PRESIDENT CLINTON'S

NEW MARKETS TRIP

SPEECHES

July 5-8, 1999

THE WHITE HOUSE
Office of the Press Secretary
(Hazard, Kentucky)

For Immediate Release July 5, 1999

REMARKS BY THE PRESIDENT
TO THE PEOPLE OF APPALACHIA

Main Street
Hazard, Kentucky

4:10 P.M. EDT

THE PRESIDENT: Thank you very much. Well, the Governor always told me if I would only come to Appalachia I would get a very warm welcome. (Applause.) I want to thank the good people of Hazard and Perry County for giving me that warm welcome. I want to thank all the people of Eastern Kentucky who have made me and my party feel so welcome today -- Paul and Judy Patton. I thank Mayor Gorman and Judge Noble. I thank those who have come with me today -- our Agriculture Secretary -- you heard from Secretary Glickman -- our HUD Secretary, Secretary Cuomo; SBA Administrator Alvarez. We have two Congressmen here -- Jim Clyburn from South Carolina and Paul Kanjorski, who came all the way from Pennsylvania, because they have places like Appalachia there, and they wanted to come down here to be with you. (Applause.)

I want to thank Duane Ackerman and the other CEOs who are here, including Dick Huber of Aetna; the One Central Bank Kentucky CEO, Kip Stolen; Sarah Gould from the MS Foundation; John Sykes from Sykes Enterprises -- I'll mention him in a moment.

I want to thank the Reverend Jesse Jackson, who keeps hope alive. (Applause.) And the others in our group, including Al From, the leader of the Democratic Leadership Council; and David Wilhelm, who is from nearby in Ohio and was my first Democratic National Committee Chairman. I'd like to thank the young people here in AmeriCorps -- (applause) -- and I would like to say a special word of thanks to Cawood Ledford. Boy, he is -- (applause) -- I was thinking that if old Cawood had been a political announcer instead of a basketball announcer and I could have kept him with me these last 25 years, I'd have never lost an election. (Applause.)

You know, Kentucky has been good to me and Hillary and to the Vice President. It has been brought to my attention that, in addition to the economy, we've been pretty good for Kentucky. Since I've been in office, UK basketball has had the most successful six years since Adolph Rupp was the coach. (Applause.) And Tim Couch hasn't done badly, either. (Applause.)

You know, yesterday we celebrated the last 4th of July of this century -- the last 4th of July of this century. Think of it -- 223 Independence Days. I want you all to drink plenty of water and I'll make this quick, but you need to know why we came here. I wanted to come to the heart of America and Appalachia to talk about whether we're all going forward into the 21st century; whether we really can build a bridge over which we can all walk together.

I'll bet you some of you here are actually the descendants of those people Governor Patton talked about, the Revolutionary War heroes who helped to settle this state. But, you know, whether our parents and their parents came here on the Mayflower or slave ships, whether they landed on Ellis Island in the 1890s or came to Los Angeles Airport in the 1990s, around the 4th of July we're supposed to celebrate what we have in common as Americans, to reaffirm that what unites us is more important than what divides us. Well, if we believe that, we have a shared stake in one another's success.

I came here to say to you I believe at this time of prosperity, if we can't find a way to give every single hardworking American family the chance to participate in the future we're trying to build for our country, we'll never get around to do it. Now is the time to move forward. (Applause.)

Our country is the world's leading force for peace and freedom and human rights. We have the lowest crime rate in 25 years, the lowest welfare rolls in 30 years, 90 percent of our little children are immunized against serious childhood diseases for the first time in history. We have the longest peacetime expansion we've ever had -- almost 19 million new jobs. Wages are rising for the first time in 20 years for ordinary people. We have a million kids lifted out of poverty, the lowest minority unemployment rate ever recorded.

And yet, even though this is a blessed time for America, not all Americans have been blessed by it. And you know that as well as I do. (Applause.)

So I came here to show America who you are. (Applause.) And when I leave here I'm going on to the Mississippi Delta, to my home country. Then I'm going up into the Middle West, and then over to Phoenix, Arizona, and up to the Pine Ridge Indian Reservation in South Dakota, and then ending this tour in East Los Angeles to make a simple point -- that this is a time to bring more jobs and investment and hope to the areas of our country that have not fully participated in this economic recovery. We have an obligation to do it. (Applause.)

I started out the morning in the town of Tyner, a little village, with a wonderful woman who took me to see her 69-year-old father that just lost his wife after 51 years of marriage. And I saw four generations of that family. And I walked in the neighborhoods and I listened to the people tell me they needed better housing and better transportation.

And then I went on to Mid-South Electronics, a place that had 40 employees 10 years ago, and has 850 today and about to expand some more, to make the point that any work that can be done by anybody in America can be done here in Appalachia -- and throughout the other places in this country where they're not fulfilling their promise. (Applause.)

I came here in the hope that with the help of the business leaders here, we could say to every corporate leader in America: Take a look at investing in rural and inner-city America. It's good for business, good for America's growth, and it's the right thing to do. If we, with the most prosperous economy in our lifetimes, cannot make a commitment to take every person along with us into the 21st century, we will have failed to meet a moral obligation and we also will have failed to make the most of America's promise.

You know, these economists in Washington and New York used to tell me that if the unemployment rate ever dropped below 6 percent in America we'd have inflation out of control. Well, it's been under 5 percent for two years now and inflation is still low. (Applause.) And I'm telling you, it can go lower. We can hire more people, we can have more jobs -- (applause) -- but we've got to go to the places where there have not been enough new jobs and there has not been enough new investments and we have to provide incentives for people to go there. (Applause.)

I asked these business and political leaders to join me because we wanted to send a signal to America that we know that government can't solve these problems alone. But we know that we'll never get anywhere by leaving people alone, either -- you've tried it that way here in the hills and hollows of Kentucky and West Virginia and Ohio and Virginia and Appalachia, for years; that didn't work out very well -- that what works is when we go forward together.

I came here to say that I believe the government's part is to create the conditions of a strong economy, to give individuals the tools they need to succeed, including education and training, and to give incentives to businesses to take a second look at the places that they have overlooked. And then the job of the private sector is to give you a chance to make the most of your God-given ability. That is what we are trying to do. (Applause.)

With the help of Vice President Gore, we've had 135 empowerment zones and enterprise communities -- I was in one earlier today. They've helped to create tens of thousands of jobs. But we have to do better nationwide. We've worked with people like the Kentucky Highlands Investment Corporation. But we have to do better nationwide.

So that's why I'm going around here. I want to do two things -- well, really three. Number one, I want people to know a lot of good things are going on here now. (Applause.) Number two, I want them to understand that more good things can go on, and number three, I want us to do more. I want us to pass a law in Congress to create new markets in America, to say we're going to give a businessperson the same incentives to invest in new markets in America we give them today to invest in new markets overseas. (Applause.)

Now, meanwhile, I want to thank the companies represented here -- companies like Bell South, ready to help provide jobs and training for your people. The MS Foundation. The Appalachian Regional Commission, with my friend, Jesse White, here, will help Appalachian entrepreneurs create new small businesses. Sykes Enterprises is making a major commitment -- listen to this -- to construct two information technology centers in Eastern Kentucky that will bring hundreds of new jobs to Pike and Perry Counties. Thank you, Mr. Sykes. (Applause.)

Across our nation, banks like Bank One, City Group, Bank of America, First Union, will invest hundreds of millions of dollars to finance new small businesses and other promising enterprises. I want to thank all these companies for their support.

But again, I say: Look here, America. We've got people working out here and doing fine and doing marvelous things. Look here, business community. Take another look. There are great opportunities here. But I also want to say to the Congress: Just simply give me one more tool for them, give people the same incentives to invest in Appalachia or the Native American reservations of the Mississippi Delta or the inner cities we give them today to invest in poor countries overseas, and let the American people show what they can do. (Applause.)

Ladies and gentlemen, it's been a hot day -- but when I'm gone, I hope you'll remember more than that the President came and you were hot. I hope you will remember that it was the beginning of a new sense of renewal for this region and for all the people in our country to go forward together. (Applause.)

Thank you and God bless you. (Applause.)

END 4:21 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary
(Clarksdale, Mississippi)

For Immediate Release July 6, 1999

REMARKS BY THE PRESIDENT
IN ROUNDTABLE DISCUSSION ON
INVESTMENT IN THE DELTA REGION

Waterfield Cabinet Company
Clarksdale, Mississippi

10:25 A.M. CDT

THE PRESIDENT: Thank you. Please be seated. Well, it's hot as a fire cracker in here. (Laughter.) So I feel right at home. (Laughter.) I don't know whether Bob Koerber and the people at Waterfield are insured against heat stroke by strangers happening in along the way, but let me say that I am delighted to be here today. I've had a good day already.

And I've got a large group with me, and I can't mention them all, but I'd like to mention a few of them. First I want to thank Secretary Slater, who is, as all of you know, also from Arkansas and worked with me on the Delta Commission. I want to thank our Secretary of Agriculture, Dan Glickman; our Secretary of Labor, Alexis Herman, who is here with me; our SBA Administrator Aida Alvarez. Reverend Jackson, thank you for being here.

I'd like to thank David Brosczek from Fed Ex; Jack Hugsland from Greyhound. We'll introduce our panelists later. I'd also like to say a special word of thanks to Lt. Governor Ronnie Musgrove and his family. They're here -- (applause) -- and we thank him for his interest in the development of the Delta. (Applause.)

Our Congressmen, Bennie Thompson, from this district -- (applause) -- thank you. And I understand Congressman Ronnie Shows from Mississippi is also here -- Ronnie is standing up there -- thank you. (Applause.) And we have two visitors who have come from a long way away to be with us -- Congressman Jim Clyburn from South Carolina, and Congressman Paul Kanjorski, all the way from Pennsylvania, down here. Thank you very much. (Applause.)

And we thank Attorney General Mike Moore for being here, and all the other people from Mississippi who are here. (Applause.)

Let me say again to Bob Koerber and all the folks here at Waterfield, we thank you for giving us a chance to both tour this plant and to camp out in some of your space.

And I would like to be very brief. I've learned to attenuate these remarks of mine. Yesterday, it was 100 degrees in Hazard, Kentucky; we had 10,000 or 15,000 people outside. And I said, I don't believe I better give this speech I was going to give.

Hello, Governor Mavis. It's nice to see you. Welcome. Thank you very much for being here. (Applause.) And I think my friend, William Winter, is here. Governor Winter, are you here somewhere? He met me at the airport. (Applause.) So, anyway, I talked for about five minutes, and I'd like to do that.

I just want to tell you exactly why we're here. First of all, the people in the Delta know better than anybody else that while this country has had an unbelievable run -- we've had the longest peacetime expansion in our history, nearly 19 million jobs since the day I took the Oath of Office. (Applause.) We have the lowest recorded rates ever of unemployment among African Americans and Hispanics. We have the highest rate of home ownership ever. We have a million kids lifted out of poverty.

Now, having said all that, in the Delta, the poverty rate is much higher than the country as a whole; in this county, it's over twice as high. The unemployment rate is higher than the national average, and the investment rate is lower.

Now, a lot of you -- I remember when I was out on a barge in the Mississippi River outside Rosedale with Ray Mavis back in the mid-'80s, and we signed this agreement with the then-Governor of Louisiana about all the things we wanted to do with the Delta. And then we worked on the Delta Commission for all those years. A lot of good things have happened here, and I want to talk a little about some of them. But I want you to know, I am making this tour of America for one simple reason: I want everybody in America to know that while our country has been blessed with this economic recovery, not all Americans have been blessed by it, that it hasn't reached everyplace. (Applause.)

I want our country to know that there are great opportunities out here for investment for jobs in America. I want them to know what we have done already to make it easier for people to make the most of those opportunities, and what we're still trying to do.

Now, let me say, ever since I became President, I have done what I could to increase investment in undeveloped areas through the empowerment zones, which give tax credits and put tax money into distressed areas; through the enterprise communities; through getting banks to more vigorously approach the Community Reinvestment Act; and setting up community development financial institutions, or supporting those that are already in business, like the Enterprise Corporation of the Delta. It's a private, tax-exempt business group. It is a real success story. Just since 1994, it's given financial or technical assistance to more than 600 companies, including Delta Laundry and Computers here in Clarksdale.

Now, we set these operations up all over the country. Overall, the ECD here has helped to generate more than 5,000 jobs and $200 million in annual sales. Bill Bynum, the CEO and President of ECD is here. We thank him for being here today. (Applause.)

Today corporations represented here with me are going to invest $14 million more in the ECD, so they'll have more money to loan out to people here to create more jobs. Today, around the country, there will be about $150 million more announced to be invested in organizations like this.

In addition to that, I'm trying to get Congress to pass a bill which will give tax incentives, tax credits and loan guarantees to people to invest in the Delta and other poor areas of America, just like they get today to invest in poor areas around the world. I think that it's a good thing that we encourage people to invest in Africa, Latin America and the Caribbean, but they ought to have the same incentives to invest in the Mississippi Delta and Appalachia and the Native American reservations and the inner cities. (Applause.) That is what we're trying to do here. We're trying to close what Reverend Jackson calls the "resource gap."

Now, let me say, we've got a lot of other challenges in the Delta. We have a terrible crisis in American agriculture today. Last year we came up with billions of dollars to try to keep our farmers going. This year we're going to have to do it all over again. And we've got a lot of other problems. But, fundamentally, what I want America to know is that every place in the country, and today this place, is full of good people, capable of doing good work, who can be trained to do any kind of work. And we are going to do everything we can in the government to give the financial incentives necessary for people to invest here.

And I want to make the same point I made yesterday: Everybody in America has a selfish interest now in developing the Delta. Why? Because most economists believe that if we're going to keep our economic recovery going without inflation, the only way we can possibly do it is to find more customers for our products and then add more workers at home. If you come here, you get both in the same place. You get more workers and more consumers. So it's good for the rest of America as well. (Applause.)

So, again, I say I am delighted to be here. I had a wonderful time in Memphis last night, but I ate too much. I'm sorry it's so hot, but I hope nobody passes out. And I want to give Secretary Slater now a chance to talk to our panelists, and then I want all of you to think about when we leave here, what we can do to show people the opportunity that's here now, and what you could do to help me pass on a bipartisan basis the necessary tax incentives and loan guarantees to say to any investor, anywhere in America, if you come to the Mississippi Delta, you can get at least a good a deal as you could investing anywhere else in the world, and we're right here at home and we need you.

Thank you very much. (Applause.)

* * * * *

THE PRESIDENT: I just want to emphasize for everybody who is here listening, because a lot of you may be able to come to Bill with a good idea -- there are -- it's not just that there is not enough money available in this area for good investments. Someone has to decide what's a good investment. And what he has done is to basically go out and get money from other people who, on their own, would never have the time or effort or maybe even the inclination to make these investments, but they trust them to do it -- including our Community Development Fund, which, as you heard, has given him $4.5 million.

Hillary and I, when we were in Arkansas, helped to set up the Southern Development Bank in Arkansas, as you know, so we believe in this. In addition to that, I want to emphasize one other thing. In the empowerment zone program that the Vice President has run for us over the last six years, people who invest there can get substantial tax benefits for investing, and then they get tax benefits for hiring people. But they don't get them if they're outside of these zones.

One of the reasons that I'm trying so hard to pass this legislation is not everyplace in America can be in an empowerment zone, even if we keep increasing them every year. So what I want to do is to make every area in America that needs an investor equally eligible to get the investors' attention by being able to get these kinds of tax benefits, so we can get more money into these development corporations and then have equal tax incentives for investors to go into high unemployment areas -- those two things, if we have enough people like you who are as good as it as you have been, I think will make a huge difference. I think it will really, in the next five or six years, would make a breathtaking difference, because people are out here looking at these markets now. And I want to thank you.

* * * *

THE PRESIDENT: Let me say this very briefly. I was there when you started, and I was delighted when I heard you were going to be on the program. I wish we'd had time today -- we don't -- to tell everybody the fascinating story of how you got started, how you found the equipment to do the brown rice in the first place. And someday you ought to write it up, because no one who understands what was going on in America at the time would believe it. And it's a real tribute to your initiative. And I'm glad you're still doing well, and glad you're still growing. Thank you for being here today. Thank you. (Applause.)

* * * * *

THE PRESIDENT: Let me say, I'm delighted that you've done so well over these years since you began in Arkansas. I remember when you planted roots in Pine Bluff. I just think it's worth pointing out that the South Shore Bank of Chicago, which financed you, was really the first great community development bank in the United States. And they were inspired, among others, by a man named Mohamad Yunus from Bangladesh, who has now made millions of loans to poor, poor village people in Bangladesh through the bank you set up.

Hillary and I had some contact with him; that's what led to the establishment of the bank in Arkadelphia and to my belief that we in the national government ought to do more to support people like Bill. I think -- again, you've just heard now three stories, and two of them involve people who have had to get credit. A lot -- I always say one of

Clinton's laws of politics is, when somebody tells you that a problem is not a money problem, they're almost always talking about someone else's problem, not their own. To a great extent, this is a money problem. You have all these talented people and all these good ideas; there is a pretty even distribution of human resources and ability in this whole world, but there is not an even distribution of access to capital. And that's what it is we're trying to fix. So I thank you. (Applause.)

* * * * *

THE PRESIDENT: You have an announcement, right? Okay. You're being way too modest. Now, you know, this lady is the assistant plant manager here. According to my notes, she also is the mother of five children. (Applause.) When this place was in bankruptcy, they took it out and they've turned it around. They're doing good business, they're expanding their work force. And I think what we need, frankly, are more people that have this particular expertise, particularly in the Delta, because there's more than one place like this.

Our host was telling us there's another place across the river in Arkansas that he's been looking at now. If we had a core of people who had this skill to go with what our local venture capitalist and banker here is doing for us, we could really do some good.

But I think we ought to recognize that what these people have done here and the jobs that they've given folks the opportunity to hold is quite important and could be a good model for others in the Delta. So I thank you for what you've done. (Applause.)

* * * * *

THE PRESIDENT: Well, I know we've got to wrap up. If you don't remember anything else when you leave, remember what Cathy said -- not just the $500 million, although that's real money even in 1999; that's very impressive. This is a good business opportunity here. If we cannot fully develop the Delta now when we have the strongest economy in our lifetime, when will we ever get around to it?

And remember -- put yourself in my position. I sit in Washington all the time, trying to think about how can we keep this economic recovery going, adding more jobs, raising incomes, without having inflation? If we get inflation, then the Federal Reserve will have to raise interest rates so much the economic recovery will slow down.

The only way to do it -- I will say again to all of America -- the only way to do it is more customers which then makes possible more employees, when you can do that with higher productivity and no inflation. The best place in America to do that is a place which has not yet felt the recovery. This is a big deal.

And I want to thank all of our business leaders for coming, and all of our great entrepreneurs here in the Delta. I want to thank you -- I know we could stay here until tomorrow if we could all keep breathing.

I do want to point out that except for the occasional reverend of the cloth and the odd politician, the head of the electric utility is the only guy still wearing his coat because he wants you to use more juice. (Laughter.) And I think that is very impressive. I want to thank our friend from Greyhound because we may always need some people to be able to get to and from jobs that aren't in the small towns of rural America, but who want to live in rural America. That's been one of the big challenges Secretary Slater has tried to face with welfare reform, even; trying to make sure people who live in the inner cities can at least get to the suburbs, or who live in small towns and get to a big city so they can take a job without having to undermine their ability to be good parents.

And I want to thank my friend, Bob Cabe from Blue Cross. You need to know that in our former lives, we were both lawyers. And he's a very special economic development expert for me, because in 1981, I was the youngest ex-governor in the history of America with very limited future prospects, and he and his firm offered me a job. So I am living proof that economic development works, thanks to Bob Cabe -- and I thank you very much. (Applause.) And I want to thank, again, all these people for their wonderful work.

The story needs to go out across America: This is a good investment. This is a good deal. We will help you. We will help you. We have institutions to help you. We have tax relief to help you. And more and more, our financial institutions are coming up with the money. But America needs to wake up and recognize that the best new market for American products and for new American investment is right here in the U.S. of A.

Thank you very much and God bless you. (Applause.)

END 11:10 A.M. CDT

THE WHITE HOUSE

Office of the Press Secretary
(East St. Louis, Illinois)

For Immediate Release July 6, 1999

REMARKS BY THE PRESIDENT TO THE EAST ST. LOUIS COMMUNITY

Walgreen's Plaza
East St. Louis, Illinois

5:27 P.M. CDT

THE PRESIDENT: Thank you. (Applause.) Ladies and gentlemen, I used to think that I was reasonably astute at public affairs, but I don't have any better sense than to get up here and try to speak behind Mayor Powell, Cathy Bessant and Jesse Jackson. I don't know how smart I am today.

Let me say to all of you, it is wonderful to be here. Madam Mayor, thank you for making us feel so welcome and for your sterling leadership. I'm delighted to be here with Jackie, your hero, and my friend who is all of our heroes. Thank you. (Applause.) Thank you, Dave Bernauer fore this wonderful Walgreen's store. I'm going to go in and shop in a minute, add to the local community.

Thank you, Mel Farr, for bringing jobs and opportunities and cars, even in two months' installments, to every community in this country. Thank you. (Applause.) Thank you, Reverend Jackson, for believing that we could keep hope alive in every city and rural area in this country and it could be good business to do so. (Applause.)

I want to thank some others who are with us here today -- Joe Stroud of Jovan Broadcasting; my good friend, Al From, the Democratic Leadership Council; David Wilhelm, the former Chairman of the Democratic Party from Illinois, who is here with me today.

I want to thank Senator Durbin and Congressman Costello, two of the ablest, finest people in the United States Congress. (Applause.)

I want to tell you that they are joined here today by other members of Congress, including Congressman Jim Clyburn, who came all the way from South Carolina; Congressman Paul Kanjorski, from the state of Pennsylvania; and Congressman Dale Kildee from Michigan, all of whom care about this community and communities like it all across America. I thank them. (Applause.)

And I want to thank your neighboring Mayor, Clarence Harman, for coming over from St. Louis, and your former Mayor, Gordon Bush, for being here with me. (Applause.) And I want to thank Secretary Cuomo, Secretary Glickman, Secretary Slater and all the other people from the administration.

We have had a great time these last two days, going across America. We are going to finish this day, first by shopping at Walgreen's -- (applause) -- and then we're going to get in an airplane and fly to South Dakota, where we will begin tomorrow at the Pine Ridge Indian Reservation in South Dakota.

So from Appalachia to the Mississippi Delta to East St. Louis to Pine Ridge. (Applause.) It has been a wonderful trip. But let me ask you something: If you look around this crowd today, I have to make -- this is a happy day, a happy day. But I want to say one serious thing off of this subject today, because of a remark that was made earlier by Cathy that I believe in community development; emphasis community.

You have been very good to me, to the First Lady, to Vice President Gore and Mrs. Gore. You have supported our initiatives and especially the Vice President's leadership of all of our community development. But what's the first thing that makes it work? Look around this crowd today. We have people from all kinds of backgrounds, all different colors, all different religions. (Applause.) Everybody -- all different ages, working for something good.

So this is the first chance, my first stop in Illinois since the tragic string of shootings in Illinois and Indiana these last couple of days, that have come to end with the apparent suicide of the alleged gunman. Now, I don't want to say a lot, but I think it's important to note that while we have to wait for all of the details to come in, the early reports indicated that this shooting spree, against Jews, Orthodox Jews, against the young Asian students, taking the life of a former basketball coach at Northwestern, an African American, all were motivated by some blind racial hatred against anybody who didn't happen to be white.

Isn't it ironic that this occurred during the time we celebrated the birth of our nation on the 4th of July? That action was a rebuke to the very ideals that got us started. Also a stern reminder to us that even as we celebrate this, even as we stand up against racial and ethnic and religious hatred in Kosovo, in Northern Ireland and the Middle East and Africa, we've still got work to do here at home. (Applause.)

So I say to you: I want to get back to the celebrating, but I issue an appeal here from East St. Louis to every community and every citizen in this country: We must search the hearts of our citizens and search the strength of our communities, that Congress should pass the hate crimes legislation, but we should rid our hearts of hatred immediately. (Applause.)

Now, I want to tell you what got us going on this. In 1992, when I ran for President, I came to East St. Louis, and I said I wanted to create a country in the 21st century where there was opportunity for every citizen, responsibility from every citizen and a community of all American citizens. I said that we ought to have a new role for government, that government couldn't solve all the problems, but walking away from them did not work very well, either; and that we had to focus on creating the conditions and giving people the tools to make the most of their own lives and to get together across lines that had divided them for too long.

Goodness knows, in the inner cities and the rural areas of our country, lines have divided those who worked hard that had no money and those who had plenty of money, but didn't believe it could be very well spent in the inner city or in rural areas.

Now, if you look at what has happened since, we see in this community both poverty and great promise, retail returning, new jobs, new residents, new hope, Walgreen putting up 400 stores across America, many of them in inner-city areas. But still, there are many unmet needs and unmet opportunities.

You heard what Cathy said about opportunities. Let me tell you, the economists talk about something in our inner cities called the "purchasing power gap." Let me tell you what that means. That means most people in East St. Louis, even though the unemployment rate is higher than the national average, most people get up and go to work every day. (Applause.) And if you take the money that you earn here as against the money you are able to spend here because of the jobs that are here and the stores that are here, in America as a whole, there is 25 percent more money earned than spent in the inner cities. In Los Angeles, it's 35 percent; in East St. Louis it is 40 percent. So you can handle this Walgreen's and a lot more besides, and we want to see them coming here. (Applause.)

And we thank Bank of America for the library, and we thank those involved in the hotel, the bank, the homes being built near here. We also want you to know that we want to do our part. Secretary Cuomo's Housing and Urban Development block grants, along with Bank of America, and many department stores are helping Jackie build the Jackie Joyner-Kersee Center near here. (Applause.)

So this is what Vice President Gore and I have tried to do with our empowerment zones and our community banks and our vigorous enforcement of the Community Reinvestment Act. It says you're supposed to loan money everywhere in America. That law has been on the books for 22 years, but over 95 percent of the money loaned under it, billions of dollars has been loaned since the Clinton-Gore administration has been in office. And I am proud of that. (Applause.)

We made East St. Louis an enterprise community in our first round of empowerment zones and enterprise communities way back in 1994, and because you have done so well, East St. Louis is designated as an empowerment zone for our second round, which means more money being spent here by the government, more tax incentives for the private sector to put businesses here, and to hire the people from East St. Louis and give them good jobs. (Applause.)

Senator Durbin, Congressman Costello and every member of the Congress here is committed to creating that second round of empowerment zones and funding them this year. We need help from Republicans and Democrats alike. This is not a party issue. All Americans benefit when all Americans work. (Applause.)

Now, let me tell you why else we came here today. We want to make two points which all the previous speakers have made. I just want to be very explicit. Starting with what the Mayor said about, location, location, location, accessibility -- boy, that was a good rap, wasn't it? I liked that. That was good. (Laughter.) The first point we want to make is, when the Wallgreen President comes, or when an executive from Bank of America comes, or when Mel Farr comes, and comes to places like this, or the Mississippi Delta, or Appalachia, the other places we're going, is, hey, there are business opportunities out here. If you've got people who want to go to work and people with money to spend, and they're both in the same place, it's a good place to invest. (Applause.)

The second thing we're doing is promoting what you have heard referred to as the New Markets Initiative. Now, let me just tell you what that is. That's a bill we're going to put before the Congress that says that if people invest in any high unemployment, high poverty area, anywhere in America, inside or outside one of our empowerment communities, they can get a tax credit for the money they put up, and they can go to the bank and borrow money and have it guaranteed -- a guaranteed loan by the federal government, which will lower the interest rates, which will mean it will be much cheaper for people to invest in communities like East St. Louis than it otherwise would be. (Applause.)

Now, the government is not going to do it. Nobody is going to put any money here if they think they're going to lose it. If you put up $100 and you invest it and I give you a 25-percent tax credit, if it's a bad investment, you still lose $75. But it makes it more likely that people will do it. It makes it more likely that they will take a look. It makes it more likely that you will build the kind of relationships which will make people know you, and trust you, and want to build a common future with you. And that is what we're trying to do. It is not a handout, but it is darn sure a hand up, and you are entitled to it. (Applause.)

And let me say to all of you, it is something that is good for the rest of America. We've had almost 19 million new jobs; the longest peacetime expansion in history; the lowest African American and Hispanic unemployment rates ever recorded in this country to date -- but the unemployment rates are still higher than they are for the rest of the country. Incomes are rising, but they're still lower than they are for the rest of the country. There is room to grow and to learn.

Look, we're all going to have to work hard at this. Nobody's got all the answers. There is no magic wand. But we know one thing: people make these investments one at a time, just like Mel Farr sells his cars: one at a time. You can only build one Walgreens on this spot. And somebody had to come up with the money. Somebody had to make the decision. Somebody's got to hire all the people that work here. Somebody's got to train them. Somebody's got to make all these decisions.

But what we can do is to create an environment in which more people will want to hold hands with you and walk into the 21st century, so that nobody is left behind, and we all go forward together. (Applause.)

You know, in 1960, Look Magazine said East St. Louis was an all-American city. It was because of stockyards and shipping yards. It was because of private enterprise.

The government can help, but private enterprise will make East St. Louis that all-American city again, if we go forward together. (Applause.)

And I just want to make one last point to everybody else in America who's looking at this. I spent a lot of time as your President, now, trying to figure out, how can I keep this economic good time going? When we started, nobody believed we could have an economic expansion that would go on this long. When we started, no conventional economist believed you could have unemployment rates under four and a half percent nationwide without having inflation and high interest rates, which would wreck everything. When we started, no one thought so.

But, you know, all of these young, technological geniuses are figuring out all this new computer technology, and it's rifling through what we all do, and it's making us more productive. And we're doing a good job.

But now I say to myself every day when I get up, now what can I do to keep this going? The only way to keep it going -- more growth with no inflation; more jobs and higher wages without bringing it to a halt -- is to have new people working, and new people buying. New people producing.

Where are those people? Those are the people you move from welfare to work. Those are the people who are disabled -- and we're going to let them keep their health insurance when they go into the workplace, so they can move into the workplace. (Applause.) And most important of all, those are the people in the inner cities and the rural areas, on the Native American reservations that have been passed by this recovery.

America has been blessed by this economic recovery. Now we are determined to see that all Americans are blessed by it as we move into the 21st century.

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

END 5:45 P.M. CDT

THE WHITE HOUSE

Office of the Press Secretary
(Pine Ride, South Dakota)

For Immediate Release July 7, 1999

REMARKS BY THE PRESIDENT TO THE PINE RIDGE INDIAN RESERVATION COMMUNITY

Pine Ridge, South Dakota

12:00 P.M. MDT

THE PRESIDENT: Thank you very much. Thank you. Thank you, Mr. President, and thank you to all of you here from Pine Ridge and all the other tribal leaders who are here for HUD's Shared Vision Conference. I am profoundly honored to be in Pine Ridge and in the Lakota Nation. In fact, to try to demonstrate my appreciation and respect, I would like to try -- to try to say something in Lakota. (Applause.) Mitakuye Oyasin. (Applause.)

My neighbors, my friends, we are all related. (Applause.) Consider those who have come here today to join hands with you, along with Secretary Cuomo, Secretary Glickman, your great congressional delegation, our Democratic leader, Tom Daschle in the United States Senate and Senator Johnson, Congressman Thune. You don't know this, but we have members of Congress from all over America who have come here to express their support and their commitment to join you in building a better tomorrow.

Congressman Ed Pastor from Arizona; Congressman Dale Kildee, from the state of Michigan; Congressman Jim Clyburn, from South Carolina; and Congressman Paul Kanjorski, from Pennsylvania, he has come all the way from Pennsylvania to be here. (Applause.)

I want to thank the other people from the administration, especially Assistant Secretary of the Interior, Kevin Gover and Lynn Cutler, in the White House, who work with all of our Native American leaders around America, for what they do. (Applause.) I want to thank the CEO of Fannie Mae, Frank Raines; the CEO of Northwest, Mark Omen; the PMI President, Roger Horton; Mortgage Bankers Association President Don Lang; Champion Homes CEO Walter Young -- for all the work that they are prepared to do in building a better future and they're here today. (Applause.)

I want to thank my good friend, Jesse Jackson, for never letting us forget our common obligations. (Applause.) I thank the other members of our delegation today -- Bart Harvey, from Enterprise; Al From, from the Democratic Leadership Council. I'd like to thank the young AmeriCorps volunteers who are here today for all the work they do. (Applause.)

I would like to finally say a word of appreciation to all the people who live here on this reservation, who welcomed me into their homes, who talked to me today as I walked down their streets. I thank especially Geraldine Bluebird, who Secretary Cuomo mentioned -- she let me sit on her porch and she told me how she tries to make ends meet for the 28 people that share her small home and the house trailer adjoining.

I thank the children who stopped their playing and shook hands with me and listened to me while I encouraged them to stay in school and to go onto college and to live out their dreams. (Applause.) I want to bring you greetings from two people who are not here -- first, from Vice President Gore, who has headed our empowerment zone effort that Pine Ridge became a part of today. (Applause.) And, second, just a little over an hour ago, I talked to the First Lady, and Hillary has spent more time in Indian Country than any First Lady in history. She is intensely committed to this effort, and she asked me to say hello to you. (Applause.)

President Saulway said today I was the only President ever to come to an Indian reservation for a nation to nation business meeting. I remember back in 1994, I invited all the tribal leaders in America to the White House, and it was the first such gathering since the presidency of James Monroe in the 1820s. Now, I know that Calvin Coolidge came to Pine Ridge in the 1920s, and that President Roosevelt visited another Native American reservation, but no American President has been anywhere in Indian Country since Franklin Roosevelt was President. That is wrong, and we're trying to fix it today. (Applause.)

I was profoundly moved by the pipe ceremony, just as I was when your congressional delegation took me last night not only to Mount Rushmore, but to the Crazy Horse Memorial, and to the museum that is there with it.

But I ask you today, even as we remember the past, to think more about the future. We know well what the failings of the present and the past are. We know well the imperfect relationship that the United States and its government has enjoyed with the tribal nations. But I have seen today not only poverty, but promise.

And I have seen enormous courage. I came here today for three reasons. First of all, to celebrate the empowerment zone and the housing projects that are going on here now. Second, to talk about my New Markets Initiative and what else we can do. But, third, with the business leaders who are here -- and I've already introduced them, but I'd like to ask the business leaders I just mentioned to stand up. We want to send a message to America that this is a good place to invest. Good people live here. Good people live in Indian country, they deserve a chance to go to work. (Applause.) Thank you. Thank you. (Applause.)

You've already heard President Saulway and Secretary Cuomo recite the statistics. It's a hot day out here and I know you're suffering in the sun. But I want to send a message to America. So I just want to say a few things, and I want you to think about this. Think about the irony of this. We are in the longest period of economic growth in peacetime in our history. (Applause.)

We have in America almost 19 million new jobs. WE have the lowest unemployment rate ever recorded for African Americans and Hispanics. For over two years our country has had an unemployment rate below 5 percent. But here on this reservation, the unemployment rate is nearly 75 percent. That is wrong, and we have to do something to change it, and do it now. (Applause.)

When we are on the verge of a new century and a new millennium where people are celebrating the miracles of technology, and the world growing closer and closer together, and our ability to learn from and with each other and make business partnerships with each other all across our globe, and there are still reservations with few phones and no banks, when still three or four families are forced to share two simple rooms, where communities where Native Americans live have deadly disease and infant mortality rates at many times the national rate, when these things still persist, we cannot rest until we do better. And trying is not enough; we have to have results. We can do better. (Applause.)

