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cc:
Subject: CRA and New Markets

As you probably know, the President spoke to the Leadership Conference on CR and talked at length (mostly extemporaneously) about New Markets but failed to mention CRA., to the great consternation of some of the civil rights groups and of Senator Sarbanes.

Unless the audience is CEOs who will be offended by an attempt to "politicize" the event, we should ensure that POTUS mentions CRA ***whenever*** he talks about New Markets.

Thanks.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release January 29, 1999

REMARKS BY THE PRESIDENT
TO THE U.S. CONFERENCE OF MAYORS

Speaks on CRA

The East Room

9:50 A.M. EST

THE PRESIDENT: Thank you very much for the wonderful welcome. I want to say I am just as glad to see you as you apparently are to be here. (Laughter and applause.) Just looking at you reminds me of why we do what we do. And I thank you so much for your work.

I'd like to thank Secretary Cuomo for his fine remarks, and Secretary Herman who will have remarks in a moment; and Mayor Corradini for your leadership.

Because this is my only opportunity, I believe, today to see the press and to speak with them and with the American people, I hope you will forgive me because I need to make a couple of remarks about some developments in Kosovo at the beginning.

You remember that two weeks ago there was a massacre in the village of Racak. After that, we insisted that the Serbian authorities stop their repression and meet their commitments. Today, Secretary Albright forged an agreement with our Contact Group allies -- France, Germany, Great Britain, Italy and Russia -- on a common diplomatic strategy to achieve compliance with the rules of the international community. With our allies in NATO, we stand ready to back that strategy with the threat of force.

Our goal is not merely to respond to the recent atrocities in Kosovo, but to help resolve the conflict so that the violence can end for good. The Contact Group has now approved the terms of an interim agreement that would do just that -- by protecting the rights of all the people of Kosovo and giving them the self-government they clearly deserve.

Both sides now have an opportunity to stop a war that neither side can win, and to start building a better future for all the people by peaceful means. To that end, the international community has sent a clear message to the authorities in Belgrade: The time for denial and delay is past. NATO is united and ready to act if you don't. (Applause.)

I want to thank, again, Mayor Corradini, Mayor Webb, Mayor Coles for greeting me. Like Deedee, I want to say how much I appropriate the work that Mickey Ibarra and Lynn Cutler do to bring the mayors and the White House together to give us, I think, a virtually unprecedented working relationship. And I intend to keep it going.

I want to thank all the members of the Cabinet and the administration who are here. There is a stunning array -- the whole government is here on the front row. I hope there is no emergency in any department today while we are all here. (Laughter.) I feel rather badly about this -- they've probably heard this speech a hundred times before. But I thank them. I think their presence here is evidence of the seriousness with which we take our responsibilities to work with you.

I also want to thank Mayor Corradini for her leadership on the census. I know we may have some questions about that later, but just let me say the Supreme Court struck down the use of sampling for congressional apportionment among the states. It reaffirmed our use of these scientific methods for other purposes. We remain committed to making the 2000 census both accurate and fair, and we are working very hard, as Secretary Daley is working very hard to try to determine how we can best do that and have the most useful and accurate census we can.

You know, one of the reasons I ran for President seven years ago is to do something about the then condition of our cities. I also was encouraged by what I saw as visited cities in 1991 and 1992, and I saw even with the country in pretty bad shape, there were places where people were actually solving problems; where hope had returned because change was occurring. And I believed then, as I said in my first inaugural, that there is nothing wrong with this country that can't be fixed by what is right with our country. I have always believed that, and you have proved that that is right.

Now, since 1993 we have worked together, as I have said thousands of times, to create an America in which there is opportunity for all of our citizens, responsibility from all our citizens, and a community that includes all our citizens. No group of Americans is more committed to that than our mayors.

We've had a strategy for the new economy -- to balance the budget, to invest in our people, to sell more of our goods and services around the world. We balanced the budget for the first time in nearly 30 years and still almost doubled our investment in education and training. The strategy has helped to steer our nation through some tough global currents. And as you know, our economy is doing very well.

This morning we received more good news about the American economy. I can now report that in the fourth quarter of 1998, our economy grew at 5.6 percent. (Applause.) For the entire year, the growth rate was 3.9 percent, giving us the longest peace-time expansion in the history of the United States with the lowest peace-time unemployment rate since 1957. (Applause.)

I remember after I was elected, we were sitting around the table at the Governor's Mansion in Little Rock, arguing about our economic strategy. And I had all these folks come in from around the country, and they said, now, Mr. President, you just cannot grow the economy at more than two and a half percent for more than a year or two without having uncontrollable inflation. And I said, well, I'm not an economist, but I know what technology is doing, and I don't believe that. And at least for six years, it hasn't been so. The American people have proved that through productivity and hard work, we can grow the economy, reduce unemployment -- and if we do the right things, by the way, we can also improve the environment, not destroy it.

So this is an encouraging thing. Today we're releasing an interim State of the Cities report that tells the story of economic growth in the cities. Unemployment in our central cities has fallen by 40 percent since 1992; four of our largest 10 cities have cut their unemployment rates in half. We have the highest real wage growth in two decades; the lowest African-American and Hispanic unemployment rates since such things were first measured in 1972; average family income up by $3,500; the lowest crime rate in, now, about 26 years, and a drop in our cities that averages 27 percent.

All of you in this room should be proud of what you have done, and I'm proud of what we've been able to do together. But I would like to reiterate today, in terms specific to the cities and our urban agenda, the general point that I made at the State of the Union address. The present prosperity is an opportunity and a responsibility to make sure that opportunity and prosperity reaches every person in every corner of this country -- into every neighborhood in every city of this country.

If we cannot do this now, with what some people believe is the strongest overall economy in our history, believe me, we will never get around to doing the job. And so I think we should all be very up front and say, this is a dynamic economy; you don't ever stand still in it; if you don't keep going in one direction, before you know it you'll be going in the other. And so what is our clear responsibility is also in the self-interest of all our citizens.

And I hope you can talk to people about that in all your communities. This is not a time to say, isn't this wonderful, and let's take another vacation. This is a time to say all those things that I bet you everybody in this room has talked about and worried about, wrung your hands about, probably for decades before you ever showed up in city government. It's finally a time that we can deal with these challenges. And that's what I have tried to construct a budget to help you do. (Applause.)

Secretary Cuomo sort of brushed by the remarkable role that HUD has played in the last six years, not only in helping you to grow the American Dream in our cities, but also to reinvent the Department of Housing and Urban Development, to make it smaller and able to invest more and have a bigger impact out there where people live.

David Osborne, the intellectual godfather of this whole REGO movement, said that HUD is a model of reinvention in the '90s. The balanced budget that I will submit to Congress will increase the overall HUD budget by $2.5 billion, to $28 billion. It will support HUD's community empowerment fund -- 100,000 new vouchers to make housing more affordable; dozens of other innovative steps. I want you to support this in the Congress. We have to have votes from members on both sides of the aisle in both Houses to pass the HUD budget. (Applause.)

But if we're going to reach every person in every corner of every city, we have to do more, and Mayor Corradini mentioned some of the things, but I'd like to run over them with you.

First, we have to create more economic opportunity. The best poverty program, the best anticrime program, the best urban program is still a job for every person who will work. We've created now 31 empowerment zones to bring the spark of private enterprise to inner cities. The Vice President announced the 20 newest zones earlier this month. I will ask Congress to fully fund this round to help support another 90,000 jobs.

We created a network of community development financial institutions, and we now propose increasing the investment in that. We strengthened and streamlined the Community Reinvestment Act, encouraging banks -- just since we've been here -- to make over $1 trillion in financial commitments, Since the CRA became law in 1975, 95 percent of all the commitments made under it have been made since 1993. (Applause.)

And I hope you noticed that during this period our banks have not gone broke. (Laughter.) I bet the town banker is doing pretty well where you live -- in a big city or a small town. And yet, unbelievably enough, when we are proving it is working, the Community Reinvestment Act is under fire again.

Again, this ought not be a political deal. Every American has an interest in seeing that every economic opportunity in every community is seized. And if it is a good investment, it's a good investment. The banks are not going broke; they're doing well. The Community Reinvestment Act is a good thing. I hope you will help us protect it and support it. Now, even so, capital still bypasses a lot of areas where it's most needed.

I said in the State of the Union, I'd like to say again, today the largest pool of ready untapped investment opportunity and new customers is not overseas, it's in our backyard -- in Harlem or Watts or Appalachia, even our Native American reservations. According to a recent Harvard Business School study, underdeveloped communities in America still control more than $85 billion in purchasing power. That's more than the entire retail market of Mexico, our second largest trading partner.

So I have proposed an initiative to bring jobs and opportunity to the new markets here at home. We should write into law a new markets tax credit -- $1 billion of tax credits over five years, worth 25 percent of the amount of equity placed in investment funds, community development banks and other investment vehicles targeted for these untapped markets.

We should create American Private Investment Companies, modeled on the Overseas Private Investment Corporation, that would provide for guarantees of a portion of private equity investment of up to $1.5 billion a year over the next five years. We should create new market venture capital firms to bring capital and technical assistance to small businesses in distressed areas.

Thousands -- literally thousands and thousands of opportunities of entrepreneurs in this country just need a little capital and a little guidance to expand their businesses and to create new jobs. All told, this New Markets Initiative will bring $15 billion in new private sector investment, our most significant opportunity in years to break the cycle of poverty and joblessness in the neighborhoods where unemployment is still too high. And that 5.6 percent does not mean anything. I ask you to help me make sure it means something from now on to every American in every community. (Applause.)

We have to do more. I announced in the State of the Union that welfare is at its lowest level in three decades. Caseloads have been cut nearly in half. That's the good news. The bad news is that the remaining number of people on welfare who are able-bodied and who are required under the law to seek work will very often be harder to place, at least in terms of either their education level, their skills level, or their difficulty in getting transportation to work; or perhaps they have more children and therefore it's more difficult to support child care.

And yet we have seen evidence -- I think either Secretary Shalala or Janet Yellen in one of the weekly economic reports quoted a report to me recently which said that we had some evidence now that even hard-to-place -- people that you would type as hard-to-place welfare recipients -- are actually being placed, being trained, and doing quite well, thank you, where the unemployment rate is low and the markets are so tight that employers had to go out and train them and provide the kinds of tools necessary to give them a chance to go to work.

So again I say, I think it is very important that no public official get up here and disempower hundreds of thousands of Americans by saying, well, now we have creamed everybody off the top and these other folks, we'll just have to give up on them. If we had time, I'd have my Mayor here -- my new Mayor -- come up here and tell you his life story. Thank God nobody gave up on him.

So I ask you to help me pass this provision of my budget, which would help us to give another 200,000 people the dignity of work, and reinforce the New Markets Initiative by making sure people are actually able to work if we can get the investment opportunities to them.

We have to do more to clean up abandoned industrial sites and redevelop them. My balanced budget proposes and Abandoned Buildings Initiative that will help you accelerate your efforts to clean up brownfields and deal with sites with old and unused buildings, and turn them into places of opportunity.

Now, every one of these initiatives will require Democrats and Republicans to work together to get through Congress. And every one requires Congress to act; I do not write the checks in America. (Laughter.) So I need your help, across party lines. These things should be American initiatives. They relate to human potential, and private initiative, and private sector investment.

Second, we have to do more to keep our cities safer. I thank the Mayor for what she said about your position on drug testing. I don't think people ought to be paroled in the first place unless they've been tested and they're drug-free. And I believe when they're on parole, if they had a drug problem in the first place, they should have to be tested and should have to stay drug-free to stay out of prison, because I think it will keep your cities safer. (Applause.)

