us to make the most of it.

Thanks to the Department of Labor, we now have a directive which clearly permits the prudent use of pension funds in economically targeted investments. Now it is up to us—along with our friends in organized labor who control billions of dollars in assets in their Taft-Hartley funds--to make the most of it.

And I have always wondered why, if American capital can be used to set up development banks for countries such as Poland and South Africa, why can't this be done for developments in the parched areas of urban America? Let us explore this and other issues that may cause the water to begin flowing to all of America.

Let us build on this moment. Let us continue the work of this conference in the months ahead and report on our progress on the next anniversary of Dr. King's birthday. To this end, I have asked the Rainbow/PUSH Wall Street Project to convene ten follow-up regional conferences throughout the country in Chicago, San Francisco, Detroit, Los Angeles, Philadelphia, Atlanta, Washington DC, Houston, Boston, and Miami to further explore trade and partnership opportunities with minorities and women. In addition, the Wall Street Project will convene six task forces in the areas of:

- Employment Practices in the Investment Industry
- Opportunities for Minority and Women-Owned Investment Firms, Ad agencies, the automobile industry, energy industry, and telecommunications
- Pension Funds
- Commercial Lending Practices
- Domestic Development Finance Initiatives
- The Emerging Marketplace of Minorities and Women

I am requesting that these task forces issue interim reports six months from today and final reports a year from now.

In addition, the Wall Street Project has purchased shares in fifty different publicly-traded companies and intends to purchase even more and will continue to closely monitor their corporate practices and, if need be, intervene in our role as shareholders.

Let us seize the moment, cognizant of the great benefits to doing so. But let us seize the moment, cognizant also of the great dangers that result from failing to do so. The greatest danger to the continued economic success of our great country is ever widening gaps in income and wealth.

California now spends more on its jails than on its once honored university system. It has added 10,000 prison guards over the last decade and cut over 10,000 university employees—professors, staff, custodians. It costs far more to save a premature baby than to feed a mother. It costs far more to salvage a lost youngster than to educate a child.

Imagine, again, that you are flying over Manhattan. You see the fertile green land and you see the parched brown land. It is costly to ignore the scorched earth. If you do not irrigate it, the wind may begin to blow, and the brown soil will begin to encroach upon the green.

We must grow our inner cities. We must greenline redlined areas. We must bring water to the parched earth. We must bring capital to urban America. We must make capitalists of the people who live in our inner cities.

Inclusion is the key to growth. By bringing the promise of our free enterprise system to urban America, we will surely lift the economic chances of the people who live in our inner cities. And this is good.

But the benefit is not limited to these people alone. The benefit is one which will be felt throughout our society.

Workers, regardless of color, will benefit when urban America becomes a full and productive partner in the American economy—because sales of American-made goods will rise when this marketplace is developed to its full potential.

Taxpayers, from sea to shining sea, stand to gain when capital and partnerships and opportunity come to the inner city, creating jobs and income, generating wealth, reducing spending on welfare, law enforcement, and jails.

Shareholders of every stripe will gain from growing our inner city.

All America bears the cost when a significant segment of our society is left behind. But all America stands to gain when those who have been excluded are at long last brought to the table.

We are a great and strong country. We have enjoyed one of the greatest expansions of our national wealth in our nation's history. Now is the time to invest, to ensure that the fruits of this wealth are shared as broadly as possible. This chance may not come our way again soon.

Let me conclude by reading a passage from Ezekial, Chapter 36:

"Thus says the Lord God, 'On the day that I cleanse you from all your iniquities, I will cause the cities to be inhabited and the waste places will be rebuilt. And the desolate land will be cultivated instead of being a desolation in the sight of everyone who passed by.'

And they will say, 'This desolate land has become like the Garden of Eden; and the waste, desolate, and ruined cities are fortified and inhabited.'

Then the nations that are left round about you will know that I the Lord have rebuilt the ruined places and planted that which was desolate; I the Lord have spoken and will do it."