Our nation will never have a better chance. When will we ever have this kind of opportunity where unemployment is low, inflation is low, there's a lot of money in our country, the value of our stock market has tripled and then some. Business people are looking for new places to invest, and people who have done well feel a moral obligation to try to help those who are less fortunate, who have not fully participated.

And we see it from Appalachia to the Mississippi Delta to the inner cities of our country, to the Native American communities. If we can't do this now, we will never get around to doing it. So let us give ourselves a gift for the 21st century -- an America where no one is left behind and everyone has a chance. (Applause.)

We will do our part. You have suffered from neglect, and you know that doesn't work. You have also suffered from the tyranny of patronizing inadequately funded government programs, and you know that doesn't work. We have tried to have a more respectful, more proper relationship with the tribal governments of this country to promote more genuine independence, but also to give more genuine support. And the empowerment zone program, as the Vice President and I designed it six years ago, is designed to treat all communities that way. We're not coming from Washington to tell you exactly what to do and how to do it, we're coming from Washington to ask you what you want to do, and tell you we will give you the tools and the support to get done what you want to do for your children and their future. (Applause.)

President Saulway and a number of tribal leaders came to me at the White House a couple of months ago. You may have heard in the national press that I repeatedly referred to this profoundly emotional meeting. I have given a great deal of thought to what was said then and what I heard now. We can do better. I would like to mention just a few specific things, for you have all heard years of pretty words.

There is no more crucial building block for a strong community and a promising future than a solid home. Today, I want to talk about a number of things the government and the private sector are going to do to increase homeownership. Our whole team visited those new homes that are being built not far from here. We talked to the families that are moving into those homes. I had a little boy take me through every room in the home, tell me exactly where every closet was, tell me what his sister's room had that he didn't have, and why it was all right, because she was older and she needed such things.

This is important. So what are we going to do? Private lenders, like Bank of America, Northwest, Bank One, Washington Mutual, are going to work with the Mortgage Bankers Association and HUD, to more than double the number of government-insured or guaranteed home mortgages in Indian country in each of the next three years. (Applause.)

Right here in Pine Ridge, Fannie Mae, under Frank Raines' leadership, has set aside millions of dollars to help you buy those homes at below-market rates. And they are spending hundreds of millions of dollars all across this country to help people just like you become homeowners for the first time. (Applause.) And Secretary Cuomo's Partnership for Housing is giving financial incentives and counseling to help families figure out how to actually get this done, how to buy their own homes and pay for them.

But, as I heard over and over today, even if we went in and tried to repair or rebuild or build new homes for every family here, and in every Indian community throughout the United States, we must have jobs if we want these communities to work. (Applause.) Adults need to have something to look forward to every morning when they get up. And if they want their kids to stay in school, and stay out of trouble, and look to tomorrow, their lives have to be evidence that looking to tomorrow pays off. It is appalling that we have the highest growth rate in peacetime in our history; that we have an unemployment rate below 5 percent for two years, and the unemployment rate on this hallowed reservation is almost 75 percent. That is appalling, and we can do better. (Applause.)

No community in America, can grow, however, without basic blocks. No community in America should be without safe running water and sewer systems. So the Department of Agriculture will put nearly $16 million in water projects throughout Indian country, including two right here in Pine Ridge, that will also help you get jobs, as well as improve the quality of life. (Applause.)

As you can see, in this Big Sky country, it is rather warm and it gets windy from time to time, as the Natives will attest. The Department of Energy will help you harness the power and profits of wind and solar energy, to save money and make money. (Applause.) Owens Corning and North American Steel Framing Alliance will provide skills training and the promise of quality jobs. And Citibank and Gateway Computer Company will work with Oglala Lakota College and other schools to help Native American students get the computer skills that will allow them to get 21st century jobs. (Applause.)

And our Federal Communications Commission will work with you to improve telephone service throughout Indian Country, an absolute prerequisite for getting any new business in here.

Let me just say that one of the things that we have learned is that the computer and the Internet make it possible for many people to do many kinds of work in any community, anywhere in the United States; indeed, increasingly, anywhere in the world. The fact that this reservation is a long way from an urban center would have been an absolute prohibitive barrier to a lot of economic development just 10 or 15 years ago.

The explosion of computer technology and the Internet, if you know how to use it and you know how to deliver for others with it, has literally made the distance barrier almost insignificant for many kinds of economic activity. So I want to implore you to use your tribal college and work with these companies and make the most of the skills they are offering, and we can get the jobs to come here once you can do them. (Applause.)

Finally, we must seize the vast potential of tourism right here in Pine Ridge by building a Lakota Sioux heritage cultural center. Every year, millions of families travel long, long distances to see Mt. Rushmore -- 2.7 million last year. The Crazy Horse Memorial, about a million and a half, even though only the head has been finished. The Crazy Horse Memorial last year had 1.5 million visitors; only the head has been finished. I went there late last night. And the Badlands National Park. Now, if you look at that, you have to ask yourself: How can you have -- how many people, if you did everything right down here, if we built this cultural center, of all the people that go to see Crazy Horse, of all the people that go to see Mt. Rushmore, of all the people that go to Badlands National Park, how many would come here. I'll tell you -- a whole lot. An enormous percentage, if you give them something to come and see. That is nothing more than the simple, profound, powerful story of your eloquent past and your present, of your skills and your heritage and your culture and your faith.

These commitments that we are making today are just the beginning. Thirty-one years ago this spring, Senator Robert Kennedy came to Pine Ridge. Many of you probably still remember that visit. Senator Kennedy, seeking medical care for his child, lying sick in the back of an abandoned car, refusing to sit and begin an important meeting until all of the tribal leaders had their proper seats.

You may remember his message of hope. Let me say that all across America, people were watching that. I have to say, on a purely personal note, one of the most touching things about this day for me is that the wife of our HUD Secretary is Robert Kennedy's daughter, and she is here today and this is a proud day. I'd like to ask her to stand. Kerry, please stand. Thank you. (Applause.)

We lost all those years. There were a lot of reasons, and a lot of things are better than they were 30 years ago. But this is the first time since the early 1960s when we had this kind of strong American economy, and we have no excuse for walking away from our responsibilities to the new markets of America.

I have asked the members of Congress to go back and pass legislation that will give major tax breaks and government-guaranteed loans to people who will put their money in Indian Country, to lower the risk of taking this chance. (Applause.) We are going to do everything we can to make your empowerment zone work. But remember -- there is nothing that we can do except to help you to realize your own dreams.

So I say to every tribal leader here: The name of the conference you are attending is Shared Visions. We must share the vision, and it must be, fundamentally, yours -- for your children and their future. If you will give us that vision and work with us, we will achieve it.

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

END 12:22 P.M. MDT

THE WHITE HOUSE

Office of the Press Secretary
(Phoenix, Arizona)

For Immediate Release July 7, 1999

REMARKS BY THE PRESIDENT IN ROUNDTABLE DISCUSSION ON SMALL BUSINESS DEVELOPMENT

La Canasta Food Products Factory
Phoenix, Arizona

5:55 P.M. PDT

THE PRESIDENT: Thank you very much. First, I want to thank Ed Pastor for making me feel so welcome and for being my friend and doing a wonderful job for you back in Washington, D.C. He has the respect of every member of Congress and when he talks, we all listen.

I want to say to all of you that I am honored to be back in Phoenix. Arizona has been very good to Hillary and to me and to the Vice President and Mrs. Gore, not only in voting for us in the last election, but in proving that the philosophy of government and the policies we've followed can bring us together and make us a stronger country. So I want to begin by saying a simple "thank you."

I'd like to thank the people who have come here with me today. Congressman Pastor mentioned Congressman Kanjorski from Pennsylvania, Congressman Clyburn from South Carolina, our Small Business Administrator Aida Alvarez, and my Deputy Chief of Staff, Maria Echaveste; they are all here and others. I thank them. (Applause.)

I'd like to thank the Reverend Jesse Jackson for coming on this tour with me, along with the business leaders. (Applause.) I know there are some public officials here. I think Janet Napolitano, your Attorney General, is here; she met me at the airport. Jim Hill, the State Treasurer of Oregon, is here. Thank you both. (Applause.)

I'd like to thank the business leaders here with me, Leo Guzman, Mary Ann Spraggins, Gene Humphries of Enron, Stephen Burd of Safeway, John Corella of Corella Electric, Myrna Sonora of KTVW 33; some of you probably watch that. (Laughter.) Mike Welburn of Bank One, Andy Gordon of Arizona Multibank, Frank Ballasteros of MICRO; Leonard Mareno of Mareno Welding; Yolanda Kaiser of Builder's Book Depot. And, obviously, I'd like to thank our host, Josie Ippolito, and all the other wonderful women in this remarkable family that own this. (Applause.)

Ed already said why we're here, and I'm here mostly to listen to the people here. But I want to make a very important point. I want you to know why we are here. We are here because we have the longest peacetime expansion in history, almost 18 million new jobs since I took office, the lowest unemployment rates among Hispanic Americans and African Americans ever recorded. Our country has been really blessed by these good economic times. It has contributed to giving us the lowest crime rate in 25 years, the lowest welfare rolls in 30 years, declining rates of teen pregnancy and drug abuse. We have 90 percent of our little children immunized against serious childhood diseases for the first time in the history of our country.

But we know as blessed as America has been, not every American has been blessed by this recovery. All you've got to do is drive down the streets here in South Phoenix to see that. So what we are doing is going around the country to say we can do better, that morally, now that we're doing so well, we have an obligation to give every American who is willing to work for it a chance to walk across that bridge into the 21st century with us, so we go forward together, leaving no one behind.

And not only that, it's good economics. A long way from South Phoenix, I have to worry every day about how I can keep creating jobs so you have more people to buy these wonderful products you are producing. I mean, 840,000 a day -- that's a lot of people, you know. Of course, not everybody eats as many at one sitting as I do. (Laughter.) So, I mean, it's a lot of people. So I think about that.

How can I do that? Well, we can sell more of our products overseas, which we're trying to do. We can take more people off welfare, disabled people, and help them get in the work force, which we're trying to do. But the easiest way to keep America's economy going strong is to get more investment, create more jobs and create more consumers in the neighborhoods, in the cities and in the rural areas and on the Indian reservations which have not yet felt this recovery. That's what this whole thing is about how we can do this together.

And I'm here to make three points. Number one -- and I want to give some specifics in a minute -- we've been working at this for six and a half years with our empowerment zones and our enterprise communities and our community development banks -- you have one here -- with the vigorous support of the Community Reinvestment Act.

Number two, therefore, American business needs to know that there are good opportunities right now in inner cities and in rural America. This is not about charity; this is about how to make money by helping people who are willing to work for themselves get the chance to do it, to start those businesses or become good employees. That's what this is about. (Applause.)

Finally, it's about supporting our New Markets Initiative, which seeks to make it easier for people to get equity capital to start or expand their businesses in any poor neighborhood or underdeveloped area anywhere in the United States of America. So that's why we're here. And that's the message you're sending out here in South Phoenix, to every community in America, where there are good people who need investment and jobs.

Now, let me say that there are a lot of good things that are happening and I want to thank some of the people who are here. I want to thank Safeway for the new store at 16th Street and Southern Avenue, and the new shopping center that it will anchor.

That will create a lot of jobs. And, interestingly enough, we're trying to highlight this everywhere, because in almost every city in America, even with high unemployment, there are obviously a lot more people working than not working and there is more purchasing power in our cities than there are stores to take it up. So we thank Safeway.

I also want to thank Univison, because they are about to build a new multimillion-dollar broadcast facility for its local station, KTBW 33, and they're going to build it right here in South Phoenix, and that will help your economy to grow. Thank you. (Applause.) Thank you.

I want to thank the community development institutions like Arizona Multibank, the microenterprise organizations like MICRO. That's a fancy way of saying they loan small amounts of money to people to start small businesses who couldn't get the money anywhere else, and guess what? They usually make good loans and they make money doing it, by giving people a chance who couldn't get a chance anywhere else.

I want to thank Arizona Multibank* for launching Magnet Capital, which is a new venture capital fund, backed by the Small Business Administration that will give lower-income entrepreneurs the equity they need to grow and expand. So thank you very much, Mr. Gordon. (Applause.)

Now, there's lots of other things that all you have to say. Just remember, we came here for three reasons. One is, to show the business community of this country that we have the kind of partnership between government and the private sector that makes it more attractive to invest in places with higher unemployment and with too few businesses. Two, to make the point that there is a huge amount of opportunity out here right now. And the more American business knows about it, and the more they invest in it, the better they'll do.

And, three, we have a proposal before the Congress to go nationwide to give big tax breaks to people to help provide equity capital. And I want you to know what I'm doing. I'm basically asking the Congress to give investors like those on this stage with me today the same incentives to invest in South Phoenix that we give them right now to invest in the developing countries of Latin America and Africa and the Caribbean. I want to do that, but you should have the same incentives here. (Applause.)

So thank you all for coming and, Congressman, the floor is yours. You want to introduce the folks who are going to talk? I think maybe you're going next -- our hostess.

* * * * *

THE PRESIDENT: Thank you very much. Let's give him a hand; I thought that was good. (Applause.)

If I could -- if I could just make one point. One of the things that I learned traveling around the country in 1990 and 1991, before I decided to run for President, was that the crime rate was going down in areas where more police were on the street, and in the communities, and working with their neighbors -- not just because they were catching people quicker, but because it was actually preventing crime from occurring in the first place.

In the last six and a half years, we have funded 100,000 more police officers for our streets -- in small towns and rural areas as well as big cities. And in the budget I now have before the Congress, we're trying to get another 50,000 targeted at the highest crime areas in the country.

So that will help -- that's something that we didn't come here to talk about today, but if I can persuade the Congress to do that, that will obviously help you and others like you to locate more stores and to have more sub-stations. And it will also bring the police in closer contact with the community, and increase confidence and good feeling. So I thank you very much for that.

* * * * *

THE PRESIDENT: I want to thank you for the work that you have done. You know, we were just together over at Chicano's Porlacasa. And the work you did to help them set up their micro lending program. The Vice President, who has supervised all of our community economic development efforts for the last six years announced this new SBA initiative with Aida not very long ago.

But I just want to emphasize to you, we were in the Mississippi Delta yesterday -- it was also 100 degrees there -- and we were in a little factory that makes picture frames, that had been gone into bankruptcy. And we met a young man that thought he could turn it around and he had opened the place back up -- a place with terribly high unemployment.

But one of the people I met there was a woman who had worked for a small business that was doing okay, but the person running it in this little town, for family reasons, couldn't go on. And she was the only person qualified to take over this business, otherwise it was just going to disappear. But she made very low wages for a person who owns a business, and she had no money in the bank.

And because she was able to get some equity capital from someone as farsighted as you, her little business in a year went from five employees to 11 employees -- instead of five people losing their jobs -- and a woman that never made more than a few dollars an hour in her life is now a successful small business owner. That is that sort of thing we ought to be doing more of. And if we did more of it in places like South Phoenix, the unemployment here would not be higher than the national average and the incomes would not be lower. So I thank you very much for what you're doing. (Applause.)

* * * * *

I'd just like to make two points if I might, by way of completely agreeing with what you just said. First of all, for people who think we don't need these SBA programs anymore because the economy's doing so well, I would remind you that the SBA is a permanent example of the kind of approach that I believe we should be taking in the government. The SBA basically gives people the tools to make the most of their own lives. They make the market more likely to work in places where it otherwise wouldn't work. And for people who don't think it matters -- you know how much all these telecommunications companies are worth now and what's happened to the stock market in the last six years -- it's more than tripled. Thirty percent of our growth coming out of high tech.

Intel and America Online -- huge companies worth billions upon billions of dollars -- started with SBA loans. And so, I think, you know, that's enough to rest our case. The second thing I would say is, there are -- not all the business people that have been on this trip are right here in Phoenix, and not all the business people who wanted to go on this trip can go. But there is a phenomenal amount of interest in this, and I must -- I want to give credit to Reverend Jesse Jackson. His Wall Street project has been working on this for years.

I mean, there is a much higher level of awareness among American business leaders that there is money to be made and a better society to be made at the same time in these neighborhoods. So I don't think you have to worry. I think when we can finish this tomorrow afternoon in East LA, you will see a much higher level of commitment and interest in corporate America than we had before. Thank you, Mr. Corella. You're great. (Applause.)

* * * * *

THE PRESIDENT: First of all, I want to thank Gene, because, really, Texas is a classic example -- it's almost exactly like Arizona and Phoenix. The unemployment rate in Phoenix as a whole is less than 3 percent. The unemployment rate in this section of Phoenix is twice the national average, maybe a little more. You have the same thing in Houston.

I just want to illustrate, use Enron, which is a fabulous and very large energy company, to illustrate a point that he made, that I think we should emphasize because it goes back to something John made. One of the reasons we're taking this trip here is that one of the -- is that even in business, even with a market economy, where people are always supposed to act in their own self-interest, people cannot do what they don't know. And people cannot have a relationship with people with whom they are not acquainted.

And one of the things that Enron* did, saying that he worked through a local community investment group, is to have -- to literally build networks of relationships between big businesses and people that they would otherwise never, ever, ever come in contact with.

And so, I say again, I think -- you heard what Steve said about Safeway figuring out there was a market here. Once you begin to establish these networks of relationships, and once they become a part of the fabric of American life, then we can build an economic, a normal economic infrastructure in these distressed areas -- so that the next time a recession comes along, we won't be hurt so badly here, and then when the pickup comes, everybody will benefit instead of just a few.

So I can't thank you enough. But I do want to emphasize what -- Gene Humphries was a little too modest here. We do have a substantial number of business leaders heading companies more or less in the size range of Enron*, who are helping. But we are nowhere near where we need to be. We need hundreds, we need thousands of people with the kind of commitment that he's manifested, because without these relationships, the decisions cannot be made to put the money there.

Thank you. (Applause.)

* * * * *

THE PRESIDENT: I'd like to ask a question -- thank you. (Applause.)

I'd like to ask Frank or Andrew a question: what is the average size of a microenterprise loan that you give?

MR. GORDON: For the last 10 years, Mr. President, it has been under $2,500. And those $2,500 make a difference. Our default rate, after lending over $7 million in Arizona, sir, the default rate is less than 4 percent.

THE PRESIDENT: Let me say that this is -- give him a hand. (Applause.) This is a fairly typical experience worldwide.

I got interested in this 15 years ago, when I met a man who was trained in the United States and went home to Bangladesh and founded -- one of the poorest countries in the world -- founded a community bank making microenterprise loans to poor village women, average about -- then -- probably $20. Today, they average about $50. But that's a lot of money, in American terms, given the size of their economy.

And they had a 96 percent repayment rate. Now he's made millions of these loans, in a country with 100 million people. So I'm -- one of the things I'm quite proud of is that now, under our administration, we now fund 2 million microenterprise loans every year in poor, poor villages -- in Africa, in Asia, in Latin America.

But again I say, if it's good enough for us to do for them -- which we need to do, so those countries can keep their democracies alive, and be good citizens, and not cause wars, and have a decent life -- it's certainly good for America. And my only regret is that we don't give ten times as many of them every year. And if we have institutions like Arizona Multibank* and Micro* everywhere -- we have the networks out there, again, to make the contacts -- I think there's really very little limit to what we can do in getting more money for micro loans, because they plainly work.

Is the average person, the average size of the business, a single employee, self-employed? Or is it two?

MR. GORDON: It's a sole proprietor, sir.

THE PRESIDENT: Sole proprietor.

MR. GORDON: Sole proprietor. Although they do get help from their family. It's just -- it's a family business. It's not only that self-employed -- but that's what makes it, it guarantees its success, because of the support.

THE PRESIDENT: That's why they repay the money back, isn't it?

MR. GORDON: Yes.

THE PRESIDENT: Thank you.

* * * * *

THE PRESIDENT: I'd like to say something about both these presentations. First of all, the way the New Markets Initiative works in terms of who gets the tax credits and who qualifies, the way this works is, people that invest in a business enterprise can get up to a 25 percent tax credit for the money they put up, then they qualify for every dollar they put up for $2 in bank loans that are government-guaranteed, and the government guarantee dramatically lowers the interest rates on the bank loan, so that between the tax credit and the lower interest rates, you reduce the relative risk of investing in these areas to make it more attractive.

And existing businesses qualify every bit as much as new businesses do; it is the area -- where do the people live, what is their per capita income, what is the unemployment rate, how much do we need the new investment here. So we could never get into -- it would be a bureaucratic nightmare to try to make distinctions between existing and new businesses. Everybody's eligible. It's people we're trying to help and places we're trying to reach.

The only other thing I would like to say is to thank you for what Univision is doing here and for what Univision doubtless will do to publicize this meeting to the Hispanic world in America. As you know, I'm very close to Henry Cisneros and I think that the American people should know that next to the Vice President, the two people most responsible for everything we've done in this community development area over the last six years are the present HUD Secretary, Andrew Cuomo, and his predecessor, Henry Cisneros. So this is, indeed, something to celebrate. (Applause.)

So the only thing I want to say is when you start building that building down here, hire some of these folks and make sure it's a good deal. Thank you very much. Thank you all. (Applause.)

END 6:37 P.M. PDT

THE WHITE HOUSE

Office of the Press Secretary
(Anaheim, California)

For Immediate Release July 8, 1999

REMARKS BY THE PRESIDENT IN DISCUSSION ON YOUTH OPPORTUNITIES

Southwest College
Los Angeles, California

12:00 P.M. PDT

THE PRESIDENT: Thank you. Please sit down. We're running behind now. I've got to get to be more businesslike. Since Alexis has been so fulsome in her kind comments, that was an example of Clinton's second law of politics -- always be introduced by someone you've appointed to a high position. (Laughter.)

Let me say to, first, our host here in Representative Maxine Water's district, we're delighted to be here. I want to thank all of you who made it possible for us to come to this beautiful facility. Let me say I am doing something today I never thought I would ever do, for those who have been on the tour with me, I came to Los Angeles to cool off. (Laughter.) It was 100 degrees in Washington when we left; it was 100 degrees in Appalachia; it was 100 degrees in the Mississippi Delta; it was 100 degrees in East St. Louis; it was only about 94 on the Indian reservation yesterday; and it was over 100 in South Phoenix. So I came to Los Angeles to cool off, and I thank you very much for that.

I want to thank Secretary Daley and Secretary Slater who are here. And, Reverend Jackson, thank you for making this tour with us, and all the business leaders who have been with us. I want to thank Congresswoman Millender-McDonald. We were just over at the transportation academy in her district, and I enjoyed that very much. Congresswoman Loretta Sanchez, thank you for being here. Congressman Javier Becerra; and Congressman Paul Kanjorski, who came all the way from Pennsylvania, has been on every step of this tour, and I thank him.

Governor, thank you for making us feel welcome. And, Devon Burke (phonetic), thank you. And I'd like to thank all the business leaders and all the leaders from entertainment and athletics and other things that are here today.

I will be very brief because I want to hear from the young people here. I have believed from the beginning of my tenure as President that in order for the American economy to really work, and in order for the American society to work, every American should believe that he or she had a chance to be a part of it. And we've worked on this for some time. And you hear Alexis talking about the economic statistics: we now have the longest peacetime expansion in history, the longest minority unemployment rates ever recorded. But everyone knows that there are still substantial numbers of people in our distressed urban and rural areas and on our Indian reservations that basically have not been part of this recovery.

In Watts, for example, the unemployment rate has dropped almost 50 percent, but it still is three times above the national average, just for example. And so it seemed to me several months ago -- and I talked about this in my State of the Union address way back in January -- that there was a way to tap the enormous feeling that a lot of our business leaders have that they've done very, very well in a stock market that's more than tripled in six years and a strong economy, and that they ought to give something back with the idea that it would actually be good economics to give something back.

Those of you who follow the business news know that every time the Federal Reserve meets there's all this tense speculation, will they raise interest rates or not? Well, what does that mean to these young people here with their yellow tee-shirts on? It is that most economists believe that there is a limit to how low the unemployment can go, and a limit to how high the economic growth can go, before you have so much inflation that you have to stop it, which kills the economic recovery.

Now, how can you keep it going? How can we keep this recovery going -- never mind all these kids we're here to hear about, just for those of you who have done well in the stock market? How could you keep it going? The easiest way to keep it going is to go to places where there aren't enough jobs and there aren't enough consumers, and create more of both -- create more business owners, create more workers, create more consumers. That's all growth completely without inflation.

It allows America's economic expansion to continue, so there's a real sense in which every time we hire a young person off the street in Watts and give him or her a better future, we are helping people who live in the ritziest suburb in America to continue to enjoy a rising stock market. And it proves beyond any doubt that we are all in this together, that we're all better off when the least of us do well.

And also, we have a chance here that we've never had before at least in my lifetime, certainly not since the American economy began to unravel in the late '60s. We have got a chance to actually build an economic infrastructure in the inner-cities and in rural America that will restore something like a normal economy to places.

There will always be -- some times are pretty good, some times won't be so good. But what we want for every American is to live in a community where at least he or she has the same shot everybody else does.

Now, the first three and a half days, what we spent focusing on is how to get money into isolated places. That's basically what we've been focusing on. And we talked a lot about the things we've been doing since 1993. We've had wonderful business leaders from all over America -- by the way, on both parties. This is not a partisan issue anyplace but Washington, D.C., and I hope it won't be there -- saying, hey, this is a good business, this is a good deal, we want to be a part of it. And we talked about this new markets legislation I have proposed which would give tax credits and government guaranteed loans to people who would invest to give equity to people to start businesses in the inner-city and in rural America.

And basically what I've asked the Congress to do is to give businesspeople the same incentive to invest in America they get to invest today in poor communities in Latin America or Asia or Africa or the Caribbean. I don't want to take those opportunities away; I just want American communities to have the same shot at the future. (Applause.)

So, now, what we're here today to say is that even if we do all that, in the world we're living in, there is a high premium in an information society placed on knowledge, skills, what you know today and what you can continue to learn. One of the young people I saw today is about to join the United States Army, once in a gang, was working a computer program in which he was able to match someone in Russia who wanted to buy tires with someone in Colombia who wanted to sell them, and he could get a commission off of it in between. Well, I just give you that as one example. I saw a lot of other -- I saw two young people who were designing automobiles that would be less wind-resistant and, therefore, would operate at higher rates of efficiency.

Another young man who was mixing sound, so that if I -- he told me if I sang a song flat into his microphone he could tune it up so I'd sound just fine. (Laughter.)

All these things make this point, and that's why we're here, to finish, in a way, with the most important thing of all --we can put in place the financial networks, we can create a lot of jobs, but our young people -- and 60 percent of the young people, men and women -- young men and women in the most distressed areas of America are neither in school or at work still. And so we can do all of these things and provide these investments, but if our young people don't have the opportunity to learn and to continue to learn and to continue to get training for a lifetime, we won't be able to do it.

The first place I went in Appalachia, 57 percent of the people who live there never finished high school. It's very remote. But there's a man there that expanded a firm that does business with all the high-tech companies in the country from 40 to 850 employees by having all of his present employees do a continuous job training on every new person they try to take out of the hills and hollows of Appalachia.

So there is no place, even in rural America, that can escape the reality that we must train and educate our young people if we really want this to work. So that's what we're here about.

I thank Secretary Herman for this youth opportunities initiative, and all of you who are participating. So, Alexis, why don't you take over and let's hear from our folks. (Applause.)

* * * * *

THE PRESIDENT: Let me just say, Mel Farr, who is a former all-pro football player from Detroit, is becoming the largest automobile dealer in America, and it's just worked out. One of the announcements we made earlier on our tour is that he has a lot of big financial institutions who've agreed to buy his car loans in bulk, which will enable him to expand all across America and put minority-owned dealerships in every community in this country.

And for people who have modest incomes, you know, he has adapted this sort of car leasing proposal -- you remember, this started a few years ago when people stopped buying cars and started leasing them and leased them three years. Mel will lease people cars, give you leases for as short a period as two months. But if you don't pay, you can't make off with the car, he's got a device that will turn the car off. (Laughter.) So he soon will be responsible for the widest distribution of car ownership in America with the largest number of cars that won't run. (Laughter and applause.)

This is actually a brilliant thing, because he's giving people a chance to have cars they never could afford otherwise. He's recognizing that people who don't have a lot of cash income have to live from month to month. And he's doing it in a way that is giving people a chance to run dealerships who never could have run them before; and they will all train people and hire the kind of people that Toyota Center is training.

So, thank you, Mel, for a brilliant thing you're doing. (Applause.)

* * * * *

THE PRESIDENT: Thank you. Let me just briefly say in closing, first of all, I want to thank all those who have participated and those who are here who have not said anything, but by the power of their example are doing a great thing for our country. We have advocates here; we have investors; and we have those are examples -- particularly these young people who have spoken.

To me, this is the best of all endeavors because it is the morally right thing to do and it is in the self-interest of every American who participates in it. I believe -- I listen to these young people, and I read the notes on their lives before I came here -- you know, things happen to people in life, and the good things and the bad things, especially to our children, are not evenly distributed. And yet, among all the poor people in America, there are people who could help us find a cure for AIDS, a vaccine; there are people who could help us to -- I talked to one of the young men earlier who developed composite parts for cars that would be as strong as steel and weigh a thousand pounds less and get 80 miles a gallon, or 90. There are people who could solve every problem out there. The talent and the human spirit are evenly distributed across racial and income lines.

But things happen to people and things happen to communities. In our inner-cities and a lot of our rural areas, the economic bases that once made them organized, thriving and successful, evaporated -- and we did a lousy job as a country of replacing that. We were slow off the up-take. And in other places, like our Indian reservations, arguably, there never was an economic basis that would be self-sustaining.

So what we do here is to say that this is not something the government can do alone, but the government should do it's part. And this is not something the private sector can be expected to do unless we provide the training and the support for the young people and provide the framework within which we lower the risk of these investments as much as is prudent.

But we have to remember the human element in all this. We were in East St. Louis yesterday, visited a Walmart Store in one of the most distressed inner city areas -- I mean, Walgreen's store, this beautiful Walgreen's store -- 30 employees. The manager of the Walgreen's store was a 24-year-old African American girl that grew up in that community and got out of college and was just good at what she did. And that company believed in her enough to give her a chance at the age of 24 to run a store with 30 employees. An example. You're an example. You're an example. You're an example. All of you are examples.

The rest of us -- who basically had a lot of luck and good fortune in live -- you know, we all like to believe we were born in log cabins we built ourselves, but most of us were helped along life's way and we had a lot of luck to get where we are. And most of us, with all the bad things that happened to us, end life ahead of where we would be if all we got was what we just deserved. And we should remember that.

And we should think about these children and remember that it is in the interest of America -- the talent and the gifts and the richness of their souls and their spirits are evenly distributed. But things happen to them or things happen to the place where they happen to be born, or where they happen to live now -- and we can make it better. If we can't do it now, with this economy as strong as it is, we'll never get around to doing it.

So when we leave here we should remember that, and we should do it. Thank you very much.

END 12:53 P.M PDT

THE WHITE HOUSE

Office of the Press Secretary
(Anaheim, California)

For Immediate Release July 8, 1999

REMARKS BY THE PRESIDENT TO NATIONAL ACADEMY FOUNDATION ANNUAL CONFERENCE

Anaheim Hilton and Towers
Anaheim, California

3:00 P.M. PDT

THE PRESIDENT: You know, Hazel, you might consider just skipping that hotel business and going right into politics. (Laughter.) I want to thank all of you for your welcome. And I thank Hazel and her fellow winners behind us for reminding us of why we're here. Mayor Daley, thank you of making me feel welcome -- and, Secretary Daley, Secretary Slater. Representative Sanchez, we're delighted to be in your district and to be here with other members of Congress who are here.

I'd like to say a special word of appreciation to my wonderful friend, our former Secretary of State, Warren Christopher, who is here with us today and supporting this endeavor. (Applause.)

Since this is the last event for me in this week-long odyssey across America to our -- what we called America's new markets, I'd like to say a special word of thanks to the folks on the White House staff who made it possible, including my National Economic Advisor, Gene Sperling, without whom this never would have occurred. (Applause.)

And I want to say a special word of thanks to Reverend Jesse Jackson, who worked with Sandy Weil on the Wall Street Project, went to Appalachia before it was fashionable, who always believed that poor people were smart, wanted to work, and had a right -- a moral right -- to be part of America's future. Thank you, Jesse Jackson. (Applause.)

And, thank you, Sandy Weil, for the Wall Street Project, which attempts to marry the investment capacity of Wall Street with the human capacity of all those places we've been visiting. Thank you for the National Academy Foundation. Thank you for being a good friend to me and to all these young people and so many others. And thank you for inviting me to this annual conference.

This is really quite an appropriate place for me and those who have traveled with me this last week on our new markets trip to end our journey, reaffirming your commitment and ours to prepare all our children for the new century. Over the past four days, as I have traveled across America, we have sought to shine the spotlight on places still unlit by the sunshine of our present prosperity. A number of you have been along for what has truly been a remarkable ride.

We've seen the power of people in public and private life to work together in the Appalachians and in the Mississippi Delta. We've seen the spark that retail investment can bring in the first shopping center built in decades in East St. Louis, Illinois. We've seen the impact in the most basic infrastructure and housing opportunities, even in the remote regions of Indian country in South Dakota, still the most left-behind part of America.

In South Phoenix yesterday in temperatures exceeding 100 degrees, we saw the enormous benefits of community reinvestment initiatives. And here, earlier today, we saw what education and job training can bring to young people in Watts -- people who are normally identified with distressed neighborhoods, showing me how do design automobiles on a computer, or to conduct sophisticated business transactions between two different countries with young Americans 17 years old, picking up a commission for being the middleman.

I took this trip for three reasons. First, I wanted every American businessperson, every American investor, to see that there are enormous opportunities out there today in the areas that have been left behind by our economic recovery. Second, because I wanted to highlight the tools that have already been put in place, to encourage more people to invest in those communities -- the empowerment zones and the enterprise communities which Vice President Gore has so ably led for six years now; the community development financial institutions that we have supported; the Community Reinvestment Act, which has led to billions of dollars of reinvestment in our developing neighborhoods; the education and training initiatives designed to give all of our people a chance not only to have good, basic skills, but to keep on learning for a lifetime.

And, third, I wanted to highlight our New Markets Initiative, a piece of legislation simply designed to give American investors who are willing to take a chance on new and expanded businesses in distressed urban and rural communities access to the same kind of tax credits and loan guarantees, to lower the relative risk of their investment in America that they can get to invest in poor communities from Africa to Asia to Latin America to the Caribbean. I'm for those investments, but I think America's communities should have access to the same capital with the same incentives. (Applause.)

The idea behind this, obviously, is that the government cannot do this alone, but business cannot be expected to go it alone. When government provides the conditions and tools, acts as a catalyst to bring the power of the private sector to benefit all of our citizens, and provides the investment and the education and training of our young people, this is not only good economics, it is the right thing to do. We can build one America where nobody is left behind when we cross that bridge into a new century. And if we do, we'll all be better off.

The CEOs and national leaders I have traveled with, we've heard it every stop: look, we just need a chance; our kids need education, our adults need training, and we need somebody who believes in us enough to give us a chance.

I'll never forget the woman we met in the Mississippi Delta, who was working for a very small business in a depressed community that had five employees. She made a very modest wage, and the owner of the business just decided to close up. He said to her she was the only person capable of running the business. But nobody would give her a loan because she'd never had any money in her life, she had only worked for modest hourly wages.

Because there was a community investor willing to take a chance on her, she got investment capital, she bought the business -- two years later, she went from five to 11 employees and she has just about paid her loan off. There are thousands of stories like that waiting to be written in America in every community that is still depressed.

