

**EMPOWERMENT ZONES**

**Rural Development**

THE WHITE HOUSE  
WASHINGTON

August 5, 1993

Dear Byron:

In recent years you have developed and pushed a concept to create "Rural Development Investment Zones" to promote economic development and expansion in distressed rural areas of our country. I have followed your work in this area, and I support the concept and the goals you have pursued to bring new economic life to rural communities which are losing jobs and population.

I understand that the Conference Reconciliation bill contains approximately \$180 million in tax expenditures over five years and \$200 million in enterprise grants over two years under Title XX targeted to three rural empowerment zones and 30 rural enterprise communities. This is a start, and I hope that we will be able to use these incentives to lever substantial additional private investment. But it is not nearly enough to tackle the economic deterioration of rural America.

We also need to focus more directly on the unique rural economic problems of job loss and outmigration that we have witnessed for the last twelve years. This focus will help us to understand the link between rural and urban America, where job loss and outmigration from rural areas contributes to overcrowding in many urban areas. If we succeed in stimulating job opportunities and population growth in rural areas, we may witness less overcrowding and more dynamic economies in urban areas. The whole country will be a net winner if we work together to achieve such growth in the overall economy.

I also know that you have worked hard on this issue for a number of years, and I know that you are not fully satisfied with the formula and resources that were agreed upon for the rural empowerment zones in the Reconciliation bill.

As you know, I have long shared your concern and interest in rural economic and community development. I therefore will take the following additional steps:

- I am forming an interagency working group on Community Development and Economic Empowerment in rural and urban America, headed by senior staff in the White House. As part of its charge, I will ask this working group to address the issue of revitalizing rural communities. The working group will recommend ways to bring business opportunities and meaningful jobs to those rural areas now experiencing substantial job losses and outmigration.

- At your suggestion, I will ask the working group to study, and to make recommendations, concerning whether and to what extent information processing, servicing and other federal agency functions can be performed or located in rural areas; the goal would be to determine the extent to which the federal government can become more efficient and save money, as well as promote new development and job opportunities in rural areas. I am particularly interested in this issue because much of the high technology, information processing, and services of the new economy may be as efficiently and effectively conducted in rural areas and distressed inner cities as the fringe of our expanding urban areas.
- The working group will also develop a plan to use existing funds in the various economic development programs to establish at least two Rural Development Demonstration Areas. Job loss and outmigration criteria similar to that used in your bill S.1097 will be included to select the demonstration areas and to focus an innovative economic and community development initiatives to redress the problems. I believe that we will be able to invest from \$10 to \$25 million in these demonstration areas.
- As job loss and outmigration are indicators of distress in many rural areas, I will have our counsel determine whether the Secretary of Agriculture has discretion to consider these factors in designating rural empowerment zones and enterprise communities under the Reconciliation bill. If he does not, then I will support a subsequent amendment to authorize consideration of such criteria in designating rural zones and communities in the future.
- I would like you to make your insights and experience available to the working group, in developing innovative approaches to address the needs of distressed rural areas. I am committed to having our Administration work closely with the Congress in addressing these critical issues for the future of the country. In that spirit, I hope that you and Congressman Durbin will be active in this fall's summit on rural issues that I have asked Secretary Espy to coordinate. In addition, I hope that you and your staff also will work closely with Bob Nash, Under Secretary for Small Community and Rural Development,

and SEA Administrator Erskine Bowles; I think you will find, as I did in my years as Governor in Arkansas, that they are two of the most innovative, experienced and effective people in the country ever to work on these issues.

Byron, I appreciate both your support and your concerns. Rest assured that my lens, and that of the working group, will focus on the unique problems and opportunities of rural America. From my years as Governor of Arkansas, I know firsthand that when people can't find work in rural America, they do pack up and leave. As a result, loss of jobs and outmigration reflect distress in rural areas. With your continued help and support, we can work together to solve these important rural development problems and build a better future for the entire country.

Sincerely,



The Honorable Byron Dorgan  
United States Senate  
Washington, D.C. 20510