

1/30/97 Briefing w/ Sec. Rubin &  
USAID's Atwood

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REMARKS OF THE FIRST LADY,  
SECRETARY OF TREASURY BOB RUBIN AND  
AID ADMINISTRATOR BRIAN ATWOOD  
IN PRESS BRIEFING

The Map Room  
1:30 P.M. EST

MRS. CLINTON: I want to go ahead and get started. I wanted to wait until some of the people who were in the other briefing could get here, but I don't want to wait too much longer so that we'll have a chance to visit. And if they come in, they can just join us.

I really appreciate all of you gathering here today to talk with us about something that is very important and near and dear to my heart. Some of you who have accompanied me on some of our overseas trips know that we have visited microenterprise projects and you have seen for yourselves some of the potential that those projects hold for transforming the lives of men and women and children. And I greatly appreciate the continued interest of those of you who have been with me on these trips and the new interest of others of you.

I'm also pleased that Treasury Secretary Rubin and Administrator Atwood could be here, along with their key staffs who have been working on microenterprise issues both within the domestic arena and internationally.

And over the next week, a number of activities will take place here in Washington that will showcase microenterprise, both its successes in developing countries and its application in advanced economies such as ours.

A little later this afternoon, the President will announce the Presidential Awards for Excellence in Microenterprise Development. These awards are our first effort to recognize within the United States the extension of credit and economic opportunity to Americans who might otherwise lack the chance to become economically self-sufficient. I should mention that these rewards are a direct outgrowth of the United Nations Fourth World Conference on Women in Beijing. They represent our nation's commitment to the platform of action agreed to in Beijing.

On Monday, Secretary Rubin, Administrator Atwood and I will speak at an international microcredit summit here in Washington. This conference brings together experts from around the world to talk about ways we can learn from each other and to apply lessons within our own borders. That is a commitment that AID has under Brian Atwood's leadership to pursue what he calls, lessons without borders. And microenterprise is just one aspect of that.

Later Monday afternoon, I will have the opportunity to visit a microenterprise project in Washington called FINCA, which operates on several continents. Those of you who were with me in Nicaragua and in Chile in 1995 will remember that we visited FINCA projects on that trip.

I want to move on to some brief remarks by Secretary Rubin and Brian Atwood, but I want to reiterate something that I have said repeatedly about microenterprise. Although I view this as a very important tool for economic and social development, it is not by any means the only tool that we need to be utilizing here and abroad to promote opportunity among people.

And I think it will have special application in the whole array of tools we attempt to use in moving people from welfare to work. But it also has implications for working poor people, for communities that have lost enterprise and economic opportunity. But it has to fit in with other efforts that are designed to equip people to make better decisions for themselves.

So with that, let me turn to Secretary Rubin.

**SECRETARY RUBIN:** Well, microenterprise lending is something that the President and the First Lady were involved with when they were in Arkansas, so this has a real history in the Clinton administration. The President, when he ran in '92, as some of you may remember, advocated a nationwide network of community development banks.

After the election, one of the first things the President did was to set people to work to turn that vision into a reality, and out of that came the CDFI Fund which was enacted and is now in the process of being implemented. The first grants have been given out. And I think it's an -- I think both the CDFI Fund, which is a fund of grants to community development institutions of various kind around the country, and the microenterprise program, which is conducted within the Community Development Fund, are both very, very important ideas.

As the First Lady said, they are part of a much broader effort to bring the residents of the inner cities and other depressed areas in our country into the economic mainstream. I've had a personal belief for a long time that the issues of the inner city and more generally the issues of those who live in depressed areas -- rural and inner city -- are probably the single most economic problem our country faces. And this country will never be what it can be economically or socially for any of us, no matter where we live or what our income is, unless we deal with those problems.

When the First Lady went to Asia and came back and talked to us more about the microenterprise area, I particularly felt an enormous sense of energy about this idea. I think it's a very important idea. It is still a relatively small program in this country. But I think it is a very, very big idea, very, very important idea. And I think it will be an important part of the effort -- an effort that we must be successful at over time if we're going to be the kind of country we want to be, to bring the residents of these depressed areas into the economic mainstream.

MR. ATWOOD: It's obvious that we're operating nowadays in a global economy and that there are a lot of interconnections between the international arena and our domestic economy. This idea is an idea that we first heard about in Bangladesh, and we've brought it back -- and Mohammed Unis, who also, I think, came to Arkansas to brief the First Lady and Governor Clinton at the time, and the first real experiment in this was the Good Faith Fund in Arkansas financed by the South Shore Bank in Chicago.