So we want to encourage that. And that's why so much of this trip is focused on how to get financing. A remarkable businesswoman from New York, Mary Ann Spraggins*, went on this trip. She's trying to set up a vision fund with $250 million in private sector capital to give venture capital to these kinds of places. If we get our way, the people who invest in that fund will be eligible for a 25-percent tax credit for putting that money into high unemployment areas, and they'll be eligible to borrow $2 for every $1 they put up in that fund and have it guaranteed by the government so we lower the interest rate. That's the government's contribution; but somebody still has to make the investment to put these people to work. (Applause.)

So most of the capital we've been talking about these last several days has been money. We see in the Pine Ridge Reservation in South Dakota a remarkable grandmother, providing school clothes for her grandchildren, having to literally buy the tennis shoes her grandchildren wear to school on the installment plan all summer long while the shoes are kept in layaway, so the kids will have them. When there were 11 people living in a house with about 800 square feet, another 17 in an adjoining house trailer with about 900 square feet. We need money; those people need housing.

We also saw American Indians that have been waiting for nine years moving into their first homes. A little five-year-old boy, six-year-old boy took me by the hand and led me all through his new home and showed me his sister's room and explained why it was okay that she had a bigger room than he did. (Laughter.) She was a teenager, and teenagers needed things like that. (Laughter.) The pride that they felt, these people, this mother who had worked all her life and finally getting a decent home for her children to live in.

So a lot of this is a money problem. I used to joke with a lot of my friends -- I still say this -- that I had about nine or 10 rules of politics that I kept in my mind all during my career running for office, and rule number two was, when anybody stands up and tells you it's not a money problem, they're talking about somebody else's problem, not theirs. (Laughter.)

So money is a big issue here. But there's another kind of capital that in some ways is even more fundamental -- human capital, people. When Hazel stood up here and you clapped for her, you were clapping for the astonishing development of human capital; of what she has done with her life and the chance that her mother took in going to Hawaii, the risks and the heartache and the difficulties her family went through -- it made you feel good.

And what I want to say to you today is that there are people just like these young people we're honoring back here on every Indian reservation, in every hill and hollow of Appalachia, up and down the Mississippi Delta, in every inner city. And they deserve -- they deserve -- the chance to be whatever they're willing to work hard to be. And unless we're prepared to do that, even our best efforts to bring new investment to these distressed communities will be less than fully successful.

Now, we have a better opportunity and a better reason to do that now than ever before. As I tell people, I spend a lot of time in Washington -- Sandy's always saying that I've done a good job as a Democrat with the economy so more people can live like Republicans. (Laughter and applause.) And I've done my best to do that.

But you should know that one of the things that we seriously debate back in Washington, D.C., a long way from Anaheim, is, how can we keep this going. We already have the longest economic expansion in peacetime in our history. We have the lowest African American and Hispanic unemployment rates ever recorded. We have almost 19 million new jobs, and we have very low inflation, and we've had unemployment rate below five percent for two years. So a big question is, how much longer can this go on, and how can we keep it going without having inflation build up, then having interest rates go up and having the recovery stop.

This is not an academic issue if you're about to get your first job, of if you're sitting there trying to make up your mind whether to take out a huge bank loan to expand your business. You want to know if we can keep this going.

My answer is, we can keep it going if we can find non-inflationary ways to promote growth. Now, what are those? Well, we can sell more American goods and services around the world -- why I hope the Congress will agree to help us expand our trade with other countries. We can also bring populations that are outside the work force into the work force. With the welfare rolls are now the lowest they've been in 30 years and there are a lot of people still on welfare that are able-bodied, but they have limited skills, we could bring more people from welfare into the work force.

You can bring hundreds of thousands of disabled people who are capable of doing more and more kinds of jobs, thanks to technology now, into the work force. And the Congress, I believe, will soon send me a bill that will enable those that have high health care costs that are now being paid by the government to keep that health care coverage so private employers can afford to hire them.

But by far, the biggest opportunity -- by far -- in keeping this economy going without inflation is to get more investments, more jobs, more new business owners, more new workers and, therefore, more new consumers, into the rural and urban areas that have not yet been blessed by this recovery.

That's why every single American actually has a vested interest in our success here. And more and more businesses are looking for young people like those we celebrate, because there's a shortage of skilled workers, even though there are people who are still looking for jobs. In some job categories, a shortage of hundreds of thousands. Therefore, if Americans are willing to look a few exits off the beaten path, we can continue to grow this economy and we can continue to have more of the kind of stories we just heard.

Let me also say to you, if we can't do this now, with the strongest economy we have ever had, when it is manifestly in the self-interest of every enlightened decision-maker in the country, when will ever get around to doing it? (Applause.)

Let me tell you some of the things that we saw on the human capital front. We walked down the dusty streets on an Indian reservation. We saw the boarded-up storefronts in a town in the Mississippi Delta, famous for its role in the civil rights struggle. We saw desperate living conditions in a little hollow in Appalachia where everybody had a job and they still couldn't afford a decent house to live in.

But every place we went, nobody wanted charity, nobody wanted a handout. What they wanted was a hand up. That's why this will work. What people want is a good private sector job, the simple dignity of a paycheck, the ability to house and educate their children and provide health care for them. And what you know here, what these young people behind me demonstrate, is that intelligence and ability and drive and dreams are equally distributed in this country among the poor and the non-poor. (Applause.)

I've often said, things happen to people that derail their lives, and then they have to work hard to get them back on track. Things happen to places like that, too. I know the Mississippi Delta, which includes a big part of my own home state, the economy that once sustained that area has been gone a long time. Nobody was ever able to figure out how to put a new economy in its place. But there's a new economy out there that could fit in that place.

There are new economies that could fit in the most remote villages of the Appalachian Mountains. There are new economies that could go into the Native American reservations. How many data processing jobs do American companies ship overseas on airplanes every night to go to poor countries and other places? They could be done on Indian reservations, for example. We have got to think about that.

We all can identify with a human story. If Hazel stands up here and tells us the story of her family, it grips us and we pull for her. But what you need to know is, all these places have stories like that. We got the land and the mineral rights away from the Indians, and we said, oh, we'll make a deal, we'll have a nation-to-nation relationship with you, and we will provide for the education and health care and housing of your people; but we'll do a poor job of it and we'll spend just as little as we can get away with. And then, we'll say you must not really want to do any better.

We have to write new stories for these places. And it takes a commitment to money capital and the human capital. And what Sandy and all of you who have been involved in this magnificent project show, this is Exhibit A that we can do it.

Now, let me say on a very positive note, I'm quite optimistic that I am quite sure that one answer to this in the United States and all across the world is better dispersal of technology. When I went to Africa, I went to these little villages where people had maps -- these children were in these little village schools that had maps that still showed the Soviet Union and other nations that haven't existed in a long time. But if those kids just had one computer for the school and a printer, they would never have to worry about that. We could change the map of the world every day, and all those little kids would have an updated map. Right?

Technology will enable some of these areas to skip a whole generation of development if it is broadly dispersed. Secretary Daley referred to the Department of Commerce report today on technology. Let me tell you what it says. It confirms what you already know. More and more Americans than ever are connected to the Internet. It is the fastest-growing method of human communication in all of history by far.

But it also shows, this report, that there is a growing digital divide between those who have access to the digital economy and the Internet and those who don't, and that the divide exists along the lines of education, income, region and race. It might have pointed out, of course, that all of us parents are not as good as our kids. That divide's not so serious, but the real one is.

And yet, we know -- I will say again -- that the very information technology driving this new economy gives us the tools to ensure that no one gets left behind, that gives us the tools to provide a story for these communities, to literally provide a self-sustaining economic infrastructure for the 21st century. Millions of Americans now on the economic margins can join the mainstream in the enterprise of building our nation.

A child in South Central L.A., in the most remote part of Indian country, can have access to the same world of knowledge in an instant as a child in the wealthiest suburban school in this country. Now, just imagine if not simply a fraction, but all of our young people entered the work force, had access to the Internet always, and had mastered the skills of the new information economy.

So if we want to unlock the potential of our workers, we have to close that gap. We've done what we could. We have provide the Hope scholarship and other tax credits so that we've literally opened the doors of college to all Americans. We have emphasized higher standards, smaller classes, and more teachers. We're connecting every American classroom to the Internet, and I think we'll make our goal that the Vice President and I established here in California in 1994 of having all the classrooms connected by the year 2000.

The $8 million in corporate commitments made today by this group are so very important, as are the information technology academies to which Sandy referred earlier. Sandy has said often that today's students are tomorrow's employees, today's students are tomorrow's economy. They're not just somebody else's employees, they are tomorrow's economy.

So, bringing these skills to distressed families in distressed communities can have more to do with our ability to restructure the economy in these areas than perhaps anything else. I also want to thank AT&T, and I think, Ann Hesse*, the CEO of AT&T Wireless, is here for committing more than $1.4 million to increase access to the tools of the high-tech economy.

I want to thank America Online, George Franberg* of AOL is here, for providing more than $1 million in grants to help narrow the digital divide. I want to thank Oxygen Media on the cable network it will launch next year. They will offer high-tech training on TV so more embarrassed adults can learn what their kids already know. (Laughter.)

This is the kind of thing we have to do. If we have money capital and human capital, we can bring hope to the places that have been left behind.

The last thing I want to say to you is this: This tour, this last four days that we have all spent together has been a significant step toward opening America's new markets. But it can't be the end of the journey. It has to be, instead, the opening salvo of a battle to build a real economy in every community in this country. The real measure of our success is not whether CEOs join the President on a trip like this which moved the nation, but whether the same CEOs and others will return to those markets and move the lives of the people there. (Applause.)

So I say to you, you have to do that. The real test of the success is not whether I've got a legislative idea, but whether Congress will set aside its partisan differences and put that idea into law so we can have more investments in these communities. (Applause.)

Next week I will send our new markets legislation to Congress. Over the next several weeks we'll announce a new national effort to promote the business link partnerships, pairing big businesses with smaller, often disadvantaged companies -- an idea the Vice President has so strongly championed.

And this fall we're going to take another tour. I am going to start in Newark to challenge the owners of professional sports teams and professional athletes to follow the example set by the owners of the New Jersey Nets -- Ray Chambers and Lou Katz -- who set up the ownership of the Nets in a way that 35 percent of the profits of the franchise are reinvested in downtown Newark, to give the future to the people there. (Applause.)

You might know that the Nets have now -- those gentlemen have joined in a joint partnership with the New York Yankees, they now have a big partnership, and they have dedicated a significant percentage of the profits of the joint venture to reinvest in inner city New York, in the Bronx, and in Newark. (Applause.)

So I'm going to go up there, I'm going to highlight what they're doing, I'm going to see what we can do to help. And we're going to make another round here to show people that there are things that we can do together that are both morally right and good business.

Often on this trip Reverend Jackson has referred to the fact that Dr. Martin Luther King, just before he was killed, thought that he had done about all he could do to get the legal changes necessary to get rid of the stain of racial segregation; and that the great disadvantages and discrimination still alive in America could only be eliminated if there were a new alliance of people across racial lines to create genuine economic opportunity for all Americans.

It's hard to believe to somebody like me, anyway, at my age, that's it has now been more than 30 years since Dr. King was killed and his dream was put on hold. One of the lesser known passages in his famous speech at the Lincoln Memorial in August of 1963 involved language in which he challenged America, and I quote -- "to refuse to believe that there are insufficient funds in the great vaults of opportunity in this nation."

Well, my fellow Americans, today those vaults of opportunity are more full than they have ever been in the entire history of this country. And we have more evidence than we have ever had that when children like those that we talked about today, and when young people like those we celebrate today -- Hazel, and her peers behind me -- do well, we are all strengthened; that there is a fundamental sense in which our futures are bound up together, from Appalachia to the Mississippi Delta to the Native American reservations to the inner cities to the wealthiest corners of our land.

All our kids need a chance to live their dreams. And the American Dream needs for all Americans to be blessed by the opportunity that has given so much to us. Thank you for what you do to achieve that goal. And God bless you. (Applause.)

END 3:32 P.M. PDT

PRESIDENT CLINTON'S

NEW MARKETS TRIP

PRESS CLIPPINGS

July 5-8, 1999

Clinton to visit southeastern Kentucky Monday

Presidential tour will target areas needing investment

By AL CROSS
and JOSEPH GERTH
The Courier-Journal

President Clinton will visit southeastern Kentucky on Monday to start a four-day tour designed to bring more attention — and new investment — to the nation's depressed areas.

Some details of Clinton's trip to promote his "New Markets Initiative" remained uncertain last night, so the White House had no comment on the president's schedule. But officials in Washington and Kentucky said the plan is for Clinton to visit a factory in Jackson County — probably in Annville — and then speak on Main Street in Hazard.

Jackson County is part of a federal empowerment zone, where the government focuses grants and provides special tax benefits to encourage development. Hazard is a regional center for southeastern Kentucky, a coal-mining region long beset by poverty and other problems characteristic of Appalachia.

Clinton plans to visit three other depressed areas — Clarksdale, Miss., in the Mississippi River Delta, on Tuesday; the Pine Ridge Indian Reservation in South Dakota on Wednesday; and a poor area near Los Angeles on Thursday. The initiative is an effort to show how "government and the business community can work together to inject new capital and investment opportunities into some of these untapped markets," White House spokeswoman Julie Goldberg said. Executives of companies that have invested in the areas or are planning to will join Clinton for parts of the trip, she said.

Members of the White House advance staff spent the last two days in Jackson County scouting locations.

The preliminary plan was for Clinton to visit McKee, the county seat, but Mayor Dwight Bishop said he got the impression after an advance team's visit on Tuesday that Clinton would go to Annville, which has more companies that have been helped by the empowerment zone.

"I'm not real satisfied that they're not coming here ... because I feel like this is where the heart of the problem is at," Bishop said. "If they want a big show, I'm sure they'll get one, but the economic statistics of McKee had a big role in getting the empowerment zone."

The zone also includes Clinton County and part of Wayne County, both on the Tennessee border. Jackson County is just southeast of Berea and is more accessible to whatever airport the White House chooses to use for Air Force One and the helicopters needed to ferry Clinton and his party to the remote sites.

Courier Journal
July 1, 1999

Area reflects plan's ups, dow s

Success mixes with suspicion in rural Ky., one stop on the president's anti-poverty tour

By Larry Copeland
USA TODAY

McKEE, Ky. — Dwight Bishop, mayor of this town in the mountains of eastern Kentucky, wants President Clinton to stop in next week when he visits on a six-state tour pushing business investment in distressed communities.

"I'd like to talk with him about how to get federal funding for (U.S. Highway) 421," says Bishop, who thinks improving the narrow, winding road through town would certainly help attract business.

He figures his town, where more than 60% of the 1,100 residents live in poverty, qualifies for a visit from the president, who begins a national tour Monday of areas where the grip of poverty has resisted the booming U.S. economy. But Bishop worries that the president is unlikely to visit his one-stoplight town, county seat of Jackson County, because it's too far from a major highway. That's how the folks in the hollows of these mountains have long felt: The federal government's help is often tantalizingly close but just out of reach.

Big-scale programs

This is a region where the breathtaking beauty of the nat-

live here. It was to Appalachia, to Martin County east of here, that President Lyndon B. Johnson came 35 years ago to launch his War on Poverty.

Thirty years later, in December 1994, President Clinton told Kentuckians in three counties — Jackson, Clinton and Wayne — that they had been chosen as part of another sweeping anti-poverty initiative.

Now, instead of coming to talk with Bishop about fixing his road, the president is expected to bring Jesse Jackson and a delegation of corporate leaders to more accessible areas of Jackson County. Clinton hopes to show the business leaders how they could thrive in depressed areas using the kind of tax credits he's urging.

Jackson County and the two other counties are sharing $40 million in money and tax breaks over 10 years because they are part of a federal empowerment zone.

Clinton is coming here, and to Perry County east of here, to promote his proposed New Markets Initiative. It would offer tax credits to businesses that invest in what he calls "untapped markets," the nation's poorest rural and urban communities. He will go on to Clarksdale, Miss.; East St. Louis, Ill.; the Pine Ridge Indian Reservation in South Dakota; South Phoenix, Ariz., and the Watts section of Los Angeles.

What he'll find here is a program that has been accused of creating too many minimum-wage jobs, of serving as a patronage tool for distrusted local officials and of failing to create a self-sustaining economy.

But what they'll also find is a program that has provided hundreds of jobs and has earmarked millions of dollars for infrastructure improvements. It has also begun to create a new class of entrepreneurs. "In terms of how many jobs have been created ... you find a pretty successful effort, although there has been controversy over the kind of jobs that were created," says Ron Eller, director of the University of Kentucky's Appalachian Center. "They have been less successful at ... building the civic capacity within those communities to sustain their own development over time."

A study by professors Cornelia Flora and Stephen Aigner of Iowa State University, who examined the 33 rural empowerment zones and enterprise communities, found that the Kentucky program had less citizen representation on its board than most of the others.

Traditionally wary

This area has been in desperate need of economic help for years. It suffered sharp declines in textiles, mining and tobacco farming jobs in the 1980s, and unemployment soared to almost 10%. So news of the empowerment zone generated high hopes.

It's also a region where people are fiercely proud and have a deep-seated distrust of government. Many were discouraged when they felt politicians were running the programs without their input.

Cathy Howell, who boasts that she knows "every hollow, [illegible]" in Jackson

She headed an in-depth review of the program for the University of Kentucky's Appalachian Center. It found power in the zone concentrated in the hands of a few, planning meetings held at inconvenient times for most people and, at some meetings, board members sitting with backs to the audience.

"I was angry," Howell says.

Now, Howell, a food and nutrition counselor with the Jackson County extension office, says things have improved. "Everything has kind of smoothed itself out," she says.

Jerry Rickett, head of Kentucky Highlands Investment Corp., the lead agency for the empowerment zone, says he is proud of the program, which has spent $21.4 million. His company was founded in 1968 to administer some of the War on Poverty programs, so he brought expertise to the task of putting people to work.

Jobs and roads

The empowerment zone, officials say, has created more than 1,900 jobs for the 27,000 residents in the three counties, helping cut unemployment from 9.6% to 5.5%. It also has attracted an additional $67 million from outside investors, provided $2.1 million for job training and committed millions for improvements in roads, bridges and other public works, such as a Jackson County reservoir and expanded water service in Clinton and Wayne counties. Industrial parks are planned for both counties. The downtowns of Albany, McKee and Annville are scheduled for overhauls.

Rickett says he is especially proud of a $650,000 initiative, JCR Industries, that provides employment training to the disabled and to those on welfare. It employs more than 100 people in a self-sustaining program. Newly trained workers are busy in tool and die shops, electronics manufacturing and machine maintenance.

One of the most important changes is in the minds of residents. With an extensive business training program, the empowerment zone is creating a new entrepreneurial culture. About 60 people, some native Appalachians and some who have moved to the region, have completed the training since December 1995 and have started 25 businesses, program director Phil Danhauer says.

One such entrepreneur is Donna Gibson, who retired as a hairdresser in Michigan and moved here with her husband. She is now owner of Gibson Perennial Gardens.

Last year, she completed the 12-week entrepreneur class and took out a $2,500 empowerment zone loan to open her business. Now, she and her husband, Bass, grow flowers in a shady hollow in south Jackson County and ship them all across the country. She has 1,100 varieties of day lilies, 170 kinds of hostas and 500 other perennials. "We couldn't have done it without their help," she says.

Meanwhile, up in the mountains, Mayor Bishop, who can be found most days at his insurance office two blocks from City Hall, waits and hopes for an audience with the president. "I'll tell you what," he says. "If he'll come, I'll buy him lunch."

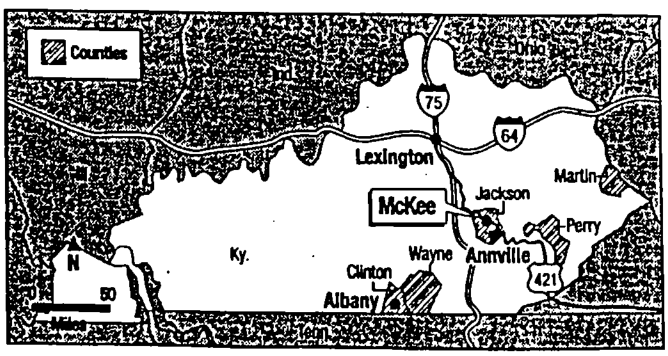
USA TODAY
JULY 2, 1999
3A

Photos by Drew Fritz for USA TODAY

In Jackson County: Elroy Day has a constant yard sale inside and outside his house to make ends meet. He refuses to go on welfare but might reconsider if daughter Tiffany Lola Nicole, 7, goes hungry.

Blooming business: Donna Gibson took an entrepreneur class and an empowerment loan. She now owns Gibson Perennial Gardens.

Bishop: McKee mayor would like funding to expand highway.



USA TODAY

WALL STREET JOURNAL
JULY 2, 1999
A14

Clinton Will Tow Executives to Poorest U.S. Areas To Spur Investment Under New Markets Initiative

By JEANNE CUMMINGS
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Richard Huber, chairman of Aetna Corp., will join President Clinton on Air Force One next week to participate in his first-ever trade mission.

His destination: Mississippi.

Unlike foreign-trade missions that are famous for their lavishness, Mr. Huber will be among a handful of executives participating in the first domestic-trade mission, intended to highlight the administration's "New Markets Initiative." In addition to the Mississippi Delta, the four-day trip will include stops in Appalachia, an Indian reservation and several struggling inner-city communities, including Watts in Los Angeles, all in an effort to spur investment in the nation's poorest communities.

Poverty Tour

President Clinton's tour will call attention to areas the economic boom has passed by. Each stop has an unemployment rate that is at least 50% higher than the national rate, and one-third to two-thirds of the population live in poverty.

1 **Monday**: Annville, Ky.
2 **Tuesday**: Clarksdale, Miss.
3 **Tuesday**: East St. Louis, Ill.
4 **Wednesday**: Pine Ridge Indian Reservation, SD
5 **Wednesday**: South Phoenix, Ariz.
6 **Thursday**: Los Angeles (Watts), Anaheim, Calif.

'Tight Labor Market' Could Help

Some experts on poverty and business don't believe the Clinton administration can succeed where so many others have failed. But they acknowledge that Mr. Clinton has an edge: unemployment figures so low that businesses already are being forced to become much more creative about finding labor.

"There is no substitute for a very tight labor market in terms of fighting urban and rural poverty," observes former Labor Secretary Robert Reich. "That's why the Federal Reserve Board, by default, is the most important social-policy agency in the entire federal government."

The advantage gained from a roaring economy is one of the reasons Mr. Clinton cites for his renewed attention to the nation's poorest communities. "If we can't do this now, when in the wide world will we ever get around to it?" he says.

But Mr. Clinton is hardly the first president to take a stab at the chronic problem. The Tennessee Valley Authority was among the New Deal projects specifically aimed at easing Appalachian poverty during the administration of President Franklin D. Roosevelt. President Lyndon Johnson's War on Poverty in the 1960s was aimed at the rural South and inner-city neighborhoods. In 1967, Sen. Robert Kennedy was among a group of senators who toured the Mississippi Delta to study and suggest changes to the Johnson administration's programs. Even President Nixon tinkered with the nation's poverty programs.

But billions of dollars and decades later, many of the targeted communities in urban America, the Delta and Appalachia are suffering still. Between 1980 and 1996, one in seven residents abandoned Coahoma County, Miss., where the poverty rate in 1995 was estimated at more than 37%. In Appalachia's Magoffin County in Kentucky, the unemployment rate is three times the national average, and in 1995 the poverty rate was more than 41%.

'Criminal for Us Not to Try'

Still, with incomes rising and unemployment falling in almost all other parts of the country, "it would be criminal for us not to try this," says Roger Wilkins, a George Mason University professor and former Johnson administration official.

The key distinction between Mr. Clinton's New Markets Initiative and previous antipoverty programs is that it relies largely on the private sector to generate economic growth and jobs—rather than on taxpayers. The initiative, which has attracted bipartisan praise, is expected to be sent to Congress later this month, according to Gene Sperling, head of the White House National Economic Council.

Its major provisions would:

- Help to generate about $6 billion in equity capital. The program would offer a tax credit of 25% for investments in community-development banks, venture funds and other institutions.
- Encourage large and midsize businesses to move into depressed areas. The government would guarantee loans of as much as $200 million for every $100 million in private equity.
- Boost small businesses by setting up New Markets Venture Capital Firms that would match private investors' equity with government debt guarantees and deferred interest.

"It isn't a charitable initiative," Mr. Sperling says. "The philosophy of the New Markets Initiative is to encourage corporations to look for profits in untapped markets in their own backyards."

Tax Breaks Can't Do the Job Alone

Some aren't so optimistic.

According to Mr. Reich, tax breaks don't hurt, but other issues are more important to businesses considering a new investment. Infrastructure, the labor market and the availability of utilities also play into those decisions. "There just is no magic bullet," he says.

John Morgridge, chairman of Cisco Systems Inc., agrees. He will link up with the president's tour in California next week to highlight Cisco's training program on designing, installing and maintaining computer networks. The program, offered mostly in urban areas around the country, was started after the company discovered there was shortage of workers who were qualified to maintain its systems. Mr. Morgridge says that when considering an expansion or investment, the labor pool in a community "is the No. 1 factor, and then things like tax breaks."

J. Gregory Dees, a professor of social entrepreneurship at Stanford University's Graduate School of Business, says venture capital isn't the problem in poor areas. "Bootstrap capital," the money small businesspeople lend to themselves, borrow from family members or obtain through credit-card companies, is what is really missing, he says.

Mr. Dees also questions whether many businesses will take advantage of the incentives if opportunities for returns will be relatively small. "If there is not a financial motivation for doing this, the interest will be limited and short-lived," Mr. Dees says. "If we want it to be an ongoing sustainable market, it has to be worth their while financially. There has to be enough between the profit and tax breaks for an attractive return."

'They Want to Do Business'

Housing and Urban Development Secretary Andrew Cuomo won't argue with that. While helping to develop the New Markets program, Mr. Cuomo met earlier this year with a group of executives to discuss the idea of basing the program on a series of tax breaks. The first question from the group was: "How much?" Says Mr. Cuomo: "That means they want to do business."

During next week's trip, some businessmen will be looking for new opportunities while others will highlight their own programs to reduce poverty and, in some cases, survive in a tight labor market.

Fannie Mae Chairman Franklin Raines plans to announce a plan to help families buy homes on Pine Ridge Indian Reservation in South Dakota. And in California, Mr. Clinton will highlight Citigroup Inc.'s National Academy Foundation, which trains young people in the fields of finance and tourism. The vast majority go on to college, says Citigroup's co-chairman, Sanford I. Weill, a proponent of the New Market Initiative.

While his colleagues are promoting programs, Mr. Huber plans to scout out business opportunities. Aetna has service centers across the country, he says, and "we're always looking for locations where we can site a new center."

He also is looking for communities in need of insurance services. Four years ago, Aetna launched a pilot program focusing on "internal, emerging domestic markets," and discovered that minority communities are teeming with potential customers. Mr. Huber even teased Mr. Clinton during a White House meeting that the administration's New Market Initiative was "going to blow our cover. I thought we had this market to ourselves."

Next week, he will be looking for another edge. "I've never been to the Mississippi Delta," Mr. Huber says. "I've never been to an Indian reservation in South Dakota. Maybe it will be an eye opener."

Los Angeles Times
July 5, 1999
A3

Clinton Tour Seeks Aid for Impoverished Areas in U.S.

■ **Economy:** Four-day trip begins in Kentucky, ends in Watts. President's plan offers businesses loan guarantees and tax credits for investing in poor localities.

By EDWIN CHEN
TIMES STAFF WRITER

WASHINGTON—Buoyed by a booming economy, President Clinton today embarks on a four-day mission to promote economic development in some of America's most impoverished areas, from Appalachia to Watts.

Accompanied by a delegation of lawmakers and business leaders, the president hopes to help those left behind by an expanding economy that few could have predicted 6½ years ago when he took office.

"I'm going places not just to remind America of the plight of the Americans who live there but to highlight their enormous economic potential and the visionary businesses who are helping to develop it," Clinton said recently as he described the trip. "Our greatest untapped markets are not overseas; they are right here at home."

The president will be touting this "new markets" initiative, which would offer businesses an array of tax credits and loan guarantees for investing in economically distressed areas, including East St. Louis, Ill.; the Pine Ridge Indian Reservation in South Dakota, and the Mississippi Delta—all places Clinton will visit before his last stop in Watts, to be followed by a conference with business leaders in Anaheim.

"There are real opportunities to make money in these markets," said Jesse L. White Jr., federal co-chairman of the Appalachian Regional Commission.

The "new markets" approach, White said, is an effort to "move communities to a more home-grown base, rather than relying on the old model of recruiting branch plants."

Presidents and others long have tried to help the nation's impoverished areas but with mixed results, as Clinton's trip will point out.

Since its creation in 1965, for instance, the Appalachian Regional Commission has spent $7.4 billion in more than 400 counties across 13 states, much of it building roads.

By 1990, the region's poverty rate of one person in three living below the poverty line was cut in half. Yet in eastern Kentucky, Clinton's first stop,

Please see TOUR, A13

TOUR: Clinton Plans Trip

Continued from A3

per capita income today remains well below the national average.

For his part, the president contrasted his strategy to that of the War on Poverty launched by President Lyndon B. Johnson in the 1960s and the free enterprise approach adopted by Presidents Reagan and Bush in the 1980s.

"In the 1980s, we found out for sure that free enterprise alone would not develop these areas into the 1990s," Clinton said in an interview with USA Today.

On the other hand, the War on Poverty provided "no internal structural change that would allow a lot of these places to become more self-sufficient on a long-term basis," he added.

The White House said Clinton's initiatives, if approved by Congress, could generate as much as $15 billion in new investments in needy regions.

The tax code has long been Republicans' preferred vehicle for economic development policy. House Speaker J. Dennis Hastert (R-Ill.) said Sunday in a letter to colleagues that the tax cut bill being prepared by House Republicans would include tax breaks for businesses and families that move into any of 100 distressed communities identified by the bill.

Skeptics, however, said that Washington and the private sector can do only so much, arguing that communities must help themselves—by, for example, cutting crime and improving schools—if they are to thrive.

"People in Washington make a mistake when they go to these areas and say we're going to solve your problems for you," said Stephen Moore, director of fiscal policy studies at the libertarian-minded Cato Institute here.

"For the last 30 years, Washington programs to help inner cities have been mostly counterproductive," he declared. "No matter how much cajoling Clinton does, people are not going to invest in those areas unless the underlying problems go away."

* * *

In Watts, activists agreed. "It's going to take the community and the city to make a difference once he leaves," said Linda Broadus Miles, executive director of the Al Wooten Jr. Heritage Center.

Other critics found Clinton's efforts wanting for other reasons.

"Figuring out how to get venture capital to small businesses in low-income communities is really important. But that's only one small piece," said Sen. Paul Wellstone (D-Minn.), a liberal who conducted his own poverty tour two years ago.

"This is not a bold agend[a] ... pecially amid the nation's ... perity, he said, arguing th[e] president's budget has no[t] ... vided sufficient funds to e... access to child care, health ... ance and Head Start.

"I'm glad he's going to ... there. But where's the co... ment?" Wellstone asked.

He also expressed the hop[e] Clinton's trip will not raise expectations. "What you h... be careful of is symbolic p... These trips can have an 'A... Wonderland' quality."

But a senior White Hous[e] ... said skeptics need not worry

"We're not going to place ... photo op," the aide said. "... has to be something real wh... leave that can cause im[p]... ment."

Thus, in East St. Louis, a ... is expected to announce its ... mitment to invest in the ... land. In Phoenix, officials p... unveil a Small Business Ad... tration program built aroun[d] ... nerships between small, ... gling companies in ... community and larger, succ... companies. In Clarksdale, ... Clinton plans to announce a ... sury Department program ... would put private capital ... small financial institutions ... community for local investm...

In South-Central Los An... the president intends to sho[w] ... a program that teaches inn[er] ... youths job skills and pairs ... with mentors.

"By actually bringing th... tion's attention to these are[as] ... and bringing businesspeo[ple] ... see the significant opport[unities] ... there, that will have sign[ificant] ... impact," said Andrew Cuom[o] ... retary of Housing and Urb[an] ... velopment and a "new ma... enthusiast.

For all the president's go[od in]tentions, some advocates f[or] ... communities that he will b[e visit]ing remain wary.

"We want to see what's ... goody bag," said Rep. Ben[nie] Thompson (D-Miss.), whos[e] ... Congressional District in... many homes without runni[ng wa]ter.

Milo Yellow Hair, who ad[minis]ters the vast Pine Ridge re[serva]tion, echoed that sentiment.

"If he brings nuclear wastes or an incinerator for burning up East Coast trash, that's not economic development," Yellow Hair said. "Ninety percent of federal programs have had a detrimental effect for us. So we're very cautious."

But such doubts have not dampened Clinton's enthusiasm.

"I'm very, very excited about this," he said the other day. "If we can't do this now, when in the wide world will we ever get around to it?"

Times staff writers James Gerstenzang in Washington and Nancy Trejos in Los Angeles contributed to this story.

Clinton touts investment incentives in Appalachia

Says 'this time of prosperity' is when to aid poor

By Susan Page
USA TODAY

TYNER, Ky. — President Clinton sat in the shade of a walnut tree Monday, sipping a can of Mountain Dew and chatting with Ray Pennington in front of his tarpaper-roofed shack about why the nation's good economy hasn't touched Whispering Pines.

No one in this hilly, isolated neighborhood in Appalachia seems to be tracking his or her stock market investments. Pennington's 48-year-old daughter, Jean Collett, says it's as difficult as ever to find a job, get a bank loan or aspire to a college education.

Clinton arrived here during a 99-degree day to start a four-day tour of inner cities and impoverished rural areas with corporate CEOs and civil rights leader Jesse Jackson in tow.

His message: Business investment, sometimes prompted by government incentives, can bring economic growth to forgotten communities and profits to corporations.

"At this time of prosperity, if we can't find a way to give every single hard-working American family a chance to participate in the future we're trying to build for our country, we'll never get around to do it," he told hundreds of people gathered on Main Street in Hazard, Ky.

Clinton likened his journey to the trade missions U.S. officials routinely lead to encourage U.S. investment in developing countries. He urged Congress to "give people the same incentives to invest in Appalachia or the Native American reservations or the Mississippi Delta or the inner cities (that) we give them today to invest in poor countries overseas."

Congressional Republicans have proposed their own anti-poverty program that emphasizes tax breaks and other economic incentives. House Speaker Dennis Hastert, R-Ill., sent a letter Sunday to Clinton to promote the GOP plan.

During the trip, Clinton is unveiling the details of a "new markets" initiative, much of which needs congressional approval. In it, he would:

▶ Help spur $6 billion in equity capital over five years by offering a tax credit of up to 25% for investments in development banks and venture funds that serve disadvantaged communities.

▶ Leverage up to $1.5 billion in investment in new developments and big businesses that expand or relocate to inner-city or rural areas.

▶ Establish new venture capital firms that would match private investors' equity with government debt guarantees and deferred interest.

In this part of Kentucky, nearly 60% of people over 25 don't have a high school diploma. The national poverty rate is 13.3%, but 32 counties in Appalachia have poverty rates higher than 30%. The Mississippi Delta region, where Clinton visits today, has a poverty rate of nearly 21%. The poverty rate in the inner parts of 170 U.S. cities stands at 20% or more, and the unemployment rate for American Indians stands at 50%.