You look at the numbers that the Attorney General gives me all the time -- just look at the federal prison system, and the way that it's grown, and the number of people there who are there because of drug-related offenses, and the numbers are bigger and the percentages are worse in state facilities. And I despaired for a long time -- I ran a big prison system when I was a governor for 12 years, and I dramatically increased the size of it. And every year I got sicker and sicker to see great world-class facilities being built according to federal court guidelines for my prisoners, while my kids were going to school in second-class facilities, many of which were too old even to be hooked up to the Internet. (Applause.)

But the point I want to make is this: I don't favor putting people in inhumane conditions, but I think we're wasting our time if we think we can keep jailing our way out of this situation in the same old way. That's the point I'm trying to make. (Applause.) And we'll have more to say about that later. But let's begin with first things first, with this drug testing initiative.

Secondly, with, I think, the superb partnership between the Justice Department and the local communities, we're going to achieve our goal this year of those 100,000 community police, under budget and ahead of schedule. I wish I had a list of everything everybody who ever voted against that bill in 1994 said. "Oh, this will never work." "Oh, what will happen?" "Oh, the mayors will hate you for doing this." "Oh, how can you do this?" I wish I had a list of all that stuff. (Laughter.) The people who were opposed to that, they practically swole up and died when it was passed. You would have thought it was the worst thing that ever happened. (Laughter.)

And I am so grateful to you for what you have done with the police program. We worked with you all the way, you and your law enforcement officials. I'm going to give a 21st century crime bill to Congress that will focus on, now, how we can make our communities even safer.

It's fine to say that crime is at a 30-year low; if you're a victim, it's still too high. And no one really believes that the United States, compared to other countries, is a safe country yet. We still have more to do. And no one seriously believes that we can really get private investment into all those places that have been left behind until we get the crime rate down. So part of it involves the drug strategy. Part of it involves, I believe, more police resources deployed in the toughest areas. And the budget we have will help our communities to hire or redeploy somewhere between 30,000 and 50,000 police.

And we had the 100,000 number down quite good, we thought, and we were being conservative, and now we know we're going to get there ahead of schedule and under budget. The reason I give you this rather flexible number -- and I said up to 50,000 in the State of the Union -- is, obviously, it depends upon where those toughest neighborhoods are, and what the cost per police will be in the neighborhoods where they're deployed. Obviously, you know from the other program, we'll do our best to create the largest number of police possible as quickly as possible to do this.

We also want to enlist probation and parole officers, school officials, faith-based organizations in active attempts to prevent crime in the first place. We want to give your police more high-tech tools to fight crime, from digital mug shots to crime-mapping computers in squad cars. For years, we have seen -- you can see in any movie, drug dealers using pagers, scam artists using the Internet, gangs with high-tech weapons. I think the police ought to have access to the same technology that their adversaries do. (Applause.)

I also thank you for what you're doing to take guns out of the hands of criminals, and I ask you not to relent. There is still almost -- and it's still bewildering to me, but there is almost a culture war still going on out there over all these issues. I ask for your support as we seek to restore the five-day waiting period for buying a handgun, to extend the Brady Bill to violent juveniles, to pass legislation to require child safety trigger locks. These are three things we can do to save lives.

No one is trying to stop anybody from their legitimate right to hunt or have weapons, but we need to pass these bills. And I ask for your support. (Applause.)

The third thing we need to do is keep working on these schools. Now, as all of you know, we not only have the most diverse student population in history, with one in five of our children with -- I'll say it again -- one in five of our children -- in school from immigrant families. We have 53 million kids in school -- the largest number ever. Secretary Riley loves to say that number, and then to look at me and say, well, you baby boomers are not the largest generation. (Laughter.) And I think that's good because when all those kids get out of school there will be more of them than us and they'll be able to support me in my old age better. (Laughter.) I hope. (Laughter.)

Now, there are a lot of good things going on in our schools. I've been in the schools in some of the communities here present. Test scores are up across the nation. But I'll just -- I'll give you one -- I don't want to bore you with statistics, because I could talk about education all day long, but I just want you to think about one thing. What does it say to you that on these international tests, comparing the performance of our children in math and science, our kids -- a representative sample of our kids, by race, by income, by region -- a representative sample rank a the top of the world on the 4th grade test, drop to the middle in the 8th grade, and are near the bottom in the 12th grade?

These children are not dumb. The system is failing them, not the other way around. And I think it's important for us to recognize that. Although you've got all of these dedicated teachers out there; you've got schools where everyone is succeeding, where they're all doing well on these exams, where they're all going to college.

Dick Riley and I have been working for more than 20 years together on education now, and I always told him -- I always considered to me the most frustrating thing to me about working in education is that every single problem has been solved by somebody somewhere. And we have simply got to do a better job of replicating success.

We need to finish the job of hiring 100,000 teachers to have class size smaller in the early grades, or we'll start losing the ground we've gained, with all these kids coming into school and all the teachers retiring. So we made a big down payment on 100,000 teachers last year. We need to continue that. We ought to pass the bill that would enable you to build or modernize 5,000 schools. That's very important. (Applause.)

But, again, I say we should -- we have to reauthorize the Elementary and Secondary Education Act. And I'm going to propose a dramatic change, and it will be very controversial, maybe right across the political spectrum, because I think that we now know what works -- we know that there are great schools in every state in this country; we know -- I've been in city after city, including this one, where I have been blown away by the performance of some schools, even as I get dismayed by the overall numbers. It is time the United States government started investing in what is working and stopped investing in what is not. (Applause.)

Again, I am quite sure I'll here the same thing I heard when we passed the crime bill -- you know, you're trying to decide what they do at the local level. That is not true. The crime bill, as all of you know, was, in effect, written by your local police chiefs and prosecutors and mayors. They came to us and they said, this is what works. And Senator Biden and others put together a bill that reflected what you were telling us.

There is nothing in this Education Accountability Act that we have not been told at high decibel levels by local educational leaders over and over and over again. And I ask you, if you know -- and everyone of you know this is true -- if you know that every problem in American education has been solved by somebody somewhere, and you know there are certain common elements to the solution, just as there have to be -- and you when you run your cities -- a tailor-made construction of it, depending on the facts -- but if you know there are common elements, how in the world can you keep giving people a check whether those elements are there or not?

If you know that we're not spending as much money as we should in education, how in the world can you justify not spending the money we are spending as well as possible?

This is very serious. Now, you can help us to pass this. But I think it is absolutely imperative that we say: no social promotion; quick action to turn around failing schools; qualified teachers; report cards on schools; discipline codes; don't say that kids are failures, fix the system. That's why -- Deedee mentioned this -- we want to triple the funds that you get for the after-school programs; more investment for the summer school programs.

We know these things work. We know they work. We know they work in the poorest neighborhoods, we know they work in circumstances where people say that you can never turn these schools around. We know they work. We have no conceivable excuse for continuing to invest in what doesn't work, and for not investing in what does. I implore you to help me pass a different way of sending federal funds to invest in our children's future that will work. (Applause.)

I also ask you to help me pass the rest of the budget so we can hook up every classroom and library to the Internet. We're going to start getting the E rate that we fought so hard for, so our classrooms, even in the poor neighborhoods and libraries, can afford to hook up to the Internet. To support the America Reads program: We now have 1,000 colleges with young people out in our grade schools helping kids learn to read. To support our Gear Up program: We've got mentors now going into middle schools not only to tutor and mentor our children, but to get them to start thinking about going to college and to start telling them when they're in middle school, look, here's what the law is, here's what aid you can get, here's what the scholarships are, here's what the Pell grants are; you've got to start thinking about going to college.

I see Mayor Rendell back there -- this whole thing was the brainchild of Congressman Chaka Fattah from Philadelphia. And he and I were together with Chaka and a bunch of young kids from the inner city not very long ago, just sitting around drinking a Coke with them. Every single one of those kids wanted to go to college. Every one of them -- and intended to go, and believed they could go. And we need to do that everywhere in America.

Fourth, I'd like to talk just briefly about the preservation challenge you all face. I talked about this at some length in the State of the Union, but we're losing 7,000 acres of greenspace and farmland every single day. So I have proposed this billion-dollar livability agenda to help you save open space, ease traffic congestion, grow in ways that enhance the quality of lives of your citizens, including the Better America bonds. Carol Browner was telling me yesterday, you kind of like those Better America bonds -- it's a tax cut to leverage $9.5 billion in private investment to clean up brownfields, to have clean air, and to do some other things that I think you know will be very important. So I hope you'll help us to pass it.

I hope you'll support our billion-dollar Lands Legacy Initiative, to preserve places of natural beauty all across this country from the most remote wilderness to the nearest city park.

Now, if we can continue in this direction -- in expanding economic opportunity, and in improving education, and fighting crime, in making our communities more livable -- we can do better. Even though times are good, we can do better. We can do much better. And we can reach all those neighborhoods and all those people to whom these statistics don't mean a thing because they haven't felt them. And it's in everyone else's interest because that's how we'll keep the overall American economy growing.

Let me just say, parenthetically, I hope you will all support my proposal to set aside the surplus until we fix Social Security and Medicare -- (applause) -- not all of it, but most of it -- and to do something that we never think about in America, which is paying down some of the debt. The reason I want to do that, especially now, is, you know about all this turmoil overseas; you know how a lot of countries are being punished for having big deficits; you know what will happen if we have to have -- either they start having terrible inflation problems or have to have astronomical interest rates. They won't be able to buy as many of our products, and we'll have to develop more within our country.

If we fix Social Security and Medicare -- and do it by actually saving money until we need it, so while we're saving it we're paying down the debt -- that will keep our interest rates low, and it will free up money that people in the private sector would otherwise spend buying government debt, to invest in your cities and in your neighborhoods.

So this is a very important part of this whole economic strategy. If the world economy resumes growing, we'll grow even faster. If the world economy -- and about half the world is in a recession now -- if the world economy stays in trouble, we have to find ways to keep growing, and one of the ways we can do it is to free up more private sector money for private sector investment to create jobs. So I hope you will support that as well. It will have a direct impact on your economic well-being, as well as, obviously, it is of concern because you want your seniors to do well and to be -- this generation of seniors is fine, but you want them to do well in the future also.

Let me just make one last point. I know the First Lady is coming over here to talk later today about the millennium. We established this White House Millennium Council as an inspiration for communities and individuals. We've done a lot of things here. We've helped to save the Star-Spangled Banner and Thomas Edison's home and other things around the country. We've had these White House Millennium Evenings -- they've been utterly fascinating. The famous physicist, Stephen Hawking, came over from England and talked to us about the nature of time and black holes in the universe, and all these things we'd find out in the 21st century that I could barely understand. It was fascinating.

We had, early this week, we had two historians of religion come and talk about what the millennium meant to people, from a philosophical and religious sense a thousand years ago, and what it might mean today. Wynton Marsalis came and conducted a seminar on the history of jazz, and how it embodied this last century and what it might mean for the next century. These things have been fascinating. But the millennium will never have its full meaning to us unless it is played out in every single community.

Now, I know most of you are planning to do something, but I would urge you to plan more than a celebration on New Year's Eve. You will all be invited by her to receive national designation as Millennium Communities by launching projects to save your history, honor your arts and humanities, prepare your children for the new century. I hope you will do that.

Often, when a century turns, it marks a turning point in how people see themselves in the world. Maybe all we do is catch up to what's already going on, but it gives us a chance to sort of stop and think, and try to see patterns in our existence. If you look at the turn of the last century, we now see that it was a time of enormous creation and identification by cities: The world's first Columbian Exposition in Chicago; the unification of the five boroughs of New York; the rebuilding of San Francisco after the earthquake. In the early years of the 20th century, America really became a melting pot.