We, in this administration, have really given this a boost because we announced in 1994 a major microenterprise initiative. We began then spending about \$130 million a year. We are out ahead of the revolution that's occurring around the world -- obviously started and we give full credit to Mohammed Unis -- but the work that we have done has really encouraged a lot of others. We're funding about 150 microenterprise institutions in 40 countries and we feel that we're reaching about 20 million people.

Now, just last year, we worked to negotiate with the Development Assistance Committee of the OECD a document that put forth some targets for the international donor community. One of the targets was that we would try to reduce by one-half extreme poverty. When I say extreme poverty, I'm talking about \$370 or so a year -- people who make about \$1 a day. Part of the effort is this microenterprise effort. There are about 1.3 billion people. We've got to make inroads if we're going to do it.

We tried to keep our loans to under \$300 overseas. And people say, my goodness, that's very small, but think about the people who live in extreme poverty -- \$370 a year. People paid back these loans to the tune of over 95 percent repayment rate. Banks around the world, including a lot of American banks, are now beginning to get very interested in this.

Mrs. Clinton visited Banco Sol in Bolivia, which is now the number one bank in Bolivia. We started that program with about \$4 million. They now have a loan portfolio of \$30 million and 60,000 people who have benefitted from the program are active -- actually have loans that are active at this point.

So this is really a revolution. It is hitting here. We've taken our Lessons Without Borders program to many cities, and Mrs. Clinton spoke to the national conference where a lot of cities were represented in Baltimore just a few months ago. The people of Baltimore sent a delegation to Kenya to look at our microenterprise program there. They created a women's entrepreneurs fund, which is a microenterprise fund in Baltimore. It's really catching on. And I will conclude by saying that of the awardees this afternoon -- there are seven -- four of them were AID recipients. They were working with us, helped us fashion our program. So you can see the interconnectiveness that I've talked about. We're learning lessons from our work overseas.

MRS. CLINTON: I just would add, before we throw it open for questions on this or related subjects, that part of what is attractive about this effort is something that both Brian and Bob alluded to, and that is there is a stereotype of people who are poor, and particularly people who have been on welfare in our country which is just not accurate when it comes to describing the full range of human potential and skills that are available if nurtured and if given a chance to flourish.

We found that in Arkansas when we began to work with South Shore Bank, which is located in Chicago, and was really -- I guess it's fair to say, Brian -- the first effort to transplant some of the lessons learned abroad at home. But to put it in an American context, you cannot take what is done in Bangladesh and transfer it directly to Chicago or Arkansas or Washington, D.C., but you can take the principles underlying what was done in Bangladesh and take those principles and begin to make them work in the American context. And that is what South Shore has done for a number of years, and what we did in working with them in Arkansas.

What I would hope that would come out of this emphasis on microenterprise and the relationships that can be built in communities because of the catalyzing of this kind of economic activity is a greater appreciation in our society at large about the capacity of people at all levels in our country. One of the things that I'm heartened by is something Brian said -- is that a number of commercial banks are now recognizing that there are markets in our own country that they have ignored, and that by thinking anew about how to provide credit in some of our poorest communities, it's going to be good for them as well as for those residents.

And I guess I would just end by saying if you visited enough of these projects, as I have now here and abroad, you will be struck by the tenacity and the commitment of people to help themselves if given what I call these tools of opportunity, one of which is credit.

So we're very hopeful about this, not only in terms of the projects that are being done and the recognition that we're giving them, but in the ripple effect, in the way that not only more projects like this can be started, but others who extend credit, who offer opportunities in the private marketplace will begin to think differently about what is out there that can be available.

So with that, I would be glad to -- yes.

Q Can I follow up on that -- that rickety bus ride into Jessore when Mohammed Unis was explaining how that one beggar woman was finally convinced to take one dollar, and you saw in the faces what a difference it made -- but that's a Third World country. And when you get to the giant engine of the American economy, what is your realistic expectation that some of these micro loans and microenterprises are really going to make a difference, particularly when you're looking at the numbers of people, welfare-to-work -- what's a realistic expectation of the kind of impact it would have?