Our time has come! You who have been so blessed by America's bounty, I call on you to transform society, to expand hope, to fulfill Dr. King's dream—a dream rooted in the American dream. It is a one-big-tent dream where we are all together under one tent. The society we see has five basic assurances:

- Equal protection under the law
- Equal opportunity
- Equal access to resources
- Fair share
- Commitment to the least fortunate

And the price of admission to the dream is merely yearning to breathe free. Beyond culture, beyond color, there is character. Rodney King was nearly beaten to death by four white police officers, but a white photographer—George Halliday—had the courage to capture it on tape for all of us to see. Then when the cops were released, four young blacks pulled Reginald Denny from his truck, beat him, and left him for dead. But four other young blacks had the courage to come to his aid and rush him to a hospital. There a black doctor—given the opportunity to get trained through affirmative action—performed surgery and saved Mr. Denny's life.

In Iowa, the McCaughey sept-tuplets were at-risk babies and were delivered by Drs. Drake and Mahone—both specialists—the best in the field—both African American women. Beyond culture, beyond color, there is character. Let's share the dream. This land is our land. This land is made for you and me.

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SECTION: WHITE HOUSE BRIEFING

LENGTH: 5066 words

HEADLINE: SPECIAL WHITE HOUSE BRIEFING WITH REVEREND JESSE JACKSON
WORLD TRADE CENTER, NEW YORK, NEW YORK

BODY:

REVEREND JACKSON: Questions.

Q I wonder if you could share your thoughts on the problems -- the investigation of Alexis Herman.

REVEREND JACKSON: I don't know anything about it. I don't.

Let me say, since you're searching for something to talk about, Wolf, what I'm really working on -- In this conference entitled "Expanding the Marketplace: Key to Economic Growth" even with the tremendous growth, wealth, prosperity, it's been mostly vertical. Thus, the gap between the wealthy and the workers is at a historic length. There must be more horizontal growth of the wealth and the prosperity.

And another dimension is that we must look upon these urban areas, more focused African American and Hispanic, as a market. If we think in market terms, then Wall Street has missed a great opportunity to build market in areas that fit all the prerequisites for market. People occupy choice land. More trained people than most third world countries. Collectively, $600 billion gross spendable e. Markets closer, more safe and more secure. And yet these markets are .ly under-utilized or undeveloped.

So look at Manhattan. Last night we had Donald Trump here, as well as Charlie Rangel and investors. I said, why -- you are the largest investor on the lower side of Manhattan, why not the upper side? Same island between the same two rivers connected by the same bridges -- what's happening? He said, well, one thing is that the same tax incentives for build on 57th Street apply to 125th. Therefore, there are no more advantages, while more impediments. That should be a signal of some punctuation of a challenge that could turn into a possibility. In Harlem, for example, there are no automotive dealerships. So I said to Jack Nassau (sp) today, from Ford, who is the heir apparent at Ford, and to Roy Gilliam (sp) from General Motors, you guys are speaking about competing with the Asian auto market exports, how can you leave a community with as many car drivers and owners as the area north of Central Park with a dealership. So we challenged them to establish dealerships there.

There is no grocery food chain there -- there are grocery chain operators here. In part because of lack of market confidence there are substantially no pension funds invested there. And so we seek to corral the private sector to look at vast areas of undeveloped market and under-utilized talent, and then challenge the government to begin to match in some formula, in some ratio, private sector investment.

Lastly, if you were 10 miles high, as I said in my speech today, looking down, and you saw a vast green area and a vast brown area or scorched zone, if that scorched area was topsoil and not sand, you'd figure out some way to irrigate and expand the green, because as sure as the wind blows the brown will encroach n the green. So we stand to profit more by expanding the green than we would paying to not expand.

Again, I'm convinced the private sector must be driven by enlightened economic ests and reasonable profit to make that move. And when Wall Street sends signal it's going to affect the government's disposition as well.

Q ..nat did you think of the President's comments that the role of government should be really quite limited in all of this?

REVEREND JACKSON: Well, frankly, the government serves as a catalyst. It's a step in the major direction. There is basic political stability in the community -- you can have open, free and fair elections, and the government right now is providing far more infrastructure and investment in the form of mostly aid and limited trade, then the private sector -- the private sector is the force of the most wealth, the most flexibility, in many ways the most ingenuity and creativity -- it does not unleash that energy on developing the market under its nose. How could the Big Three in Detroit lose 30 percent of its market to foreign car manufacturers unless it did not relate to in some reciprocal trade fashion its market?