John Moore, who raises tobacco and beef on his small farm, said this part of Kentucky wasn't ever likely to be a mecca of capitalism.

But investments for smaller enterprises could make a difference, he said as he waited for Clinton to speak.

Clinton announced $1.5 million in housing grants for eastern Kentucky, and some of the CEOs announced private investments: First Union National Bank will finance $5 million in small business equity loans in Appalachia; BellSouth will place 100 graduates of a local community college in technical and customer service jobs.

Ray Pennington, who farmed tobacco before emphysema made him dependent on portable oxygen, seemed more impressed by the fact that the president was on his front porch, bussing his 4-month-old great-granddaughter, LaKeisha Brewster.

"I'm glad to see you; you've got a good handshake," Clinton said.

"Old-timer," Pennington, 69, said of himself. He said Clinton was the first president he's seen.

"Well, everybody's entitled to meet one president, don't you think?" Clinton replied. "People expect you to vote every election; you ought to meet one now and then."

Financial-Services Bill, Buoyed by Vote In House, May Reach Clinton Before Fall

By MICHAEL SCHROEDER
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – The House's overwhelming approval of a financial-services overhaul last week has given lawmakers and administration officials confidence that final legislation could be presented to President Clinton as early as the end of this summer.

Thursday's 343-86 vote marked the first time both chambers have passed a bill that tears down Depression-era barriers between banks, insurers and brokers; the Senate version passed two months ago.

The next step is for a House-Senate conference committee to reconcile differences between the two bills. Lawmakers then must approve the combined version before seeking the president's signature.

The House leadership, in particular, is interested in pressing ahead quickly while the issue is still hot. The most ambitious plan is to craft a joint bill by the Aug. 6 recess; the compromise bill would still need to clear both houses.

With House passage last week, "the bill has tremendous momentum," said Ed Yingling, chief lobbyist for the American Bankers Association.

Any combined bill that meets the administration's goals will require the cooperation of Senate Banking Committee Chairman Phil Gramm of Texas and the newly confirmed Treasury secretary, Lawrence Summers. Capitol Hill staffers believe the two are prepared to work together to hash out a compromise.

"Together with Congress we believe we can construct a bill," said Gary Gensler, the Treasury's undersecretary for domestic finance. While Mr. Gensler has been the administration's policy point man on financial-services overhaul, Mr. Summers has also played a key role.

Mr. Gramm was equally optimistic. "With the House vote, we now have it within our grasp to pass a good bill, and that's my objective," he said.

Although he has been at odds with the administration on several issues, Mr. Gramm is known to work well with Mr.

Please Turn to Page A6, Column

Continued From Page A3

Summers. Within the past few weeks, Mr. Gramm has huddled with Mr. Summers to discuss the overhaul legislation and other issues. "Larry Summers is closer to my point of view than 95% to 98% of the people in the Clinton administration," Mr. Gramm said.

Both the House and Senate versions would allow banks, brokerage firms and insurers to enter the full range of financial businesses. If the reform becomes law, a raft of major interindustry mergers is expected as firms position themselves as one-stop financial companies offering customers virtually any insurance, banking or investment product.

Issue of Community Lending

Still, there are significant differences between the Senate and House versions. Although the administration said Mr. Clinton supports the House bill, he has threatened to veto the final legislation if it doesn't satisfy his positions on protecting personal consumer information, low-income lending requirements and the Treasury's role in overseeing new financial conglomerates.

The Senate version contains provisions, sponsored by Mr. Gramm, that water down the 1977 Community Reinvestment Act, which requires banks to make loans in low-income and minority neighborhoods. The Senate bill would exempt small rural banks from the community-lending law and make it harder for the government to use satisfactory community-lending ratings as a requirement for banks' being allowed to expand.

On the other hand, the House bill extends CRA compliance to the holding companies as a way for regulators to block mergers if bank units don't have satisfactory records of low-income lending. The only middle ground likely would be leaving CRA untouched—neither cutting back nor extending its reach.

Battle by Lobbyists

The issue of protecting consumer financial information emerged in the past few weeks as the most controversial. While the Senate doesn't address the issue, the House added provisions that would give customers the right to block financial institutions from sharing personal information with outside companies. Consumer polls show such overwhelming support for protecting financial information that lawmakers aren't likely to weaken the House privacy provisions.

The administration will try to expand protections, but pushing too hard could scuttle the bill. Financial-industry lobbyists fought back attempts to extend limitations on sharing information among affiliated companies. Cross-marketing to customers is a prime rationale for consolidating financial firms, they argued.

A major fight also looms on provisions to reinforce privacy protections for customers' medical information.

In addition, Mr. Gramm believes the Federal Reserve Board should be the primary regulator of new financial conglomerates. But the House bill endorses the administration's position that the Treasury Department should have significant oversight authority. On this matter, lobbyists believe the House view is likely to prevail.

Bank of America Fund for Poor Areas Is Expected to Be Unveiled by Clinton

By JEANNE CUMMINGS
Staff Reporter of THE WALL STREET JOURNAL

HAZARD, Ky.—President Clinton is expected to announce today in East St. Louis, Ill., that Bank of America Corp. is creating a $500 million equity-investment fund dedicated to encouraging development in distressed urban areas.

The Bank of America "Catalyst Fund" is the largest private-industry equity project that Mr. Clinton is scheduled to unveil during his four-day poverty tour of the nation. The president's trip will take him and several corporate executives to Missouri, the Mississippi Delta, a South Dakota Indian reservation and several urban areas.

Yesterday, Mr. Clinton toured the Appalachian region in Kentucky and saw both sides of the economy. First, he spent time in an impoverished community filled with run-down trailers and homes with tar-paper roofs. He later visited Mid-South Electronics, a contract manufacturing business that is completing a $5 million expansion that will bring its total employee roster to more than 900.

The purpose of the trip is to call attention to the president's "New Markets Initiative," a mix of tax breaks and loan guarantees aimed at spurring development in areas that haven't benefited from the economic boom of the 1990s.

The trip also is intended to convince corporate leaders that there are profits to be made or labor pools to be tapped in those markets. To that end, Gene Sperling, head of the National Economic Council, said the White House hopes that today's announcement will "show others that if Bank of America believes they can succeed then that will be a model for others."

The equity fund will be unveiled at the site of a new Walgreen store in East St. Louis that received construction financing from Bank of America, said Cathy Bessant, president of the bank's Community Development Banking Group.

The fund, which will be active in 21 states where Bank of America operates, will be dedicated to "pushing the edge of the envelope on investments that will spur others," she said. For example, the fund may be used to invest in minority-owned real-estate development businesses or community development banks.

Ms. Bessant acknowledged that the company's commitment to stabilizing communities and building new markets "is good for our shareholders." But she also said that in a time of economic prosperity in so many other communities, it is also "good for the corporate soul."

THE WALL STREET JOURNAL

TUESDAY, JULY 6, 1999

BOSTON GLOBE
JULY 6, 1999
A1

Clinton in Appalachia for antipoverty push

By Ann Scales
GLOBE STAFF

HAZARD, Ky. – Against the mountainous backdrop of Appalachia, one of America's most enduring symbols of poverty, President Clinton yesterday opened a campaign to widen the circle of the nation's prosperity, saying if it doesn't happen now, "we'll never get around to do it."

"This is a time to bring more jobs and investment and hope to the areas of our country that have not fully participated in this economic recovery," he said. "We have an obligation to do it," he told a cheering crowd of thousands gathered along Main Street on a muggy 90-plus-degree day.

Clinton came here to kick off what he has described as an unprecedented presidential tour across America to promote public and private programs to help the nation's estimated 36 million poor people.

He plans to present Congress with a proposal for tax incentives and loan guarantees that his administration estimates would generate $15 billion in new investment in urban and rural areas over five years.

Clinton said the initiative is one way to continue to expand the economy and drive the nation's 4.3 percent unemployment rate even lower.

Accompanied by the Rev. Jesse Jackson, corporate CEOs, and members of Congress, the president will cover six states in four days. Besides

CLINTON, Page A4

Page 1

Clinton touts plan to broaden prosperity

AFP PHOTO

AP PHOTO

President Clinton greeted 69-year-old Ray Pennington (seated) and family in Tyner, Ky., yesterday. At left, Clinton walked with Pennington's daughter, Jean Collett, as Shane Harrison, 4, entertained them.

■ CLINTON

Continued from Page A1

Appalachia, he will visit the Pine Ridge Indian Reservation in South Dakota, Clarksdale in the Mississippi Delta, and low-income sections of East St. Louis, Ill.; Phoenix; Los Angeles; and Anaheim, Calif.

"I came here in the hope that with the help of the business leaders here, we could say to every corporate leader in America: Take a look at investing in rural and inner-city America," he said. "It's good for business, good for America's growth, and it's the right thing to do.

"I believe at this time of prosperity, if we can't find a way to give every single hard-working American family the chance to participate in the future we're trying to build for our country, we'll never get around to do it," Clinton said.

In this coal and lumber town where President Lyndon B. Johnson launched his War on Poverty in 1964, Clinton announced $1.5 million in Department of Housing and Urban Development grants to benefit the poor in Eastern Kentucky by improving housing and opportunities for home ownership.

"Even though this is a blessed time for America, not all Americans have been blessed by it," Clinton said. A banner behind him read: "Tapping America's potential, bring investment, hope, and opportunity to Appalachia."

In Appalachia, 32 counties have poverty rates higher than 30 percent; the per capita income of the entire region is just 71 percent of the national average; and in some areas, 57.3 percent of those over the age of 25 do not have a high school diploma.

Clinton started his visit to Kentucky with a stop at Whispering Pines, an isolated, impoverished neighborhood of trailers and rundown houses in Tyner, population about 100.

Sitting in a lawn chair in the shade of a walnut tree and sipping a Mountain Dew, he visited with Jean Collett and her father, Ray Pennington, in the front of her dilapidated rented home.

Collett, 48, was a cook at Dairy Queen until recently, when she quit to take care of her father, who uses a portable oxygen tank because he has emphysema. Collett had no electricity until 1961, and no running water in a bathroom until five years ago.

Pennington, a widower, told Clinton: "I've lived 69 years, and this is the first time I've ever seen a president. It's a pleasure to meet you."

Clinton replied, "Well, everybody's entitled to meet one president, don't you think? People expect you to vote every election, you ought to meet one now and then."

The president then made several unscheduled stops in town, shaking hands and posing for pictures. At the Annville Stop-and-Go, Cleda Stapleton Merritt, 59, told Clinton: "Thank you, Mr. President. I'm willing to go to bat for you and we'll hit a home run. ... Thank you for the economy, amen."

Clinton has proposed a tax credit for up to 25 percent of the money a firm invests. His administration estimates the credit would generate $6 billion in new equity capital at a cost to the government of about $960 million over five years.

The loan guarantee program would be styled after the Overseas Private Investment Corp., which makes loans to promote US sales abroad. The same principle would be followed domestically under America's Private Investment Companies.

Clinton proposed providing up to $1 billion in government guarantees for the domestic program.

"For the same reason industries are looking at Mexico, they need to look at us. We can provide it here," he said Benny Coleman, who runs a family home supply business in nearby Evarts, drove to Hazard to see Clinton.

Jennings Krahenbuhl, a retired school principal from London, Ky., said, "We are not asking for a handout, we are asking for a hand. We just want to play in the game. We just need somebody to blow a whistle to let us in."

As Clinton tries to do just that, analysts said his record on behalf of America's poor is mixed.

His former labor secretary, Robert Reich, an economist at Brandeis University, said that other than expanding the earned income tax credit in 1993 and helping keep unemployment low because of the surging economy, "the administration hasn't made much headway on the problem."

While he applauded Clinton for focusing on those Americans left behind as the economy has flourished, he said the administration's early decision to make cutting the deficit a priority has tied its hands and limited government investment in poor communities.

"Congress is in no mood to entertain any major new initiatives," he said. "The president's budget plans don't incorporate major spending for tax breaks for the poor or for those areas. This is probably for the future."

But Harvard sociologist William Julius Wilson, who has written extensively about poverty and given advice to Clinton, said the president's initiative was a "realistic program" to help distressed areas, given the limits of what he can accomplish with a Republican-controlled Congress.

Clinton Urges Corporate Investment to Fight Pockets of Poverty

By Charles Babington
Washington Post Staff Writer

HAZARD, Ky., July 5—President Clinton came to the hollows of Kentucky today to launch his four-day tour of impoverished regions, urging corporate America to invest in communities that the recent economic boom has bypassed.

First sipping a Mountain Dew in the shade with a hard-pressed family, and later addressing a sun-baked crowd in this coal-country town, the president said the government must do more to entice businesses to locate jobs and seek consumers in such regions.

"I came here in the hope that . . . we can say to every corporate leader in America, 'Take a look at investing in rural and inner-city America. It's good for business, good for America's growth, and it's the right thing to do,'" Clinton said in a mid-afternoon speech on Main Street, where temperatures neared 100. The government should provide the same incentives for investing in poor America that it does for overseas investments, he said.

Meanwhile, the administration prepared a report stating that inner cities have much greater retail purchasing power than many businesses realize. The report, to be released Tuesday, concludes that "retailers can find major profit-making opportunities in low- and moderate-income inner city neighborhoods," which it calls "undiscovered territories for many businesses."

Clinton is expected to cite the study, prepared by the Department of Housing and Urban Development, when he speaks Tuesday night in East St. Louis, Ill., one of the nation's poorest cities. Earlier Tuesday he will visit the Mississippi Delta town of Clarksdale.

Politicians' tours of economically distressed areas—such as Robert F. Kennedy's well-chronicled 1967 visit to Mississippi—historically have helped focus national attention on poverty, at least temporarily. They also have helped the politicians highlight their concern for the poor, an emphasis that some critics say Clinton has given a low priority until now, his seventh year in office.

Clinton is using the four-day tour to build support for the portion of his "New Markets Initiative" that will require congressional approval. It calls for a 25 percent tax credit for investments in community banks and similar institutions that target poor communities—at a cost of $980 million over five years. It also would establish a new investment program for targeted regions, in which private loans would be coupled with larger federal loans. The program would cost the government about $36 million in credit subsidies, White House aides said.

The president began his day in Tyner, Ky., sharing a soft drink and his sympathies with a family living in a dilapidated rental home, similar to those around it. Jean Collett, 48, was a cook at the Dairy Queen until she quit to care for her father, Ray Pennington, 69, who has emphysema.

"My first electricity was in 1961 [and] I didn't have running water in a bathroom until five years ago," Collett said. Her son-in-law, Anthony Brewster, has the best job in the family, making $6.30 an hour at the Mid-South Electric Co.

Clinton toured Mid-South's plant, which makes plastic safety glasses, and cited the company as the type he wants to highlight during his six-state tour. It receives equity financing and capital from the Kentucky Highlands Investment Corp., a nonprofit organization created in 1968 to invest in businesses in nine southeastern Kentucky counties. Clinton said the federal contribution to such agencies must increase.

BY L. SCOTT APPLEWHITE—ASSOCIATED PRESS

In Tyner, Ky., President Clinton heard stories of hardscrabble rural life from the family of Ray Pennington, 69, an emphysema patient who uses oxygen.

L. Ray Moncrief, executive vice president of KHIC, told reporters: "Wall Street venture capital is not coming to central Kentucky. . . . They're looking for high-tech sorts of things with 50 to 75 percent internal rates of return." KHIC gets a 10 percent return on its portfolio, he said, which is reasonable in this region, and enough to create badly needed jobs.

Among those with Clinton were Jesse L. Jackson; Aetna chief executive Richard Huber; BellSouth chief executive Duane Ackerman; Al From, head of the Democratic Leadership Council; and Agriculture Secretary Dan Glickman.

Perry County, which includes Hazard, has fared better economically than many nearby Kentucky counties. Russell County, for example, has a 26 percent unemployment rate, and 37 percent of Clay County's residents live below the poverty level.

More than one-fourth of the 406 counties in Appalachia—which includes portions of 13 states—are considered "distressed" because their unemployment and poverty rates are at least 1½ times the national average.

Coal mining remains vital to Appalachia, but employment in coal has declined from 250,000 in 1979 to 100,000 today.

Several corporations today announced new investments in the types of programs Clinton is promoting.

First Union National Bank pledged at least $5 million for small business equity loans and economic development programs in Appalachia. BellSouth pledged to hire 100 students of Kentucky's community colleges.

The Washington Post

Tuesday, July 6, 1999

The New York Times
TUESDAY, JULY 6, 1999

A Pledge of Federal Help For the Economic Byways

Clinton Seeks an Investment in Appalachia

By JOHN M. BRODER

HAZARD, Ky., July 5 — The Clinton Years have been lush for lawyers, investment bankers and Internet explorers. But some pockets of America remain largely untouched by the prosperity of the 1990's, and President Clinton is devoting much of this week to bringing them compassion and the hope of new jobs.

Here in eastern Kentucky, where poverty and unemployment run two to three times higher than the national averages, the President today presented a package of proposals intended to spur investment among the idle coal fields.

Mr. Clinton hopes to use Federal tax credits and loan guarantees to inspire private companies to build plants and stores in Appalachia to serve a population that the economic boom has largely passed by.

It is a familiar strategy for this Administration, except that the proposed "new markets" are in economically distressed regions of the United States, not in Zimbabwe or Ukraine. The Administration has aggressively used Government tax breaks and loan subsidies to encourage investment by American corporations in developing countries, but it has never focused similar efforts in a systematic way on struggling communities in the United States.

"Even though this is a blessed time for America, not all Americans have been blessed by it," Mr. Clinton said before a heat-wilted crowd in this mountain town. "This is a time to bring more jobs and investment and hope to the areas of our country that have not fully participated in this economic recovery. We have an obligation to do it."

He picked the right place to make his point. David Deal, 58, a laid-off medical supply worker from the depressed coal-mining town of Cumberland, about 40 miles away, said that Government officials always talked about bringing jobs and investment to this region, but that the waiting continued.

"Lyndon Johnson was here in '64 but all the things he was talking about haven't reached down to the people here," Mr. Deal said. "Clinton keeps talking about wanting us off welfare, but he hasn't brought us any jobs."

One of his neighbors, Darlene Hall, 41, said that she was organizing a prayer rally in Cumberland next week to try to enlist God in the search for employment. And Ms. Hall said she had a message for industrialists looking for a stable work force.

"We are not pick-and-shovel uneducated people in the mountains," she said. "We are hard-working people, used to working in the mines. We are educated and we want to work."

With an entourage of corporate executives, members of Congress, Cabinet officers and the Rev. Jesse L. Jackson, Mr. Clinton is embarked on a four-day, six-state tour of islands of poverty among the general prosperity. He plans to visit Clarksdale, Miss., a poor town in the Mississippi Delta; East St. Louis, Ill.; the Pine Ridge Indian Reservation in South Dakota; a barrio in Phoenix and the Watts neighborhood of Los Angeles.

He takes a briefcase full of what he hopes are tools to create jobs, including community development financial institutions, empowerment zones and enterprise communities, America's private investment companies, small-business investment companies, new-markets venture capital firms and new-markets lending companies.

Taken together, the new and existing programs are intended to prompt as much as $15 billion in private-sector investment in poor urban and rural areas over the next five years. Most of $1 billion in Federal subsidies to underwrite the programs would require Congressional action, but Mr. Clinton has not sent all the specific legislation to Capitol Hill.

Critics have questioned the timing of the initiative, coming in the seventh year of Mr. Clinton's Presidency, when he longer has need for the votes of suburban soccer moms or the financial support of wealthy donors. He has spent countless days canvassing the prosperous precincts of the nation over the last six and a half years, bringing comfort to the comfortable and shoveling up campaign contributions from equity-rich Democrats in Beverly Hills, Silicon Valley, Manhattan and Palm Beach.

Presidential aides said that Mr. Clinton spent his early years in office insuring the general welfare through fiscal discipline and targeted tax cuts that had cemented the fortunes of the middle class. Now he can turn to the 35 million Americans who remain mired in poverty as the tide of prosperity lifts the boats of others around them, they said.

"The fact that the country is doing so well right now may, indeed, provide a better atmosphere for the President to put this challenge to the private sector," said Gene Sperling, the White House's chief economic adviser. "In a period of prosperity like this, a Presidential message of bringing everybody along may be more well received, and you may be able to do more good now than if you were trying to do that at a time when the country, when everyone around the country, was hurting."

A tour offering the hope of jobs for islands of poverty.

Today Mr. Clinton announced $1.5 million in housing and economic development grants to five eastern Kentucky groups from the Department of Housing and Urban Development. The money is intended to provide improved housing for migrant workers, job training and subsidized mortgage loans, the department said.

Before he spoke here in Hazard, Mr. Clintón stopped in Tyner, an eastern Kentucky hamlet of mobile homes and 100 souls in Jackson County.

Mr. Clinton sought refuge from the wicked heat under a spreading walnut tree and spoke with Jean Collett, 48, who recently left her job as a cook at a Dairy Queen to care for her father, Ray Pennington, who suffers from emphysema and breathes with the aid of a portable oxygen tank.

Mr. Clinton sipped from a can of Mountain Dew and held Mr. Pennington's hand as Mrs. Collett explained the hardships of life in their pocket of Appalachia. Bank loans are hard to come by, she said, because lenders demand collateral, of which she has none.

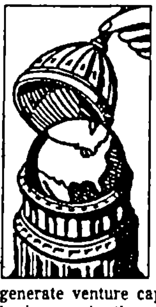
"We don't even apply for them," she told the President.

CAPITAL JOURNAL
By Gerald F. Seib

Clinton on Tour: Battling Poverty The 'Third Way'

AS HE TALKED by phone from the sweltering Mississippi Delta yesterday, it was clear that President Clinton was reveling in a return to his roots.

Not his Southern roots, but his roots as a New Democrat pushing a "third way" of using government that lies somewhere between traditional liberalism and traditional conservatism. Mr. Clinton is in the midst of a four-day New Markets Tour of the country, announcing new tax incentives and government-backed loans designed to generate venture capital for launching businesses in the nation's pockets of poverty.



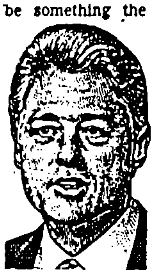
There are plenty of reasons to be skeptical, even cynical, about another federal effort to battle poverty. But whatever its ultimate effectiveness, this initiative represents a nearly pure example of the kind of New Democrat thinking Mr. Clinton promised when he entered office—and the kind he would bequeath to the Democratic Party.

"In some ways it's the perfect embodiment of the third-way philosophy," Mr. Clinton said in an interview. "What we're doing basically is using the government to facilitate a public-private partnership at the grass-roots level. It's not government alone, it's not private sector alone, but it's a partnership, and I think it will genuinely change the landscape."

That, of course, remains to be seen. For starters, the legislation implementing his initiative still has to be passed by a Republican Congress that may not be seized by anti-poverty programs at a time of economic boom and 4.3% unemployment. But if Congress goes along, the initiative would allow both small and some large venture-capital firms that invest in low-income areas to qualify for $2 in government-guaranteed loans for every $1 they raise privately. Interest payments could be deferred for five years, and entrepreneurs could get technical help. Investors would get a 25% tax credit for investments in new ventures or community development banks.

IT'S CLASSIC NEW Democrat thinking: Marshal public resources to create private-sector growth that gives an opportunity (but no guarantees) to people who help themselves. And it's designed for political advantage: It appeals to liberals by taking on a pet cause, poverty, and to conservatives by finding the answer in the marketplace.

"I believe basically that this ought to be something the Republicans would love, because it uses tax incentives to leverage private-sector investment in places where they decide whether they will make money or not," Mr. Clinton said. The initiative got a good start yesterday, when Bank of America Corp. announced that it is creating a $500 million equity-investment fund for distressed areas.



Bill Clinton

If nothing else, the president's initiative shines a light on the changing nature of poverty in America. Those longstanding stereotypes of economic depression—Harlem, Detroit, Watts, the Bronx—have to be revised. Such places still have poverty, of course, but the list of communities left behind in today's economic boom runs more toward small to midsized cities.

"I think that the restructuring of the American economy has tended to favor the renaissance of the large cities," Mr. Clinton said. "A lot of these small and midsized cities, depending on their physical location and the nature of the pre-existing economic network, haven't gotten the new jobs to replace the old."

A RECENT REPORT by the Department of Housing and Urban Development on distressed cities lists a strikingly diverse array of names not normally associated with poverty and unemployment: Fresno, Calif.; Yakima, Wash.; Beaumont, Texas; Lake Charles, La. "A lot of the small and mid-sized cities were dependent on elements of the economy that are no longer thriving, and were relatively heavily dependent on a given factory, for example," Mr. Clinton said.

The promise of this week's initiative isn't to recreate those old businesses, but to provide seed money for new ones. Congress and the administration already have done some of this by creating "empowerment zones" to give tax breaks for investments in some specific areas. Yet many troubled towns "may never get an empowerment zone, even if Congress gives me 20 or 30 more," Mr. Clinton noted. The new incentives, by contrast, could apply to any troubled city.

Mr. Clinton's final appeal to the business community is a practical one. Investors have been worrying for months where the economy would find the workers and capacity to keep economic growth humming without inflation. The answer, he suggests, lies in the spots America's boom has left behind.

THE WALL STREET JOURNAL
WEDNESDAY, JULY 7, 1999

Desperation Despite a Presidential Visit

Clinton Vows to Invest in Mississippi and Appalachia

By Charles Babington
Washington Post Staff Writer

CLARKSDALE, Miss., July 6—President Clinton is walking door to door among the nation's poor this week, offering sympathetic hugs and announcing millions of dollars in new government incentives to attract private investments in distressed communities.

But when his mile-long motorcade pulls away from each stop in this four-day, six-state tour, those who had basked briefly in his presence are left with the realization that poverty is one of the nation's most intractable problems, outliving presidents who highlighted it, deplored it, even declared all-out war on it.

Thus there's a touch of resignation, even desperation, in the voices of the local officials and ordinary citizens who have greeted the president this week under blistering suns in Kentucky and Mississippi. Today, in this hard-pressed delta town, Clarksdale Mayor Richard Webster made one last plea after giving Clinton a short tour of the downtown that features more closed shops than open ones.

"I hope in your remaining days that we can count on you to remember us," said Webster, a Democrat.

Clinton, making his first visit to Mississippi as president, merely nodded. He already had announced nearly $15 million in new private investments in the Enterprise Corporation of the Delta, a nonprofit agency that uses federal grants to leverage private investments in businesses in this region. He soon would announce that Bank of America would pledge $500 million in equity for business enterprises in low-income areas. Of that, $100 million will go into a Community Development Financial Institution, or CDFI. Many other firms are pledging millions of dollars as well.

But these public-private ventures with strange-sounding acronyms can go only so far in reassuring people who have witnessed a long, painful exodus of jobs, young adults and hope in places such as Appalachia, the Mississippi Delta, Indian reservations and Watts—all of which Clinton is visiting this week to promote his "New Markets Initiative."

"Twenty-five years ago, on Friday and Saturday, this place was crawling with people, it was shoulder to shoulder," Webster told the president as they met with a handful of business owners inside the "Ooo So Pretty" floral shop. Outside along Issaquena Avenue, the long-shuttered Roxy Theater looked like a prop for "The Last Picture Show." With some federal help, Webster suggested, the Roxy might be turned into a museum or a "working arts" center.

Clinton, wearing a teal, short-sleeved shirt and brown slacks, said he had overseen some successful renovation projects as Arkansas governor. "I think you can do it," he said.

Johnny Newson, owner of a nearby auto parts store, joined in the appeal to Clinton. Here in Coahoma County, where 37 percent of the residents live in poverty, officials need money and expertise to attract new businesses, he said. "With a little help from Washington, I think you'd be proud of Clarksdale."

Clinton, leaning against a counter and sipping a bottle of Ozarka water, nodded and said "thank you."

An hour later, before several hundred sweltering people in a cabinet-making plant here, he specified some of his ideas to battle poverty. "Ever since I became president," he said, "I have done what I could do to increase investment in undeveloped areas through the empowerment zones, which give tax credits and put tax money into distressed areas . . . through getting banks to more vigorously approach the Community Reinvestment Act and setting up Community Development Financial Institutions."

"We are going to do everything we can in the government to give the financial incentives necessary for people to invest here," Clinton said. "I am making this tour of America for one simple reason: I want everybody in America to know that while our country has been blessed with this economic recovery, not all Americans have been blessed by it."

Many in Clarksdale agree. Retired teacher Myra Turner braved the heat to wave to Clinton but said it will take more than a presidential visit to turn things around. Asked whether the national rise in jobs, wages and construction had touched her home town, she replied: "That doesn't fit Clarksdale, none of the above. We need more job opportunities, more transportation."

Beatrice Spencer Burton, 50, was more hopeful. "I came down because I had been praying to the Lord to have a president to have mercy on Clarksdale," she said. "This is a blessing from God. This is a turning point for Clarksdale."

Clinton ended his day with a speech in East St. Louis, Ill., where he called for increased private-sector investments in hard-pressed urban areas. He then flew to Sou[th] Dakota to visit the Pine Ridge Indian [Reser]vation on Wednesday.

BY KEVIN LAMARQUE—REUTERS

President Clinton shakes hands along Issaquena Avenue in Clarksdale, Miss. He is on a four-day, six-state tour of some of the nation's most intractably impoverished areas.

The Washington Post
Wednesday, July 7, 1999

Inner-city residents' spending outpaces number of stores

By Susan Page
USA TODAY

EAST ST. LOUIS, Ill. — Inner city residents have more money to spend than stores in which to spend it, a government study said Tuesday.

The Housing and Urban Development survey of inner cities shows residents had retail purchasing power of $331 billion last year, one-third the $1.1 trillion for the overall cities.

But in 48 of the inner cities studied, retail sales in the communities were $8.7 billion less than residents' buying power. The HUD study was released here by HUD Secretary Andrew Cuomo, who is traveling to some of the nation's poorest places with President Clinton to spotlight opportunities for corporate America.

"America needs to wake up and recognize that the best new market for American products and for American investment is right here in the US of A," Clinton said at Clarksdale, Miss., in the Mississippi Delta.

Though inner cities often have lower per-capita income than other communities, the density of the population offers concentrated spending power, the study shows.

For instance, in New York, Harlem's annual retail demand for food and apparel of $116 million per square mile is more than twice the metropolitan area's rate of $53 million.

"This is incredibly valuable research that has documented both a problem and an opportunity," says Michael Schill, director of NYU's Center for Real Estate and Urban Policy. Businesses sometimes have hesitated to open stores in inner cities because of concern about crime and nervousness about acceptance.

"As the suburbs become saturated (with stores), the place to look now is inner cities," Schill says. The new stores not only could create profit for the companies but also could offer inner-city residents jobs and the chance to buy better goods at better prices.

Inner cities are neighborhoods with high rates of poverty or lower incomes than the cities that surround them.

Clinton urged Congress to approve tax breaks and other incentives to encourage investment in places where high rates of unemployment and poverty have defied the nation's strong economy.

In East St. Louis, Clinton toured a Walgreen's Drugstore that opened last month, the first store of its size to open in the distressed city in 40 years. The HUD study says people in East St. Louis had $227 million in purchasing power last year but spent just $177 million of it within the city.

Today Clinton goes to the Pine Ridge Indian reservation in South Dakota and a food factory in Phoenix. Thursday the tour ends with visits to Watts in Los Angeles and Anaheim.

▶ Gap in selected cities, 7A

Inner city 'retail gap'

A Housing and Urban Development study of 48 "inner cities" found a significant gap between the "purchasing power" of residents and the amount of business done by retailers in those neighborhoods. The study calls the communities "undiscovered territories for many businesses" because it appears that residents would spend more money in their own neighborhoods if more businesses were located there. HUD subtracted each community's estimated retail sales from its estimated purchasing power, producing a "retail gap" — the percentage of unused spending power. The findings for 10 specific inner cities: (All numbers are in millions of dollars except the percentage category.) Story, 1A

Inner-city area	Estimated 1998 retail sales	Estimated purchasing power	Retail gap	Percentage
Jacksonville, Ark.	$15	$57	$42	74%
Watts (Los Angeles)	$779	$1,225	$446	36%
New Haven, Conn.	$708	$1,017	$309	30%
Newark, N.J.	$1,675	$2,333	$658	28%
Bethlehem, Pa.	$114	$144	$30	21%
Chicago	$13,257	$15,523	$2,266	15%
Stockton, Calif.	$990	$1,120	$130	12%
Washington	$3,894	$4,273	$379	9%
Detroit	$4,970	$5,411	$441	8%
Utica, N.Y.	$314	$340	$26	8%

Source: Department of Housing and Urban Development

USA TODAY · WEDNESDAY, JULY 7, 1999

ELES TIMES

) Page 1 for Wednesday, July 7, 1999:

. page:

Cols 1-3: News feature on Laotian immigrants moving at a later date with art.

Col 4: When President Clinton visits Watts as part of a national tour showcasing poor neighborhoods and efforts to fix them, he will encounter a Los Angeles community vastly different than the one seared by fires and rioting three decades ago. (with art) (CLINTON-WATTS, moving Wednesday.)

Col 5: On the second day of a four-day tour of the United States' pockets of poverty, President Clinton repeats his mantra of the week, that the economic boom of the 1990s has yet to reach the poor. (with art) (CLINTON-TIMES, moved.)

Col 6: Ehud Barak is sworn in as Israel's new prime minister and vows to forge a ``peace of the brave" with his small country's Arab neighbors. (MIDEAST-TIMES, moved.)

Above the fold:

Cols 2-3: A burgeoning grass-roots movement to drive Yugoslav President Slobodan Milosevic from power gains momentum as thousands of Serbian men, women and children defy police intimidation and a decade of fear to pour into the streets here in Serbia's far west and in a key southern city. (BALKANS-PROTEST, moved.)

Below the fold:

Col 2: On the third consecutive day of torrid temperatures and muggy humidity on the East Coast, there are scattered blackouts, transportation tie-ups and widespread misery across the region. (HEAT, moved.)

Bottom of the page:

Cols 1-2: Former South Korean President Kim Young Sam once called corruption ``the Korean disease"; now his successor, Kim Dae Jung, is facing a series of explosive scandals and finding it as hard as ever to eradicate the long-bemoaned, entrenched culture of influence peddling, cronyism and payola. (KOREA, moved.)

Cols 5-6: National news feature moving at a later date.

Clinton Continues Call for Domestic Redevelopment
By James Gerstenzang
Los Angeles Times

EAST ST. LOUIS, Ill. President Clinton visited a cabinet warehouse hard by the cotton and soybean fields of the Mississippi Delta Tuesday and toured the Walgreen's in this blighted city, which sits across the Mississippi River from the gleaming arch of St. Louis but lives a world away economically.

On the second day of a four-day tour of the nation's pockets of poverty, the president repeated his mantra of the week, that the economic boom of the 1990s has yet to reach the poor.

``I want everybody in America to know that while our country has been blessed with this economic recovery, not all Americans have been blessed by it, that it hasn't reached everyplace," he said.

But even in some of the communities Clinton is visiting this week as he travels from one downtrodden community to the next, there have been signs of improvement.

Here in East St. Louis, for example, a local supermarket was opened several years ago, and a bond fund is financing a new public library, the first public construction in a quarter-century.

And then there's the Walgreen's.

The last time a national chain opened a store here, there were no computerized cash register scanners. Indeed, there were no electronic cash registers. That was 40 years ago.

Clinton and the Bank of America used the recent opening of the drugstore to tout a $500-million fund that the bank said it would invest in just such inner city, and comparable rural, projects.

``That's real money," Clinton said.