I heard a fascinating story with a friend of mine the other day. Both his sets of grandparents were Italian immigrants, and his grandfather died right after he came over here, leaving his grandmother homeless with five children, including his mother, the youngest of the children. And we were talking about this incredible dilemma his mother faced because there were homes for orphans, but no places for five kids with a single mother, and how, at the last moment, when they were destitute, she was rescued by this community church in Philadelphia. It was a very moving story.

But we now have this in our consciousness, and we know that the 20th century, basically, was the urbanizing, the industrializing of America, a new wave of immigrants coming in, and how we had to meet those challenges. And this time gives us a time to think again. We can create the community of our dreams in this country at the turn of this century. And the magnitude of the moment is heightened by the fact that it is also the turn of a millennium.

But we must not see our present prosperity from the perspective of self-satisfaction. We should say, thank goodness we happen to be in positions of responsibility, when we have an opportunity the people who came before us never had.

Do you know how many people were mayors of your cities? Or who held the office of President, in this century, who would have given anything -- anything -- to have had the chance to do what is right before our eyes? I think we ought to do it.

Thank you very much. (Applause.)

END 10:30 A.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 5, 1999

REMARKS BY THE PRESIDENT
AND THE FIRST LADY
AT MICROENTERPRISE EVENT

The East Room

2:20 P.M. EST

MRS. CLINTON: Welcome and please be seated. The President and I are delighted to have you all here for the second presentation of the Presidential Awards for Excellence in Microenterprise Development.

Each of today's awardees is showing the power of microenterprise, the power to transform welfare checks to paychecks, poverty to economic growth and income, despair to hope. Later in the program we'll hear from Carol Willoughby, who will tell us how her life and family was forever changed by microenterprise.

I had the chance to see Carol's work firsthand at a speech I gave last April at a microenterprise meeting. She had made the banners hanging behind the podium -- or, rather, I should say, her company had made them because with opportunity and hard work, that's what she has created, a thriving business. And the name of that company, as you've heard, appropriately enough, is Let The Whole World Know.

Well, when it came time to pick someone to participate in this program, it was a very difficult choice because the stories from all of these award winners are going to really warm your heart and make you understand our commitment to microenterprise. But Let The Whole World Know really sounded a theme that we wanted to make sure could be sounded here.

There are many people in this room who have worked for years to make this day possible, and I want to recognize and thank them, starting with Secretary Rubin, who has led the Treasury in exemplary ways at the micro level, but also understood the importance of the micro, as well as the macro. And so I'm grateful to him and the work that's been done at the Treasury Department.

Senator Don Riegle, I believe is here -- former Senator -- and Don, thank you for the work you did in championing the Community Development Financial Institutions Fund while you were in the Senate. And there are other members of Congress I want to thank: Senator Harkin, Senator Kennedy, Senator Wellstone, Congresswoman Eleanor Holmes Norton, Congressman Oberstar.

And as well as our officials from the Congress, we also have the Lieutenant Governor of Iowa, Sally Pet-rson, and a number of the agency heads who are responsible for the government's microenterprise program, starting with USAID Administrator Brian Atwood, as well as the Deputy Administrator, Hattie Babbitt; Small Business Administrator Aida Alvarez; CDFI Director Ellen Lazar; the Director of the National Economic Council, Gene Sperling; Mary Ellen Withrow, the Treasurer of the United States; and a former OMB Director who was on the team for microenterprise, Frank Raines.

I want to thank all of you, and the people you work with, for the extraordinary job you have done.

You know, many of us have heard about microenterprise over a number of years. Bill and I were trying to determine when we had heard about it -- and as we get older it seems harder to remember. (Laughter.) We think it was somewhere in the early '80s, somewhere between '84 and '86. And we had heard about this because it was an idea that had been transplanted from Bangladesh to the South Shore Bank in Chicago, a place that I am very familiar with. And I was very anxious to learn more about how microenterprise was transforming both rural areas, among some of the poorest people on our planet, and urban areas in our own city.

I have been, now, around our country and around the world, meeting with people who are the recipients of microenterprise awards. And I have been just struck, time and time again, by the heroic stories that they tell. I'll never forget the look of pride on the face of a woman I met from Guatemala, who told me that with the help of a small loan, she had gone from being a mango seller on the streets to owning a market stall, and eventually running a small business with 15 employees. So from the time she had started on the streets selling mangoes, to the age of 12, she had had a long, hard effort of a lot of work, but it paid off. And she told me with great pride that she was sending her son to college in the United States.

In Western India, I walked into a women's bank, which had only one room and the teller's counter was an old kitchen table and bank clerks transcribed all of the recorded transactions by hand on yellow sheets of paper. But while I was there I met women who walked 12 to 15 hours from remote villages to take out loans -- some as small as $1, to invest in dairy cows, plows or goods to sell at market. These women were among some of the poorest and least educated of all Indians. But their loan repayment rate was nearly 100 percent, and they told me what they had done with their loans and how that had transformed their lives, enabling them to give their children better housing, health care and other opportunities.

I was also very pleased last year in Africa when I accompanied the President and the President of the Uganda to a microenterprise site in a village some distance from the capital of Kampala. I don't think that a head of state had ever visited a village site of a microenterprise group, and I know that two heads of state at the same time have never done that. (Laughter.) And I was delighted that both the President and President Museveni had the same reaction that I always have -- a great deal of interest and a great deal of pride in what they were hearing on behalf of the people who were telling their stories.

But microenterprise had not only transformed lives abroad, they are transforming lives right here at home. I remember visiting the Mi Casa Microlending Program in Denver and speaking to a group of women who told me about how they had had good ideas, but they couldn't get any capital anywhere. One woman memorably remarked, you know, a lot of good ideas die in the parking lots of banks. (Laughter.) She said, you know, I knew I was a good baker, I knew I could open a bakery, I knew I could employ people -- but I didn't have any collateral and the amount of money that I wanted was below the lending limit of the bank. Well, thanks to microenterprise, she was doing what she had dreamed of.

The origin of these awards go back to the United Nations Fourth World Conference on Women in Beijing, when I pledged on behalf of the President and the administration a commitment to spread microenterprise and microlending through our nations; and also to have these awards, as well. We've now seen the fruits of that effort, from one end of our country to the other and you're going to hear about some of the exemplary programs in just a few minutes.

I believe that this is part of the President's strong initiative to try to bring free enterprise and capital development to those parts of our country that are still left out. You know, we've done extraordinarily well thanks to the leadership of the President and the Secretary of Treasury and the others in the administration.

But we still have a ways to go in some of our inner- city neighborhoods in some of our rural areas, and in some of our Indian communities, particularly. So what we're trying to do is to say we want a multi-pronged strategy to provide economic opportunity to every American willing to work hard to achieve it on his or her behalf.

And no one understands the importance of the free enterprise system, and the need for us to spread its benefits to every American, than someone who has worked tirelessly over the past years to ensure that every American would have an opportunity to be successful. And it is my great honor and personal privilege to introduce to you the Secretary of the Treasury, Bob Rubin. (Applause.)

* * * * *

THE PRESIDENT: Thank you. Carol, you better watch it, before you know it you'll be running for office. (Laughter.) What a remarkable statement -- thank you so much.

I'd like to take a little -- a few moments more than I normally would by way of introduction today. Hillary and I and Bob Rubin are real happy today, because this is one of the things that I ran for President to do. To see these stories, to see the spirit, and to see the potential.

I want to thank Secretary Rubin. You know, I used to tell a joke about Bob Rubin. He's been here a long time now, and he left this fabulous career on Wall Street. And I used to tell everybody that I asked Bob Rubin to come to Washington in 1993 to help me save the middle class, and by the time he leaves he'll be one of them. (Laughter.)

SECRETARY RUBIN: That always seems a lot funnier to you, Mr. President. (Laughter.)

THE PRESIDENT: Yes. I don't know how much it's cost him to stay here these six years, but one of the reasons that I really wanted him to come is that when we -- even in the beginning, when we began talking about these matters in '92, he always said, you know, I'd like to get the economy going again and working again, and then we could maybe really do something for poor people in this country. Maybe we could really bring the spirit of enterprise to all these places that have been left behind.

I don't know how many Secretaries of the Treasury in our country's history have ever had that sort of driving passion. But I know we had one, and he's done a magnificent job. And I'm very grateful to him. (Applause.)

I want to thank Senator Harkin, Senator Kennedy, Senator Wellstone, Congressman Oberstar, Congresswoman Eleanor Holmes Norton for supporting this economic vision so strongly. I thank former Senator Riegle, who is here, who was the committee chairman who helped us to make this a critical part, this whole microenterprise, a critical part of our economic strategy way back in 1993.

I welcome Lieutenant Governor Sally Pederson from Iowa; we're delighted to have her here with her honorees. I want to thank our former OMB Director, Frank Raines; Mary Ellen Withrow, our Treasurer; Ellen Lazar and others who have supported our efforts here. A special word of thanks to Aida Alvarez and Betsy Myers and all the other members of her team from SBA who are here. And to Brian Atwood and Hattie Babbitt and the others from AID -- I believe that under our administration we funded 2 million of these small microenterprise loans, from Africa to Asia to Latin America, last year.

There's one group of people who have not been acknowledged -- and Hillary and I were talking about it -- who were out there ahead of the federal government for years, without whom microenterprise never would have really taken off in America, and that's all the members of the foundation community. I'd like to -- all the representatives of the foundations that are here that have supported microenterprise lending, I'd like to ask you to stand, please, and be acknowledged. Thank you. Thank you very much. (Applause.)

And I'll say more about this in a minute, but this whole issue has been a passion for the First Lady for, as she said, about 15 years. We had a friend who was working at the South Shore Bank in Chicago, which had a microenterprise loan program. We went there, we saw what they were doing.

Then in 1984 I was able to meet, here in Washington -- I was here at a governor's meeting, I'll never forget it. I got up early one morning and had breakfast with Muhammad Yunus, who had been trained as an economist in the United States and then gone to Bangladesh and set up the Grameen Bank. Hundreds of thousands of loans had been made -- market interest rates -- very tiny loans, almost all to poor village women. The repayment rate was better than the commercial banks in Bangladesh, and it changed my thinking about this forever.

And then Hillary scrounged up some foundation money, and other money, and I squeezed some out of the Arkansas legislature and we started a development bank with a microenterprise program in Arkansas. And after I became President, she literally has gone all across the world. She's been in small villages on every continent, where people like her never go.

And I should tell the rest of the story because I don't think President Museveni would object. I have the highest regard for the President of Uganda. He's one of the most intelligent and effective leaders of any developing country anywhere in the world. But when we were walking on this little rocky pathway into this village to see all these village women who now had their own businesses, he looked at me and he said, that's some wife you've got. He said, until you showed up here I didn't even know we had these programs in our country. (Laughter.)

So, without her we probably wouldn't be here today. And I'm very, very grateful for everything that Hillary has done to champion this cause. (Applause.)

I also want to say a word of appreciation to Carol and all the other small business owners here. It takes a lot of courage to run a small business. Hillary and I have talked about this a lot -- she talked to me about one time when she was a high school girl she worked in a small business in her home town, and there were days when no one came in. Every day, if you open a small business, you feel like politicians feel on election day. (Laughter.)

I'll never forget -- I can't remember, one of the great old Hollywood moguls said, you know, if you make a bad movie, the people will stay away and you cannot stop them. (Laughter.) Which I think is a great -- so I want to thank all of you for having the spirit of enterprise and the vision and the courage.