We know what's about to happen now in the Korean meltdown. They plan to export their way out of that crisis. They buy 8,000 U.S. cars a year, a 1.2 car owners there, they're making $2 million a year. They intend to export their way out of this hole. If, in fact, the Big Three automakers and the African American and Hispanic markets are trading partners, then that gives us some strength to keep that bailout balanced enough so as not to be the victims of the dumping of cars and steel and cheap labor. But it means we must operate in the future as partners.

Q You've been here in a very visible way today, a three-day conference. Can you see any results from your presence on Wall Street?

REVEREND JACKSON: I think one of the evidences -- we have now bought stock in 50 corporations and that access to shareholders' meetings and the access to heads of corporations has begun to create major reevaluation within those companies. xample, these companies know that they need a diverse, educated work force . should come out of our schools to relate to a diverse consumer market, tnat is high volume consumers. So in a real sense, Wall Street cannot embrace Prop 209 because Prop 209 reduces the amount of educated people, reduces diversity in the workplace. If it reduces our ability to relate to a diverse consumer market and reduces high-volume consumers, it's anti-business. So diversity really is pro-growth, because it expands the base of educated people. It expands the base of the work force, expands its ability to relate to a diverse market and produce high-volume consumers.

So my point is that corporate America cannot lay back under the guise of conservatism and silence and not speak for its own interests in education. If you continue to cut back on the educational opportunities that we now see taking place in California, it's going to hurt business. Thirty-five percent of our work force is white male. If women and people of color were not being trained, we would either have to slow down production or import labor. And so clearly, if Wall Street is pro-growth, it's for diversity. It's for affirmative action. It's for inclusion.

Furthermore, our being here as exposed a gross weakness in Wall Street. That is to say, the extent to which it has been basically an all-white male closed arrangement, behind that wall, like behind the Wall of China, it has missed a whole body of investors. For many women and people of color take their savings, put them in the bank or the S&L, as opposed to putting them into the stock market. By not having a diverse body of stockbrokers, they do not have the capacity to penetrate the broader American market. And so if Wall Street is to grow, it too must expand the walls and build bridges to the broader emerging kets in America.

is no emerging market that spends $600 billion a year that is as close as, as big as, as educated as the emerging black and Hispanic markets in this ry. And we say to Wall Street, let's engage in reciprocal trading ionships, stop the restraint of trade practices that leads to a trade deficit and an imbalance of trade. There is no race gap. There is no race gap. There is an investment gap. There is a trade gap. There is the historical legal gap that creates an imbalance of opportunities. And now we want to close that bridge and do so by expanding -- by evening the playing field and expanding the marketplace.

And every time there has been these traumatic moves about race inclusion, you let Jackie Robinson in, its expands the baseball market. You let women in through Title IX, it expands the basketball market. Whenever you can show evidence of inclusion, you also see evidence of growth.

Now, I hope that the President's initiative on trying to have racial reconciliation will deal with the structural gap. And business must take the initiative on closing the structural gap. It will not be enough to have a well-meaning dialogue, but business must close the opportunity and the investment gap. In that way, we heal the breach and we make this a more perfect union.

Q Representative Gephardt said recently that the White House and moderate Democrats didn't seem to have an activist enough agenda for the Democratic Party. Do you agree with that? And what would you like to see Democrats do?

REVEREND JACKSON: Well, Democrats and the White House all too often have adjusted to our environment, and we at Rainbow/Push are serving as the catalyst. After all, the Democrats did not have an active enough agenda in Montgomery in 1995, but we served as a catalyst. And the best of leadership responded to the legitimacy of our quest.