The Bank of America plan, announced by Cathy Bessant, the bank's president of community development, is seen by the Clinton administration as symbolic seed money for the investment community: It tells potential investors that a major financial institution is willing to put large sums into previously ignored communities.

Behind the investment is a conviction that money can be made even in some of the nation's poorest communities, Bessant said.

``There's real money to be made in these markets," Bessant said. ``Booming markets are what it's about, regardless of geography." Bessant, along with other executives, joined Clinton Tuesday in the northwest Mississippi town of Clarksdale, and flew with him aboard Air Force One to East St. Louis.

Clinton is touring the nation's most blighted communities to promote legislation that would provide tax-reducing incentives to businesses doing business in impoverished areas. It is intended to provide as much as $15 billion in incentives for domestic investment much as is offered to the private sector seeking to buil operations overseas.

But even some of the most devoted adherents to Clinton's approach

Bessant among them readily acknowledge the uphill road it faces

``It's costly business, it's tough to generate," Bessant said of the start-up work involved in building business in distressed cities and rural towns.

And Richard Huber, chief executive officer of Aetna, the insurance giant, who joined Clinton in Mississippi, said: ``If there isn't economic reality, it's not going to happen."

The Bank of America likens its investment to venture capital funds, rather than loans. It would pump money into such projects real estate development, and developers, into community development ventures and those behind them, and perhaps assiste living residences for the elderly in rural areas, Bessant said. East St. Louis and Clarksdale, the urban and rural sides of the san coin depicting seemingly intractable pockets of poverty, couldn't provide a tougher test.

In the last 25 years, East St. Louis' population, 38,595 in 1996, has declined 45 percent. In 1990, the population was 98 black. In 1998, the unemployment rate was 9.6 percent, more than twice th national average, while the rate in the nearby suburbs was 3.5 percent, and 44.3 percent of the population was living below the poverty line.

Clarksdale's statistics are similarly bleak: The poverty rate, although declining, was 37.4 percent in 1995, the most recent ye for which U.S. Census Bureau data is available, and the unemployment rate was 10.4 percent in 1998.

The challenges posed by such conditions notwithstanding, the federal Department of Housing and Urban Development issued a economic report Tuesday that found that many retailers were ``missing major profit-making opportunities" by failing to invest the poorest communities that are, like East St. Louis, dramaticall under-served by supermarkets, department stores and drug stores

BOSTON GLOBE
JULY 7, 1999
A3

Clinton, in Illinois, sees 'great promise' in impoverished city's new Walgreens

By Ann Scales
GLOBE STAFF

EAST ST. LOUIS, Ill. – Midway through his four-day antipoverty tour across America, President Clinton came to this small, struggling city of 38,000 people along the Mississippi River yesterday to hail the opening of a Walgreens drugstore, an event that usually does not prompt a presidential visit.

But the store is part of a new shopping center, the largest to be built here since the 1950s, and to Clinton it is a shining example of the profit-making opportunities in low- and moderate-income inner-city neighborhoods for businesses willing to locate there.

Standing atop a makeshift stage in the parking lot of the glittering new store, Clinton said, "We see in this community both poverty and great promise."

He added, "We're all going to have to work hard at this. Nobody's got all the answers. There is no magic wand. But we know one thing: People make these investments one at a time."

Clinton came armed with a new federal study by the Department of Housing and Urban Development that shows such communities are "under-retailed," meaning sales fall significantly short of the residents' retail purchasing power.

> 'America needs to wake up and recognize that the best new market for American products and for new American investment is right here in the US of A.'
>
> PRESIDENT CLINTON
> *On antipoverty tour*

The HUD report, titled "New Markets: The Untapped Retail Buying Power in America's Inner Cities," said the retail purchasing power of low- and moderate-income neighborhoods was estimated at $331 billion last year, or one-third of the $1.1 trillion total for the central cities that include those neighborhoods.

Among 48 inner-city areas where HUD found a retail gap and where 20 percent or more of the population lives in poverty, the total shortfall last year was $8.7 billion, which equals the purchasing power minus sales.

Of those areas, six were in Massachusetts – Gloucester, Lowell, New Bedford, Waltham, Westfield, and Yarmouth. The study showed Westfield with the biggest gap between the purchasing power of its residents and retail sales, 22.7 percent, while Gloucester had the smallest, at 0.2 percent.

Despite the huge buying power among inner-city residents, the study said they often must make purchases in such places as suburban malls because there are too few retail stores in their neighborhoods.

In this city where the unemployment rate last year was 9.6 percent, more than twice the national average, and the poverty rate is 44.3 percent, even a Walgreens store that employs about two dozen people is considered good news.

It was the latest stop on Clinton's six-state tour of impoverished areas to promote greater public and private investment in urban and rural areas.

Traveling with a small band of corporate CEOs and members of Congress and his Cabinet, Clinton is touting these areas as a way to keep the economy strong through job creation and lowering of unemployment.

"America needs to wake up and recognize that the best new market for American products and for new American investment is right here in the US of A," he told a group of entrepreneurs from the Mississippi Delta in a roundtable discussion earlier yesterday in Clarksdale.

Some companies apparently are listening. Yesterday, the Bank of America announced it will commit $500 million of equity to support community development in poor areas.

And Greyhound Bus Co. and Federal Express annnounced a new partnership that will provide transportation connecting workers in Clarksdale to jobs in Memphis, about 100 miles away, for a round-trip fare of $4.

The White House pledged tens of millions of dollars in grants to community development organizations across the country.

During his visit to Mississippi, Clinton's first since he became president, the president got an earful from Clarksdale Mayor Richard Webster and other business owners who seemed to be looking for the federal government to do more.

Standing inside the Ooo So Pretty flower shop, Webster made a pitch for federal aid to the distressed business area. During a walking tour through downtown, the president passed a two-block stretch where nearly all of the shops, restaurants, bars, and the movie theaters were shuttered or abandoned.

During the round-table discussion, Clinton said he would present Congress with details of a $15 billion plan to invest in economically depressed rural and urban areas over the next five years as part of his "new markets initiative."

Clinton, in Poverty Tour, Focuses on Profits

By JOHN M. BRODER

EAST ST. LOUIS, Ill., July 6 — Nothing motivates business like the prospect of profits.

That is the fundamental message underlying President Clinton's tour of the nation's impoverished precincts this week. Government tax credits and loan guarantees are fine as far as they go, Mr. Clinton says at each stop, but corporations are not going to invest in the Kentucky highlands, the Mississippi Delta or poor East St. Louis without hope of a decent return.

Mr. Clinton drew attention to the opening of a new Walgreens drug store here in East St. Louis — one of the first new retail businesses to open in this struggling Mississippi River town across from downtown St. Louis in 40 years — as an example of a corporation taking advantage of the new markets available in the United States' poorest regions.

"Hey," Mr. Clinton told a crowd of several hundred in the parking lot of the Walgreens store as a thunderstorm threatened behind him, "there are business opportunities out here. If you have people who want to go to work and people with money to spend and they're both in the same place, it's a good place to invest."

"Government's not going to do it," Mr. Clinton continued. "Nobody's going to put money here if they think they're going to lose it."

That calculation animated Bank of America, which today announced the formation of a $500 million "catalyst fund" to make equity investments in businesses in poverty-ridden areas. The fund will buy stakes in inner-city and rural real estate projects, urban shopping malls, job-training facilities and other ventures that the bank hopes will have a cascading effect on the areas they serve, a bank official said.

"There's real money to be made in these markets," Cathy Bessant, Bank of America's president of community development, said in an interview today. "All businesses go where profits are easier, and we believe there are booming markets here, regardless of geography."

Ms. Bessant, who is traveling with Mr. Clinton, said that traditional lenders were reluctant to lend in distressed areas because of false perceptions of risk and the lack of established lending relationships with inner-city entrepreneurs.

The Bank of America fund is intended not only to make money for the bank's shareholders, but also to inspire other lenders and venture capital firms to help in the revitalization of areas starved for investment capital, she said.

The President's "new markets" proposal, if passed by Congress, would help protect Bank of America's investments against losses by providing tax credits for new businesses and Federal guarantees for matching loans to such enterprises.

"The goal is not to ask people to make charitable contributions," said Gene Sperling, the White House chief economic adviser, "but to make companies take a second look in our own backyard where there could be profitable business opportunities while also helping rebuild communities that have been left behind."

The President sees opportunities in impoverished areas.

Mr. Clinton stopped in Clarksdale, Miss., in the Mississippi Delta before flying to East St. Louis late this afternoon. He walked through Clarksdale's desolate downtown and visited a small manufacturing plant recently rescued from bankruptcy.

"This is a good business opportunity here," Mr. Clinton said at a policy discussion at the factory, owned by the Waterfield Cabinet Company. "If we cannot fully develop the Delta now when we have the strongest economy in our lifetime, when will we ever get around to it?"

Andrew M. Cuomo, the Secretary of Housing and Urban Development, who is traveling with the President, released a report today on the untapped retail market of the nation's inner cities.

The report concludes that cities like East St. Louis, which have seen their retail bases evaporate over the last several decades, have more than $300 billion in pent-up retail demand, presenting an enormous opportunity for retailers like Walgreens.

With neighborhood stores shuttered, inner-city residents are driving to the suburbs to shop, buying by mail, or, in some cases, shopping over the Internet.

East St. Louis has seen a slight revival in the six years since a riverboat casino arrived here, docking along the grimy riverfront. The riverboat is second to the local hospital as the largest employer in East St. Louis and has brought 1,200 jobs and some spark to this predominately black city of 42,000 people, though the city is still one of the poorest in the nation.

"Now is the time to use Government to tap those markets," Mr. Cuomo said in an interview. He said that Mr. Clinton waited this long to make a major push for inner-city and rural economic development because only now does he have the economic and political clout to pull it off. Also, the electronic revolution has changed the nature of business, making it possible to conduct all manner of commerce from virtually anywhere on the globe.

"He couldn't have done this six or seven years ago," Mr. Cuomo said of the President. "He has the economy at his back, he has credibility in his Government and business is more mobile. These high-tech guys can go anywhere. They don't need water. They don't need ports. They can move to Appalachia, they can move to East St. Louis, they can move to the Bronx."

Clinton to Take In Soccer

EAST ST. LOUIS, Ill., July 6 (AP) — President Clinton decided today to extend his seven-state trip across the country through the weekend so he can attend the women's World Cup soccer championship in California.

The undefeated American team faces China in the championship at the Rose Bowl in Pasadena.

Mr. Clinton attended a semifinal game last week outside Washington as the United States defeated Germany to advance to the finals.

The White House press secretary, Joe Lockhart, said the women's team had invited the President.

"I think, like all Americans, he's been caught up in their success and wants to be there personally to cheer them on," Mr. Lockhart said.

The New York Times

WEDNESDAY, JULY 7, 1999

Los Angeles Times

WWW.LATIMES.COM
?? DAILY / 1,385,373 SUNDAY

WEDNESDAY, JULY 7, 1999

Agence France-Presse

President Clinton speaks at Walgreen's store in East St. Louis.

Clinton Renews His Challenge to Spread Wealth

By JAMES GERSTENZANG
TIMES STAFF WRITER

EAST ST. LOUIS, Ill.—President Clinton visited a cabinet warehouse hard by the cotton and soybean fields of the Mississippi Delta on Tuesday. And he toured the Walgreen's drugstore in this blighted city across the Mississippi River from the beckoning arch of St. Louis—but a world away economically.

On the second day of a four-day tour of the nation's pockets of poverty, the president repeated his mantra of the week, that the economic boom of the 1990s has yet to reach the most depressed areas.

"I want everybody in America to know that, while our country has been blessed with this economic recovery, not all Americans have been blessed by it, that it hasn't reached every place," he said.

To be sure, even in some of the communities Clinton is visiting this week as he travels from one downtrodden community to the next, there have been signs of improvement.

Here in East St. Louis, for example, a local supermarket was opened several years ago, and a bond fund is financing a new public library, the first public con-

Please see CLINTON, A6

CLINTON: Touting Investment

Continued from A1
struction in a quarter-century.

And then there's the Walgreen's.

But the last time a national chain opened a store here, there were no computer cash register scanners. Indeed, there were no electronic cash registers. That was 40 years ago.

Clinton and the Bank of America used the recent opening of the drugstore to tout a $500-million fund that the bank said it would invest in these kinds of inner-city—and comparable rural—projects.

"That's real money," Clinton said.

The Bank of America plan, announced by Cathy Bessant, the bank's president of community development, is seen by the Clinton administration as symbolic seed money for the investment community: It tells potential investors that a major financial institution is willing to put large sums into previously ignored communities.

Behind the investment is a conviction that money can be made even in some of the nation's poorest communities, Bessant said.

"There's real money to be made in these markets," Bessant said. "Booming markets are what it's about, regardless of geography."

Bessant, along with other executives, joined Clinton on Tuesday in the northwest Mississippi town of Clarksdale and flew with him aboard Air Force One to East St. Louis.

Reuters

President Clinton shakes hands in Mississippi on Tuesday.

Clinton is touring the nation's most blighted communities to promote legislation that would provide tax-reducing incentives to companies doing business in impoverished areas. It is intended to provide as much as $15 billion in incentives for domestic investment.

But even some of the most devoted adherents to Clinton's approach—Bessant among them—readily acknowledge the uphill road the plan faces.

"It's costly business, it's tough to generate," Bessant said of the start-up work involved in building business in distressed cities and rural towns.

And Richard Huber, chief executive officer of Aetna, the insurance giant, who joined Clinton in Mississippi, said that business will not go where it cannot make a profit.

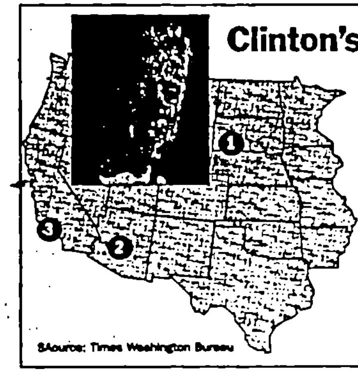
"If there isn't economic reality, it's not going to happen," he said.

The Bank of America likens its investment to venture capital funds, rather than loans. It would pump money into such projects as real estate development and into community development ventures and and perhaps assisted-living residences for the elderly in rural areas, Bessant said.

How Clinton's so-called "new markets" tax credit would work is not yet clear. But organizations struggling to raise capital to invest in poverty-stricken areas say that the tax break would give them a much-needed boost.

"I have to go to [my] investors today and say there is no tax relief for you," said Shari Berenbach, executive director of the Calvert Foundation, based in Bethesda, Md. "What this tax credit would do is . . . really help to broaden what is now only a trickle of capital."

Clinton's Schedule



TODAY

1. Speaks to Pine Ridge Indians in South Dakota.
2. Tours food factory in Phoenix.

THURSDAY

3. Speaks at Southwest College in L.A.; Addresses National Academy in Anaheim.

Source: Times Washington Bureau

Los Angeles Times

The nonprofit foundation acts as a bridge between capital markets and disadvantaged communities, and has raised nearly $10 million in private capital.

"If this tax package comes through, [investors] would get the benefit of a 6% return," saving the Calvert fund money it now pays out in interest, Berenbach said. "It would completely translate into cheaper funds." East St. Louis and Clarksdale, the urban and rural sides of the same coin depicting seemingly intractable pockets of poverty, provide a tough test.

Consider this city: In the last 25 years, the population—38,595 in 1996—has declined 45%. In the 1990 census, the population was 98% African American. In 1998, the unemployment rate was 9.8%, more than twice the national average, while the rate in the nearby suburbs was 3.5%.

In the city, 44.3% of the population was living below the poverty line, 16% of the residences were vacant in 1990, and housing stock had decreased 39% in the previous 20 years.

Clarksdale's statistics are similarly bleak: The poverty rate, although declining, was 37.4% in 1995, the most recent year for which U.S. Census Bureau data is available, and the unemployment rate was 10.4% in 1998.

The challenges posed by such conditions notwithstanding, the federal Department of Housing and Urban Development issued an economic report Tuesday that found that many retailers were "missing major profit-making opportunities" by failing to invest in the poorest communities that are, like East St. Louis, dramatically underserved by supermarkets, department stores and drugstores.

It argued, for example, that in Watts in Los Angeles, retail sales fall $445.5 million short of the residents' estimated purchasing power. In more prosperous Long Beach, Calif., it found, this gap—measuring the difference between its estimate of potential and actual sales—was $112.1 million.

Times staff writer Lee Romney in Los Angeles contributed to this story.

Los Angeles Times

WWW.LATIMES.COM
77 DAILY / 1,385,373 SUNDAY

WEDNESDAY, JULY 7, 1999

A New Watts Awaits Visit by President

■ **Culture:** Once a gateway for Southern blacks, area has been transformed by an influx of Latino immigrants.

By MATEA GOLD
TIMES STAFF WRITER

When President Clinton visits Watts on Thursday as part of a national tour showcasing poor neighborhoods and efforts to fix them, he will encounter a community vastly different from the one seared by fires and rioting almost 34 years ago.

If Watts once symbolized the poverty and tension gripping South-Central Los Angeles, the community now reflects the mixed results of post-riot economic infusion, as well as a surge of Latino immigration that has radically altered the ethnic makeup of the area.

At one time a gateway for Southern blacks, the four-square-mile community at the southern edge of the city has now been transformed by an influx of Central American and Mexican immigrants, ushering in new tensions and triumphs.

Spanish-language shops and churches have sprung up to cater to new Latino residents, now more than half the local population. Bilingual banners line the boulevards.

Once the "quintessential African American ghetto," Watts is now home to just as many Spanish speakers as English speakers, said Joe Hicks, head of the city's Human Relations Commission, who lived near Watts during the 1965 riots. "It's changed the political and economic dynamics. . . . There's a new vibrancy."

At the same time, efforts to jump-start economic revitalization have come in fits and starts. A new shopping center, civic center and library have spruced up the 103rd Street corridor—the area dubbed "Charcoal Alley" in 1965.

A new campus for the high school medical magnet opened a few months ago, and a cultural center and retail market is being

Please see WATTS, A6

BOB CAREY Los Angeles Times

Johnallen Woods, 16, says he would like to see more jobs for Watts.

WATTS: Complex, Contradictory

Continued from A1
built around the famous Watts Towers, now under renovation.

But some residents complain that promises of significant economic investment made after the 1992 civil unrest have not panned out.

"There's been a lot of money supposedly dumped this way, but it's not trickling down," said Daude Sherrills, 31, a community activist who lives in the Jordan Downs housing projects. "The government made a lot of promises . . . but nothing crystallized."

Added Sweet Alice Harris, a longtime community activist: "We still have a generation of untrained young people. We have to build up their hope."

Signs of Rebirth, Signs of Stagnation

Conscious of the images of burning buildings often conjured up by the name "Watts," residents said they hope that when Clinton visits, he will have a chance to see today's Watts—a complex and often contradictory place.

On Santa Ana Street, near the Metro Blue Line tracks, a row of new two-story, stucco homes have sprung up. "Santa Ana Pines: New Homes for a New Watts," proclaims the sign at the sales office. But around the corner, children splash in water spraying from a fire hydrant in front of sagging bungalows. Nearby, empty lots are strewn with trash.

At the Martin Luther King Jr. shopping center, a neat suburban-looking complex built in the 1980s, Latino and black families mingle as they shop at a large grocery store. Across the street, teenagers surf the Web on computers in the new Alma Reaves Woods library. But about a mile to the south, groups of unemployed men hang out in front of cinder-block apartments in the Nickerson Garden housing projects, grumbling that their opportunities remain limited.

Despite the promises made after the 1992 riots, many complain that real economic transformation hasn't come to Watts, where the average per capita income in 1996 hovered around $5,000, compared with about $18,000 Los Angeles County overall. Until there are enough jobs, residents say, the shopping center and new civic facilities merely mask the poverty gripping the community.

"We're extremely underdeveloped," said Janine Watkins, a director at the Watts Labor Community Action Committee. "We've got a new library and civic center . . . but in regards to business and employment in the area, it's still really limited. This area is still neglected."

The list of needs is familiar to many urban areas: job training, well-paying employment, child care, affordable housing and loans.

But several grass-roots business efforts launched after the 1992 civil unrest fizzled out, including ventures such as Hands Across Watts and Playground, an athletic shoe store and community center Clinton visited while campaigning for president.

Government-backed programs intended to jump-start economic growth have had mixed results. A state enterprise zone created in 1986 that awarded tax breaks and other credits to local businesses created few jobs.

Some community leaders are also critical of efforts made by the Community Development Bank, saying the nonprofit institution designed to make loans and stimulate investment has not produced change locally.

Los Angeles was awarded a federal empowerment zone last year, after losing a bid for one in 1994. The program will provide tax credits and incentives to businesses in Watts and other poor areas. That designation, along with Mayor Richard Riordan's creation of a tax-free zone in the area, has helped spark interest in investing in Watts, said Dan Margolis, a spokesman for the mayor. However, the federal empowerment tax breaks won't kick in until 2000.

The slow progress has made many Watts residents skeptical of any more promises the president might make Thursday.

"It ain't going to help us that Clinton is coming down here," said resident Gregory Jones, 34, as he sat on some steps in Nickerson Gardens on a recent afternoon. "He'll just suggest some things and leave."

The lack of economic opportunity has also caused some friction between Latinos and African Americans, some who perceived the newcomers as a threat, saying that immigrants work longer hours for less money. Interracial violence has plagued the local schools and the housing projects.

"Some people were wrongly perceiving that Latinos were here to take the jobs and properties of African Americans," said Arturo Ybarra, head of the Watts/Century Latino Organization. "That sometimes caused misunderstanding, conflict and confrontation."

From its base in an old liquor store that was turned into a community center, Ybarra's group brings together Latino and African American parents to deal with issues at the local schools. The 700-member group partners with other community organizations to for gang prevention and cultural awareness programs. And it sponsors an annual Cinco de Mayo parade that draws thousands who come to see the mariachis, blues bands and traditional Aztec and African dancers.

"As Latinos and African Americans, it is important to learn about our histories," Ybarra said. "We are sharing the same social conditions, the same space."

Although the community has changed, Ybarra does not think many outsiders have an altered view of Watts. He is pessimistic that Clinton will address Latino concerns about immigration and other issues during his visit.

"I think he still has the wrong perception that Watts and South-

eas," he said. "Someone has to tell him there are new dynamics, new challenges, new needs of the community."

Now, the future of Watts may be people such as Gloria Soltero, who lives in a snug pink house in the shadow of the Watts Towers. She and her husband, who shines shoes for a living, moved from East Los Angeles 10 years ago, looking for an affordable home.

Soltero thinks the government needs to pay more attention to the community, but in general, says Watts is a great place to live. The neighborhood has become safer since a 1992 gang truce, she says, and residents take pride in their homes.

She counts her African American next-door neighbor among her good friends, and gazes with pride at the colorful spires of the Watts Towers that rise up in front of her porch.

"It's like the Statue of Liberty," she said. "We're lucky to live here."

BOB CARI

Young people can play computer games and surf the Internet on equipment at the new

BOB CAREY /

Kenneth Starling hugs Sweet Alice Harris,

INDIAN COUNTRY TODAY
JULY 8, 1999

Housing needs are top priority

By Jennifer Peterka
Today staff

PINE RIDGE, S.D. — Seventeen years ago, the Belleron Blue Bird and his wife, Lucille, put their name on the Oglala Sioux Tribe Housing Commission list for Housing and Urban Development housing.

They are still waiting. While they wait, the seven-member family makes its home in a one room, 400-square-foot rented shack.

Although rent payments are only $50 a month, the home lacks plumbing and heat. There is also little room for much else after the family has crammed in two beds, a refrigerator and a gas stove the family uses for cooking and to heat the home in winter. An outhouse, recently donated by the National Association for American Indian Children and Elders, is a welcome addition.

To say the family is desperate to have a new home is an understatement.

"I have even literally had to chase down the housing commissioner to find out where we are on the list and to get some answers from him," said Belleron Blue Bird.

"We need a house. We live day by day, hoping for the best. Just some more space is all we need," said Lucille Blue Bird, 31. "Our oldest daughter is now 12 and she really needs some privacy." She and other family members urgently want to escape the home where the ceiling sags and leaks, because of cracks and water damage.

Even if the family was given the opportunity to buy a new or even used home, they aren't sure they would be able to make the monthly house payments.

Zona Fills the Pipe, 91, was also present when President Calvin Coolidge visited the reservation in 1927.

Belleron works for the Tribal Job Work Experience Program and makes $27.50 a week. Lucille makes approximately $50 a week selling Indian tacos on the street. Their income is supplemented by welfare. Belleron said he once had a good steady job working for the tribe but was replaced by a relative of one of the tribal council member's relatives. "There are very few jobs here."

An unemployment rate of nearly 75 percent leaves many families to exist on government or tribal assistance programs.

The Blue Birds are not the only Pine Ridge residents to share this sentiment. During President Clinton's visit he toured the Iglon Housing community where he met with families who had as many as 28 people living in one home.

Thousands of members of the Oglala Sioux Tribe live with more fortunate family and extended family.

"Tiospaye," Lakota for families taking care of their own, is a traditional act that results in a typical household of more than 10 members, often up to 20 or 30.

Tribal housing officials estimate more than 4,000 homes are needed to address the housing problem on the reservation, made even worse by the tornado that struck the reservation's Oglala community in early June.

President Clinton seemed visibly moved by the living conditions of children he was encouraging to stay in school, go on to college and to hold on to and live out their dreams.

Parents eagerly told the president how far they had to go to make ends meet and many said they would rather have a job than live on government assistance.

"I have seen today not only poverty but promise and I have seen enormous courage," he said.

"Here on this reservation the unemployment rate is nearly 75 percent. That is wrong and we have to do something to change it and do it now."

"We can not rest until we do better and trying is not enough we have to have results. We can do better ... We will do our part. You have suffered from neglect and you know that doesn't work. You have also suffered from the tyranny of patronizing and inadequately funded government programs and you know that doesn't work."

A federal-tribal housing program is helping families buy newly built three-

Please see Housing A2

The importance of President Bill Clinton's visit to an Indian reservation — the first time a sitting president has visited in more than 60 years — was emphasized by the presence of more than 100 elected tribal officials from across the nation.

A Housing and Urban Development and economic development summit in Rapid City and on the Pine Ridge reservation coincided with the president's visit.

Chairman Tex Hall of the Three Affiliated Tribes in North Dakota attended the July 7 gathering and was also present at a May 12 meeting at the White House along with other tribal officials from the Aberdeen Area and some from Montana. The White House meeting was unprecedented and brought encouragement to those who attended, according to many people who were there.

About the president's visit, Hall had this to say:

"Just a few days ago, President Clinton removed the bald eagle from the endangered species list. In the past, I've felt a little bit like the bald eagle of yesteryear — endangered. With the future of my people uncertain.

"Today, I'm more optimistic. I'm confident that with the president's visit to Indian country tomorrow and with his continued support Indian people throughout this nation will begin to prosper and like the bald eagle one day we'll be removed from the endangered species list as well.

"As we move forward toward the 21st century, it is time for tribes to work together to solve our common problems. In the past, we treaty tribes were told we had a Great White Father who sat in Washington. But these are new times. We need to close the door to the past. President Clinton, with his visit here and New Market Initiatives, is pointing us in a new direction. He's offering us a chance to improve the lives of our people."

LOS ANGELES TIMES
JULY 8, 1999
A12

Clinton Visit Shows Depth of Poverty on Sioux Reservation

■ **Economy:** He is the first president in 60 years to visit tribal lands, but many Lakota doubt that his attention will make a difference in their lives.

By JAMES GERSTENZANG
TIMES STAFF WRITER

PINE RIDGE, S.D.—In the heart of the Badlands Wednesday, President Clinton encountered some of the worst of American poverty.

Clinton was the first incumbent president to visit Indian tribal lands since Franklin D. Roosevelt made a quick stop at a Cherokee reservation in North Carolina in 1936, the White House said. Clinton spent 3½ hours at the Pine Ridge Indian Reservation, site of what Housing Secretary Andrew Cuomo called "probably the most extreme case of poverty" in the country.

What he encountered were grim statistics and anger about unkept promises.

The White House presented the day as a "nation-to-nation" visit, in which the president of the United States met the president of the Oglala Lakota nation. Sensitive to Native American feelings, Clinton spoke a word or two in the Sioux language during a speech, his attempt so appreciated that members of the audience cheered even when he announced he was about to try.

But some of his hosts remained skeptical—and angry that Native Americans, so long in the background of American life, were again being used as a backdrop, this time for a president's poverty tour.

"There have been generations of broken promises," said Butch Denny, president of the Santee Sioux Tribe in neighboring Nebraska. "It's hard to get me hook, line and sinker."

Clinton was greeted by Harold Salway, president of the Oglala Lakota nation. The tribal leader wore a brilliant bonnet of red, black, white and yellow feathers, and a business suit as he introduced Clinton.

During the visit, the president sat with a tearful Geraldine Blue Bird on her front porch and heard how she lives. She buys school shoes for her children on a layaway plan. She shares a home and the trailer next to it—with a total of five bedrooms—with 27 members of her extended family. She keeps the heat turned off in the bitter winter of the Great Plains because it costs $50 to bring a propane truck to her neighborhood. She occasionally sells tacos and takes the meager profits to a neighborhood store to put more money down on the basics she needs but can never quite afford.

Clinton responded by telling Blue Bird: "I sit around in Washington and try to imagine how in the world they make ends meet when nobody has a job."

"It would really mean a lot to everybody," the 44-year-old Blue Bird said, "if we could get jobs."

Pine Ridge was the fourth stop on a presidential cross-country tour of impoverished communities left behind during the economic expansion that began nearly seven years ago.

The Shannon County, S.D. reservation, home to 38,000 people, is a portrait of poverty. The median income of about $17,000 annually is about $20,000 below the national average, and 46.7% of the county's population lives in poverty. According to a Harvard University study, life expectancy here is 45, lower than that of any group in the United States. Nationwide, the unemployment rate has been below 5% for two years. Here, it is 73%, a figure Clinton declared "appalling."

There are no banks within the borders of the 2.3 million-acre reservation, and no public transportation. Only one industry, which makes uniforms, employs more than a few people in Pine Ridge Village, the White House said.

For Clinton, the visit offered a carefully crafted opportunity to spotlight government programs intended to begin to tackle the poverty that has grown since Native Americans were offered refuge on reservations more than 100 years ago.

"I have seen today not only poverty but promise," the president said in his speech to several thousand residents on the campus of Pine Ridge High School, 20 years on a construction list but completed only three years ago.

Clinton also came with some assistance: a $1.6-billion expansion of government housing loans in Native American communities, a $650-million investment plan to finance housing for 7,500 families in South Dakota, an "empowerment zone," granting tax incentives to investors in Pine Ridge, and a pledge of $3 million from the Federal National Mortgage Assn., the quasi-government housing loan agency. In detailing these plans, he pointedly noted: "You have all heard years of pretty words."

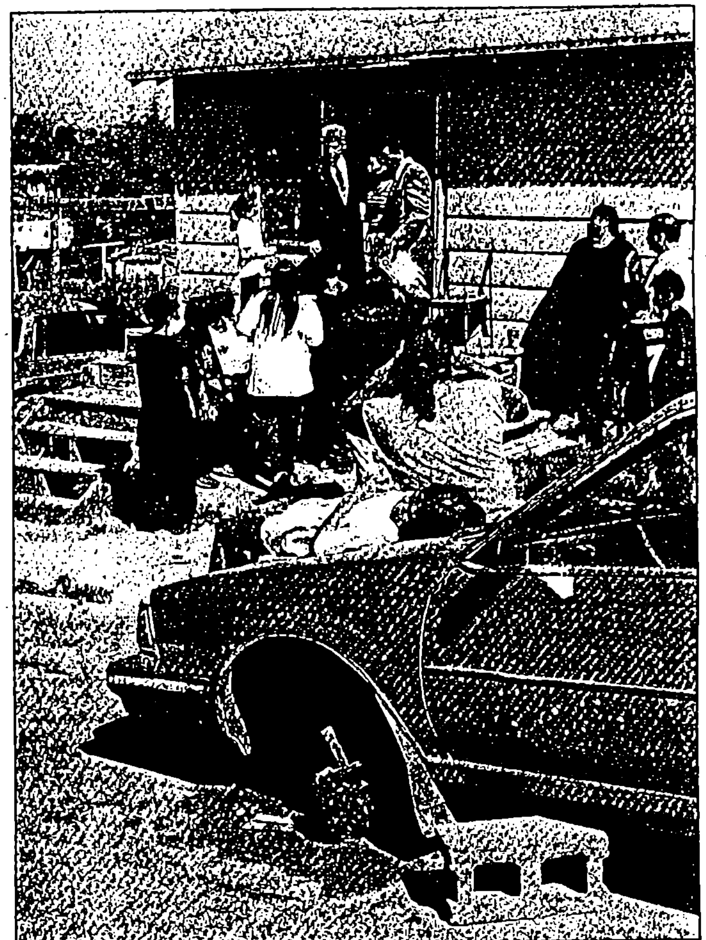
But Milo Yellow Hair, the tribe's land director and former tribal vice president, told a reporter he is dubious. "We hope it's more than promises. We've had plenty of those. We want something to take home to our children and say, 'There is hope in America.'"

Clinton's proposal "makes sense for middle-class America," Yellow Hair said. But, he added, it may not work to encourage long-range outside investment in communities where there is no established system to distribute products, where the nearest interstate highway is 100 miles to the south (Clinton arrived by Marine Corps helicopter) and where the federal government owns nearly all the surrounding land as far as the eye can see and beyond.

Yellow Hair was also disappointed that Clinton had stayed less than four hours.

"We wanted the opportunity to showcase the cultural depth of our nation," he said. "It's cramming 2,000 years of history into 10 minutes. We are a culturally viable people, with our language and government. That should have been respected, rather than White House protocol."

What is needed, he said, is nothing less than "a fundamental reassessment of how the federal government deals with Indian tribes in America."



Agence France-Presse

Clinton tours housing and greets residents at South Dakota's Pine Ridge Indian Reservation, one of the most poverty-stricken areas in the U.S.

Boston Globe
July 8, 1999
A23

Depths of despair

Clinton, in first such reservation visit since FDR, vows: 'I'll never forget you'

By Ann Scales
GLOBE STAFF

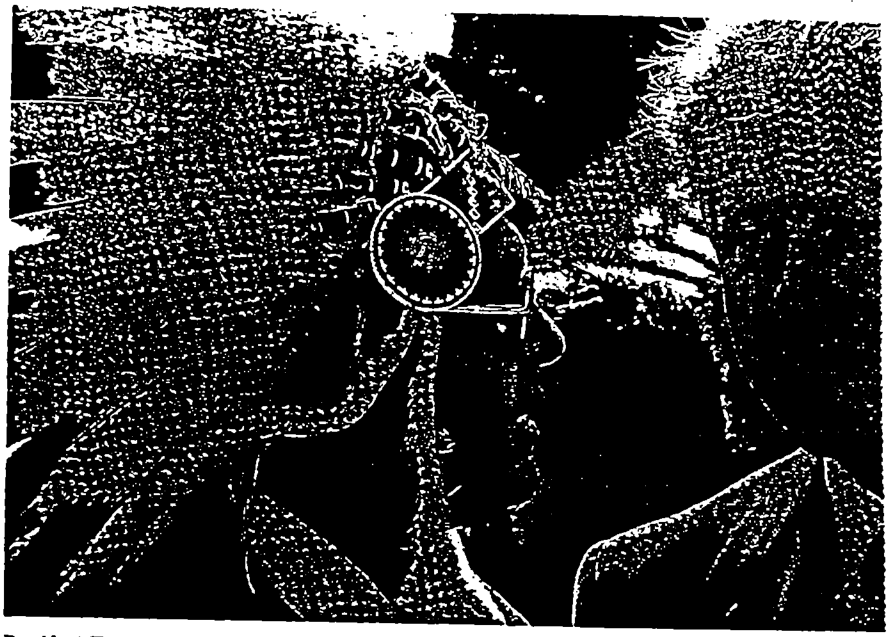
PINE RIDGE, S.D. – After touring an Indian reservation yesterday where many of the homes lack running water and unemployment is 73 percent, President Clinton said the government had neglected such communities, and "that is wrong," especially considering the nation's prosperity.