MRS. CLINTON: I'm not sure that we know, Ann, but I can say based on my experience -- and then certainly Brian and Bob and the people who are working on this can add to that -- I think it's a very realistic strategy to pursue. And I can't say the numbers of people who will be affected or the communities that will be revitalized in whole or in part, but you may remember just a few weeks ago I went with Secretary Cisneros to announce this new community bank in Washington, D.C., and I have followed its development and I have kept in touch with the people who are working on it, and I know from sitting there talking to those people who are going to be both investors and borrowers from that bank that it has tremendous potential.

Now, that doesn't mean it's going to be easily implemented or that there aren't going to be changes that will have to be made in both the philosophy and the practice of it as we move it on a broader scale here in America. But just based on the examples that I know, examples from Illinois, from Arkansas, now from Washington, it is clear to me that if you look at depressed urban and rural areas, particularly urban areas in America, there's a lot of income in those areas, because of transfer payments and because, frankly, of illegal transactions that go on. So there's money in those neighborhoods.

What there isn't is capital accumulation that can be translated into economic institutions, jobs, and everything we think of as the market economy being able to spawn greater opportunity. If we can crack that through microenterprise, through community development fund efforts, if we can begin to get capital and credit into those neighborhoods, we know that there are people there who will be able to create businesses and jobs. So it's just a question of how much patience we're willing to exercise, how much support we're willing to give, and how much of a subsidy there needs to be in the beginning, because there does have to be some subsidy to start with.

Do you have anything to add to that?

SECRETARY RUBIN: No, I think the question is critical mass, and the First Lady said it very well.

Q Is there money in the President's budget for this?

SECRETARY RUBIN: Yes. We have an appropriation request in the budget to be submitted next Thursday for the Community Development Fund, and it's a substantial -- we're not going to pre-announce the budget, but it's a substantial request. And those funds, amongst other things, can be used to help fund these microenterprise institutions around the country.

Q Can you just give us an idea of how that could grow over last year?

MRS. CLINTON: Oh, you want us to spoil all the surprises. (Laughter.)

SECRETARY RUBIN: I'll tell you what we plan to do. I have to help. (Laughter.)

Q I think it's already out.

SECRETARY RUBIN: Okay. We're requesting \$125 million for the Community Development Fund this year, and then we scale it up in over a five-year period, requesting \$1 billion. We think, as I said before, this is a program with enormous potential. Some portion of that will be available for microenterprise lending, and that's an issue that the people who run the Community Development Fund will have to decide as they go along. But they had a very large number of institutions that were interested in the microenterprise areas, and we think it's a very promising area.

Q How do you measure the success rate of these programs? I guess in one way, it's easy at such a micro level, but once these things get going and are translated to the United States, how do you measure whether they're working or not, the success rate?

MRS. CLINTON: I think there are a number of measurements that I would point to. One, the loan repayment rate, which historically, both internationally and here at home is phenomenally high. And we're talking about loan repayment rates in the neighborhood of 98, 99 percent. I think when I go to FINCA on Monday, their loan repayment rate is what -- 98, 99 percent? So that's a measurement of success -- that people are taking seriously their responsibilities with the money entrusted to them, paying it back. And they pay it back with interest. I mean, it is something that is a market-driven model.

Secondly, I think if you look at where some of the community development bank-like projects have been operating for a significant period of time, you can actually see the differences. Like if you were to go to South Shore in Chicago, you can go to neighborhoods and see the kind of critical mass the Secretary's talking about, because you can see whole streets with flourishing small businesses, whereas 10 years ago they were burned-out holes. There was nothing there. So that you can actually see the transformation.

And I think the third thing I would say is that one of the ways I would measure success is to see how much this government effort spurs private action as well. And it's kind of like the Internet. I mean, that was a government project. People forget that. It was created by the government. It was nurtured by the government. It was subsidized by the government. Then it was spun off into the private market. What I would like to see is 5, 10 years from now, having community banks that are free-standing private banks -- maybe they would be part of a larger holding company -- back in neighborhoods, back on street corners -- banks like I used to remember when I was growing up, with people being able, with advances in technology, to get small loans again. I mean, right now most banks won't even process a loan less than, what,

\$2,500 in lots of areas.

So I think a third measure of success is how much the private sector will recognize this market as one that want to be part of.

Q What typically is the interest rate? We asked earlier today about commercial rates.