The party was not activist enough in 1963 and we marched on Washington. But responded because Dr. King made the choice between Bull Connor and Dr. The party did not have an activist enough agenda on the right to vote. I remember Dr. King saying to Lyndon Johnson, after getting the Nobel Peace Prize, we thank you, Dr. King for doing great work, and we honor you. He said, well, thank you, Mr. Johnson, but we deserve the right to vote. And Johnson said, you know, I like you very much and I respect you very much, but I can't give you the right to vote unilaterally. I can't, and if I were to do it, we would lose the South for 25 years. He said, but the bad news -- I can't, but the Congress won't.

And so neither the White House nor the Congress was activist enough. But in Selma we served as catalysts by taking our case to the broader public. And Johnson had the choice between George Wallace and King, he chose Dr. King's -- history.

In some sense, our being here on Wall Street is a catalyst, saying, expand the private sector, inclusion is the key to economic growth, use under-used talent, develop undeveloped talent as the alternatives to jails, expand the marketplace, use untapped financial investors. This idea is so contagious, you're going to see -- leaders, catch up with this movement.

We know, for example -- I just talked with him about several development formulas -- South Africa is a $100 million fund. That group has more latitude for South African targeted investment than there is such a fund here. Alderman Rostenkowski came from Poland a few years ago, and they needed some development formula. We made available to Poland something called the Polish-American Development Bank, 40-year loans at three-quarters of 1 percent, first payment due in 10 years. It was a development formula.

'e're now looking at all these various development formulas that we financed d the world, and saying let's invert those formulas and put them on targeted zones in this country and see them as investments. When our companies ... Korea, Taiwan, North, South Vietnam, there was no infrastructure. They ...d to build it. They build manufacturing plants. They build facilities. ...y use pension funds for that. The populations there are less literate than we are. The amount of money they spend is less than we spend.

So we're not saying -- look, you heard him talk a lot today about the fund -- about diverse -- use of foreign development. We say, good, let's apply some of those funding formulas to expand the marketplace among the biggest, safest, more secure development market in the world, which is here at home.

Q Was your principal reason for calling this conference your concern that Wall Street brokerage firms are not diverse enough in their employment? Or was that Wall Street generally is not providing capital to minority-owned businesses and neighborhoods that need greater capital? I'm not clear --

REVEREND JACKSON: Well, there is a combination of reasons. First of all, the Community Reinvestment Act has not been fully enforced, and that has left these vast areas without capital. We have not effectively marshaled some small portion of pension funds, maybe less than 3 percent, and perhaps built some kind of American Development Bank to use that money in a targeted way for expanding the markets, for example.

There is a dearth of fair gender and ethnic employment on Wall Street, but the worst part, Wall Street is missing opportunities for growing markets. They are missing opportunity for investors with money. They're missing opportunities for areas where -- you see, if we chose not to invest in Indonesia, we would miss growth. We would not inherit any of these social by-products -- investing. Here, if we don't invest and grow, we pay to not grow. And since five of every six jobs is in the private sector, since the wealth is in the private sector, and the flexibility is in the private sector, indeed the power is in the private sector, the unregulated power, then this sector must take a significant ...ative on the green-lining of America. Corporate America stands to gain. ...is were Gingrich here, for example, why is his incentive minimized to do ...s? Because his power is based upon a relatively small district, and if he can recycle his allies -- he does not want any expansion, any annexation, he does not want growth. He wants to control his base. And so if he can feed his base a cultural bait of security and some high-paying jobs, and if he can feel Wall Street -- I'll give you some tax breaks and get some financial support there, then he grows in power.

Wall Street cannot settle for a small recycled base. Wall Street and corporate America need growth. It needs a diverse educated population. It needs high-volume consumers. And so Wall Street will choke on conservatism. It must be progressive and expansive in inclusion to maintain sustained growth.

Q Reverend Jackson, you say that minority America invests a lot as far as retail purchasing on a consistent basis in this country. Why is it that Wall Street and the private sector has not looked at that and said, hey, maybe we should have incorporated minorities in our structure a long time ago?