This whole country is basically built by entrepreneurs, whether they're in Silicon Valley or young investment bankers in Manhattan or people running the street-vending operations out here for the tourists in Washington. The genius of actually being able to have an idea and act on it, and having people respond to it and invest in it and be your customers and, as Carol said, in a way validate your ideas, your character and your hard work, it's the whole secret of America.

And because of the strength of our economy, I believe we have an obligation to give that opportunity to everyone. Just this morning we learned that what is now the longest peacetime expansion in American history has grown longer. Last month our economy created nearly another quarter-million jobs, and unemployment stayed at 4.3 percent. That's the lowest peacetime rate since 1957. Wages now rising at over twice the rate of inflation; again, unemployment rates among Hispanic and African Americans dropped to their lowest recorded levels ever.

Now, if we cannot expand opportunity into every corner of America now, we will never get around to it. We have an obligation now to spread the spirit and the opportunity for enterprise to all the American people. As you've heard from others, we've been working on this for six years now -- working to bring opportunities to some of our most distressed communities, with an agenda of empowerment. That's what we celebrate here. Not a hand out, a hand up. This microenterprise program is the embodiment of empowerment.

We know -- and I was so glad to hear what Carol said about self-esteem, because sometimes a crisis of economic distress is a crisis of the spirit as well; a shortage of confidence that is just as debilitating as a shortage of cash. And these stories today -- I want all of you to imagine not only the economic success, but what it has done to these people's lives. There are stories like this all over America and all over the world.

What does it mean to a single mom's life when she goes to the mailbox in the morning and sees a bank statement instead of a welfare check? What does it mean to a child when he or she can go to school and say, when they ask, "What does your mother do for a living?" -- she owns a beauty shop? What does it mean to a neighborhood when, all of a sudden, an old building that has been vacant for 10 years has a "help wanted" sign out in front of it?

This is about more than economics. And through our network of community development banks -- or CDFIs, as we call them, community development financial institutions -- through the strengthened and streamlined Community Reinvestment Act -- and I will say that even though that act has been on the books for more than 20 years now, 95 percent of all the investment under Community Reinvestment has been done in the last six years, in our administration. And I'm proud of that. (Applause.) And the banks are doing quite well. (Laughter.) They're doing well by doing good. And it's important to remember as the debate develops this year about that. And through these empowerment zones, we've seen the steady expansion of opportunity.

Last month, as the Secretary said, I announced this new markets initiative, to spur even more private investment in under-served areas. And we want to reach -- building a bridge from Wall Street to Harlem to Appalachia, to the Mississippi Delta, to South Texas, to Pine Ridge, South Dakota -- everywhere there are opportunities still untapped.

Today I am proud to announce that, as a part of our budget, we would more than double our support for microenterprise in America. We would continue our -- (applause) -- thank you.

We also want to continue our efforts to promote microenterprise abroad, especially in the nations that have been hardest hit by the global financial crisis, or by our neighbors hit by natural disasters. And I think that is very important, because we are giving courage and awareness to other governments, and other countries, to do more for their own people in this regard.

First, we recognize that, for the vast majority of micro-entrepreneurs, good ideas and credit are just the beginning. A little guidance -- lessons on accounting, billing, planning -- those things are essential for any business to thrive in a complex economy. The budget doubles the Small Business Administration's capacity to provide such training through its micro-loan program, triples support for SBA's one-stop capital shops, which offer micro-lending advice and other assistance in disadvantaged communities. I'm also proud to support the bipartisan program for investments in micro-entrepreneurs -- the PRIME Act, sponsored by Senator Kennedy and Senator Domenici from New Mexico, Representatives -- (applause) -- and Representatives Rush, Leach and LaFalce, so that we can expand our technical assistance through the Treasury's CDFI fund.

Second, we want to make even more credit available to low-income Americans with good business ideas. That's why I'm proposing to leverage more than $75 million in new loans by doubling our support for the SBA's micro-loan program. (Applause.)

Third, we want to keep encouraging Americans to save some of their own hard-earned money, to start or expand businesses. Last year, I was proud to sign new individual development accounts into law, fulfilling a campaign pledge from 1992, and thanks in no small measure to the leadership of Senator Tom Harkin from Iowa and former Senator Dan Coats from Indiana. We thank you very much, Senators, for that. Thank you. (Applause.)

For those of you who don't know, these individual development accounts -- IDAs -- are special accounts that provide federal matching funds to low-income Americans who save money to invest in their business, buy a first home, pay for a college education. I want to double support for these accounts in our budget.

Next, we will continue to lead the world through USAID to promote microenterprise for millions of families to get out of poverty in other countries. The recent local financial crisis and the hurricanes in Central America and the Caribbean have literally upended the lives of tens of thousands, hundreds of thousands of people. As you have heard from the First Lady's account, we have seen firsthand how these loans -- sometimes in other countries loans as small at $10, $15, $25, $50 can make all the difference in helping families to get back on their feet.

Our balanced budget will target extra microenterprise assistance to the countries that are in trouble. And to break down the bureaucratic walls that block microenterprise in some developing countries, we'll continue to work with the World Bank and other financial institutions to reform the regulatory structures so we can make more of these loans available. There is a virtually unlimited potential abroad and at home for this, and I keep hoping if we just keep pushing and keep pushing and keep pushing we will reach a critical mass of investment which will explode it and let the whole world know that this works. (Applause.)

And this ceremony today is a part of letting the whole world know. So we come here not only to honor you with these Presidential Awards for Excellence in Microenterprise, but to say to the world that these six organizations whose vision and commitment have made such a profound difference in the lives of the business owners, their employees and their customers are but a small beginning of what we could achieve together in the United States and throughout the world if we work harder to make the economy work for ordinary citizens.

And so this, too, is a part of letting the whole world know. And when you come up here and get your awards I hope that you will not only feel enormous pride, I hope that you will not only feel an enormous sense of rededication to further success, I hope you will feel that you are sending a message to people who will see this all over America, or read about it in their newspapers. And you may be sparking someone else's conviction either that, A, they ought to set up one of these funds, or B, they ought to find one and get a loan.

And I believe that we will continue to see the steady march of progress here. This has the potential to revolutionize not only the lives of ordinary Americans, but the whole way we organize our economy here and around the world.

So, first: For excellence in the category of Access to Capital, the Microcredit Industry Rural Organization. Since 1987, MICRO has provided some $5.5 million in loans to more than 1,000 entrepreneurs living in rural Arizona's poorest Hispanic communities. Accepting this award is Executive Director Frank Ballesteros, and entrepreneur Maria Jesus Gaxiola, a former migrant farm worker who used a $1,500 loan to build her own cosmetics business -- and I might say, she's a remarkable walking advertisement for her success. (Laughter.) Please come up here. (Applause.)

Next, for excellence in Developing Entrepreneurial Skills, the Detroit Entrepreneurship Institute. Founded at Wayne State University, the Institute has worked to teach low-income clients the full range of business skills. Clients can also take advantage of a free computer center, a tax preparation service, and graphic design department to help launch and expand their businesses. Accepting this award is Cathy McClelland, the President and CEO; and Jackie Tucker, who started a successful catering business after training at the Institute. I'd like to ask them to come up now. (Applause.)

Also for excellence in Developing Entrepreneurial Skills, the Northeast Entrepreneur Fund of Virginia, Minnesota. (Laughter.) In the Iron Range, north of Duluth. Serving rural communities throughout a 20,000 square mile area, the Fund offers one-on-one counseling to clients, helping them to tailor their studies to specific needs. Accepting this award is the Fund's President, Mary Mathews; and our star speaker today -- (laughter) -- Carol Willoughby. (Applause.)

For excellence in Poverty Alleviation, the Institute for Social and Economic Development of Iowa. One of the earliest statewide microenterprise efforts in the nation, the Institute -- listen to this -- has helped 90 percent of its welfare clients free themselves from lives of dependency through self-employment.

Accepting this award today is John Else, founder and president; and entrepreneur Rhonda Auten, a former welfare recipient who started her own dance school with help from ISED. (Applause.)

(The award was presented.)

For excellence in private support for microenterprise development, the Corporation for Enterprise Development. For two decades -- through research, public advocacy and technical assistance to microenterprise organizations -- the Corporation has fostered so much of the progress we see today, including the success of three of this year's award winners. We are all -- including all of us in this administration -- profoundly indebted to the awardee, the Corporation, and its founder and chairman, Mr. Robert Friedman. (Applause.)

(The award was presented.)

For excellence in public support for microenterprise development, the Montana Microbusiness Finance Program. As part of the Montana Department of Commerce, this program has helped to launch or sustain a dozen microlending organisations serving communities throughout that vast and beautiful state. Accepting this award are program officer Robyn Hampton and entrepreneurs Kevin and Heidi Snyder, who used a microloan to start their racquetball and fitness centers. They are two walking advertisements for what they're doing, as you can see. (Laughter.) Come on up. (Applause.)

(The award was presented.)

Now, don't you feel better than you did when you got up this morning? (Laughter.) Isn't this great?

Henry Ford -- a small entrepreneur -- once said that the best Americans were those with "an infinite capacity to not know what can't be done." We honor today those kinds of Americans -- testaments to the power of enterprise, and the strength of the human spirit.

I ask you to leave here committed to work in the years ahead to bring this spirit, and this opportunity, to every corner of every community in our land and on our globe.

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

END 3:03 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release December 8, 1993

PRESS BRIEFING
BY
SECRETARY OF THE TREASURY, LLOYD BENTSEN,
ROBERT RUBIN, ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY
AND
EUGENE LUDWIG, COMPTROLLER OF THE CURRENCY

The Briefing Room

1:30 P.M. EST

MR. RUBIN: Hi. I'm Bob Rubin, the Assistant to the President for Economic Policy, and I'm going to introduce today's topic.

The President, as you know, has a broad, comprehensive strategy for dealing with the economic problems of the country for putting the country back on the right track for the long-term. A lot of the legislative and executive actions that have taken place in 1993 have been pursuant to that long-term economic strategy of the President's.

An important component of that strategy is to deal with the problems of the inner city and distressed rural communities -- pursuant to his belief that we must make real progress in those areas if this country is going to be successful in the future for all of us. The reform of the Community Reinvestment Act is an essential building block in the efforts I've just mentioned.

In July the President asked the four banking regulators to reform CRA, to reduce paperwork in process and reward performance, and to get that done by January 1, 1994. We're delighted to report that that has been accomplished on schedule. And in conjunction with the President's Community Development Bank and financial institution legislation, which recently passed the House of Representatives, CRA reform will generate billions of dollars in new lending and extend basic banking services to the inner cities and to distressed rural communities around the country.

Before I turn this over to Secretary Bentsen who, as always, did an extraordinary job in marshalling the resources of the Treasury to deal with this priority of the President's, I would like to thank Chairman Greenspan and Governor Lindsay, of the Fed, Andrew Hove, of the FDIC, and Jonathan Fiechter of the OTS for their substantial contributions to this process. We would also like to give special thanks to Comptroller Gene Ludwig in his efforts to make CRA reform a reality.

With that, I introduce you to Secretary Bentsen.

SECRETARY BENTSEN: If you have any questions about it, the fine print's right here. You're going to have to behave for just a minute.

Let me say that we've developed another element in that program to improve access for all Americans. I think one of the interesting phases of this one is that you saw all four regulatory agencies work together, to speak with one voice on that one. And that makes it effective.

I want to briefly tell you about it and how it fits into the Clinton administration's initiatives for change. We have developed proposed regulations to take the uncertainty out of the Community Reinvestment Act. The heavy lifting on this has been done cooperatively by the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Fed and the Federal Deposit Insurance Corporation. And that effort has been led by Gene Ludwig, of the OCC, and Lawrence Lindsay, of the Fed. Gene is going to be able to give you a great deal of the detail in just a moment.