Clinton brought his four-day tour of some of America's most impoverished communities to the poverty-plagued Pine Ridge Indian Reservation in the picturesque Black Hills. What he found was much different from any of the rural and inner-city urban areas he has visited on his six-state trip.

Alcoholism is rampant, decent housing is scarce, and basic services such as water, sewer, and safe roads cannot be counted on.

Geraldine Blue Bird, 44, who lives with 27 members of her extended family in five bedrooms in a trailer connected to her house, told Clinton she lived from hand to mouth.

"You have suffered from neglect, and you know that doesn't work," the president continued. "You have also suffered from the tyranny of patronizing, inadequately funded government programs, and you know that doesn't work."



President Clinton chatted yesterday with Harold Salway, president of the Oglala Sioux, at the Pine Ridge Indi

After touring the Igloo housing neighborhood, a one-block area of rickety clapboard frame houses that were formerly used by the US military, Clinton told reporters: "We have to find a way not only to fix this, the very difficult housing circumstances, but to get them jobs."

Geraldine Blue Bird, 44, who lives with 27 members of her extended family in five bedrooms in a trailer connected to her house, told Clinton she lived from hand to mouth.

Sitting with the president on her front porch, Blue Bird said she sets up a small taco stand near her house, taking the profits from that to buy her children the clothes or school supplies they need. Keeping warm in winter, she said, can be difficult because she seldom has the $50 to pay for the propane gas truck to come make a delivery.

While Clinton administration officials acknowledged that the federal goverment may need to take on a bigger role in helping to create housing on the reservation, Blue Bird told the president, "It would really mean a lot to everybody if we could get jobs."

As Clinton prepared to leave, Blue Bird, weeping, told him, "Take a look around our town, we have problems. ... Don't forget us."

The president responded, "I'll never forget you."

Clinton's was the first visit by a sitting president to an Indian reservation since Franklin D. Roosevelt visited a Cherokee reservation in North Carolina on Sept. 9, 1936.

"We know well the imperfect relationship that the United States and its government has enjoyed with the tribal nations," Clinton said later in a speech to tribal leaders and others gathered here at a high school.

Pine Ridge was the site of the 1890 Wounded Knee massacre in which 300 Indians were slain.

Housing and Urban Development Secretary Andrew Cuomo called Pine Ridge "the metaphor" for Clinton's antipoverty trip. "It is the poorest census tract in the United States, period."

And after logging many miles traveling to poor communities nationwide, Cuomo said, "the feel on the reservation has the highest level of despair in any community that I have visited."

Clinton, in his remarks to tribal leaders, invoked the memory of former senator Robert F. Kennedy, who came to Pine Ridge 31 years ago.

Clinton said Kennedy "brought a message of hope."

"Here on this reservation, the unemployment rate is nearly 75 percent. That is wrong, and we have to do something to change it, and do it now," he said.

Clinton announced a partnership among the Treasury Department, HUD, tribal governments, and mortgage companies to help 1,000 Indians become homeowners over the next three years. This figure, though small, nonetheless would double the number of government-insured home mortgages issued on tribal lands.

Under the effort, "one-stop mortgage centers" would be opened at Pine Ridge and on the Navajo Reservation in Arizona to help streamline the mortgage lending process.

The president flew to Arizona later in the day, touring the facilities of La Canasta, a successful food producer, to highlight the needs of the Latino community in South Phoenix.

"Our country has been really blessed by these good economic times," Clinton said. "But we know, as blessed as America has been, not every American has been blessed by this recovery. All you have to do is drive down the streets of South Phoenix to see that."

Clinton, Amid the Despair on a Reservation, Again Pledges Help

By PETER T. KILBORN

PINE RIDGE, S.D., July 7 — Offering tax credits, loan guarantees and other incentives to encourage private businesses to create jobs and housing, President Clinton swept into the destitute Oglala Lakota Sioux reservation today, by many measures the sickest, most hopeless, most squalid corner of America.

To revive Pine Ridge and other impoverished communities of the kind that the President is visiting on his four-day tour of the nation, White House aides said that over five years the President wants to allow $980 million in tax credits to stimulate $6 billion in private investment for businesses. He is also seeking Federal appropriations of $81 million a year to subsidize and guarantee loans.

Like other Federal subsidies Mr. Clinton has proposed on his trip to underwrite programs, these would require Congressional action, though Mr. Clinton has not sent all the specific legislation to Capitol Hill.

The President is on a four-day tour of the nation's poorest communities, first in Kentucky and Mississippi, then here on the Great Plains and the nation's second-largest Indian reservation. This evening he visited a family-owned tortilla factory in Phoenix that was started with a loan from the Small Business Administration, and on Thursday he will travel to Los Angeles. Each time, he was sounding alarms about how the prosperity of nearly seven years in office has passed these areas by and the potential for help from what he called his "new markets initiatives."

"Our nation will never have a better chance" to help these communities, he said.

The Pine Ridge reservation with a population of about 25,000 spread over more than 3,100 square miles, is the United States' own third world country. It has been left far behind by the current economic boom and all of those that came before it. The second-largest reservation after that of the Navajo in Arizona and New Mexico, Pine Ridge has institutionalized squalor, with rampant alcoholism, diabetes, suicide and a male life expectancy rate of 56.5 years. Only 62 miles of road are paved.

Unemployment is rampant and unmeasurable. Mr. Clinton used a figure of "nearly 75 percent." Tribe leaders say it is 85 percent. Most of the few jobs are with the tribal bureaucracy, the Federal Government or the modest new casino, which has 150 Oglala Sioux workers.

Mr. Clinton toured hovels that people live in here, including that of a teary Geraldine Blue Bird, whose shack and trailer house 28 people in five bedrooms.

"See those houses on the street?" Ms. Blue Bird said to him. "You notice they don't have windows. That's because it has to come from the pocket, and we don't have that pocket."

Afterward, the President spoke in the sweltering heat outside the kindergarten-to-12th-grade Pine Ridge School, where many students board because their own homes on the two-million-acre reservation are too far away or too decrepit.

Mr. Clinton and other members of his party, including the Rev. Jesse Jackson, Housing Secretary Andrew M. Cuomo, Agriculture Secretary Dan Glickman, and bankers and businessmen were warmly received.

But a sign in back of the crowd, painted on a sheet, said, "Stop Lakota ethnic cleansing," a reference to the tribe's loss of the Black Hills northwest of the reservation and the gold those hills held.

The Oglalas are the band of Crazy Horse, the victor over George Armstrong Custer at the battle of Little Big Horn in 1876, though that triumph soon gave way to the tribe's being relegated to this rolling grassland with no marketable resources.

The Oglalas continue to complain of a Government in Washington with misguided policies. They see themselves as a sovereign nation, and Mr. Clinton today accorded them such respect, calling his a "nation to nation" visit.

It was the first time a President visited an Indian reservation since Franklin D. Roosevelt stopped at a Cherokee reservation in North Carolina in 1936 while on vacation.

"We hope the President can open a new chapter of Indian-Federal policy," said Dave Archambault, a councilman of the Standing Rock Reservation, which straddles North and South Dakota, "so we can sit down as equals and enhance the government-to-government relationship."

The tribes need a Marshall Plan, like the one that rebuilt Europe, Mr. Archambault said.

Mr. Clinton made no gestures of that magnitude. But his economic message also represents a big change in Federal policy. Departing from the largely discredited conventions of welfare and charity, formed a generation ago by President Lyndon B. Johnson's War on Poverty, Mr. Clinton told the Oglalas and leaders of more than 100 other tribes attending his speech, "We will do our part."

By enlisting the private sector, the President is trying alternative approaches to aiding the poor.

"We're coming from Washington to ask you what you want to do and tell you we will give you the tools and support to get done what you want to do for your children and their future," he said.

Mr. Clinton has been given credit for holding a tribal summit several years back at the White House. Indian leaders also praise the President for protecting tribal sovereignty in siding with Indians and helping to block efforts in Congress to curb the power of Indian nations to govern themselves.

But the tribes also say he has deserted them on other issues. In 1995, Congress took aim at the Bureau of Indian Affairs, passing a spending bill that cut all Bureau operations by 25 percent. The cuts were later rescinded by about half, and that measure was signed by Mr. Clinton — much to the chagrin of Indians who depend on the annual budget, of just over $1.2 billion, for many of their operations and jobs.

Also, Indians fault him for not doing a better job of cleaning up the mess over trust funds, owned by perhaps as many 500,000 individual Indians and held in trust by the Government. The documents showing how much money is managed in these funds are missing, lost or stolen, and the Indians have filed the biggest class-action suit ever by tribes to try and clean it up. A trial is now under way. In the course of the trial, two Clinton Cabinet members have been held in civil contempt for not producing records in a timely way for the court case.

"The Administration has been very good on sovereignty and gaming issues for the tribes," said John Dossett, general counsel for the National Congress of American Indians, the largest group representing Indians in Washington. "If you step back and look at the record from afar, I would think you have to give them a good grade."

But others are sharply critical, noting that thousands of Pine Ridge Sioux are part of the lawsuit to sort out their trust funds.

"Thousands of members of that tribe are being actively defrauded by the Clinton Administration," said Jim McCarthy, a consultant to tribes in the trust fund case. "For him to go out there and throw some crumbs off the Federal plate is really appalling, because here you have some of the poorest people in the country being denied what is theirs."

The New York Times

THURSDAY, JULY 8, 1999

Clinton Tells Poorest Tribe: 'We Can Do Better'

1st President to Visit Reservation Since FDR Finds 72 Pct. Jobless

By CHARLES BABINGTON
Washington Post Staff Writer

PINE RIDGE, S.D., July 7— President Clinton came to the poorest spot in the nation today, vowing to improve housing and create jobs for Native Americans, many of whom treasure their past but face deeply uncertain futures.

In contrast to the first three stops on his four-day, six-state tour of impoverished areas, Clinton could not talk about bringing significant retail and manufacturing jobs. First, the Oglala Sioux Indian Reservation here must remedy far more basic problems: repairing or replacing the dilapidated shacks and trailers that house several thousand residents and bringing running water and telephones to the many who lack it on this expanse of 2 million acres, 38,000 people and not a single bank.

Clinton is the first president since Franklin D. Roosevelt to visit an Indian reservation, and in Pine Ridge, he selected the hardest-hit of all. Even as national unemployment is about 4.2 percent, it stands at 72 percent here. Life expectancy—45 years—is the nation's lowest.

After comforting a woman who oversees a 28-member extended family in a small house and mobile home, Clinton addressed several thousand reservation residents, some of them wearing traditional feather headdresses under a brilliant sun. The president, who wore a dark suit and cowboy boots, told them it was "wrong" that no president since FDR had made a such trip, and he pledged to draw greater attention to the Indians' plight.

Unemployment nationally is below 5 percent, but "the unemployment rate on this hallowed reservation is nearly 75 percent. That is appalling, and we can do better," he said.

Aides portrayed today's stop as the highlight of Clinton's "new markets initiative" tour, which trumpets new government tax credits, loan guarantees and other subsidies to entice companies to invest in economically distressed regions. As in earlier stops, the president announced public and private steps designed to bring some of the nation's good economic fortune to places such as Appalachia, the Mississippi Delta and Indian reservations.

They include a new government partnership with private lenders to issue enough mortgages to create "1,000 additional homeowners on reservations around the nation," according to the Department of Housing and Urban Development. Also, municipal securities underwriters have agreed to back $1.5 billion in bonds that also will help Native Americans buy homes.

Today featured the most pageantry and pathos yet on the tour, which ends Thursday in Los Angeles. Clinton was met by tribal chiefs, some of them wearing traditional costumes and singing chants in the Lakota language.

The president responded by greeting the crowd in Lakota: "Mita oyasni"—"We are all related."

Stressing the need to improve conditions on the reservations, Clinton said, "If we can't do this now, we will never get around to doing it. So let us give ourselves a gift for the 21st century—an America where no one is left behind and everyone has a chance."

Clinton encouraged cultivation of the Internet on the reservation as a way to bring in jobs. "The explosion of computer technology and the Internet—if you know how to use it and you know how to deliver for others with it—has literally made the distance barrier almost insignificant for many kinds of economic activity.

"So I want to implore you to use your tribal college and work with these companies and make the most of the skills they are offering, and we can get the jobs to come here once you can do them," the president said.

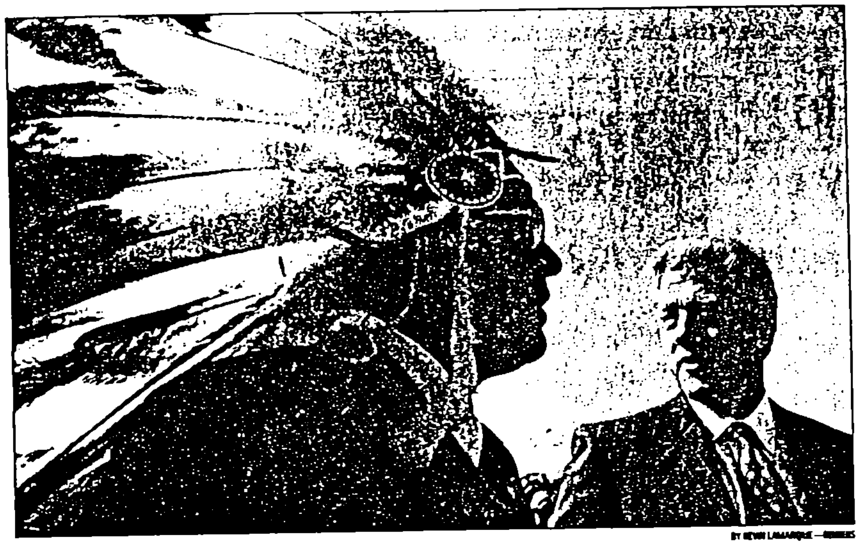
Earlier, he toured some of the most run-down homes in Pine Ridge, including that of Geraldine Blue Bird, 44. In her small clapboard house and an adjacent trailer, she and 27 relatives live, heavily reliant on public assistance. The woman fought back tears as she told the president that she struggles to buy shoes for her children and that 80 percent of the people on her block live on government welfare programs.

"If you brought jobs here, that's the first step to helping us out," Blue Bird told Clinton.

Clinton took her hand and told her, "What you have said in the past five minutes has been the most helpful to me of anything. I sit around in Washington and try to imagine how in the world they make ends meet when nobody has a job. How in the world do you actually pay these bills?"

In a nearby house, Oglala Nation Chief Harold Salway escorted Clinton through two bedrooms and a living room that featured cardboard boxes for garbage cans and holes in the walls as big as cantaloupes. "This is commonplace on the reservation," Salway said. "A lot of people live like this."

Clinton folded his arms and nodded grimly.



President Clinton toured Pine Ridge Indian Reservation in South Dakota with Oglala Nation President Harold Salway.

The Washington Post
THURSDAY, JULY 8, 1999

MARY McGRORY

After Six Years, the Track's Other Side

President Clinton deserves a gold star for his poverty tour. He has brought us face to face with the deprived and the dispossessed in our society. He has given us the voices of the brave men and women in Appalachia and other places left behind in the great surge of prosperity that has engulfed the rest of the country. We have seen their humility, their hopefulness, their immense dignity.

But Sen. Paul Wellstone (D-Minn.) says it is "a little late." Jesse Jackson is claiming credit. And—the unkindest cut of all—the first lady bumped him off live CNN coverage of his historic visit to Pine Ridge. She was putting a toe in the New York senatorial waters while her husband was making the first serious presidential call on an Indian reservation. Calvin Coolidge went to Pine Ridge in 1927 but only to pick up a much-photographed war bonnet. Clinton promised help.

Wellstone has a point. The Senate's most liberal Democrat and the only member of his party to vote against the Clinton welfare bill, he says he sees Clinton's concern for the poor as genuine but a "disconnect" between rhetoric and budget requests. But to see Clinton bonding with blacks in an East St. Louis parking lot or commiserating with an Oglala Sioux woman who is responsible for 11 people in her wretched house and 17 other relatives in her trailer is to watch him doing something he was born to do.

Wellstone thinks it is "a tragedy" that Clinton is introducing the country to its most miserable inhabitants in the seventh year of his presidency rather than the second.

Jackson tells people that the trip is "a victory for the Rainbow Coalition." It may be, but Clinton's tour guide was indisputably Andrew Cuomo, the hard-charging secretary of housing and urban development. For the last year, Cuomo has been preaching the gospel of the left-behind. He has insisted that Americans, if they found out about, for instance, the 73 percent unemployment rate at Pine Ridge, would insist on doing something about it.

Happy talk was the usual output of the administration. Only Cuomo went from platform to platform with his daunting statistics, his depressing slides. He spoke with something of his father's eloquence about challenge and conscience and was told he sounded old-hat. He had no reason to think anyone was listening until the president reeled off the names of all the places he is now visiting in his State of the Union speech and spoke of "bringing jobs and opportunities to our inner cities and rural areas."

The people of Appalachia and East St. Louis and other sad centers have seen other prominent public men come through before, expressing sympathy and even outrage. Clinton brings hope with clout. His large entourage is studded with CEOs who profess willingness to take a flyer on the poor, who are prepared to offer Wal-Marts and vouchers for housing and scholarships for the young. Cooperation between the public and private sectors is not a new idea. Republicans have pushed for enterprise zones. Earned income tax credits were passed in the second year of Clinton's administration.

The question is whether Congress will give Clinton the satisfaction of burnishing his legacy by ministering to the poor in the twilight of his presidency. Will the Republicans vote the appropriations necessary to fund tax credits and loan guarantees?

The answer depends in some measure on whether or not the scandal of the left-behind becomes a campaign issue. Vice President Gore has been an ardent advocate of empowerment zones but more apt to do meetings with mayors than encounters with the poor. His nomination rival, Bill Bradley, speaks feelingly of rescuing children from poverty, but without specifics. George W. Bush's views on these matters, as on so many others, are not known. Gore might find the humanity his campaign lacks in pushing these schemes to help the people who have tires and rusting bedsprings in their front yards and no indoor plumbing.

For Clinton, these four days have been reviving. He has eschewed the Hollywood playmates and the Wall Street moguls with whom he so often consorts to stand with the dirt-poor losers. It is always attractive to see a president of the United States exhorting his fellow citizens to do better. There is a tendency, particularly around the Fourth of July, to congratulate ourselves on our accomplishments and our uniqueness, to credit our virtue, rather than our incredible luck, for our enviable state.

It is entirely fitting for Clinton, who has hardly ever tired of pointing out the unparalleled prosperity that has occurred on his watch, to sing another tune. Now he is not only telling the country but showing it that we have an obligation to spread our good fortune to those among us who can't read or write or haven't had a crack at the American dream.

The Washington Post
Thursday, July 8, 1999

As Clinton Poverty Tour Nears an End, A Tough Task Looms: Selling Congress

By Jeanne Cummings
Staff Reporter of The Wall Street Journal

PINE RIDGE, S.D. — Joe Paurier, an Oglala Lakota Sioux, remembers when the rivers were clean and most people had jobs working for the government building schools or roads. Now, most of his neighbors don't work and the children have to ride a bus to the nearest swimming pool.

But there was an air of anticipation and hope on this remote reservation on the Great Plains. "The great white father finally makes his appearance," said the 66-year-old former telephone-company employee as he awaited the arrival of President Clinton.

Less than an hour later and directly after a tour of dilapidated reservation housing, Mr. Clinton took the stage with several business leaders and cabinet members to commit the federal government to a partnership with this tribal nation in its fight against poverty. "I have seen today not only poverty but promise," Mr. Clinton told a crowd of several hundred. "And I have seen enormous courage."

After a steady stream of sweaty, flag-waving crowds and headline-grabbing announcements about $750 million in private business investments in distressed communities, Mr. Clinton will wrap up his four-day poverty tour with a roundtable discussion in California on training disadvantaged youth for the jobs of the next century. Then, the real work will begin for the White House and the communities that now have a stake in his New Markets Initiative, a program designed to encourage venture-capital investments in chronically poor pockets of America.

In the months ahead, the president must push his proposal for new tax breaks and government loan guarantees through a Republican-controlled Congress that is advocating its own antipoverty plan. Mr. Clinton also may face some resistance from some liberal Democrats who have all but accused him of trying to enhance his legacy on the backs of the poor.

White House aides say the president's economic program and other specific initiatives already have done much for the poor; for proof, they point to the record low unemployment rates for blacks and Hispanics. And Mr. Clinton says he will pitch the program to Republicans by arguing that it carries little risk. "If this doesn't work, nobody will be claiming any of the tax incentives," he said.

While the White House focuses on passing legislation, the targeted communities must marshal the business, civic and political leadership vital to attract investors and compete against other distressed areas for investment money.

It is a particularly difficult job in communities with long histories of neglect and disorganization. In Pine Ridge, for example, the unemployment rate is 73%, alcoholism is rampant, and such basic utilities as water and sewers aren't always available. In fact, President Clinton unveiled programs that focused on improving the water supply and expanding home ownership, because officials had concluded the community isn't ready to tackle the more complex issues of accessing business capital.

Similar challenges lie before all of the areas Mr. Clinton visited this week, from Appalachia to inner-city Los Angeles. The president was among the first to offer a note of caution: "Look, we're all going to have to work hard at this," Mr. Clinton told an audience in East St. Louis, Ill. "Nobody's got all the answers. There is no magic wand."

Even so, there was a bit of magic in Mr. Clinton's trip. It could be seen in the faces of people from humble communities who stood in broiling sun for hours to see the first president in decades to visit their community. Mr. Clinton is the first to visit Appalachia since President Lyndon B. Johnson and the first to tour an Indian reservation since President Franklin D. Roosevelt, White House aides said.

In the 1960s, John Robert Morgan was devastated when President Johnson was photographed standing before a shack in Martin County, Ky., because he felt it only reinforced the hillbilly stereotype of the region. The Knott County Circuit Court judge's family has lived amid the breathtaking beauty and the economic hardships of the Kentucky mountains since 1843. "We are not the stereotype and we have not been for a long time," he said.

As a son of the South who faced similar stereotypes when he ran for president, Mr. Clinton purposefully took a different tack. While he toured troubled areas in Appalachia, the Mississippi Delta, South Dakota and in urban areas, he also visited businesses that are succeeding.

Mr. Clinton's carefully crafted message to potential investors: This area needs help but isn't hopeless. "Good people are living in Indian country, and they deserve a chance to go to work," Mr. Clinton said.

But the president's use of the bully pulpit to convince businessmen to consider investing in these "new markets" is just the first step in the long climb out of poverty. In the end, the local community must stand on its own and private industry has to take a chance.

Locating a plant in a depressed urban or rural area is the easy part, business leaders say. Finding and training supervisors, transporting workers to the plant, and convincing outside executives to move their families to remote locations is much harder.

Aetna Inc. Chairman Richard Huber traveled with Mr. Clinton for half of his tour, and along the way he was sizing up potential work sites. During a tour of a plant in Kentucky, Mr. Huber pulled aside the supervisors and gathered intelligence on turnover rates and the general performance of local workers. "They've had some good success," he said. "There are some problems with educational levels, but we're familiar with that."

On the upside, Mr. Huber said, locating a business in an economically distressed area can make it easier to keep good employees for one simple reason: "There isn't any competition."

THE WALL STREET JOURNAL

THURSDAY, JULY 8, 1999

President stops at S.D. reservation that prosperity passed by

By Susan Page
USA TODAY

PINE RIDGE INDIAN RESERVATION — On his tour of communities economic expansion has left behind, President Clinton has gone from Appalachian hollows to the Mississippi Delta. But Wednesday's visit showed that none of the places was as impoverished and desperate as this rolling expanse of South Dakota, home of the Oglala Lakota Sioux.

The unemployment rate is a stunning 73%, the poverty rate nearly five times the national average. Alcoholism is rampant. The homes demolished by a tornado last month are still in shambles, untouched. Most people live in substandard housing.

"Right now, I don't have a house," said Vincentia Thunder Hawk, 63, who's staying in nearby Porcupine in a shack that lacks running water. She rose at 3:30 a.m. to get a prime spot with her sister and other family members on the school field where Clinton spoke six hours later.

She hopes her five grown children, who have moved to Rapid City and farther away, will one day be able to move back to the reservation. "But there are no jobs," she sighed.

It had been a long time since a president in office visited an Indian reservation. FDR stopped briefly at the Eastern Cherokee reservation on his way to a vacation in North Carolina in 1936. The last president to make a more official visit was Calvin Coolidge, who donned a feather headdress at Pine Ridge in 1927.

Clinton was greeted by a dozen tribal leaders in traditional headdress. He solemnly participated in a peace pipe ceremony with Millie Horn Cloud, the great-great-granddaughter of Chief Red Cloud. Red Cloud had used the same prayer pipe to formalize the signing of the tribe's 1868 treaty with the U.S. government.

Clinton began his speech with a phrase in Lakota: "*Mitakuye oyasin*," meaning, "We are all related."

"We have in America almost 19 million new jobs," he told several thousand Indians gathered on the school field. "For over two years, our country has had an unemployment rate below 5%. But here on this reservation, the unemployment rate is nearly 75%. That is wrong, and we have to do something to change it."

There are 1.43 million Indians living on or near reservations.

Clinton made an emotional tour of the dilapidated housing that predominates here, visiting on the porch of Geraldine Blue Bird, 44. A total of 28 family members live in her small home and an attached trailer.

"If you brought jobs here, that's the first step to helping us out," Blue Bird said, fighting back tears.

But in contrast with earlier stops, Clinton talked less about the prospects for corporate investment and job creation at Pine Ridge, where some areas don't have water and sewer systems.

Instead, he unveiled government-supported spending intended to improve housing.

Clinton said Banc One Capital Markets and George K. Baum & Co. will underwrite $1.5 billion in bonds over five years to finance home purchases by Native Americans. The Department of Housing and Urban Development will lead an effort with the Mortgage Bankers Association and lenders to double the number of Indians with government-backed mortgages by helping 1,000 get them over the next three years. The Agriculture Department announced $16 million in water projects for reservations.

"You have to start with the first step," which is getting money to buy a home, HUD Secretary Andrew Cuomo told reporters. Over time, he said, an owner could use the equity in a home to get a second mortgage and start a business.

That possibility still seems distant here. At the reservation's biggest retailer, Big Bat's Texaco, the electronic sign greeting Clinton flashed a plaintive message: "Alcoholism treatment is needed for Lakotas."

Some Indians were skeptical that Clinton's three-hour visit was anything more than a picture-taking session. "Four hundred years of bondage — they're not going to change it overnight," said Richard Galeano, 60, calling Clinton's visit "a sideshow."

Lolita Attackhim, 38, was more hopeful. "Anything to help us. We're so poor out here," she said. She teaches Lakota language and culture at the American Horse School in Allen on the eastern end of the reservation. "There's no jobs. There's nothing for our youth, so a lot of time, they have nowhere to go and nothing to do."

USA TODAY · THURSDAY, JULY 8, 1999

Clinton's Cosmetic Poverty Tour

By Peter Edelman

WASHINGTON

As President Clinton travels across the country this week visiting poor areas, he should stop referring to them as "pockets" of poverty. It is not just a matter of pockets. Persistent poverty is endemic in cities and rural areas and is increasingly present, if less visibly so, in suburbs.

The President cannot admit the extent of the problem because his Administration has a vested interest in the notion that welfare reform has been a success. But welfare reform does not live up to the hype. The welfare rolls are down 40 percent, but poverty has been reduced only a little. Even in our hot economy, those who have just left welfare are, on balance, worse off. More people are working, but the increased earnings add up to less than the benefits lost.

Why?

- People are being pushed off the rolls all over the country. Many states drop people from the rolls for such derelictions as failing to come to the office for an appointment. Depending on the state, 30 to 50 percent of those who leave welfare don't find jobs. With the rolls down by more than six million people, this adds up to a big number.
- Many people who lose jobs can't get welfare. They come to the welfare office for assistance and are told to look for a job. This is called "diversion." To make matters worse, they are often not told they can get Medicaid and food stamps right away. Indeed, the food stamp rolls are down by more than a third — much more than what can be attributed to the booming economy.
- Getting a job doesn't always mean steady work. Unemployment records across a number of states show that since early 1997, two-thirds of those who left welfare were unemployed for at least three months in the first year after they left the rolls.
- Too many jobs pay poorly, often because they are only part time. Moreover, two million people work full time all year and can't get their families out of poverty. More than 70 percent of poor children live in families where somebody has income from work. Lousy pay from work is the biggest source of poverty for people who aren't elderly.

And all of these problems hit minorities the hardest. We should remember that race is an underlying issue in the debate on poverty.

Some states are better, some are worse. Vermont, Maine and Rhode Island are really trying to help people get and keep jobs and protect children at the same time. Minnesota gives income assistance to those with low-paying jobs.

Idaho, on the other hand, has a two-year lifetime limit, with few exceptions, and throws the whole family off welfare for life after the third violation of its rules. In Mississippi, which has very tough policies and a weak economy in much of the state, the welfare rolls went down by 68 percent, but only 35 percent of those people found jobs. New York City and a number of states force women out of community college and into welfare programs that lead nowhere.

The bottom line: the poor are not better off. The number of extreme poor — people trying to survive on an income of less than half the poverty line, or less than about $6,750 a year for a family of three — actually went up to 14.6 million people in 1997 from 13.9 million in 1995. Among families headed by single mothers, the poorest 10 percent actually lost 15.2 percent of their income over the same two years.

Boosters of the new welfare law tout the decreases in child poverty the past couple of years. Child poverty is down slightly, but it ought to be down much more in this hot economy. One child in five is still poor, and we are a long way from the early 1970's, when one child in seven was poor, itself not a statistic to write home about. And the number of children in extreme poverty has increased.

MAKING WELFARE WORK

The bad news behind diminishing caseloads.

States are sitting on large surpluses of unspent Federal welfare money while welfare-to-work needs — child care, transportation, literacy, mental health services and drug and alcohol treatment — continue to go unmet. If we want real welfare reform, we have to offer more. The needs are going to become more pressing. Nearly eight million people are still on the rolls, three million of them adults, mostly women. The Federal five-year time limit, one of the welfare law's harshest features, will start hitting them two years from now.

In fact, the real issue isn't welfare. It's poverty. And it's not just poverty, it's the situation of millions of people who don't earn enough to support their families. When you add up what it really costs to pay the rent, buy food, buy clothes, pay to get to work and all the rest, it's a whole lot more than what we call the poverty line. The vast majority of those getting the short end of the stick are doing the best they can and are not making it.

If there is a constructive side to the new welfare law, it is that it has helped many people see anew the challenges in making work into a reality for so many who were marooned by the old system. Perhaps now we can have a debate that goes beyond bumper stickers and sound bites. For openers, we should insist that Mr. Clinton's poverty tour be based on the real facts about the state of the poor in America. □

Peter Edelman, a law professor at Georgetown, resigned as Assistant Secretary for Planning and Evaluation at the Department of Health and Human Services to protest the 1996 welfare law.

The New York Times

THURSDAY, JULY 8, 1999

The New York Times
FRIDAY, JULY 9, 1999

Clinton Ends Visit to Poor With an Appeal for Support

By TODD S. PURDUM

ANAHEIM, Calif., July 8 — Flanked by Magic Johnson, President Clinton wrapped up his four-day tour of poverty in America today with a whirlwind visit to a job-training program at a high school in the heart of the Watts section of Los Angeles, then challenged corporate executives to provide more support for preparing disadvantaged students for jobs in the booming information economy.

"Money is a big issue here," Mr. Clinton said at the annual meeting of the American Academy Foundation, a private group led by corporate chiefs that sponsors vocational training for public high school students at risk of dropping out, referring to his efforts to encourage investment in poor areas.

But education and "human capital" are equally important, Mr. Clinton said, and unless the nation is prepared to nurture them, too, "even our best efforts to bring new investments to these distressed communities will be unsuccessful."

A journey that took Mr. Clinton from the hollows of Appalachia to the Black Hills of South Dakota, from the sweltering Mississippi Delta to a sweaty tortilla factory in Phoenix, ended at a hotel ballroom here in the shadow of Disneyland — and at times, the endeavor had a surreal air. The Rev. Jesse Jackson, once Mr. Clinton's frequent antagonist and later his spiritual counselor in the travails of impeachment, accompanied the President all week, lending his support to Mr. Clinton's self-described effort to "shine the spotlight on places still unlit by the sunshine of our present prosperity," and Mr. Clinton thanked him warmly today.

Still, it was Mr. Clinton's most extensive domestic trip in many months that did not involve political fund-raising among the rich and famous, and the President seemed energized by the effort, racing from stop to stop in campaign style, taking in a Memphis barbecue and a floodlighted Mount Rushmore with his customary appetite, sounding a bit tired only this afternoon.

But he pledged to keep up the theme, announcing plans for another tour this fall, starting in Newark, where he will highlight efforts by the owners of the New Jersey Nets to reinvest in that long-suffering city.

"It can't be the end of the journey," Mr. Clinton said of his trip. "It has to be the opening salvo in a battle to build a real economy in every community."

As he has on each day of his national tour, Mr. Clinton sounded a flurry of notes today — warning of the growing gap between the rich and poor in access to technology and highlighting private sector sponsorship of job training — all in service of a single theme: that the nation's pockets of poverty offer a great untapped market that can help keep the economy growing without inflation.

"How can you keep it going?" Mr. Clinton asked a round table of students at Southwest Community College in long-struggling Watts, where the unemployment rate is three times the national average. "The easiest way to keep it going is to go to places where there aren't enough jobs and there aren't enough consumers and create more of both."

But having spent three days emphasizing his proposals for $1 billion in new Federal tax incentives intended to encourage $5 billion in private investment in poor areas — which he said he would send to Congress next week — Mr. Clinton turned today to the other end of the equation: training a work force to fill the jobs such new businesses would create.

"We can put in place the financial networks," Mr. Clinton told the round-table group. "We can create a lot of jobs."

But at a time when 60 percent of young people in the impoverished areas he has visited this week are neither in school nor at work, Mr. Clinton said, it is clear that "in the world we're living in, there is a high premium, in an information society, placed on knowledge, skills, what you know today and what you can continue to learn."

President Clinton joining, to his left, Johnny Stiger, a student; Magic Johnson and Gov. Gray Davis in a round table yesterday in Los Angeles.

Associated Press

To that end, the President chose to highlight the work of the National Academy Foundation, which sponsors special training "academies," special schools within schools, that prepare students for careers in finance and travel and tourism through a combination of in-school teaching and on-the-job training. The program, started in Brooklyn in 1982, already serves 20,000 high school students in 37 states, and today, Mr. Clinton joined the foundation's founder, Sanford I. Weill, the chairman of Citigroup, to announce $8 million in support from private companies, including Lucent Technologies and AT&T, to create a new academy program for information technology.

The goal is to have 10 pilot sites, serving 350 to 400 students, in operation by September 2000, with 40 to 50 more sites to be added annually after that. The White House said the need for such training was clear, citing the Commerce Department's third annual study, released today, which found a growing gap in access to telephones, computers and the Internet between Americans at the highest income and education levels and those at the lowest.