REVEREND JACKSON: I think it's a vision deficit disorder. And I call it cultural blindness. We tend to recycle the habits of our culture without much courage and will to risk breaking out of that cycle. For example, one could ask, why didn't -- why did baseball owners miss Satchel Page, Josh Gibson and all those baseball players? They were there. They used to come to New York and play. They just could not -- the culture -- they settled for a small cultural circle. Once Branch Rickey (sp) took the cataracts off the eyes they said, oh, there's Jackie Robinson there, but so is Hank Aaron, and Willie Mays and Roberto Clemente. So once the cultural blindness came off, you begin to see a kind of ...ansion and growth. We saw the same thing in the football and basketball ... These are thriving, growing industries because of diversity.

Or why couldn't the Southern politicians see the disadvantages to the South of 'otton Curtain? All of them kept the Cotton Curtain up, but when the Cotton .in came down Jimmy Carter could become President from South Georgia, .nton could become President from Arkansas, Gore could be on the ticket from Tennessee. Two Southerners on one ticket, nobody felt offended because the walls had been brought down. Or why couldn't those who sought to keep walls up in Atlanta see that they could never have the Olympics behind the Cotton Curtain, or the Atlanta Braves behind the Cotton Curtain? I call it a vision deficit disorder.

In South Africa, the same force that fought so hard to keep Mandela in jail, that fought so hard to ban the ANC, with the walls down South Africa is about to become the economic capital of Africa, because it in fact has the most economic infrastructure, the most technology, and the most ability to exploit resources on the continent. And so it would seem in retrospect absurd that they would keep -- they thought security was in apartheid, which is a closed market; security really is in growth..

And so a part of what the civil rights struggle has done historically has been to pull down these walls and build bridges. And I say Wall Street, it has missed much money, much talent and many investors because it has in fact been behind that wall. Q Reverend Jackson, you chose to hold this conference on Martin Luther King's birthday. Do you see this as the next step in -- is the emphasis on investment and diversity sort of the next step in what might have been called the civil rights movement?

REVEREND JACKSON: You know, the first assignment he gave me in 1966 was to direct Operation Bread Basket, the economic arm of the organization. At that time we negotiated with national -- the first time blacks had ever built a chain store on Chicago's south side. We negotiated with Adlai Stevenson who was then state treasurer, for the first time, to help alter the law to put money in ·ity banks. We negotiated with all the dealerships, all the manufacturers :t black dealers for the very first time, between 1966 and 1968. Black a..ertising agencies like Berel (sp) came out of that period. Byron Lewis came out of that period. Magazines like Earl Graves came out of that period. Much of our work in Bread Basket was focused on the private sector. But we always knew there was some balance between private sector economic opportunity and public sector infrastructure, protected by public laws -- there was always that tension.

As I look at our struggle to make this a more perfect union, if I were writing a freedom symphony -- as I said earlier today -- and there were four movements in that symphony, the first movement would be to end slavery.

Let's not forget, African Americans help to subsidize our economy. For 250 years we were listed as commodities on the Stock Exchange. Many of your older investment firms here began in the South as stock brokering firms, and shipping firms shipping slaves as commodities and picking cotton in the South and trading it here on Wall Street.

I mean, for the first 250 years it was illegal for us to trade; we were not citizens -- a trade gap.

The next 100 years in what we call the Great Giveaway, the Homestead Act gave away millions of acres of land -- a kind of white affirmative action program. The land grant colleges, we could not attend them. On that land was the oil wells, the Railroad Trust Act -- we gave away millions of acres of land for railroad development for private economy. The government did the research on the radio industry and the TV industry; we could not be a part of that.

's a 350-year quantifiable trade gap. So if one phase was to end slavery, ent A, movement B, public accommodations -- Dr. King, '64 -- movement

three, the right to vote; movement four, Wall Street -- the capital of capital;
lace from which the resources flow to invest here and around the world.
erend Jackson, the President stressed in his remarks that there is only so
the federal government can do. Later today he's going to announce $120 million grant to New York to hire more cops. Is that, do you think, the most efficient --given that the crime rate here has already dropped substantially, do you think that's the most efficient way the federal government can spend money to encourage investment in the kind of communities you're talking about?