In a nutshell, what we're proposing to do is to make it easier for lenders to show how they're complying with the Community Reinvestment Act. For those who aren't familiar with the area of banking law, the changes we're proposing are important because banks now have a very clear, quantitative standard by which their compliance can be judged. And that is very important to banks when it comes to ask regulators to approve mergers, new branches and the like.

Before our proposal banks had no certainty what effect the steps they were taking toward community reinvestment would have on applications. What we're trying to do is to make credit more readily available for small business, for small farms and distressed areas of our country.

One of the things that you've had before is a problem -- if you were going to do a small business loan, or you were going to do a large business loan, the cost was almost the same. So the incentive there was for the bank to make the large business loan. What we've tried to do is cut back a lot of the paperwork and the cost on small business loans.

The only thing that ought to matter on a loan application is whether or not you can pay it back, not where you live. There are businesses out there that are safe bets for loans. Those businesses are critical to creating jobs and sustaining the growth we're beginning to see. You see the big headlines when IBM or General Motors cuts out 5,000, 10,000 people; but what you're not seeing is the accretion, the outsourcing, the types of things taking place for small business that don't add up in themselves to large numbers, but in the total have seen an amazing change in the increase of jobs in this country.

What we're seeing is a chance for these men and women out there with dreams being achieved because of the access to more credit. And we think that this regulatory change will make that credit available so we can see more jobs created and deserving Americans see their dreams fulfilled.

Back in March when we were out on the lawn with the President talking about a very active agenda, when it comes to getting the kinks out of financial services regulation and getting money flowing again to credit-worthy borrowers, making change to make our economy work again, we've come a long way and we think we can be proud of what we've accomplished and been able to get in less than a year.

We talked then about breaking the credit crunch, and substantial progress has been made on that front. We promised we were going to get rid of the duplicative regulation in our financial institutions, and we've developed legislation to accomplish just that. We said the Clinton administration was going to get money flowing into community development financial institutions, and we're doing just that. And we also promised by year's end to bring about some sanity in the standards of the Community Reinvestment Act, and this proposal does that.

And with that, let me turn this podium over now to Gene Ludwig, the Comptroller of the Currency on the detail. And he's done a great job on this one -- congratulations.

MR. LUDWIG: Let me ask my fellow regulators to join me up here. With me this morning are Skip Hove, acting Chairman of the FDIC, and John Downey, who's acting for Jonathan Fiechter, while he's out of town for the Office of Thrift Supervision, and Governor Lawrence Lindsay, of the Fed. I'm Gene Ludwig, Comptroller of the Currency. Thank you very much.

Fifteen years ago, Congress passed the Community Reinvestment Act. Passed it to ensure that banks and thrifts served the financial needs of their entire communities; and in particular economically empowered persons of low and moderate income. But the CRA has never achieved its full promise.

During the presidential campaign last year, then-Governor Clinton, responding to the complaints of bankers and community leaders, vowed to reform CRA; to make the law work by emphasizing performance over paperwork. Following up on his campaign pledge the President, last July, challenged the federal banking regulators to breathe new life and new purpose into the law. He told us to rethink the entire system of regulation through which we put the CRA into effect and to make the law work.

The proposed reform package we are unveiling today follows the President's directive and fulfills the promise of the law. It will channel billions of dollars a year in new credit into America's distressed communities, while at the same time reducing unnecessary burdens on banks.

This reform package is the product of five long months of consultation and deliberation. Before we made a single decision on proposing reform, we turned to the people to ask what the people thought what the people needed. We walked through South Central Los Angeles, in a predominantly minority neighborhood in New York City to see with our own eyes and to listen with our own ears to what should be done. We talked with representatives of the Navajo Nation; to bankers, large and small banks, inclusive; to poor people in rural North Carolina and elsewhere. We saw and what we heard shaped this reform package.

By replacing paperwork requirements with performance tests, this package would stimulate bank lending, investment and service in low and moderate income communities. This proposal is not about formulas. Community groups and bankers both emphasized the need for flexibility. So this proposal recognizes the diversity of banks and the markets they serve. It reduces the examination burden, particularly on small banks without reducing their obligation to serve their communities; and it recognizes that regular public participation is critical if we are to achieve the goals of the law.

This reform package reflects not just the thinking of regulators, and I want to emphasize that because we really did spend a great deal of time listening hard at seven hearings -- full days of hearing to what people had to say. But it really does represent the best thinking of the American people. It represents the result, not just of technical analysis, but of participatory government. It stands not at as a policy imposed from above, but as a consensus and a compromise forged among those who will live with its results.

Tomorrow, the board of the Federal Deposit Insurance Corporation will consider issuing the proposal for public comment, and the Federal Reserve will take up the issue on Friday. We anticipate that both regulatory agencies will act positively on this proposal as the Office of the Comptroller of the Currency and the Office of Thrift Supervision has already done.

Although we have confidence that the proposal goes a long way toward building the framework for CRA reform, as we go forward, we will continue to listen -- and I mean listen hard -- to the voice of the people, citizens, community groups and bankers, and we will continue to shape the final rule in response to what we hear.

Let me now review with you the attached summary -- there's an attachment to your handout. It's entitled Community Reinvestment Act Reform Proposal Fact Sheet. The proposed change to the Community Reinvestment Act provides clear and more objective evaluation standards. It eliminates unnecessary documentary requirements and it seeks to improve the consistency of CRA examinations and enforcement efforts. In sum, the new rule emphasized performance, not paperwork. I like to characterize it, it's a reform that emphasizes what you're doing, not what you're saying.

The 12 current CRA assessment factors would be replaced with three tests -- a lending test, a service test and an investment test. And I have right behind me the 12 current assessment factors which are highly subjective and really don't focus on the target of what we're talking about here which is getting loans and services and investments out to our communities. And the simple three tests we will have under the new reform: a lending test, a service test, an investment test. Are you making loans? Are you providing services? Are you making investments? It's really, in the end, just that simple.

Banks and thrifts would no longer be assessed on their method of community delineation, for example. Service areas would be defined by the geographic area or areas around the branch and main offices where the institutions make the bulk of their loans. And the new CRA rules would distinguish between large and small institutions. Independent banks and thrifts with assets of $250 million or less, and members of a holding company with total bank assets of $250 million will be eligible for a streamlined examination. This is a recognition that our smaller institutions simply don't have the infrastructure to do the kind of detailed work that larger institutions do. They would, however, although the analysis will be streamlined, they will be fully responsible for meeting the requirements of CRA.

Large banks and thrifts would be required to report data to regulators on the geographic distribution of their small business loans and consumer loans. Wholesale unlimited purpose banks would be evaluated based on their investment in other -- in or other support for, the community. And organizations and initiatives that they are involved in -- that is, wholesale banks -- would also be considered in their evaluation.

A bank or thrift would have the option of developing a CRA strategic plan to be approved by the regulators under which it would be evaluated. And this is an important development. One thing we learned around the country, both from banks and thrifts, as well as community groups, was the desire to harness the ordinary planning processes of banks as part of this reform. So that when a bank creates its own business plan, one can evaluate it on the basis of its plan and the achievement under that plan. Banks and thrifts would continue to make their CRA ratings public, and the public would have an opportunity to comment on CRA performance.

Finally, under the proposed rule, large banks and thrifts would begin reporting loan data on January 31, 1995, and the new evaluation standards would be mandatory July 1, 1995.

With that, I'd be pleased to take any questions you have.

Q What is the reasoning for defining the $250 million asset threshold? I mean, is that a figure that can be revisited later? The ABA, some people there still believe that that still excludes some of the community banks, and is there anything magic about that number and can you revisit that?

MR. LUDWIG: We looked hard at that number. The -- it represents -- the banks below that number, we are fairly confident will benefit significantly by streamlined examination. The banks above that number, we believe, can comply with the CRA requirements -- the CRA examination in its entirety so that the number in terms of looking at the banks and the size, what geocoding really means to them, we believe that that is a reasonable threshold.

Q And that's final -- or could you --

MR. LUDWIG: No, this isn't -- this comment period is something we're going to be listening hard to what institutions have to say. And we believe it's the right line. We've looked at a number of banks involved and their capabilities, the number of employees they tend to have to draw that line, but we're going to listen hard to what institutions have to say and what the community groups have to say.

Q What proportion of the industry is affected by that 250 million threshold? And the other thing is, do you have a mechanism for what -- is there going to be a new mechanism for enforcing these CRA because up until now only -- not that many banks have ever really had merger applications squelched because of it. But first, just a quick question on the 250 million threshold.

MR. LUDWIG: Could you repeat your question on the 250 million --

Q What proportion of the industry does that represent?

MR. LUDWIG: We believe that it represents roughly -- OR less than 15% of the total assets in banks and thrifts today, less than 15 percent of the total assets. But it probably represents in the neighborhood of about 75 percent of the total banks and thrifts in this country.

Q Okay. And then the second one was the enforcement mechanism for this -- is there a new mechanism for enforcing the CRA contained in here, because up until now, the Fed, for example, has not really denied very many banks merger applications because of CRA.

MR. LUDWIG: Yes, there is a new enforcement mechanism. Where a bank is rated "needs to improve," that is not a "satisfactory," needs to improve one of the lower tests, but not the lowest test, it would have two years, two examination cycles, to improve its rating. If it did not, it would fall back into substantial noncompliance -- the lowest rating. If a bank or thrift is substantial in substantial noncompliance, the regulators for the first time will have the right to use their other regulatory enforcement tools with respect to that institution to cause it to comply with the law.

Q Kind of along that line, what sort of projection would you make of merger and acquisition activity because of this rule change? Do you think it's going to suddenly go up?

MR. LUDWIG: I wouldn't think that it would affect merger and acquisition activity; that is to say, we believe that because this is more objective, it will be easier to judge whether or not there is a CRA reason to turn down an application. And in that
sense, I mean, that's a big positive because you're looking at facts, you're not looking at amorphous documents. I mean, this is 12 factors of just documentary, sort of bureaucratic gobbledy-gook, and we're replacing that with objective facts that will be available to the public, as well as available to regulators.

Q In the lending test, is there some figure or some level at which lending has to occur in certain parts of a bank's market area? What is it about this test that makes it objective?

MR. LUDWIG: We have tried to make this as flexible as possible, but at the same time, as I mentioned, highly objective. And let me tell you what we've done with lending.

The entire CRA reform is very much built on rebuttable presumptions, so that you don't have odd anomalous cases which we found around the country, where a bank had done a good job but somehow got rated poorly, or vice versa.

Now, on the lending test what we do is we have -- I would call it more a screen than a test. There was a presumption that you've passed it where you made it, basically, a two-part test. And the test is, one, are you serving low and moderate income geographies. In the same way, you have the same market share that you do in your service area generally. In other words, basically are you red-line or discriminating against low income geographics --you'd say no; in other words, that's what the screen is about.

And number two, are your loans either disbursed throughout the low and moderate income geographies, or are there a significant number that are targeted in certain areas, because that really reflects what one sees in the banking industry generally. Some institutions, in lending into low and moderate income areas, lend out of their branches and they lend broadly, the way they lend over their general service area. Other institutions have taken to targeting areas in partnership with churches sometimes, in partnerships with community groups to target one segment of that area. We're not going to disadvantage either one.

Q Well, is there some kind of bright line test that says that if a bank doesn't lend 10 percent of its portfolio and -- across this distribution --

MR. LUDWIG: The lines will not be that bright. We have -- one thing going around the country we all learned is this is a -- with more than 13,000 banks and thrifts in this country spread over this huge nation, with different needs and different economic times, to use simply a bright line or formulas or quotas or credit allocation doesn't work, and it creates unintended bad results. So we are not doing that.