MR. ATWOOD: In this country there certainly are commercial rates because of usury laws and the like. Overseas, they charge actually a little more, but one has to remember that the poor, even if they didn't have access to one of these facilities, go to the old money lenders. And the old money lenders really sting them with high interest rates -- I mean, double.

Q But what is it that your subsidizing if these are market-rate loans?

SECRETARY RUBIN: These microenterprise lenders, because these are small loans, have very large operating costs relative to the loan made. So that even if you have an extremely high repayment rate, as the First Lady said is what we generally expect will be the case, and you have market rates of interest, you're still having to absorb very high operating costs per loan.

Q Mrs. Clinton, is this something you intend to focus on over the next four years? Do you think this is one of the major themes that you'll try to pursue over the second term?

MRS. CLINTON: I think it fits into what I have tried to do really for 25 years, but certainly over the last four, and will continue to do, which is to look for ways to promote the tools of opportunity for people. I believe very strongly that part of what my husband is trying to do, and people like Bob and Brian helping him to do, is to create conditions -- social, political, economic conditions -- that will equip more people to be able to be, as Bob says, full participants in the mainstream economy, be able to make good decisions for themselves.

And so that's something that I've done for a long time and I'll continue to do. And I view this as an area, a strategy that has a lot of promise.

Q There were some international goals that Mr. Atwood was talking about. Do you have domestic goals, like how many people at this point are participating and how many would you like to participate? And also, one thing that I'm not clear about is, banks often do have stringent rules about who can borrow, who can't, who's reliable, who's not. Do they bend those rules, or do they change them in some fashion?

MR. ATWOOD: I think within the case of microenterprise lenders you really have to look at creditors in a somewhat different way. You have to try character judgments about people rather than using the conventional criteria. And thus far, it is a relatively small -- relatively small in this country. But I think the idea itself is a very, very big idea. And I think the key is for us to support it so that it can become what it has the potential to be.

Q So do you have actual figures on how many people are participating at this point?

MR. ATWOOD: I don't know the answer to that.

STAFF PERSON: -- is quite young -- organization is less than five years old. One of our bidders has actually documented -- developing this country -- organizations that serve several hundred, even several thousand microentrepreneurs. We do not have a total number --

MR. ATWOOD: Just to add one point, that the banks and the participants in these organizations also offer a support mechanism. They create networks so that it isn't just as if you give a loan to someone and they're out on their own. They make contacts with other people, the suppliers for the kinds of things they need. And, obviously, in our capitalist society, there is room to grow. They grow -- the next thing they may ask for is a Small Business Administration loan. But they can move from the micro state to the small business to the medium-size business.

MRS. CLINTON: I just wanted to add to that before we turn to Jim. I think that's a point that we probably should have made earlier. Some of the models that are most successful take people and create what are called, alternatively, things like borrowers groups or marketing groups or whatever, so that people come together and they support each other in the process of taking out a loan, and then they support each other's business. So that, for example, if you -- when I was in Washington a few weeks ago, there is a little, tiny store -- a little, tiny restaurant that got a microenterprise loan. And so the people in the neighborhood who are part of that group, they frequent that restaurant. They begin to understand that if they support that restaurant, then when they go to take a loan maybe to start a used car lot or whatever, they can do business. So that in a sense, it's recreating the community support for a marketplace and getting people back into the idea that by supporting their neighbors and their businesses they too will prosper.

And lots of loan groups will not lend to the next person in line for a loan unless the first person has paid off the loan. So there is an incentive for the second, third, and fourth people who wish to get loans to support the businesses of the first person, because that's the way they will get their loan.

Q Historically, the survival rate on small businesses is pretty low. Do you have any idea what the success rate is -- not just on repayment of loans because the loans are small, it assumes that they can be paid back rather quickly -- but after the first, second, third year, that's when you really see a drop-off in these small businesses. They just go bust.

SECRETARY RUBIN: This is so new, I think when somebody asked before how are you going to measure success, these are the kind of things that we're going to have to work with. But I think as Brian and the First Lady said, it's not only money, but it's technical assistance. And it's the kind of support that can help people run their businesses more effectively. I think I would be reasonably optimistic about a success ratio in this kind of endeavor. It's going to take time before we have enough data to have meaningful --

Q One other question. It's often said that good policy is often good politics. And based on the percentages and the demographics of people who get these loans -- as we understand it, 85 percent minorities, 40 percent women -- that seems to dovetail very nicely with White House outreach. Does that come into play, the politics of all this?