REVEREND JACKSON: Well, of course, I would rather see a fund set up -- there's a $100 million African Development Fund; there was an $8 million fund that Giuliani and Pataki scrapped once they came in. If you took the same amount of money to invest in the African Development Fund or the Polish American Development Fund, and got the private sector to match it, say, three or four to one, and then you begin to put premiums on chain stores that built in the red-line zone and train people there --that put premiums on automotive companies that put dealerships or manufacturing plants in the red-line zone, you would then begin to raise the tax base which would be a factor on the quality of education.

Right now what our cops are really doing, they're being hired to transport underdeveloped and under-utilized youth to Ryker's Island, which is the most expensive, non-productive institution in the city, indeed in the state. The number one growth industry in upstate New York is the jailed industrial complex. And so, clearly, we're going to pay a bigger price for less returns on jails and police, and get a far greater return on our investment if it's a front-side investment on economic development and educational development.

If you built a major plant, say, in the uptown section of Manhattan, now we would have to import the labor because our youth are not being trained to do it. And that, obviously, should be the real emphasis, in my judgment.

, you said you wanted to appeal to Wall Street's enlightened self-interest. you think by the end of the day Wall Street is going to be more persuaded enforcement power of the laws, either for civil action, lawsuits or enforcement actions of the federal government, if there is discrimination?

REVEREND JACKSON: It's a combination of things. I mean, some -- they may move an inch on the morality of it. They may move on a scale of 10. They may move two or three inches because of legal enforcement if there is a watchdog. And by and large, civil rights agencies are not staffed to do the watchdog, and they realize that. It takes about seven years to get to an EEOC suit, for example -- 100,000 backlogged EEOCs -- there's not much enforcement there.

They may move two or three inches temporarily on a boycott if they are embarrassed and their image is tarnished. But they tend to move in a more sustained way on enlightened economic interest when they see profitability. That's the case they can make with their shareholders. That's the case they can make at bonus time.

And I say we have a plan to challenge them to look at safer, more secure, wealthier market than those that they pursue abroad. We want to be competitive in the global marketplace.

Q Reverend Jackson, who owns these different strategies and incentives, and the like? Basically, aren't you paying businesses to do business in a place where they would normally not go?

REVEREND JACKSON: I'm sorry? I didn't hear you.

Q Are you basically paying businesses to do business in a community or in an area where they normally would not go? Let's say, if you have them an empowerment zone incentive or a tax break. Basically, aren't' you kind of paying them?

END JACKSON: Well, it's not unusual for cities to provide tax incentives or subsidies to get a stadium built there, or an industrial park there. It's nusual for countries to have incentives for the relocation of plants in countries and they promise them land, and workers and market. And so the .et is competitive. And if we are red-lined out of the competition for what's in the market, we obviously cannot grow.

We say if the market is looking for valuable land, then look at between East and Hudson River, look at St. Louis on the Mississippi River, look at New Orleans on the Gulf of Mexico, look at Houston, look at South Side Chicago. We're saying we have land, we're saying we have trained, under-utilized people, we're saying we have labor, we're saying that we have high-volume consumers, we're saying we are accessible and we are American-ready. Therefore, invest here. And when there's investment, and expansion and growth, there are all winners.

We're saying, let us -- in other words, don't shackle us, deny us the right to compete in the global marketplace for capital for the growth. For example, one thing right now we're working on is that -- a minority business has to be 51 percent owned to go public -- to get public capital. Well, that does not apply to the majority community. I mean, GM does not have to have 51 percent ownership to go public. I mean, that was designed at first to stop front companies. And while it was a paternalistic measure to protect us from fronts, it's even more devastating -- suppose a company has 30 percent ownership. If you have that much control in a public company, that's enough to attract capital and grow. So there are even strings or chains that limit our ability to have access to that money.

Now, not to mention on Wall Street, 1,500 brokers got a million- dollar bonus at Christmas time, and there are so few brokers until we cannot get our share. But more than that, maybe if Wall Street was using the whole playing field, not just a limited number, there would be more bonuses for more people and more growth.

you happy with the progress of the President's race initiative?

END JACKSON: Well, the race initiative is a moral concern and it is a [illegible]timate one, but there is something missing in it. The assumption is that there is a race gap that can be closed with good dialogue and better understanding. The fact is, there is no race gap. There is an investment gap. There is a historical legal gap. There is a trade deficit based upon restraint of trade. Those are structural gaps that must be closed with structural procedures.