Q Is it true, too, that this CRA reform requires new disclosure requirements for small business lending such that it will increase paperwork on a category since that still might threaten entrepreneurial firms lending or the cost of loans?

MR. LUDWIG: I don't think so, no. That is to say we will be requiring the gathering of that data and the public availability of that data.

Overall, over the whole banking system we believe that the burden decreases. And it decreases most substantially in those institutions we believe least able to bear the burden, the smaller institutions.

But the question is not whether there is any burden -- there is burden in making loans -- but whether the burden is productive -- such burden as there is -- and we believe that gathering this data and putting it out for public comment, what's going on, is productive; as opposed to the current situation where you build piles of papers explaining whether you met with community groups, whether you assessed the community, this is the hard factual data you need to assess.

Q But some bankers say that you can't in a simple check box, when it gets down to these really small, tiny entrepreneurial firms, easily say what was the dividing point between getting a loan or not getting a loan and that, again, this increased paper burden of trying to document those might just discourage them altogether from the smallest of the small entrepreneurial enterprises.

MR. LUDWIG: We will be listening real hard in the comment period, but I doubt very substantially whether this will discourage in any --. We are confident this will increase lending. With people, the public, the news media having access to what is actually going on and basing this test on market share will increase competition and increase lending, of that we're confident.

Q Looking just at larger banks, could you say whether or not this would increase the paperwork burden? And I wonder if we can get a comment from everybody up there.

MR. LUDWIG: Sure. I think throughout the whole banking and thrift system it decreases burden overall. I believe that it does, in fact, involve burden. And you're right to say that the burden, in terms of collecting and disseminating the data is the most significant burden, I think, in the system.

But it's hard to assess whether that's -- at any given institution -- less or more. But I will say this, that it is productive as opposed to nonproductive in terms of lending.

GOVERNOR LINDSAY: Well, in addition to what Gene said, I'd emphasize that where the burden is probably disproportionately high now is on the small banks. And they're having their burden eased. We think the larger institutions, which might on net, in answer to your question, be putting out more paperwork, probably A can bear that burden. And secondly, they have a benefit as well in the form of more clarity.

So I very much agree with what the Comptroller said.

Q What will you be doing on Friday, if you would -- there is a notation that you're going to have to consider this issue on Friday -- the Fed? I mean, is there a --

GOVERNOR LINDSAY: The Federal Reserve Board -- we have four institutions. We're going to be going forth, I guess; and what the vote will be on -- the same vote that everyone else has taken, to put this document out for public comment.

Q When do you expect to have the final rule out?

MR. LUDWIG: This will be out for 60-day public comment. We will be beavering away at it as the comments come in -- no rest for the weary. And we'll endeavor to get it out promptly after the end of the 60-day comment period.

Q Will it be out by June, for example, April, May?

MR. LUDWIG: I think June, at the outside, is a fair assessment. But we hope to do much better than that.

Q You said you were confident that this would increase lending. Looking forward five years, could you give us any indication of how much lending will be increased because of this, or how the composition of lending will change? Will there be, for instance, more lending to small businesses or lending to multi-family housing? Will there be more lending across-the-board, or would you expect disproportionate increases in certain areas?

MR. LUDWIG: Ken, you know that it's hard to give a hard and fast rule, particularly on a system where we want to be flexible, we don't want to have credit allocation or quotas.

At the same time, the CRA, for all its flaws, since 1977 it is generally agreed has increased lending in low and moderate income areas by tens of billions of dollars. We're all convinced that this is a material step forward. So it's very safe to say billions of dollars.

Will it improve the small business and the business lending? I think it's really -- almost certainly, yes. And the reason is because this is the first time we will be gathering and disseminating data. And when you take a business organization and you say you're going to be measured on data, you're going to be measured on the facts -- and particularly here in this small business -- for the first time it's going to increase lending.

Q Will you be gathering information just on loans, or on applications, as well, for small business?

MR. LUDWIG: We will be gathering data as proposed on the basis of applications, denials and actual loans.

Q Does this mean that if I am a banker with branches in the inner city, I no longer have to have an employee keeping pins on the map of town to show where the loans are, that it's now going to be judged on dollars and cents and how much money goes where?

MR. LUDWIG: Dollars and cents, and we'll keep the pins. The data will be publicly available and the banker will not have to have a crazy map with pins all over it, which has just characterized this whole process, and spending huge amounts of time documenting every time it meets with a community group and being judged on how many documents it has. It will be judged on where the loans are.

As I said earlier, what you're doing, not what you're saying. I mean, the President wanted performance, not process -- and that's what we've emphasized, what are the dollars -- increase in lending, I think this will do it, and increase in services and investment; and three, a reduction in burden.

Q On the enforcement side, under the current system if you don't comply with CRA, is the only bad thing that could happen to you the fact that your merger application is denied? And also, do you keep any statistics on how many merger applications have been denied since the CRA was passed?

MR. LUDWIG: Let me say that this does go beyond just the -- and that is one of the things that we focused on; that the current process triggers off when you have an application pending. So it creates a very uneven application of the rule.

Now you will see enforcement, not just on the basis of loan application -- there will be some of that -- but you'll also see enforcement on the basis of how you're graded, so that it will even it out.

Now, in terms of the data as to how many have been denied, it's very few. And I don't have that with me. But after the briefing one of the members of our organization can give you information in that regard.

MS. MYERS: Why don't we just take one or two more questions --

Q Mr. Ludwig, one criticism of the current system has been that many, many banks achieve satisfactory ratings without achieving what the critics consider satisfactory performance. Do you have a sense that if this new system were dropped down whole on the industry today that you would have many more unsatisfactory ratings?

MR. LUDWIG: You know, the terrible thing is were not sure because the current system is so amorphoused that you can't be certain. I hope and believe that many banks -- I mean, most banks will be satisfactory or outstanding, that they're going to want to do that. But we'll be judging on the basis of facts, not on the basis of amorphous criteria. And that is a huge improvement, that is just a huge improvement.

Q Governor Lindsay, yesterday Governor Mullins suggested that the -- said that that is at a critical juncture in its fight against inflation. Would you agree with that? Would you say that this is a particular, specific time to be vigilant in fighting --

GOVERNOR LINDSAY: I think this is CRA day, let's stick with that.

Q With regard to enforcement actions for an institution that's not applying for a merger, what specific enforcement actions might you envision being taken if it's in substantial noncompliance?

MR. LUDWIG: Well, we'll have the full panoply of all our enforcement armoratium, which includes cease and desist orders and civil money penalties in some cases.

Q So you could apply those, because you hadn't up until --

MR. LUDWIG: We have not, and it has not been part of the regulation. It will be part of this regulation.

Thank you very much.

END1:55 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release October 12, 1997

STATEMENT BY THE PRESIDENT

On the 20th anniversary of the Community Reinvestment Act (CRA), we should all be proud of what that law has meant for low and moderate income Americans of all races. Although we still have a long way to go in bringing all Americans into the economic mainstream, under CRA the private sector has pumped billions of dollars of credit to build housing, create jobs, and restore hope in communities left behind.

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THE WHITE HOUSE

Office of the Vice President

For Immediate Release October 23, 1997

MAKING THE DREAM OF HOMEOWNERSHIP A REALITY:
AMERICA HITS ALL-TIME HIGH HOMEOWNERSHIP RATE

October 23, 1997

In 1994, President Clinton, along with the National Partners in Homeownership, set a goal for the nation to achieve an all-time high homeownership rate by the year 2000. Today -- a full three years early -- the Census Bureau reported that in the third quarter of 1997 the homeownership rate climbed to its highest level ever. Here are some of the results from the Census report, as well as other housing-sector statistics:

Highest Homeownership Rate in American History. In the third quarter of 1997, the homeownership rate climbed to 66.0 percent from 65.7 percent in the second quarter. The homeownership rate is now at its highest level ever. The previous record high was 65.8 percent in the third quarter of 1980.

Largest Increase in Homeownership on Record. After falling from 65.6 percent in the first quarter of 1981 to 63.7 percent in the first quarter of 1993, homeownership is on the rise again. Since the first quarter of 1993, the homeownership rate has increased from 63.7 percent to 66.0 percent today -- that's the largest 4 1/2-year rise in homeownership on record.

5.8 Million New Homeowners Under Clinton-Gore Administration. Since the beginning of 1993, the number of homeowners has increased by 5.8 million. In the third quarter of 1997 alone, there were 462,000 new homeowners, and so far in 1997, there have been 1.3 million new homeowners.

Half a Million More African-American Homeowners. The National Partners in Homeownership is trying to increase housing opportunities for all Americans. Since established, there have been 523,000 more African-American homeowners. There is still work to be done: African-American homeownership rate is still far below that of all households (45.8 percent vs. 66.0 percent).

Nearly Half a Million More Hispanic Homeowners. Since the end of 1994, the number of Hispanic homeowners has increased by 403,000, but the Hispanic homeownership rate is still just two-thirds of the overall homeownership rate.

1.2 Million More Families Living in Cities own a Home. Since the fourth quarter of 1994, the homeownership rate for families living in cities has increased from 48.2 percent to 50.2 percent -- that translates into 1.2 million more families living in cities who own their own home.

Record-High Home Sales. In August 1997, existing home sales were 16 percent higher than in January 1993 (4.3 million vs. 3.7 million at an annual rate) -- existing home sales are now at their highest level on record. [Source: National Association of Realtors]

Housing Starts Are Up 24 Percent Since 1993. Housing starts have increased from an annual rate of 1.2 million in January 1993 to 1.5 million in August 1997 -- that's an increase of 24 percent. [Source: Bureau of the Census.]

1.1 Million New Construction Jobs -- Faster Rate of Growth Than Any Administration Since Truman. After losing 667,000 jobs in construction during the previous four years, 1.1 million new construction jobs have been added since January 1993 -- that's a faster annual rate than any other Administration since Harry S Truman was President. [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]

PRESIDENT CLINTON'S ECONOMIC STRATEGY HAS HELPED MAKE THE AMERICAN DREAMA REALITY FOR MILLIONS OF AMERICANS

In 1993, President Clinton put in place a three-part economic strategy: reduce the deficit, invest in the people, and open markets. Lower deficits helped lead to lower mortgage rates, more jobs, and higher family incomes, which -- along with the National Homeownership Strategy -- has led to more affordable homes and the highest homeownership in American history.

Homes More Affordable Under Clinton-Gore Administration. According to data from the National Association of Realtors, homes have been more affordable during the Clinton-Gore Administration than during any other Administration since Richard Nixon was President. [Source: Based on data from the National Association of Realtors]

Cut Deficit 87%. In 1992, the deficit was $290 billion -- a record dollar high. This year, the deficit is projected to fall to $37 billion -- the lowest deficit in 24 years. [Source: OMB]

Lowest Mortgage Rates in 30 Years. Experts -- such as Alan Greenspan, Business Week, and Fortune -- agree that the deficit reduction from the President's 1993 Economic Plan led to a drop in long-term interest rates. Mortgage rates have averaged just 7.8% under President Clinton -- lower than under President Reagan (12.8%), President Bush (9.5%), or any Administration since Lyndon Johnson was President. [Source: Department of Treasury, Office of Economic Policy.]

- Alan Greenspan, Federal Reserve Board Chairman, 1/31/94: "The actions taken last year to reduce the federal budget deficit have been instrumental in creating the basis for declining inflation expectations and easing pressures on long-term interest rates."