MRS. CLINTON: I don't think so. But I think if you were to look at the people in the areas that are most in need of this kind of economic activity, they are predominantly minority areas and very heavily female-headed household areas. So I think that you've got the demographics and the need kind of fitting together.

But I think that in many of the projects, what's interesting -- and we saw this when we were in Bangladesh and in India -- the number, the percentage of women participating is much higher, even than 40 percent.

I know when Mohammed Unis started his work in Bangladesh he intended to be revolutionary for an Islamic country and have 50-50 borrowers, men and women. But what he found was that very often in that kind of society the women were much more eager to get the loans, more responsible in getting the loans paid back. So, therefore, now their borrowers are like 80 percent, 85 percent women. And we have found that in many parts of the world. So what will actually happen when this all gets set up, I don't think anybody knows. I don't think we can predict what the breakdown in terms of borrowers will be. But it is something that we're going to try to encourage as broadly as possible, and particularly in the areas that need it the most.

Q Have you had any discussions with the Republicans about this? Do you think they'll go along with it?

MR. ATWOOD: I just want to add that this is really strongly supported by a bipartisan coalition on the Hill. I mean, this is capitalism at it's best. I mean, this is really stimulating. We're reaching for a segment of our society -- and this is certainly true in other societies around the world -- that the normal economy, if you will, the formal economy, hasn't reached for yet. And this is quintessential American values and the best of capitalism.

Q In the effort to make welfare reform work, how much do you think this can help? And in our experience with these programs, have we found that the people who end up participating are people who would have been on welfare or are they people who are working poor and wouldn't necessarily be --

MRS. CLINTON: Well, I think the best way to answer that is to say that we think this will be one of the strategies that will be helpful to certain groups of people on welfare. In the work that I'm familiar with in the projects around the country, many of the participants in these microenterprise efforts have been either on welfare at the time of their loan or just off welfare, in danger of falling back on. I mean, that kind of marginal status.

But it is certainly not limited to people on welfare. It is something that -- there are many working poor people with good ideas who are eligible for this, as well. So, again, I don't know that we have the data to answer that definitively. And a lot of it's going to be kind of a learn-as-you-go in what works best in local communities to move people off of welfare. And I think that this is only one of the tools. There's got to be a broad array of strategies to be used.

Q Mrs. Clinton, I'm just wondering if this kind of a briefing is maybe something that you plan to continue as you go about pursuing your interests in this next term. I mean, this is an unusual thing and obviously a big draw for some of us. Do you plan to spend more time with Washington-based press reporters as you go about your --

MRS. CLINTON: Yes, yes, and I do. Because I thought that -- I certainly enjoyed the trips we've taken abroad and we've had, I think, an opportunity both from my perspective and those who are traveling with us to see a lot of things and learn a lot of things that's very difficult to do in the sort of daily routine of the White House. There's so much that you have to do that is reactive and you have to constantly be covering what is of the moment.

And I think there's some advantage both for the issues that I'm concerned about and for the kind of attention that can be paid to them to try to take times like this and to step out a little bit and look at something that may not be a front-burner story, but is actually of some interest, as we've seen. There's been a tremendous amount of publicity about this, which has been very surprising to me to see the coverage both in TV and radio and in the print.

So, yes, I'd like to do this more and if I can get up the energy and time I'll do it on a regular basis on issues.

SECRETARY RUBIN: Can I add one thing on that? These inner-city issues, I said it before, I think are the most important economic issues facing this country. And I think that the First Lady participating in this way is enormously helpful. Because one of the problems is getting media attention, media focus on these very important issues and the programs that I think are responsive so that we can develop support, public and congressional support from these programs. So I think it's enormously helpful that the First Lady bring her ability to get attention to focus on issues something like this. So I at least hope you do. (Laughter.) It's a very important contribution in trying to move forward on these things.

Q Mrs. Clinton, both you and the President have talked in the past about your belief in the ability of government to do good in people's lives. It's clear that we live in pretty austere times, and it seems that both you and the President have chosen to highlight areas that have -- where government is essentially a catalyst, hopefully involving the private sector. Could you talk in general about how your views about the role and power of government have evolved, let's say from the first term until now?

MRS. CLINTON: Well, I think that the way that my husband has talked about government is really what he has advocated as long as I've known him -- which is a long time now -- and what he's tried to do in every public position he's held, and what I've also tried to do.