We offer a plan that's mutually beneficial. This coming -- well, last weekend you saw Pittsburgh play Denver and San Francisco play Green Bay. And you had whites and blacks knocking each other out and drawing blood and fighting in the mud. And you had fans on both sides, white and black, drinking beer, eating popcorn and eating hot dogs. And with all of that emotions and physical fighting, there was no racial incidents.

Why? You had blacks in Green Bay pulling against blacks in San Francisco. You had whites in San Francisco pulling against whites in Green Bay? Why was race not even an issue? Because whenever the playing field is even and the rules are public and the goals are the same height, it's no longer an issue. If, however, blacks had to run 12 yards for a first down and whites had to run eight yards, if blacks had to run 120 yards and whites had to run 80 yards because they inherited some yards, you would have tension there.

That's why evening the playing field of economic opportunity and educational opportunity addresses a structural gap. As I said earlier today, what's missing is, the President has taken the initiative economically and made Wall Street the wealthiest it has ever been, and yet those who have been the biggest [illegible]ficiaries have not assumed their role in the dialogue or to heal the breach.

s what I'm trying to say. If I were a quarterback, and I once was, and I

ran a bootleg, I would want my blockers in front of me. If he's out speaking
' we must reconcile and the biggest beneficiaries are just laying back
.ng bonuses watching him get hit, they're not pulling their weight. They
m... be at this table.

As I said earlier today before you guys got there, they remind one time of two drunks on the railroad track drinking wine. And one wino said, after he got real high, I think I'll buy this railroad. The other wino said, thank God, I want to sell it. Have a drink on me. Now, they were dialoguing, but until the man who owns the railroad and controls the train schedules is at the table, there is no capacity to alter anything.

So we're saying, those who own the railroad and the trains, who have the capital, who have the training, they must be at that table and convince the majority of whites that diversity is in their interest.

Title 9, for example -- the majority of beneficiaries of affirmative action are white women, and women of other hues, plus people of color. So it's a majority, not a minority, issue.

The second point is, WNBA is seen as a private initiative, come from the government. Because of Title 9, you must now split the scholarships 50 percent, 50 percent women, quota, by the way. And so young girls can get scholarships -- basketball, track, and swimming and the like. And then you get women athletic team, women coaches, and sports directors, women sports announcers, women's sportswear, women in the Olympics, --a WNBA. WNBA has not reduced the fans for the NBA, it means you simply must now buy a basketball for your daughter and your son. Inclusion has expanded the marketplace. That's the case that we continue to make. And that's what's happening here.

Q You have a two-pronged argument here that you want Wall Street to both create access to capital and jobs for people. Do you think they're going to respond by · both, or are they more likely to choose one or the other?

.END JACKSON: Wall Street will grow through inclusion. If it includes more w...en, it will have more women investors. If Wall Street includes the emerging black and brown markets as brokers, as investors, Wall Street will expand. If Wall Street uses its resources to help us mobilize pension funds dedicated to development, Wall Street will grow, labor will grow, the undeveloped will become developed, the under-utilized will become utilized, and we'll have a stronger economy.

You must know that Wall Street stands to gain, and Main Street stands to gain, and those around the corner stand to gain if the economy expands and is inclusive and uses the capital and the human resource of people historically it has had cultural blindness to block it from, my last point.

Q Reverend Jackson, President Clinton says that he wants to introduce fast track legislation. What are your thoughts on fast track and reintroducing it this year?

REVEREND JACKSON: Well, obviously if you have fast track and labor is not and environmentalists are not in the train, they'll lie on the track and block it. The reason why we have John Sweeney coming here tomorrow morning, the next time that we expand we should have labor, environmentalists, and business in the same room to work out the deal where business gets profits, labor gets secure jobs, and we all can breathe free.

If we expand with shared growth, we can expand the tracks. But the idea of business running over labor and labor blocking business creates lots of pain, lots of tension, and no winners. I say, let's have a new approach to expanding trade so it is horizontal as well as vertical, and it's shared.

"' nk you very much.