"If our country is going to be the leader 50 years from today, we have to include everybody, and everybody has to participate in it," Mr. Weill said. "Education is what unlocks the key to one's future."

Mr. Clinton was introduced here today by Hazel del Rosario, 22, who just graduated from the University of Hawaii, and is preparing for a career in the airline industry. Her family emigrated from the Philippines when she was a child, and though she initially spoke no English she was placed in a bilingual education program and later, in a special academy of travel and tourism sponsored by the National Academy Foundation at her high school.

"Before I entered the program, I didn't know what I wanted to do," Ms. del Rosario said in an interview, wearing a fragrant lei of white ginger blossoms that she carried in a cooler from Hawaii on Wednesday. "We didn't only learn about classroom stuff, we also learned about real-life situations, and being able to speak to people in public."

In Watts, which was scarred by riots in 1965 and 1992, during Mr. Clinton's first campaign for the White House, the President joined Mr. Johnson, the former basketball star who now operates a chain of inner-city movie theaters, to sound the need for job training in a neighborhood that was once overwhelmingly black but has been transformed in recent years by a surge of Hispanic immigration and fitful efforts at economic recovery.

At Alain Leroy Locke High School, named for the nation's first black Rhodes scholar, Mr. Clinton, Mr. Johnson and Gov. Gray Davis toured a transportation training program and watched students use computers to demonstrate the aerodynamic effects of automotive design.

"This one does better than this one," Mr. Clinton said, holding a yellow plastic car that trailed its competitor positioned in front of a jet stream simulator by Michael Dellery, 17, and Jermaine Smith, 18. "Even I know that."

When Ruben Garcia, 17, showed the President a sound-engineering machine that can change the pitch of a human voice, rendering an off-key singer on pitch, Mr. Clinton, a dedicated amateur saxophonist and hymn-singer, marveled, "So it's like a high-tech karaoke bar."

Making a Belated Pilgrimage

Clinton's Poverty Tour Draws Skepticism and Indifference

By JASON DePARLE

News Analysis

WASHINGTON, July 8 — Lamenting the life of the Mississippi Delta, racing from an Appalachian hamlet to an inner-city Walgreens, embracing the vast desolation of the land of the Sioux — these are unusual things for a President to do.

They are especially unusual gestures from this President, a self-styled guardian of middle-class interests who has kept a careful distance from the truly down-and-out. For years, old-fashioned liberals have urged President Clinton to embrace the cause of the poor more directly.

But as he finally heeded their advice, dashing from ghetto to hamlet to barrio this week to highlight the limits of American prosperity, his curious tour seemed to arouse an equally curious response: indifference, if not outright hostility among his natural allies.

"I can't help but be skeptical," said Senator Paul Wellstone, Democrat of Minnesota, though he himself undertook a similar tour just two years ago.

"An act of futility," wrote Carl Rowan, the syndicated columnist, in a column published today.

James Patterson of Brown University, a historian of anti-poverty movements, said, "I don't think this terribly exciting news."

Amid the river of dismissive reaction, it is worth mulling over an unconventional thought: It is possible that historians find more to praise in the Clinton anti-poverty record — perhaps even in this mad-dash trip itself — than meets the eye.

Some of the reasons for the skeptical reaction are obvious ones that relate to the President himself. It is late in his second term. He does not control Congress. He is armed with a modest legislative proposal. Tainted by sexual scandal, he is an imperfect leader of a moral crusade. And in some anti-poverty circles, he will never be forgiven for signing a 1996 welfare bill that imposed significant new restrictions on aid.

In addition there is a reflexive national pessimism as far as the poor are concerned. For decades, the world-weary prediction that the poor are getting poorer seemed a safe enough bet.

But the poor are no longer getting poorer — not most of them anyway. And while until this week the President has avoided casting himself as an anti-poverty crusader, he has quietly assembled a long list of anti-poverty achievements. Their final effect remains to be seen, of course, as does the result of the welfare legislation Mr. Clinton prematurely insists on calling a success.

But some of his anti-poverty accomplishments already seem large, like his expansions of the earned income tax credit. Though it has a clumsy name and complicated rules, the program now distributes nearly $30 billion a year in subsidies to low-wage workers.

Others are more modest, like the Americorps program for volunteers. Mr. Clinton has also won significant expansions of child care, tax breaks for distressed areas called "empowerment zones," a modest raise in the minimum wage, expansions of Head Start, new school-to-work programs, and significant increases in health insurance for the children of the working poor.

Yet in most corners of the anti-poverty world, Clinton fatigue runs strong.

"One of the ways I preserve my mental health is to read as little as possible about Bill Clinton," said Christopher Jencks, a sociologist at Harvard University and a leading anti-poverty authority.

That was Mr. Jencks's reflexive response, when asked about the President's trip. But five minutes later, he was acknowledging that he did see things to praise in the Clinton record. Adding his initiatives together, Mr. Jencks said, he saw a consistency in the President's attempts to create a kind of work-based safety net, with less welfare but more support for low-wage workers.

> A curious trip and an equally curious response.

"To move toward a more work-oriented system will make it a lot easier to get things done for poor people over the next 30 years," Mr. Jencks said.

Though Mr. Clinton came of age idolizing John F. Kennedy, it was the style of Robert F. Kennedy he was self-consciously echoing this week. In the spring of 1967, Mr. Kennedy, then a Senator from New York, took a famous tour of the Mississippi Delta, where he encountered hungry children with bloated stomachs and open, running sores.

CBS News had its cameras rolling, and the combination of compelling footage and Mr. Kennedy's charisma, helped push hunger onto the national agenda. Though Mr. Kennedy won only modest expansions of anti-hunger programs before his assassination in 1968, a significant increase in the food stamp program passed a few years after his death.

Mr. Kennedy also made a stop at the Pine Ridge reservation in South Dakota in the spring of 1968. "All across America, people were watching that," Mr. Clinton recalled while visiting the reservation on Wednesday.

But these are the very gestures Mr. Clinton avoided until now. And three decades later, they inevitably carry a different cultural baggage. In Mr. Kennedy's day, it was possible imagine that Federal concern alone would be enough to provide a solution.

Now the country is less innocent — inclined to believe Ronald Reagan's famous line: "We fought a war on poverty, and poverty won." Wary of being dismissed as a old-fashioned, naïve liberal, Mr. Clinton has avoided bold poverty promises or even bold anti-poverty photo ops.

Until now.

In addressing the question of timing this week, the President's aides have said that the economy is finally strong enough, businesses are hungry enough, and the middle class is secure enough to push for a broader expansion of prosperity.

If the country does not act "at this time of prosperity," Mr. Clinton said, then "we'll never get around to it," and "we will have failed to meet a moral obligation."

But that was not enough to repair the burned bridges between Mr. Clinton and his welfare critics. Senator Kennedy's trip to the Mississippi Delta was staffed by a young lawyer, and devoted ally, named Peter Edelman.

In a later life, Mr. Edelman went on to become a welfare official in the Clinton Administration, and a deeply disillusioned one. He resigned in 1996, saying that Mr. Clinton's decision to turn the welfare program back to the states — with less overall money and new time limits — represented an abandonment of the poor.

Watching one former boss trying to emulate another this week, Mr. Edelman found much to criticize. While the overall poverty rate has declined in the Clinton years, to 13.3 percent from 15.1 percent, Mr. Edelman cited evidence that suggests circumstances among the very poorest have gotten worse.

And Mr. Edelman bristled at the President's talk of "pockets of poverty." With child poverty rates still hovering at nearly 20 percent, he said, deprivation is far too prevalent to be described as a mere pocket.

Early in the Administration, Mr. Edelman sent the President a memo, urging him to take up the cause of helping needy adolescents make the transition to adult life. He never got a response.

"He has never been comfortable in talking about poverty," Mr. Edelman said. "I think on balance, Bill Clinton has hurt poor people because of the welfare bill. This is just too little too late."

The New York Times
FRIDAY, JULY 9, 1999

The New York Times
FRIDAY, JULY 9, 1999

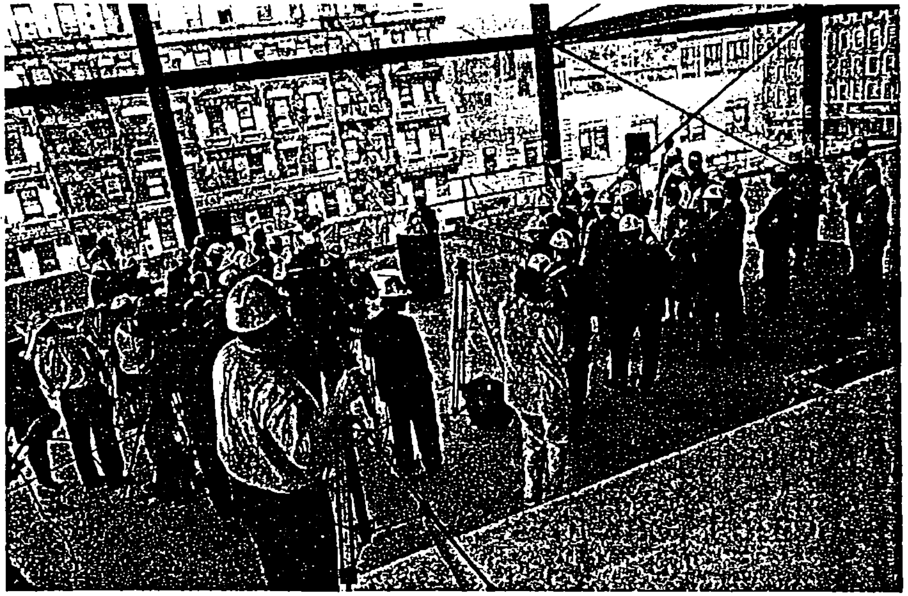
In Harlem, New Treasury Chief Unveils Plan to Help Inner-City Entrepreneurs

By TERRY PRISTIN

The new Treasury Secretary, Lawrence H. Summers, went to Harlem yesterday to encourage more private investment in poor neighborhoods and announced the formation of a new mentoring program to allow inner-city entrepreneurs in New York to draw upon the expertise of large corporations.

Under the new program, a task force will be set up by the New York City Partnership and Chamber of Commerce, the city's leading business group, to match big companies with start-ups or other small businesses. Ten entrepreneurs will be selected during each of the next two years.

"This is about much much more than money," Mr. Summers told a group of business leaders who gathered at Chase Manhattan Bank yesterday to share some of their previous mentoring experiences with him. "It's about advice, it's about networks, it's about the provision of opportunity, and it's about providing and sharing the types of knowledge that are necessary. In many ways, the money and financing are the least of it."



Edward Keating/The New York Times

Lawrence H. Summers, the new United States Treasury Secretary, yesterday visited Harlem U.S.A., a shopping center that is being built on 125th Street in Manhattan and is expected to open by Christmas.

In his visit to New York, Mr. Summers underscored the same themes that President Clinton sounded this week during a four-day trip to Hazard, Ky., and other economically distressed areas across the country. Like the President, Mr. Summers said that investing in poor neighborhoods was not a matter of charity but made good economic sense. The Clinton Administration has proposed a new tax credit to encourage investments in what are being described as "new markets."

The new Treasury Secretary drew praise from David Rockefeller, who participated in the meeting of business leaders, for coming to New York less than week after he was sworn in. Mr. Rockefeller said that the economic development initiatives taking place while the city's economy is robust represent a fundamental change that would continue in harsher times "when the bloom is off the rose."

During a tour of the construction site of Harlem U.S.A., a long-delayed shopping center on 125th Street that is scheduled to open by Christmas, Mr. Summers seemed genuinely impressed by the numbers he was fed. Drew Greenwald, one of the developers, and Mark Willis, a senior vice president at Chase, told him that the complex was expected to generate $200 million a year in sales and $17 million in sales taxes, yet had required only $11 million in government loans. They said that nearby property values had soared from $30 a square foot to $75 a square foot. About 500 new jobs are expected to be created.

"A lot of people are going to make a lot of money here," Mr. Summers said at the shopping center, whose tenants will include Disney, HMV and Old Navy. In a later interview, he said that the financial leaders he met with had stressed that such investments are no longer relegated to special bank subsidiaries dealing with community development but are viewed as mainstream investments.

Some Harlem business owners have complained that they have been driven out by rising rents on 125th Street, but Mr. Summers said some displacement was an inevitable consequence of economic development. But, he said, "you'll see more vibrancy spread off 125th Street to the next streets."

Mr. Summers, who has spent much of the last six years assisting emerging countries, first as Under Secretary of the Treasury for International Affairs and then as Deputy Treasury Secretary, added: "We always say of countries that it's much better to be a country that capital is trying to get into than a country that capital is trying to get out of."

The Secretary did not allude to it, but the Harlem U.S.A. project is one of the few successful projects to emerge from the stalled Upper Manhattan Empowerment Zone, a $300 million Federal, state and city program designed to spur economic development. Halfway through the five-year program, only $35 million has been spent on projects and administrative costs.

Other success stories were recounted at the meeting at Chase as examples of the kind of mentoring the new program aims to bring about. The task force is part of a national effort called BusinessLINC (Learning, Information, Network Collaboration). There are similar efforts in six other cities.

Fernando Espuelas, a former marketing executive at A.T.&T., said that the help he received from Chase and from the New York City Investment Fund, which was created by Henry R. Kravis to stimulate job growth, had proved invaluable for getting his Internet business off the ground. "We are able to tap into networks of people that for a young company, a start-up, are just not available," Mr. Espuelas said after the meeting. His company, Star Media, which serves Spanish- and Portuguese-speaking Internet users around the world, created 200 jobs in New York.

Another speaker, Desmond Emanuel, who is black, described the difficulties he had in the 1980's getting financing for his construction company. What gave his business momentum, he said, was the help he got from the New York City Housing Partnership, an offshoot of the New York City Partnership that promotes the development of affordable housing. His company, Santa Fe Construction Inc., now employs 48 people, making it the largest minority-owned construction company in the city, he said.

Forgotten Corners of America

Few places in America are as impoverished as the Pine Ridge Indian reservation in South Dakota. On Wednesday, President Clinton sat on a dilapidated porch belonging to a woman who had 28 people living in her five bedrooms. He heard about the troubles of a place where the unemployment rate among the Oglala Sioux is 73 percent. The day before, on a sweltering afternoon, he walked through the boarded-up streets of the Mississippi Delta town of Clarksdale.

This week Mr. Clinton traveled through some of America's poorest areas, turning attention to communities left out of the prosperity enjoyed by much of the country. Such trips can raise awareness of poverty, often, most importantly, for the politicians themselves. John Kennedy began his anti-poverty programs after being haunted by what he saw while campaigning in West Virginia. Robert Kennedy's visit to the Mississippi Delta in 1967 helped set one of the themes of his Presidential campaign.

Mr. Clinton is the first President to make an official visit to an Indian reservation since Calvin Coolidge. He is also promoting an innovative, if somewhat limited, program designed to inject $15 billion in new capital into these communities, a more promising plan than some previous initiatives to help depressed areas.

America's current economic expansion, while broad, has produced inequality not seen since the Depression. From 1980 to 1995, the earnings of those at the bottom fell by more than a quarter in real terms, and many also worked less and lost benefits such as employer-paid health insurance. Their lot has improved slightly since 1995, but they are still worse off than those at the bottom 20 years ago.

The main reason is that this boom is centered on the knowledge industry, which demands well-educated, skilled workers. Many of the low-skill light manufacturing jobs that expanded in previous booms have moved overseas. Unionization has declined, and the minimum wage has dropped in real terms. The President visited six communities bypassed by economic recovery — Pine Ridge, towns in Appalachia and the Mississippi Delta, the city of East St. Louis, Ill., a Hispanic neighborhood of Phoenix and the Watts area of Los Angeles. All suffer from poor education and low skills, buying power and access to credit, as well as few contacts with the business world so necessary for attracting investment.

Mr. Clinton's New Markets Initiative would cost the Government $1.6 billion, most of that going to a 25 percent tax credit for investments such as community development banks and venture capital funds that aim to bring new capital to poor communities nationwide. Other parts of the program would provide technical assistance and loan guarantees.

The initiative is small, and may take more time than direct government spending to help these communities. But a well-run program could help create new investments rather than moving old ones around. Many poor areas are better markets and less risky investments than businesses realize.

Members of Congress should refrain from funneling the money to their own districts, as they did with enterprise zones. The political powerlessness of Indian reservations and coal mining towns leaves them vulnerable, but makes Mr. Clinton's decision to highlight their problems all the more welcome.

The Resistance to Mr. Milosevic

Even some of Slobodan Milosevic's strongholds are now the scene of large street rallies calling for him to step down. While this display of clear thinking by ordinary Serbs is cheering, it is not likely to result in a quick change in leadership. He has faced widespread protests in the past and outwitted his opposition, and he holds the power to do so again.

Mr. Milosevic's term as President of Yugoslavia does not end until 2002. He also controls Serbia's media. What can happen when this control lapses was dramatically illustrated in normally pro-Milosevic Leskovac. Last Friday a television technician there took control of his station during halftime of a widely watched basketball game. He criticized local and national authorities and called on people to protest. Three days later, 20,000 citizens marched.

In 1996, after the end of the Bosnian war, Serbia erupted in 100 days of street demonstrations. Mr. Milosevic agreed to restore opposition electoral victories he had annulled in major cities, including Belgrade. But then he divided his opponents by giving a high government job to the most popular — Vuk Draskovic, an opportunistic nationalist. Although Mr. Draskovic was fired for criticizing Belgrade's Kosovo policies, he has attacked the opposition and until Leskovac refused to join protests.

Mr. Milosevic is also good at rallying public support. It is highest during a war, one reason he started four of them. He can do it again, notably in Serbia's sister republic of Montenegro, whose pro-Western leader, Milo Djukanovic, is perhaps the most credible challenger to his rule.

One surprising aspect of the anti-Milosevic rallies is the dearth of attacks on NATO. But this does not mean that his critics oppose nationalism. Many are reservists who fought in Kosovo and are yet unpaid, refugees from Kosovo or people who think Mr. Milosevic sold out Serbs there.

Still, any likely replacement would be better than Mr. Milosevic. He is a wanted war criminal, and NATO should be ready to arrest him if it can. The West should also be helping the independent media to resume broadcasting, perhaps from Montenegro, and encouraging a united opposition. But democracy in Serbia cannot come from outside. The opposition must learn from its mistakes.

The New York Times

FRIDAY, JULY 9, 1999

Clinton's 'Third Way' to Beat Poverty

President Touts Blend of Left and Right in Tour of Poor Areas

By CHARLES BABINGTON
Washington Post Staff Writer

LOS ANGELES, July 8—In stumping the nation this week to bring jobs and hope to impoverished regions, President Clinton has mixed a dash of liberalism's old War on Poverty with a pinch of conservatism's laissez-faire philosophy, yielding his latest recipe for centrist solutions to society's challenges.

At all six stops on his "New Markets" tour, which ended today with visits to job-training programs in this city's Watts and South Central neighborhoods, Clinton has flanked himself with corporate titans and staunch social liberals. His message: Hard-pressed areas need private investments to recover economically, but corporations won't spend their money there without increased government incentives, such as tax credits and loan guarantees.

The president calls it a classic example of the "Third Way" approach. The touchstone of "New Democrats," it holds that neither solidly liberal nor solidly conservative strategies will work, but a politically massaged blend of the two can.

Not surprisingly, some critics from the left and right deride the Third Way as wishy-washy compromise. Clinton, however, has ridden the philosophy from the Arkansas statehouse to the White House, convincing millions of voters that the smartest path lies somewhere between Ronald Reagan's tax breaks for the wealthy and Lyndon B. Johnson's government-driven Great Society.

The president summarized his thoughts in a speech Tuesday in economically depressed East St. Louis, Ill., at the midpoint of his four-day tour. In the 1992 campaign, he began, "I said that we ought to have a new role for government, that government couldn't solve all the problems, but walking away from them did not work very well, either. . . . In the inner cities and the rural areas of our country, lines have divided those who worked hard [but] had no money, and those who had plenty of money but didn't believe it could be very well spent in the inner city or in rural areas."

He underscored his message today in a round-table discussion on youth training at Southwest College in Los Angeles. Those sharing the stage included the chief executives of United Parcel Service Inc. and Toyota Motor Sales USA as well as Rep. Maxine Waters (D-Calif.), an outspoken liberal. It was typical of the entourages Clinton brought to Appalachia, the Mississippi Delta and the other stops on his tour.

Every event featured announcements of government incentives and corporate pledges meant to create jobs, improve housing, stimulate investment or boost employee training. Today's announcements included $250 million in Labor Department grants for the "Youth Opportunities" program, which targets low-income, out-of-school youths for job training. Also, Lucent Technologies and other corporations pledged $8 million to create "information technology academies" to provide computer training that could help such youths launch careers.

Many advocates for the poor have saluted Clinton's trip, even if they privately complain that it has come late in his administration. Some conservatives, meanwhile, say that pumping more money into deeply depressed areas—even if it is both public and private funds—won't overcome entrenched behavioral patterns that tie people to poverty.

"The general rule in the United States is that people move to economic success, economic success doesn't move to them," said Robert Rector of the Heritage Foundation. Pouring investments into the Mississippi Delta, he said, will not dramatically increase jobs there because "that's not a good industrial area, it's a good cotton area"—and cotton no longer requires many workers.

Even though Congress and Clinton have reduced welfare benefits, Rector said, the government continues to "reward non-work and non-marriage." Until that changes, he said, high rates of joblessness, crime and illegitimacy will prevail in the areas Clinton visited this week.

But the more liberal Joint Center for Political and Economic Study praises Clinton's approach on poverty. "I think the general idea is certainly a useful combination of public and private partnership," said Margaret Simms, the center's vice president for economic research. She added, however, that declaring a depressed area as an "empowerment zone" can backfire if businesses need to expand and relocate to suburban areas for transportation purposes. Such firms would lose their tax benefits, she said, even though research shows they still would hire mostly minority employees.

Al From, head of the Democratic Leadership Council and a champion of Third Way thinking, joined Clinton for most of this week's tour. He said the "New Markets" program "isn't a government solution."

"It's a way to use government resources effectively to leverage capital investment in these markets that have been left behind," From said.

Clinton summed up his thinking in an interview with CNBC during Tuesday's stop in Clarksdale, Miss. "This is a classic example, this approach to new markets, of the New Democratic or Third Way philosophy that I articulated back in 1991 and 1992," he said. "That is, government's role is to create the conditions for success, give people the tools they need to succeed and then, in effect, empower people to make the most of it."

In an interview published last Friday in the Los Angeles Times, Clinton suggested that Texas Gov. George W. Bush—the leading GOP candidate for president—is copying Clinton-Gore administration policies, especially in Third Way areas.

He said Bush's campaign is "very flattering in a way because it replicates the rhetoric" that Clinton has used in emphasizing themes such as linking opportunity and responsibility. He said Bush's "compassionate conservatism" might be a ruse to allow congressional Republicans to pursue a more conservative agenda if Bush gets elected in November 2000.

Asked whether Bush's lead in the polls over Vice President Gore indicates a public desire for change, the president said: "I think there is a constant desire for change. But I think what you will see by next year is that the vice president will be the candidate of change. People will have to decide if they want the change going on [now]."

The Washington Post

FRIDAY, JULY 9, 1999

Bill Bradley

How I Would Control Guns

It's time to stand up to the National Rifle Association and enact common-sense gun control. Consider this: Every day in America, 13 children are killed by guns—not injured, not hurt, but killed. Every day we suffer tragedy the equivalent of the one that took place at Columbine High School in Littleton, Colo. While Washington is counting the political winners and losers from the recent gun "debate," parents are frightened that their child may be the next victim.

Consider this: State agents at a gigantic gun show in California recently spent $4,000 in a matter of hours buying illegal assault weapons and machine guns and were offered a flame-thrower without once being required to submit to a background check. Consider this: California is expected to pass and sign into law a ban on Saturday night specials—cheaply made handguns—but Congress won't even consider it. Consider this: Eighty-five percent of Americans think handguns should be registered, but the Clinton administration won't propose it.

I believe it's time to take bold steps to protect our children, families and communities. Here's what America must do: First, ban the distribution, sale and manufacture of all Saturday night special handguns. Second, require registration for every one of the 65 million handguns in this country. Third, require licensing with a safety course for every person who owns a handgun. Fourth, prohibit gun dealers from selling guns in residential neighborhoods. Fifth, insist on mandatory trigger locks for guns.

These five common-sense measures will help us keep the handguns that kill people off the streets, know where handguns are and who is using them, and get the gun dealers out of neighborhoods where children can more easily get access to guns. And if guns are in the home, the danger of accidents will be lessened. In addition, we need background checks before all gun sales at gun shows and a limitation of handgun purchases to one gun a month.

The NRA's political posture is similar to the tobacco lobby's over the past decade—arrogantly fighting actions that will save lives and plying congressmen with campaign contributions so they'll be more likely to go along. What is everyone so afraid of? The NRA has lost votes on concealed weapons in Nebraska, New Mexico, California, Colorado, Massachusetts, Ohio, Minnesota, Kansas and, most recently, Missouri despite a $54 million campaign. Just recently, Michigan even refused to put a concealed-weapons initiative on its legislative agenda.

If politics is the art of the possible, it's time to expand the possibilities. Leadership should not be defined by symbolic gestures that allow us to talk about a problem, rather than beginning to solve it. Instead, it should take on issues that arouse passion and redirect that passion toward achieving the common good.

The fact is that most people of this country are way ahead of the politicians on this issue—including most gun owners. Most people—including gun owners—understand the difference between guns that are used for hunting and sport and handguns that get used in the vast majority of murders, suicides and accidents. Most people—including gun owners—don't want gun dealers in their residential neighborhoods. And no parents—no parents—want their child to live in fear or exposed to the gun violence that has struck terror into households across the country.

As president, I promise that I'll stand up to the NRA, and the conventional wisdom, about what is politically feasible to reduce gun deaths in our country. Ultimately, the president must trust the American people enough to be honest with them about what needs to be done. In the end, it can't be about political victory or an issue for the next election. It has to be about something far more important—creating a safer world for our children and families.

As president, I promise to stand up to the NRA.

The writer is a Democratic candidate for president.

E. J. Dionne Jr.

Better Late Than Never

It is a chronic social ailment for the very poor to be invisible to the rest of America.

"We have to expose these conditions to the American people," said Housing Secretary Andrew Cuomo, a lead architect of President Clinton's tour this week through the nation's poverty belt. "They don't know these conditions exist . . . That's not where they live, they don't see it on their way to work, it's not their daily experience—it is almost inconceivable."

Cuomo offered these thoughts in an April speech but is not the first to have them.

"The other America, the America of poverty, is hidden today in a way that it never was before. Its millions are socially invisible to the rest of us. . . . Poverty is often off the beaten track. It always has been."

So wrote the late Michael Harrington in his 1962 book, "The Other America," which helped spark the war on poverty in the Kennedy and Johnson administrations.

Now, 37 years later, the trumpet summons us again, or so at least Cuomo and Clinton hope. Presumably, the country feels rich again and is amenable to worrying about the poor. Perhaps this time, we'll ask why the poor go in and out of fashion as if they were a commodity or a new car design.

It's a president's job to put problems on the national agenda. By taking his tour through Hazard and Annville, Ky., Clarksdale, Miss., East St. Louis, Ill., the Pine Ridge Indian Reservation in South Dakota, and yesterday in South Phoenix and Watts, Clinton shifted the media's focus for at least a few days to the problems of the least among us.

In principle, there is nothing wrong with the president's core message: Business investment could do a world of good for the nation's poorest communities; government spending is no substitute for jobs in thriving enterprises; and tax laws and other incentives could be wielded, as the president is proposing to Congress, so capital could move into places such as Hazard and Clarksdale.

Perhaps Clinton is showing how well he understands this gilded era. Telling investors, as he did in East St. Louis, that "there are business opportunities out here" works better these days than, say, "We Shall Overcome."

"We could say to every corporate leader in America: Take a look at investing in rural and inner-city America," the president said in Hazard. "It's good for business, good for America's growth, and it's the right thing to do."

All very practical, one of those "win-win" propositions Clinton loves to talk about. It plays into a vogue in business schools (sparked by the work of Michael Porter at Harvard, among others) to look at the untapped economic profit potential of poor neighborhoods and cities. And surely it is useful to break down prejudices against investing in marginalized precincts.

Clinton discovers the poor.

Yet it is dispiriting that Clinton is making this investment of time and energy in the seventh year of his term. "Why not year one, two, three, four, five or six?" asked Sen. Paul Wellstone (D-Minn.) in a telephone interview from his home state. "It's very late for a commitment to economic justice."

Clinton, in fact, is walking in Wellstone's shoes. Two years ago, the unapologetically liberal senator retraced the trek through impoverished America that Robert F. Kennedy took in the '60s.

Wellstone, who cares about the poor even at moments when their cause is not pronounced to be cool, thinks the president's New Markets Initiative is "timid." He says it doesn't do enough about the basic problems confronting poor Americans: the inadequacy of their schools, their lack of health coverage and the problems many of the poorest face as they are forced off public assistance by welfare reforms.

"In a time of peak economic performance, we're still told we can't provide health care for every American or a good education for every American," Wellstone says. "If not now, when?"

An excellent question for which Wellstone may now get a bit more of an audience. Clinton, with his shrewd sense of the politically possible, has decided it's an opportune time to talk about the poor. If Americans get serious about the Other America, they might go beyond Clinton's pitch to get a few more corporate dollars for Hazard or Clarksdale.

And they might go back to a question Michael Harrington asked that becomes more powerful as the decades pass: "How long shall we look the other way while our fellow human beings suffer? How long?"

The Washington Post

Friday, July 9, 1999

Clinton Trumpets Plan for Centers To Impart Information-Age Skills

By JEANNE CUMMINGS and JOHN SIMONS
Staff Reporters of THE WALL STREET JOURNAL

ANAHEIM, Calif.—Hoping to encourage private investment in the labor pool of tomorrow, President Clinton used the White House bully pulpit to call attention to the launch of the Academy of Information Technology, an $8 million private initiative to prepare high-school students for information technology careers.

The academy, which will operate programs largely in urban areas, is a response to growing evidence that public schools aren't adequately preparing children for key jobs in the next century. For example, a recent Commerce Department report estimated that by 2006, the U.S. will require more than 1.3 million new information technology workers, ranging from computer scientists and engineers to systems analysts.

The unveiling of the new training program came on the last stop in Mr. Clinton's four-day "poverty" tour, which was aimed at encouraging private investment in chronically poor areas and improving training of the nation's future labor pool. "There is a high premium in an information society placed on knowledge, skills, what you know today and what you can continue to learn," Mr. Clinton said.

The information technology programs are being designed by Lucent Technologies Inc. with help from Citigroup Inc. Chairman Sanford I. Weill, founder of the National Academy Foundations, which teaches students about the finance and tourism industries. The announcement of the new academy came during Mr. Clinton's appearance at the annual meeting of the National Academy Foundation.

The White House's spotlight on training digital-age workers coincides with a separate study released yesterday that suggests that certain minority groups and low-income families lack access to technology. The report showed that although some 40% of American households own a personal computer and more than a quarter have access to the Internet, households with annual incomes of $75,000 or more are 20 times more likely to have access to the Internet than those at lower income levels and more than nine times as likely to own a computer.

The report, compiled by the Commerce Department's National Telecommunications and Information Administration, also found that regardless of income level, whites are more likely to have home access to the Internet and are more likely to own a computer than blacks and Hispanics.

The study confirms what policy makers and industry analysts have known for years, but government officials suggested a policy prescription: community access centers. President Clinton has already put his support behind the notion, providing $65 million for community technology centers in his fiscal 2000 budget proposal, up from $10 million in fiscal 1999. About 500 centers would be housed in low-income neighborhoods across the country.

In his remarks yesterday, Mr. Clinton lamented the "growing digital divide between those who have access to the digital economy and the Internet and those who don't." He stressed the need for more technology projects like the Lucent/Citigroup initiative.

"The very information technology driving this new economy gives us the tools to ensure that no one gets left behind," he said.

THE WALL STREET JOURNAL
FRIDAY, JULY 9, 1999

USA TODAY · FRIDAY, JULY 9, 1999

Poverty tour's final stop stresses job skills

In L.A. visit, Clinton calls for investment in future workforce

By Susan Page
USA TODAY

By Tim Sloan, Agence France-Presse

At Alain Leroy Locke High School: Recent graduate Michael Delery, 17, explains his project to President Clinton and basketball star/urban entrepreneur Magic Johnson.

LOS ANGELES — Bill Clinton walked the streets of Watts as a candidate seven years ago in the wake of riots after police acquittals in the beating of motorist Rodney King. The riots' death toll was 55, and the business district was devastated.

He returned as president Thursday at the end of a six-state tour promoting the possibilities of new markets and new workers in some of the nation's poorest communities, including this one. At Alain Leroy Locke High School, named for the first black Rhodes scholar, he watched as two teen-agers in a transportation training program used computers to show how aerodynamics affected the performance of two virtual cars.

"This one does better than this one," Clinton declared as one car pulled ahead of the other. "Even I know that."

The training program "really gave me an opportunity to expand my horizons," Stephen Ramirez, 18, who graduated last month, told him. "Before, I had no idea what I wanted to do, what I wanted to be." Now he plans a tour in the Army and a career in transportation technology.

Clinton was finishing a trip that began in Appalachia, included the Pine Ridge Indian Reservation and a south Phoenix barrio, and ended at a conference in the shadow of Disneyland. The focus of the final day was on training programs, often sponsored by businesses looking for skilled workers, that offer disadvantaged young people the possibility of careers in tourism or transportation, Wall Street or technology.

Government can provide incentives for private investment, and "we can create a lot of jobs," Clinton said. "But if our young people don't have the opportunity to learn, and continue to learn and continue to train for a long time, we'll never be able to do it."

He was accompanied by corporate CEOs, civil rights leader Jesse Jackson and former Los Angeles Lakers star Magic Johnson, who has invested in Los Angeles' South Central and other inner cities by building movie theaters.

Clinton announced commitments by major businesses, among them AT&T and Lucent Technologies, to hire graduates of a new $250 million federal program that trains young people from poor areas.

He also spotlighted an $8 million expansion of the National Academy Foundation, a nonprofit "school-within-a-school" program in which local businesses form partnerships with public high schools to teach students professional skills and hire them for internships.

"They have to pay attention to and care about the development of the workforce," deputy White House chief of staff Maria Echaveste said of the business world. "They can't be competitive, they can't stay profitable, if they don't have a workforce that is skilled and that is trained."

White House officials called Clinton's four-day trip a success, calculating that Clinton was able to unveil commitments for approximately $750 million in private investment in poor communities, including a $500 million "catalyst" fund for business investments being created by Bank of America. He announced federal funding for various water, housing and education projects.

Clinton predicted that his four-day trip would contribute to "a much higher level of awareness among American business leaders that there is money to be made and a better society to be made at the same time in these neighborhoods."

But he was greeted here with skepticism by some who questioned his failure to highlight these issues earlier in his presidency. "Welcome to the High-Gloss Poverty Tour," conservative commentator Arianna Huffington scoffed in the *Los Angeles Times*. "Compare the nonstop focus on the wonders of Wall Street with this 96-hour nod to poverty."

LOS ANGELES TIMES
JULY 9, 1999

ngeles Times

National Edition

FRIDAY, JULY 9, 1999

COPYRIGHT 1999/THE TIMES MIRROR COMPANY

DAILY 50 CENTS
AN EDITION OF THE LOS ANGELES TIMES

Clinton Vows New Aid During Watts Visit

■ **Jobs:** President unveils education, employment program for youths. Southern California trip is last stop on his tour of disadvantaged areas.