- Business Week, 5/19/97: "Clinton's 1993 budget cuts, which reduced projected red ink by more than $400 billion over five years, sparked a major drop in interest rates that helped boost investment in all the equipment and systems that brought forth the New Age economy of technological innovation and rising productivity."

- Fortune, 10/3/94: "[President Clinton's 1993] economic plan helped bring interest rates down, spurring the recovery."

Lower Mortgage Rates Saved Families Thousands. According to the New York Times and Money magazine, lower interest rates under the Clinton-Gore Administration have saved the 10 million families who refinanced their home mortgages $1,000 to $2,000 per year, on average. [Source: New York Times, 8/3/96; Money, 8/96]

13.2 Million New Jobs. The home-building community looks to the job-formation rate in planning housing production levels. Under President Clinton and Vice-President Gore, the economy has added 13.2 million new jobs -- a faster annual rate of job growth (2.5 percent per year) than any Republican Administration since the Roaring 1920s. [Source: Bureau of Labor Statistics.]

Unemployment Down to 24-Year Low. In 1992, the unemployment rate was 7.5 percent. In September 1997, the unemployment rate was down to 4.9 percent -- as low as it's been in 24 years. [Source: Bureau of Labor Statistics.]

Typical Family Income Up $2,169 since 1993. Since President Clinton's Economic Plan passed in 1993, median family income has increased from $40,131 in 1993 to $42,300 in 1996 -- that's a $2,169 increase in income, adjusted for inflation. From 1988 to 1992, median family income fell $1,795, adjusted for inflation. [Source: Bureau of the Census.]

Consumer Confidence As High As It's Been In Nearly 30 Years. The Conference Board's measure of consumer confidence has more than doubled since President Clinton was elected. Consumer confidence is now as high as it's been since 1969. [Source: The Conference Board]

CLINTON-GORE ADMINISTRATION ACTIONS TO MAKE HOMEOWNERSHIP EASIER AND MORE AFFORDABLE

National Homeownership Strategy. In 1995, at the request of President Clinton, the Administration convened the National Partners in Homeownership to carry out a National Homeownership Strategy. The Partnership, an unprecedented public-private effort, consists of 65 leading national organizations and 171 local partnerships. All of the key leaders in housing are a part of this partnership. These Partners have made significant strides in working together to increase housing production, reduce regulatory barriers, and expand homeownership opportunities for all Americans. A National Homeownership Summit attended by President Clinton attracted 1,400 people in June 1996; the Partnership launched a National Homeownership Week in June 1997; and this past year more than 600 events, such as homebuyer fairs, took place across the country.

Lowered Closing Costs By $1,200 for Qualified First-Time Home Buyers. The Clinton Administration has cut FHA home mortgage insurance premiums four times. One reduction, applying to all first-time homebuyers with FHA-insured mortgages, will save homebuyers $200 in closing costs on the average FHA mortgage of $85,000. Another will save first-time homebuyers in central cities an additional $200. In all, cuts approved by President Clinton have cut average FHA closing costs for first-time homebuyers by $1,200 around the country and will cut closing costs by $1,400 in central cities. Last year, FHA provided financing for 800,000 homeowners, many of whom were first-time homebuyers -- and many of these families would not be homeowners if it were not for the actions taken by the Clinton Administration.

Making It Easier to Qualify for Mortgage Loans. The FHA has eliminated unnecessary and overly strict requirements under its loan program that made it difficult for many families to qualify for mortgage loans. It has also given lenders greater flexibility to make homeownership possible for more nontraditional borrowers, and has clarified certain underwriting requirements so they are not applied in a discriminatory manner. With these improvements, thousands more families are eligible for FHA-insured home loans. It also streamlined its underwriting criteria, consolidated operations, and improved its performance. The cost savings from these improvements have resulted in cost savings to consumers.

Penalty-Free IRA Withdrawals for the Purchase of a First Home. The Balanced Budget Act signed into law by President Clinton in August 1997 expands Individual Retirement Accounts (IRAs) to allow penalty-free withdrawals for first-time home purchases.

Capital Gains Exclusion for Homeowners. The tax cut President Clinton signed into law allows couples to exclude from tax up to $500,000 in capital gains from the sale of a home. (Single taxpayers could exclude up to $250,000.) This tax cut for homeowners exempts over 99 percent of home sales from the capital-gains tax, dramatically simplifying taxes, and record keeping for more than 60 million homeowners.

Streamlined HOME Program to Help Home Buyers. HUD has streamlined the HOME Program, helping an additional 23,000 families become home owners in 1996 alone. The HOME program allocates funds to local jurisdictions and is an important resource for potential first-time home buyers who may need down-payment assistance or help carrying the full cost of a mortgage.

First-Time Homebuyer Tax Credit in Washington, DC. The Balanced Budget agreement President Clinton signed into law in August 1997 included a $5,000 tax credit for first-time homebuyers in the District of Columbia.

Helping Localities Convert Abandoned Properties into Homes for Low-Income Families. HUD redesigned its Single Family Home Sales program to allow pre-approved nonprofit organizations and government entities to purchase abandoned HUD-owned properties at discounted prices. Since the program was created in 1993, more than 6,200 properties have been sold to non-profits and localities.

Reinventing HUD and the FHA. The FHA has automated its functions, using new technology and streamlining to serve lenders and home owners more efficiently. Staff savings from this process have already exceeded $2.4 million, allowing HUD to function more efficiently with lower costs. The FHA has also cut from 6-8 weeks to a matter of hours, the length of time it takes to issue mortgage insurance.

Officer Next Door. In June 1997, the Clinton-Gore Administration established the Officer Next Door program to stabilize communities and create safe neighborhoods. This program will enable 2,000 police officers to buy HUD-owned inner-city homes at half price.

Homeownership Zones. The Clinton-Gore Administration has sponsored important initiatives to revitalize urban neighborhoods and empower residents. In April 1997, HUD announced that the Homeownership Zone Program will provide $90.8 million in grants and loan guarantees to six cities. The assistance will help about 2,000 families become owners of newly built or rehabilitated single-family homes, while attracting new businesses.

Revised Community Reinvestment Act To Emphasize Results, Instead of Paperwork. The gains under the revised Community Reinvestment Act (CRA) have been substantial. Since 1993, new commitments for low- and moderate-income loans totaling more than $175 billion -- more than 80 percent of the total loan commitment under CRA since the law was enacted in 1977. Between 1993 and 1996 mortgage originations for Hispanic Americans and African-Americans increased 56 percent and 55 percent, respectively -- more than three times the 14 percent increase for white borrowers. Since 1993, home loans in low- and moderate-income geographies increased 33 percent, while gaining only 21 percent in upper-income geographies.

Instituted Fair Lending Initiatives. The Department of Housing and Urban Development signed 141 "Fair Housing Best Practices" agreements with real estate industry leaders such as mortgage bankers and realtors. In these agreements, the industry leaders pledge to exceed their responsibilities under the Fair Housing Act. Moreover, HUD implemented goals for Fannie Mae and Freddie Mac, two government-sponsored enterprises (GSEs). Between 1993 and 1996, Fannie Mae and Freddie Mac purchased over one million mortgage made to low- and moderate-income homebuyers. Close to 450,000 of the GSE loan purchases were for first-time homebuyers.

Empowerment Vouchers. The Administration has proposed allowing working families who receive rental vouchers from HUD under the Section 8 Program to convert rental vouchers into Empowerment Vouchers that will enable them to buy a home under legislation expected to become law. Freddie Mac has announced a commitment to purchase up to 2,000 of the mortgages originated by private lenders.

RECENT REMARKS BY THE PRESIDENT AND ADMINISTRATION OFFICIALS ON THE COMMUNITY REINVESTMENT ACT

July 26, 1999

The following is a list of attached excerpts of official statements by the President, Vice President, and National Economic Advisor on the Community Reinvestment Act:

- Remarks by the President at DNC Labor Dinner (7.19.1999)
- Interview of the President by Bob Hebert, *New York Times* (7.11.1999)
- Remarks by the President to the East St. Louis Community (7.6.1999)
- Remarks by the President in Roundtable Discussion on Investment in the Delta Region (7.6.1999)
- Interview of the President by *USA Today* (7.2.1999)
- Press Briefing by National Economic Advisor Gene Sperling and Deputy Chief of Staff Maria Echaveste (7.2.1999)
- President Clinton's Challenge to Invest in New Markets (7.2.1999)
- Interview of the President by *Businessweek* (6.29.1999)
- Remarks by the President at 5th Annual White House Community Empowerment Conference (5.25.1999)
- Remarks by the President on Financial Privacy and Consumer Protection (5.4.1999)
- Remarks by the President and the First Lady at Microenterprise Event (2.5.1999)
- Remarks by the President to the U.S. Conference of Mayors (1.29.1999)
- Remarks by the President to the Wall Street Project Conference (1.15.1999)
- Remarks by the Vice President at Announcement of 20 New Empowerment Zones (1.13.1999)
- Interview of the President by Jim Lehrer of News Hour (1.21.1998)

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 19, 1999

REMARKS BY THE PRESIDENT
AT DNC LABOR DINNER

The Mayflower Hotel
Washington, D.C.

9:00 P.M. EDT

(Excerpt)

We're in a big debate in the Congress right now about whether in the financial reform legislation working its way through Congress there should or should not be a continued, profound commitment to the Community Reinvestment Act. That basically says if you've got a bank and a community and you take the community's paychecks as investments in your bank, you need to make investments in that community. The law was passed in 1977. But it was pretty well moribund until we took office. Over 95 percent of the community investment, $17 billion, made in the 22 years of that law have been made in the six and a half years that I've been in office -- investing money into poor areas and in neighborhoods and to businesses that normally couldn't get credit.

Unbelievably enough, there are people in the Congress trying to weaken that law. Our financial institutions have never been healthier -- for obvious reasons. The more you spread economic opportunity the better the rest of us do. And we have always believed, as Democrats, that if we widen the circle of opportunity, if we broaden the meaning of our freedom, if we reward every responsible citizen, if we create a community that's a bigger and bigger and bigger tent where everybody who is doing right has a chance to do well, then our country will be stronger in ways that go way beyond economics.

And every single indicator of social health -- from unemployment to the rates of teen pregnancy and drug abuse and smoking -- is going in the right direction. Not because all of us are always right on every issue, not even because all of us agree on every issue; but our animating philosophy is we will make the changes necessary to fit America for the 21st century and we will do it in a way that gives everybody a chance to do well and helps us to grow together, not grow apart. And I think that is profoundly important.

But what I think we should think about in the next year and a half, as we continue to fight to move forward in Congress and as we go out into the country in a new political season, is saying to people, this is not a matter of debate anymore. The evidence is in. The argument cannot be refuted. We have shown you that this is right.

THE WHITE HOUSE

Office of the Press Secretary
(Anaheim, California)

For Immediate Release July 11, 1999

INTERVIEW OF THE PRESIDENT
BY BOB HERBERT, THE NEW YORK TIMES

In Limousine En Route to Anaheim Hilton
Anaheim, California

(Excerpt)

THE PRESIDENT: (In progress) -- the successful work that's been done in the empowerment zones by these community development financial institutions. If you look at the banks that have vigorously pursued the Community Reinvestment Act and what they've been able to achieve, there is a lot of evidence that this will work.

THE WHITE HOUSE

Office of the Press Secretary
(Clarksdale, Mississippi)

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

(Excerpt)

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.)