By MATEA GOLD
and JAMES GERSTENZANG
TIMES STAFF WRITERS

President Clinton on Thursday concluded his cross-country tour of communities mired in poverty with a visit to Watts, Los Angeles' symbolic heart of chronic impoverishment, and pledged new help to connect disadvantaged young people with jobs in the new economy.

At Locke High School, the president underscored the day's theme with a tour of a federally assisted high-tech academy that introduces students to transportation-related careers in architecture, engineering and urban planning.

In personal chats, he encouraged students, including Stephen Ramirez, 17, to stick to their studies and their goals. Ramirez, who recently graduated and has enlisted in the military, later told reporters the program helped prevent him from becoming lost in a community that is "neglected all the time."

During a Southern California swing that included discussions with business, political and education leaders at Los Angeles Southwest College and a conference in Anaheim, Clinton unveiled the latest in a series of programs intended to help bring the benefits of the nation's economic recovery to Watts and other pockets of the nation that have been left behind.

Despite some trickle-down effects of the robust economy, the neighborhoods around Locke High School still have estimated poverty rates of 40% or more and jobless rates two to three times the regional and national averages.

The president said he is attempting to "shine a spotlight on places still unlit by the sunshine of the nation's prosperity."

Among the newly announced efforts is an $8-million program, funded by several private companies, that will help develop school-to-career pathways for high school students unprepared for jobs in technology-driven markets—including computer programming and engineering.

Clinton also announced the launch of the Youth Opportunity Movement, a four-year, billion-dollar program that will provide grants to community programs helping youths stay in school and learn skills. The effort, headed by the Department of Labor, will also push the private sector to hire young people from needy communities and invest in youth programs.

Everyone benefits from such initiatives, Clinton told a roundtable discussion at Southwest College. "Every time we hire a young person off the street in Watts and

Please see CLINTON, A7

CLINTON: Program to Link Youths, Jobs Unveiled

Continued from A1
give him or her a better future, we are helping people who live in the ritziest suburb in America to continue to enjoy a rising stock market."

Reaction to the Watts visit was decidedly mixed outside the sealed-off high school campus, where dozens of residents who came for a glimpse of Clinton were kept at a distance by a large security detail.

Some expressed a strong affection for a president they feel is concerned about the plight of the needy. Robert Stegall, who walked to the school from his home, said low interest rates and new federal lending programs have helped many people buy first homes. "He's always doing something good for working-class people," said Stegall, 78.

But Stegall and others also complained that there are few good-paying jobs in the area. Protesters from the Assn. of Community Organizations for Reform Now, an advocacy group for low- and moderate-income families, held a large sign reading: "President Clinton, It All Sounds Good. But Where Are the Living Wage Jobs?"

Students said they must travel hours on public transit—as far away as the Westside and the San Fernando Valley—for decent summer work.

Others wondered if Watts was again being used as a prop by a politician who would fail to deliver economic relief.

"I think he's trying to salvage his political career and help his wife get started on hers," said Amed Clinton, 27, noting that Hillary Clinton is simultaneously kicking off her U.S. Senate campaign.

The carefully controlled and choreographed Locke High visit, some objected, did not allow local residents to hear Clinton or offer ideas on what's needed to break the cycle of impoverishment.

"If the community's not here, it's not serving any purpose. They could have held it downtown," said Jethro Sutton, 75, who came to the school dressed in a suit and tie, but was turned away by security officers.

At Locke High, Clinton was escorted into a classroom where pre-selected students demonstrated their technology lab. Later, at Southwest College, Clinton met with about 75 lawmakers, business leaders and students who had been invited to the round-table discussion.

The president's trip to six of the most impoverished communities in the country took on the flair of a fast-moving political campaign. A closely coordinated administration attack pulled together the work of diverse federal agencies and the attention-drawing capacity of the presidency to focus on the large numbers of people and communities that have not realized the current economy's rewards.

Across the country—in the green-hued Appalachian hollows of Hazard, Ky., the baked Badlands of the Pine Ridge Indian Reservation, and the grit of East St. Louis, Ill.—the president sought to meld the need for employment among the nation's poorest residents with the demands of American business to find new markets for their products and new workers from a nearly fully employed national labor force.

"Government cannot do this alone, but business cannot be expected to go it alone," he said of the need for government and business to share the responsibility for creating the jobs and preparing potential workers to fill them.

His tour was conducted at a pace like few other domestic journeys he has undertaken since the end of the 1996 campaign. It

BRIAN WALSKI/Los Angeles Times

President Clinton, Magic Johnson and Gov. Gray Davis talk with Locke High School graduate Michael Delery.

Under the plan, as envisaged by its sponsors, 10 pilot sites for the training academies will be chosen by a year from September, serving perhaps 400 students. Forty schools would be added a year later, and the program would grow by 40 to 50 schools in subsequent years.

The existing programs built on training for the tourism and travel and financial services industries, the White House said, serve more than 20,000 high school students in 350 institutions in 37 states; two-thirds are identified as "at risk," and 75% are from minority communities.

Thursday's final leg of the tour came as the U.S. Commerce Department issued a report that found that an increasing "digital divide" separates people by both education and income measurements, putting those without high-technology skills at a disadvantage.

Clinton used stops in Los Angeles to focus on the need to train disadvantaged young adults.

About 10 million Americans under 24 have either dropped out or not advanced beyond high school, Clinton told a group of business leaders and lawmakers at Los Angeles Southwest Community College. Without training them, he added, trying to lure new businesses to neglected areas will be difficult.

"We can provide all these opportunities," he said, "but if our young people don't have an opportunity to learn and continue to learn, it won't work."

"We can ill-afford to have a generation of young people who may never know what it is to work," said Secretary of Labor Alexis Herman, who was traveling with the president. "The only way to move America forward is to make sure we leave no one behind."

Times staff writers Rich Connell and Phil Willon contributed to this story.

ECONOMIST
JULY 10, 1999

America's emerging markets

Bill Clinton has a host of plans to help his country's poorest places. Will they work?

IN A tour that was explicitly modelled on a trip to the developing world, Bill Clinton this week visited the "new markets" of the United States. Accompanied by a posse of cabinet ministers, congressmen and corporate executives, the president touched down in Appalachia, the Mississippi Delta, the Pine Ridge Indian reservation in South Dakota and other black spots of economic backwardness. Just as the president's previous journeys to Africa or Latin America shone a spotlight on poor countries and spawned a plethora of policy initiatives to spur economic development, so this trip was punctuated by proposals for boosting "new markets" back home.

The analogy has obvious political appeal. Not least, it distracts people from the question of why eight years of economic expansion have largely bypassed these parts of America. But it also sounds a warning. Foreign aid and other governmental efforts to help poor countries hardly have a resounding record of success. Too often, public money has been wasted. Too often, incentives for private investment have been designed more to help American companies than poor countries. What chance is there that the administration's new domestic initiatives will work any better?

To help the poor, wherever they are, you must find out what ails them. In most cases, two major ingredients of prosperity are missing: infrastructure and private capital. Many of the most desolate parts of America have terrible physical infrastructure: housing is bad, transport links are inadequate. Just as important, they lack the sort of schools that could create a skilled workforce. The history of public investment in infrastructure in poor areas is dismal; too often, the pork barrel talks louder than good sense. Better infrastructure and education must remain the first requirement.

The second is private capital. America's most depressed economic areas desperately need private investment. They get very little not only because they are unattractive, but also because of misperceptions and market failures. A lack of information, for instance, means that many companies may have an exaggerated idea of the risk of investing in deprived areas, and often have no idea of potential markets.

The latest Clinton proposals are designed to address this lack of capital. Just as rich-country governments can catalyse private investment in poor countries by taking on some of the risk, so the Clinton administration hopes that the federal government can encourage private investment in deprived areas through tax credits, loan guarantees, "new market venture capital firms" and other financial gizmos. The aim is to use around \$1 billion of public money to draw in as much as \$15 billion of new investment (see page 23).

Some caveats along the way

In some ways, this approach makes sense, and presidential attention (long overdue) is heartening in itself. There are several dangers, however. The first is the risk of misdirecting rather than creating investment. For bureaucratic purposes, America's deprived regions are carefully defined geographical areas. A tax incentive that simply induces a company to move across the street will do little for long-term development. The second danger (painfully learned in the international arena) is bureaucratic muddle. Too many initiatives involving too many institutions are likely to cause a tangle of red tape, which—perhaps more than anything else—will repel private investors.

The third pitfall—also learned painfully in the foreign-aid business—is the risk of too much money too soon. Despite the headline-grabbing investments announced this week (such as BankAmerica's pledge of \$500m in equity for business enterprises in poor areas), it will take time for well-directed private investment in America's most backward areas to accelerate. Providing lots of incentives fast can sometimes look like great politics, but it does not always lead to wise decisions about the best poor corners to help.

WASHINGTON POST
JULY 11, 1999

The Washington Post

AN INDEPENDENT NEWSPAPER

Four Days for the Poor

IT'S NOT EVERY week that a U.S. president visits in succession the hollows of Kentucky, a distressed Midwest urban area, a hard-pressed Mississippi Delta town, a dirt-poor Indian reservation and a once riot-scarred West Coast inner city. But as the sun starts to set on his presidency, Bill Clinton is using his bully pulpit to tell America that the blessings of economic prosperity have not reached all parts of the country, and that more must be done. It was an important undertaking, and presidential time was well spent on it.

Mr. Clinton's odyssey could have followed a different geographical course and yet made the same point about the persistence of poverty during a time of plenty. The White House motorcade could have pulled into Benton Harbor, Mich., where the 1995 poverty rate was 64 percent, or driven to the Chicago public housing where children have been known to sit in feces, or stopped by any number of community shelters where the nation's 600,000 homeless spend the night.

At a moment of historic economic gains, the president still would have had little trouble finding communities stuck at the starting line as the nation's economy rambles ahead. But the ostensible purpose of the president's t was to do more than simply call attention the distress of communities left behind. T president also set out to showcase islands poverty as untapped markets with potent for fueling growth and economic recovery.

With the "new markets initiative" tour n behind him, the acid test must be applied to t promises he made along the way. Will the n government tax credits, loan guarantees a other federal subsidies announced during pre dent Clinton's four-day mission be enough attract and sustain the kind of private inve ment necessary to allow impoverished regio to share in the nation's good fortunes?

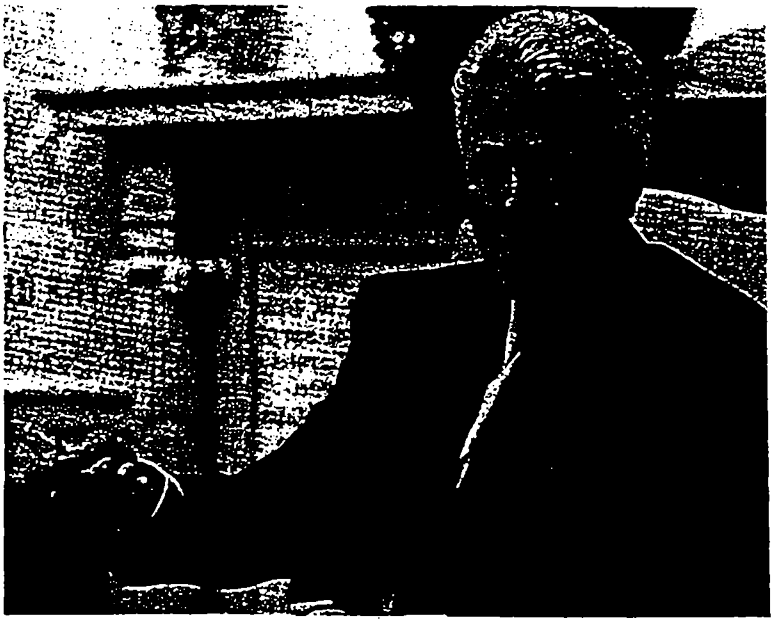
Other presidents have put the national sp light on the problems of America's hardest-h The poor are still with us. Having dra attention once again to one of the nation's m intractable and challenging problems, Bill Cl ton is positioned to move beyond his pledg and sympathetic hugs. The people he was w for four days and who he has now left behi can be forgiven for wondering if the preside will stay with their case or move on something else. They are not alone.

BUSINESS WEEK
JULY 12, 1999

Q & A

'I DO BELIEVE IN THE NEW ECONOMY'

President Clinton has a plan to spread the wealth



On the eve of a barnstorming tour to promote his new Medicare plan and unveil an initiative to bring the New Economy boom to inner cities and hard-hit rural areas, President Clinton sat down with White House Correspondent Richard S. Dunham on June 29. For a more complete text, see the July 12 issue at www.businessweek.com.

Q: *Do you think the New Economy is as big a boon as its backers claim?*
A: I do believe in the New Economy. Technology is rippling through every sector of economic activity in ways that have given us dramatic increases in productivity and potential for growth without inflation. And I think most models have not accurately measured it. Therefore, the most important thing for government policy is to be fiscally responsible, to create the conditions where people can prosper, and then to do things that will accelerate the trends that are already under way.

SETTING PRIORITIES "We don't want to ignore Medicare and Social Security liabilities or the enormous opportunity to pay off debt"

Q: *Can the economy sustain its current high growth rate?*
A: The opportunities are stunning. If we can adapt the world trading system on the theory of leaving no one behind and making maximum use of new technologies, I think this thing could go on indefinitely.

Q: *What is Federal Reserve Board Chairman Alan Greenspan's role in the new cycle of prosperity?*
A: Mr. Greenspan and the Fed do a perfectly good job, and we've had a good partnership by recognizing each other's appropriate roles. No one believes that we have completely repealed the traditional laws of economics, that we have completely repealed any tendency toward inflation, or that we've completely repealed the business cycles. But we've dramatically improved [our chances of growth without inflation] through this technological revolution.

Q: *What about another Fed term for Greenspan?*
A: I haven't talked to him [about that]. I don't even know if he's interested.

Q: *Let's go back to the economic boom. Why hasn't it extended to run-down inner cities and distressed rural areas?*
A: The business community is not fully aware of the opportunities it actually has to make money. And frankly, [there are] still some greater risks in these areas, which we ought to try to overcome by putting in place... much more incentive to invest.

Q: *Some corporations have invested in poor areas, but others are sitting on the sidelines. What can you do to encourage more companies to take the plunge?*
A: First, make sure that all the people who make investment decisions understand that there are very gifted, very hardworking, very creative people out there in these communities. Secondly, I hope to build bipartisan support for passage of the New Markets Initiative, which will make it more attractive for people to invest in these areas by giving them a tax credit of up to 25% and making certain investments eligible for loan guarantees of up to two-thirds of the total investment.

Q: *The Office of Management & Budget has released new estimates that show the surplus over the next decade may be even bigger—by about $1 trillion—than had been expected just a few months back. Does this increase the odds that you and Hill Republicans can cut a budget deal on entitlement reform and tax cuts?*
A: When you have more money than you thought you were going to, it should make it easier to have an omnibus agreement. I want to caution, however, that what we have this year [is real]. Everything else, we are projecting. [Still], this should make it easier to make an agreement on Social Security, Medicare, and paying down the debt—and still have funds for education, medical research, tax cuts, you name it.

Q: *So all these things are possible, now...*
A: We [still must] have our priorities in order. We don't want to go off and have a big tax cut and ignore Medicare and Social Security liabilities or the enormous opportunity to pay off the debt over the next decade. This idea should have appeal to Republicans as well as Democrats. And I still believe that a big portion of tax cuts ought to be directed toward helping more people save toward their retirement. My proposal deserves some consideration from the Republican majority because I think it's good social policy, and it's a good way to increase savings.

NEWSWEEK
JULY 19, 1999

TRADE MISSION TO MISERY, USA

Clinton's trip highlights the move from a 'War on Poverty' to a 'War for Profits.' Can it work?

By JONATHAN ALTER

HILLARY'S GOT THE MOJO now, but the more important trip last week was by her seemingly irrelevant husband. Yep, Bill Clinton was a caricature—sipping a Mountain Dew with the folks up the hollow in Kentucky, eying a Hostess cherry pie in East St. Louis as he explained that, of course, *he* was once poor, too, living on a dollar a day as a college freshman. Yadda yadda. The patter was old, the record on poverty is mixed, but he's still president, and presidential visits can still carry weight.

It's hard to believe, but Clinton is the first American president since Franklin Roosevelt to visit an Indian reservation—a stunning reminder of generations of neglect. Unemployment at South Dakota's Pine Ridge Reservation, the nation's poorest census tract, is 73 percent; alcoholism is off the charts. The other stops on the seven-state "poverty tour" were less desperate but plenty grim. Even so, I came away strangely hopeful.

'New Markets' tour: *At the Pine Ridge Reservation last week, Clinton promoted his anti-poverty program—and his legacy*

The source of my good feeling was, of all people, an upbeat Jesse Jackson. God isn't finished with him yet—he's turning the reverend into a proud capitalist. "This isn't a War on Poverty, it's a War for Profits," Jackson told me on Air Force One. In the old days, that would have been an attack line; now, it neatly summarizes the message of Clinton's "New Markets" tour. Jackson's three-word mantra was once: "I am somebody." Today it's: "Access to capital."

This is hardly a new theme in anti-poverty circles, but the response from CEOs and bankers (several of whom came along on the tour) is much stronger than in the past. The smart ones see a way to do good and do well at the same time. "I'd sort of like these markets for myself," jokes Stephen Burd, CEO of Safeway, which has recently opened several successful supermarkets in depressed inner-city neighborhoods. (The key, Burd says, is to put a police substation in the store.) Over the years, countless efforts to revitalize inner cities have failed, but that was before today's labor shortages and huge new pools of investment capital. The purchasing power in poor areas is also greater than previously understood. For Sanford Weill, chairman of Citicorp, it's a no-brainer: "It makes no sense to invest in [Third World] countries and not in these places." Spoken like a banker who has written off more bad foreign loans than domestic ones.

Rejecting any talk of "charity," Clinton cast the whole trip as a domestic trade mission aimed at keeping the economy humming by opening new markets at home. This was partly flimflam: high tech largely drives the economy, and there's not much of it in distressed areas. And why would Clinton's new tax breaks for investing in poor neighborhoods work when existing low-tax "empowerment zones" have such a mixed record? (They depend for their success on shrewd local political leadership, which has been rare.)

The best argument for the new plan the president offered last week is simple fairness. His bill would offer corporations the same incentives and loan guarantees for investing in poor neighborhoods that they now get for investing overseas. This essentially amounts to replacing traditional welfare with corporate welfare, the latter being much more popular in Congress. With the GOP trying to show that it's compassionate, the odds of passage are good.

As president, Clinton has quietly done more for the poor than some liberals admit. The rising economic tide has pushed unemployment for blacks and Latinos to historic lows; half a million former welfare recipients have been hired by the private sector. Less well known is that Clinton got banks to start using a 1977 law, the Community Reinvestment Act, to lend more in the inner city. He never properly highlighted his expansion of the Earned Income Tax Credit or gave it a jazzier name. But that $30 billion a year in direct payments to the working poor—rewarding those who just scrape by—is arguably the most successful anti-poverty program in a generation.

The problem was follow-up. The president would visit inspiring nonprofits in poor areas every so often, hear a tale of triumph over adversity, shed a tear, reminisce about the Kennedys. But something always came up to keep him from making the problem of poverty sexy again. In 1995 he had to play defense against the Republican Congress. In 1996, re-election. In 1997, balancing the budget. In 1998, Monica Lewinsky. All the while, one in four children continues to grow up poor.

So in year seven of his presidency, under prodding from HUD Secretary Andrew Cuomo and others, Clinton is finally getting in gear. It's not too late for a sustained commitment. The challenge for him and future presidents will be to get thousands of companies and nonprofits to make pledges to ramp up their good ideas, then create a structure of accountability. That's tough organizational work—and a new model of governing.

Clinton has another New Markets tour planned for the fall, starting in Newark. If he makes 10 or 12 more such trips before leaving office—cajoling, coordinating, leveraging, *leading*—then his domestic legacy will move to the higher plateau he covets. "If we can't do it now, with this economy, we'll never get around to it," the president said in Watts last week, almost as if he were talking to himself.

THE WHITE HOUSE

WASHINGTON

AGENDA FOR NEW MARKETS MEETING

Room 180 OEOB; 4:30 – 5:30 PM

July 15, 1999

I. REPORT ON THE TRIP AND STATUS OF THE NEW MARKETS INITIATIVE

II. DISCUSSION OF ONGOING PROCESS AND COORDINATION

- Unified and Inclusive Effort
- Regular Interagency Staff Meetings

III. FOLLOW THROUGH ON TRIP

- Ideas and Suggestions on Future Events with the President
- Possible Cabinet Events Amplifying New Markets Message
- Discussion of Process for Tracking and Announcing New Markets Deliverables
- Future Ongoing Efforts

IV. LEGISLATIVE STRATEGY

- The Republican Proposal – The American Community Renewal Act: H.R. 815
- Introduction of Legislation
- Proposed Legislative Event (TBD)

THE WHITE HOUSE

WASHINGTON

AGENDA FOR NEW MARKETS MEETING

Room 180 OEOB; 4:30 – 5:30 PM

July 15, 1999

I. REPORT ON THE TRIP AND STATUS OF THE NEW MARKETS INITIATIVE

II. DISCUSSION OF ONGOING PROCESS AND COORDINATION

- Unified and Inclusive Effort
- Regular Interagency Staff Meetings

III. FOLLOW THROUGH ON TRIP

- Ideas and Suggestions on Future Events with the President
- Possible Cabinet Events Amplifying New Markets Message
- Discussion of Process for Tracking and Announcing New Markets Deliverables
- Future Ongoing Efforts

IV. LEGISLATIVE STRATEGY

- The Republican Proposal – The American Community Renewal Act: H.R. 815
- Introduction of Legislation
- Proposed Legislative Event (TBD)

THE NEW MARKETS INITIATIVE: BUDGET IMPACT

The New Markets initiative will prompt approximately $15 billion in new investment in urban and rural areas over five years through:

The New Markets Tax Credit --To help spur $6 billion in new equity capital for investment in Americas New Markets, the New Markets Tax Credit will be worth up to 25 percent for investments in a wide range of vehicles serving these communities, including community development banks, venture funds and corporations, new investment company programs (targeted SBICs, NMVC firms, and APICs -- see descriptions below), and other targeted investment funds. Credits would be allocated to the targeted investment vehicles which could use the tax credits to attract investors. The investment funds would make their own decisions about what investments or loans to make to help create and grow businesses in the New Markets. A wide range of businesses could be financed by these investment funds, including small technology firms, inner-city shopping centers, manufacturers with hundreds of employees, and retail stores.

Budget Impact: ***The New Markets Tax Credit will cost approximately $980 million over five years.***

America's Private Investment Companies (APICs). For years, America has supported OPIC, the Overseas Private Investment Corporation, to promote growth in emerging markets abroad. Now we must do the same thing in America's New Markets. Under this program, investors will put equity into new private investment partnerships to be known as America's Private Investment Companies (APICs). HUD and SBA working together will provide up two times the private capital in loan guarantees for each. APICs will make equity investments in larger businesses that are expanding or relocating in inner cities and rural areas. Under the financing structure, the private investors' funds are at risk ahead of the government.

Budget impact: ***APICs will cost $36 million in credit subsidy (at a rate of 3.6%, allowing up to $1 billion in government guarantees) and $1 million for HUD's administrative costs.***

SBICs Targeted to New Markets. Over 40 years, the SBA's small business investment company (SBIC) program has provided roughly $20 billion in equity and debt financing to more than 85,000 different companies, helping them at a critical stage to grow from small businesses to household names, like AOL and Staples. However, too little of the capital invested has benefited our cities and rural distressed communities. Last summer, the Vice President challenged the SBA to find ways to meet better the needs of minority firms and underserved markets. In response, SBA determined that, under existing legislation, the Agency can offer more flexibility and new financing terms to make it more attractive for SBICs to invest in businesses in low and moderate income (LMI) areas. Specifically, SBICs making LMI investments will be eligible for a new type of federally guaranteed loan to augment their capital for business investment. Interest on the guaranteed funding will be deferred for the first five years of the 10-year term to give SBICs more time to nurture their investments in small businesses before they must produce a return. In addition, SBA will conduct an aggressive outreach campaign around the country to promote LMI investments.

<u>*Budget impact:*</u> ***No new loan subsidy budget authority is required for this initiative as the SBIC debentures program has a 0% credit subsidy rate. However, the commitment level for the SBIC debenture program must be increased (from $640 million in FY 99 to $800 million in FY 2000) in order to ensure that the new targeted activity does not crowd out activity by traditional SBICs.***

<u>New Markets Venture Capital Firms (NMVCs)</u>. There are thousands of inner-city and rural entrepreneurs who need both capital and expert guidance to transform their small businesses and great ideas into thriving companies. SBA will select ten-to-twenty NMVC firms whose management has successful records in community-based venture capital. The equity funds of private investors will be matched with loan guarantees of up to $10 million per NMVC, with interest on the debt deferred. Investors must also provide at least $1.5 million in technical assistance over five years to the target firms, matching SBA's grants of technical assistance. The program should provide long-term, patient growth capital and facilitate critically needed technology and management skills development for smaller businesses in new markets.

<u>*Budget impact:*</u> ***The NMVC firms will cost $15 million in credit subsidy for loan guarantees (at a credit subsidy rate of 15%, allowing $100 million in government guarantees) and $30 million for technical assistance grants.***

<u>New Markets Lending Companies (NMLC)</u>. For the first time in many years, SBA will approve approximately 10 new non-bank lenders -- firms authorized to originate loans under SBA's largest loan program -- the 7(a) General Business Loan Guaranty program. Under the 7(a) program, SBA guarantees up to 80% of a loan that is made by a lender to a creditworthy small business that cannot otherwise secure financing on reasonable terms. The firms selected must have a strategy to target their lending to underserved areas.

<u>*Budget Impact:*</u> ***No additional budget authority is necessary to license these new non-bank lenders.***

<u>Continued Growth for CDFIs.</u> Community Development Financial Institutions (CDFIs), locally-based institutions with expertise in lending and investment in underserved areas, represent an important vehicle for greater investment in new markets. The federal contribution to building these institutions must continue to grow.

<u>*Budget impact:*</u> ***The CDFI Fund will cost $125 million in FY 2000, including $15 million for new microenterprise activities under the Program for Investments in Microentrepenuers (PRIME) Act (now pending with***

bipartisan support before Congress) and an increase of $15 million over FY 99 levels.

Microenterprise Lending and Technical Assistance. Microenterprise initiatives in the FY 2000 budget include: (1) PRIME, under which the CDFI Fund will provide microenterprise technical assistance and capacity building program to award grants on a competitive basis to microenterprise development organizations and programs that focus on low-income entrepreneurs; (2) doubling support for technical assistance in SBA's Microloan Program, which links loans entrepreneurs with the provision of training and technical assistance; (3) doubling support for SBA lending to leverage over $75 million in new microlending; (4) doubling funding for Individual Development Accounts (IDAs), to empower lower-income individuals to start a new business, invest in a first home, or save for post-secondary education; and (5) tripling funding for SBA's One-Stop Capital Shops, which offer microenterprise development (including direct access to microlenders), personal finance, and even credit repair services in Empowerment Zones.

Budget impact: ***(1) As described above, PRIME will cost $15 million in FY 2000; (2) SBA's microloan technical assistance and training will cost $ 32 million in FY 2000 (up from $16 million in FY 99); (3) SBA's microlending will cost $5 million in credit subsidy (up from $3 million in FY 99); (4) IDAs will cost $20 million in FY 2000 (up from $10 million in FY 99); and (5) One-Stop Capital Shops will cost $10 million in FY 2000 up from $3.1 million in FY 99.***

BusinessLINC. The President's budget provides resources to expand BusinessLINC -- an innovative public-private partnership launched by Vice President Gore and led by Treasury Secretary Rubin and SBA Administrator Alvarez --to new markets in economically distressed communities. BusinessLINC (Learning, Information, Networking and Collaboration) is designed to encourage large businesses to work with small business owners and entrepreneurs in order to improve the economic competitiveness of smaller firms located in distressed areas, both urban and rural. The funds will be used to leverage private sector efforts to spur new BusinessLINC partnerships at the national and local level.

Budget Impact: ***BusinessLINC will cost $3 million in FY 2000.***

Specialized Small Business Investment Companies (SSBICs). The President's budget will expand current tax incentives to increase the amount of equity capital available to economically disadvantaged people by making it easier for Specialized Small Business Investment Companies (SSBICs) to qualify as tax-favored regulated investment companies.

Budget Impact: ***This change to tax rules will have a negligible budget impact.***

THE NEW MARKETS INITIATIVE: BUDGET IMPACT

The New Markets initiative will prompt approximately $15 billion in new investment in urban and rural areas over five years through:

The New Markets Tax Credit --To help spur $6 billion in new equity capital for investment in Americas New Markets, the New Markets Tax Credit will be worth up to 25 percent for investments in a wide range of vehicles serving these communities, including community development banks, venture funds and corporations, new investment company programs (targeted SBICs, NMVC firms, and APICs -- see descriptions below), and other targeted investment funds. Credits would be allocated to the targeted investment vehicles which could use the tax credits to attract investors. The investment funds would make their own decisions about what investments or loans to make to help create and grow businesses in the New Markets. A wide range of businesses could be financed by these investment funds, including small technology firms, inner-city shopping centers, manufacturers with hundreds of employees, and retail stores.

Budget Impact: ***The New Markets Tax Credit will cost approximately $980 million over five years.***

America's Private Investment Companies (APICs). For years, America has supported OPIC, the Overseas Private Investment Corporation, to promote growth in emerging markets abroad. Now we must do the same thing in America's New Markets. Under this program, investors will put equity into new private investment partnerships to be known as America's Private Investment Companies (APICs). HUD and SBA working together will provide up two times the private capital in loan guarantees for each. APICs will make equity investments in larger businesses that are expanding or relocating in inner cities and rural areas. Under the financing structure, the private investors' funds are at risk ahead of the government.

Budget impact: ***APICs will cost $36 million in credit subsidy (at a rate of 3.6%, allowing up to $1 billion in government guarantees) and $1 million for HUD's administrative costs.***

SBICs Targeted to New Markets. Over 40 years, the SBA's small business investment company (SBIC) program has provided roughly $20 billion in equity and debt financing to more than 85,000 different companies, helping them at a critical stage to grow from small businesses to household names, like AOL and Staples. However, too little of the capital invested has benefited our cities and rural distressed communities. Last summer, the Vice President challenged the SBA to find ways to meet better the needs of minority firms and underserved markets. In response, SBA determined that, under existing legislation, the Agency can offer more flexibility and new financing terms to make it more attractive for SBICs to invest in businesses in low and moderate income (LMI) areas. Specifically, SBICs making LMI investments will be eligible for a new type of federally guaranteed loan to augment their capital for business investment. Interest on the guaranteed funding will be deferred for the first five years of the 10-year term to give SBICs more time to nurture their investments in small businesses before they must produce a return. In addition, SBA will conduct an aggressive outreach campaign around the country to promote LMI investments.

<u>*Budget impact:*</u> ***No new loan subsidy budget authority is required for this initiative as the SBIC debentures program has a 0% credit subsidy rate. However, the commitment level for the SBIC debenture program must be increased (from $640 million in FY 99 to $800 million in FY 2000) in order to ensure that the new targeted activity does not crowd out activity by traditional SBICs.***

<u>**New Markets Venture Capital Firms (NMVCs)**</u>. There are thousands of inner-city and rural entrepreneurs who need both capital and expert guidance to transform their small businesses and great ideas into thriving companies. SBA will select ten-to-twenty NMVC firms whose management has successful records in community-based venture capital. The equity funds of private investors will be matched with loan guarantees of up to $10 million per NMVC, with interest on the debt deferred. Investors must also provide at least $1.5 million in technical assistance over five years to the target firms, matching SBA's grants of technical assistance. The program should provide long-term, patient growth capital and facilitate critically needed technology and management skills development for smaller businesses in new markets.

<u>*Budget impact:*</u> ***The NMVC firms will cost $15 million in credit subsidy for loan guarantees (at a credit subsidy rate of 15%, allowing $100 million in government guarantees) and $30 million for technical assistance grants.***

<u>**New Markets Lending Companies (NMLC)**</u>. For the first time in many years, SBA will approve approximately 10 new non-bank lenders -- firms authorized to originate loans under SBA' s largest loan program -- the 7(a) General Business Loan Guaranty program. Under the 7(a) program, SBA guarantees up to 80% of a loan that is made by a lender to a creditworthy small business that cannot otherwise secure financing on reasonable terms. The firms selected must have a strategy to target their lending to underserved areas.

<u>*Budget Impact:*</u> ***No additional budget authority is necessary to license these new non-bank lenders.***

<u>**Continued Growth for CDFIs.**</u> Community Development Financial Institutions (CDFIs), locally-based institutions with expertise in lending and investment in underserved areas, represent an important vehicle for greater investment in new markets. The federal contribution to building these institutions must continue to grow.

<u>*Budget impact:*</u> ***The CDFI Fund will cost $125 million in FY 2000, including $15 million for new microenterprise activities under the Program for Investments in Microentrepenuers (PRIME) Act (now pending with***

bipartisan support before Congress) and an increase of $15 million over FY 99 levels.

Microenterprise Lending and Technical Assistance. Microenterprise initiatives in the FY 2000 budget include: (1) PRIME, under which the CDFI Fund will provide microenterprise technical assistance and capacity building program to award grants on a competitive basis to microenterprise development organizations and programs that focus on low-income entrepreneurs; (2) doubling support for technical assistance in SBA's Microloan Program, which links loans entrepreneurs with the provision of training and technical assistance; (3) doubling support for SBA lending to leverage over $75 million in new microlending; (4) doubling funding for Individual Development Accounts (IDAs), to empower lower-income individuals to start a new business, invest in a first home, or save for post-secondary education; and (5) tripling funding for SBA's One-Stop Capital Shops, which offer microenterprise development (including direct access to microlenders), personal finance, and even credit repair services in Empowerment Zones.

Budget impact: ***(1) As described above, PRIME will cost $15 million in FY 2000; (2) SBA's microloan technical assistance and training will cost $ 32 million in FY 2000 (up from $16 million in FY 99); (3) SBA's microlending will cost $5 million in credit subsidy (up from $3 million in FY 99); (4) IDAs will cost $20 million in FY 2000 (up from $10 million in FY 99); and (5) One-Stop Capital Shops will cost $10 million in FY 2000 up from $3.1 million in FY 99.***

BusinessLINC. The President's budget provides resources to expand BusinessLINC -- an innovative public-private partnership launched by Vice President Gore and led by Treasury Secretary Rubin and SBA Administrator Alvarez --to new markets in economically distressed communities. BusinessLINC (Learning, Information, Networking and Collaboration) is designed to encourage large businesses to work with small business owners and entrepreneurs in order to improve the economic competitiveness of smaller firms located in distressed areas, both urban and rural. The funds will be used to leverage private sector efforts to spur new BusinessLINC partnerships at the national and local level.

Budget Impact: ***BusinessLINC will cost $3 million in FY 2000.***

Specialized Small Business Investment Companies (SSBICs). The President's budget will expand current tax incentives to increase the amount of equity capital available to economically disadvantaged people by making it easier for Specialized Small Business Investment Companies (SSBICs) to qualify as tax-favored regulated investment companies.

Budget Impact: ***This change to tax rules will have a negligible budget impact.***