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

(Excerpt)

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.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 2, 1999

INTERVIEW OF THE PRESIDENT
BY USA TODAY

Aboard Air Force One
June 30, 1999

11:55 P.M. EDT

(Excerpt)

Now, the third big opportunity is to find what areas have not been fully reached with investment and jobs in growth. And that's what this is about. I want to emphasize -- so that's the idea. Now, I want to talk about three things when we go there. One is I want to emphasize the tools that are already out there, to make sure people are making the most of them: The empowerment zones; the community development banks, including the microenterprise zones and the enterprise communities; the tax credits employers get now for hiring people in those areas; and the Community Reinvestment Act -- which, as you know, had been on the books for over 20 years, but over 95 percent of all the lending under the Community Reinvestment Act has been done during our administration. We really pushed it. So we'll do a little of that, hear things that are working now.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 2, 1999

PRESS BRIEFING BY
NATIONAL ECONOMIC ADVISOR GENE SPERLING
AND DEPUTY CHIEF OF STAFF MARIA ECHAVESTE

The Briefing Room

12:50 P.M. EDT

(Excerpt)

MR. SPERLING: The President, from his campaign in 1992, had an agenda for urban and rural distressed parts of America which he felt was a new, third way approach, which sought to reject both the kind of laissez-faire approach of some to distressed and rural places, but also recognized that many of the government programs on the social side had failed in setting the correct incentives, and that he called for a very activist agenda to bring capital and economic opportunity into the most distressed places of America.

In 1992, the key of the agenda was to create for the first time ever a federal empowerment zone initiative, the first time ever a federal community development bank initiative, and to do a dramatic reform of the Community Reinvestment Act.

During '93 and '94, the President was successful in all of those areas, and the Community Reinvestment Act has actually made more -- led to more commitments since '92 -- 95 percent of all of the commitments have been made since the President took office. The empowerment zone and enterprise communities -- there are 135 across the country. And community development banks, we will see several of them and the effect that they've had on communities during the trip.

The President in an effort to build on that also did much in the welfare-to-work job area and had a new brownsfield tax incentive initiative.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 2, 1999

President Clinton's Challenge To Invest In
America's New Markets

(Excerpt)

Helping to Bring Private Enterprise and Capital to Distressed Areas. The Clinton-Gore Administration has re-newed the commitment of the Federal government to help bring private enterprise into underserved communities and improve access to capital for low-income households, minorities, and traditionally underserved borrowers.

(...)

- Strengthened and Simplified the Community Reinvestment Act (CRA). In April 1995, the Clinton Administration reformed the CRA regulations to emphasize performance. According to the National Community Reinvestment Coalition (NCRC), the private sector has pledged more than $1 trillion going forward in loans to distressed communities - and more than 95 percent of these financial commitments have been made since 1992. Banks made $18.6 billion in community development loans in 1997 alone. Lending to minority and low-income borrowers is also on the rise.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 1, 1999

INTERVIEW OF THE PRESIDENT BY BUSINESSWEEK MAGAZINE

The Oval Office

4:25 P.M. EDT

(Excerpts)

The third point is that I think there are still disincentives to invest in the neighborhoods and communities, or people, which still need to be brought in. They're either real disincentives or they're imagined ones -- there are, you know, we have these, I think there are accumulated preconceptions about where market opportunities exist and don't exist.

And what I'm trying to do with -- what I've been trying to do from the beginning of my administration, with the empowerment zones, and enterprise communities, with a vigorous Community Reinvestment Act -- over $18.5 billion was loaned under the CRA in 1997, for example, that's the last year I have numbers for. With community development financial institutions, with the micro-enterprise lending, with all these initiatives we've tried to remove the institutional barriers and create mechanisms which would allow capital to flow to people and to neighborhoods where they miss. We had the tax credits for hiring people off welfare or for hiring people that were in the empowerment zones or the enterprise communities. Those are things that have already had an impact.

(...)

In the 1980s, we learned that the stock market could grow, and we could create record numbers of new millionaires and billionaires, but the private sector alone could not do this, and that more and more people would fall further and further behind.

So what we've tried to do is to apply our Third Way philosophy -- that we should have a partnership between government and the private sector that would literally empower people to change the dynamics of their lives in these poor neighborhoods. That's what the whole empowerment zone, enterprise community initiative that the Vice President has so ably run, is designed to do; that's what these CDFIs are designed to do. That's what the -- you know, that's why we've been so vigorous in pursuit of the Community Reinvestment Act. As I'm sure you know, over 90 percent of all the loans made under the CRA, even though it's been on the books for over 20 years, have been made during the life of this administration.

So this is the next logical step. The problem with all that is, it's sort of uneven, and it -- the CRA applies nationwide, where there's available capital, but the CDFIs and the empowerment zones, the enterprise communities, they only apply where they are. And there are 125 of them, but they don't cover every place. And even in the places where they exist, they don't cover all the areas of need within the cities where they exist.

So if we can dramatically increase the awareness in the business community of the investment opportunities, through the use of the bully pulpit with the tour we're about to take with the business leaders and others, and if we can pass the new markets initiative, it is literally -- it's a nationwide initiative. It would apply everywhere where there's an economically distressed area.

So I'm very, very excited about this.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release May 25, 1999

REMARKS BY THE PRESIDENT AT 5TH ANNUAL WHITE HOUSE COMMUNITY EMPOWERMENT CONFERENCE

University of Texas-Pan American
Edinburg, Texas

1:46 P.M. CDT

(Excerpt)

In addition to creating the empowerment zones and enterprise communities, we've also established a national network of community financial institutions. We have promoted microenterprise loans to help young entrepreneurs and sometimes not so young entrepreneurs get their first start. We have reformed the Community Reinvestment Act to give more Americans better access to capital, to credit, to basic banking services.

The Community Reinvestment Act has been on the books for more than 20 years now, but I am very proud that over 95 percent of all the money loaned under the Community Reinvestment Act has been loaned during the life of this administration. We believe people should invest in their own communities. (Applause.)

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release May 4, 1999

REMARKS BY THE PRESIDENT ON FINANCIAL PRIVACY AND CONSUMER PROTECTION

Presidential Hall

2:54 P.M. EDT

(Excerpt)

Unfortunately, there are some in Congress who would have us effectively limit, rather than expand, access to financial services in underserved communities. As the Senate debates this issue this week, I want to reiterate what I said in my veto letter to Congress. We will oppose any effort to weaken or undermine the continued relevance of the Community Reinvestment Act. (Applause.)

While that act has been on the law for well over 20 years now, over 90 percent of the lending under it has occurred in the last six years, in our administration. I'm very proud of that. It has not done anything to hurt bank profits, and we ought to stay with it. (Applause.) I know that leaders of the civil rights community spoke today on this subject, and I just want to applaud them and to encourage them to stay at it.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 5, 1999

REMARKS BY THE PRESIDENT AND THE FIRST LADY AT MICROENTERPRISE EVENT

The East Room

2:20 P.M. EST

(Excerpt from the President's remarks)

What does it mean to a single mom's life when she goes to the mailbox in the morning and sees a bank statement instead of a welfare check? What does it mean to a child when he or she can go to school and say, when they ask, "What does your mother do for a living?" -- she owns a beauty shop? What does it mean to a neighborhood when, all of a sudden, an old building that has been vacant for 10 years has a "help wanted" sign out in front of it?

This is about more than economics. And through our network of community development banks -- or CDFIs, as we call them, community development financial institutions -- through the strengthened and streamlined Community Reinvestment Act -- and I will say that even though that act has been on the books for more than 20 years now, 95 percent of all the investment under Community Reinvestment has been done in the last six years, in our administration. And I'm proud of that. (Applause.) And the banks are doing quite well. (Laughter.) They're doing well by doing good. And it's important to remember as the debate develops this year about that. And through these empowerment zones, we've seen the steady expansion of opportunity.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release | January 29, 1999

REMARKS BY THE PRESIDENT TO THE U.S. CONFERENCE OF MAYORS

The East Room

(Excerpt)

But if we're going to reach every person in every corner of every city, we have to do more, and Mayor Corradini mentioned some of the things, but I'd like to run over them with you.

First, we have to create more economic opportunity. The best poverty program, the best anticrime program, the best urban program is still a job for every person who will work. We've created now 31 empowerment zones to bring the spark of private enterprise to inner cities. The Vice President announced the 20 newest zones earlier this month. I will ask Congress to fully fund this round to help support another 90,000 jobs.

We created a network of community development financial institutions, and we now propose increasing the investment in that. We strengthened and streamlined the Community Reinvestment Act, encouraging banks -- just since we've been here -- to make over $1 trillion in financial commitments, Since the CRA became law in 1975, 95 percent of all the commitments made under it have been made since 1993. (Applause.)

And I hope you noticed that during this period our banks have not gone broke. (Laughter.) I bet the town banker is doing pretty well where you live -- in a big city or a small town. And yet, unbelievably enough, when we are proving it is working, the Community Reinvestment Act is under fire again.

Again, this ought not be a political deal. Every American has an interest in seeing that every economic opportunity in every community is seized. And if it is a good investment, it's a good investment. The banks are not going broke; they're doing well. The Community Reinvestment Act is a good thing. I hope you will help us protect it and support it. Now, even so, capital still bypasses a lot of areas where it's most needed.

I said in the State of the Union, I'd like to say again, today the largest pool of ready untapped investment opportunity and new customers is not overseas, it's in our backyard -- in Harlem or Watts or Appalachia, even our Native American reservations. According to a recent Harvard Business School study, underdeveloped communities in America still control more than $85 billion in purchasing power. That's more than the entire retail market of Mexico, our second largest trading partner.

THE WHITE HOUSE

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

For Immediate Release January 15, 1999

REMARKS BY THE PRESIDENT
TO THE WALL STREET PROJECT CONFERENCE

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

2:15 P.M. EST

(Excerpt)

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

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

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release January 13, 1999

REMARKS BY THE VICE PRESIDENT AT ANNOUNCEMENT OF 20 NEW EMPOWERMENT ZONES

Old Executive Office Building

9:47 A.M. EST

(Excerpt)

And I'm proud to tell you today that of the first round winners in our Empowerment Zone and Enterprise Community competition, virtually all of them have shown tremendous progress; tens of thousands of jobs have been created. And now for the first time in more than a generation, our central cities and rural communities are sharing in America's success.

One reason is that this program does work in partnership with other efforts to bring money back to where it needs to be invested -- such as the Community Reinvestment Act, which has inspired the private sector to pledge more than $1 trillion in loans to distressed communities, more than 95 percent of which have been made since 1993. That is why President Clinton and I are going to make sure that the Community Reinvestment Act remains strong for the 21st century.

I have personally been to every single one of these empowerment zones, several of them repeatedly. I've been to quite a few of the enterprise communities, and I've seen what's happening with my own eyes. I recognize a lot of faces in this room from people who have been at our annual White House conferences on empowerment zones. And, indeed, in the last one the applicant communities were invited to come in and have an intensive dialogue with the first round winners, so, as Secretary Glickman said, we could learn from what happened before -- and Secretary Cuomo emphasized this.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release January 21, 1998

INTERVIEW OF THE PRESIDENT
BY JIM LEHRER OF NEWS HOUR

Roosevelt Room

3:30 A.M. EST

(Excerpt)

Well, we had some blunt talk on affirmative action. I don't think the whole debate ought to be about affirmative action. I mean, you know, look at what we've done, for example, with something that's supposed to have a civil rights impact that's largely economic: the Community Reinvestment Act. It passed in 1977, over 20 years ago.

Now, the Community Reinvestment Act was set up to say to the bank regulators, look, you guys go in and look at these banks and tell them, you've got to take some of your money and invest it in inner cities and neighborhoods and with people who otherwise would not get it so they have a chance to build homes, to build businesses, to create jobs, to build neighborhoods. In the 20-year history of the Community Reinvestment Act, 85 percent plus the money loaned out under it to poor inner-city neighborhoods have been loaned in the five years since I've been President.