I thought that it was very significant in the Inaugural Address when he repudiated the position that President Reagan had taken in his first Inaugural. If you remember in the first Inaugural, President Reagan said, government is the problem. And then we struggled along for more than a decade trying to figure out, well, if the government is the problem, then how do we deal on a national level with issues that confront us that can't be dealt with either individually or just through the market. And so there was a lot of back-and-forth about that and we had a kind of stand-off between those who thought government was the problem about everything, and those who thought government was the solution to everything.

And I think it is extremely significant that at the end of this first term, what the President has basically done is to resolve that debate. Now, there are still going to be rear guard actions fought by people who have a kind of monolithic view one way or the other about government. But the real challenge and the action for the next years will be to define more clearly what it means for government to be a catalyst, a partner; for government to play an appropriate role in seeding opportunity and working with other institutions in society.

And I think that has been basically, for as long as I've known Bill Clinton, what he's been struggling with. And I think that that's part of what brings people like Bob Rubin and Brian Atwood into this administration -- is to figure out how do we get the proper balance between these institutions and government. If you believe that government is the problem and the market is the solution, or if you believe government is the solution and market is the problem, you cannot make progress in dealing with what we're confronting as we move toward this new century.

So take this issue, which may look like a kind of small issue at first glance, but, as he usually is, Bob Rubin is prescient and right that this is a very big idea. And it's a big idea because it takes governmental catalytic action that will directly affect some people's lives; but more than that, create a new environment for private economic activity that could have very long-term consequences.

So that there will be and continue to be certain functions that I would argue -- speaking only for myself and not anybody else -- that only the government can do, and other functions that only the market can do. But, as with life, we will find that much of the rest of it is in this kind of gray middle. And that's where the real debate should be.

So I think that as we go forward in the next four years it will become increasingly clear -- or at least I hope it will be -- that when my husband has been talking about finding a third way and creating a new vision about how to function if you're part of the government or the market, that he wasn't sort of trying to straddle the middle or figure out a way to have it on all sides, but he was describing reality. But it was a reality that had not yet caught up with either the vocabulary or the understanding, I would argue, of most of the rest of us.

So that's where we are right now. You know, Bob, who is one of the leading sort of articulators of this -- you might want to add something. (Laughter.)

Q -- have your views changed about what the proper balance is -- that's what I'm asking.

MRS. CLINTON: Not at all. Not at all. It hasn't changed at all. I believe in the balance of power. I believe in the balance of power in government. I believe in the balance of power between government and the private sector. I believe in the balance of power between men and women. I believe in the balance of power. And I think that if you tilt too far one way or the other, you run into trouble.

But that makes it very difficult sometimes to explain in political terms, because it is much easier if you pursue a position that is either ideologically pure or more easily explained and people would say, oh, okay, she's a free marketeer, or she's a big governmenter, or whatever you might want to say, when the truth is that what we've tried to do from the beginning of this country is to strike that balance.

Now, the balance changes as society's needs change, as economic conditions change. And so that's what we're up against now, I would argue.

Q You're saying, then, that Bill Clinton invented triangulation before it became -- (laughter.)

MRS. CLINTON: Well, let me just say, that I think if you go back and study him closely and look at what he did as a governor, that it's fair to say that he understood that balance and argued for it and took stands against both extremes, as I would characterize them, for quite some time.

Q Mrs. Clinton, I really hate to bring up front-burner issues, but duty calls. There is one that we just had a briefing on, and that's that computer list. Would you care to say anything about that? Because you have been depicted as the person who pushed that. And also the allegations that it was actually used in a political purpose by the DNC.

MRS. CLINTON: Well, here's what I know about it -- and I wasn't aware that it was an issue until just a little while ago when somebody said it had been raised. As I understand it, the computer database was put into place to keep track of events and people associated with the official business of the White House. And so far as I know, that is how it was used. There were many practical uses for that. You know, had we invited somebody to a dinner before? We didn't know. We had no records.

If you recall, when we arrived here there was no computer system, basically. It had been removed or it didn't exist, I can't remember which. And you can't run any kind of modern enterprise without some kind of database. And that's what I assume the database was created for and used for.

Q Mrs. Clinton, you're given credit for ordering this in 1994 or when you needed some way to keep track. I guess the question is when the White House attorney's -- Counsel's Office came out with a clear directive that this can be used only for official White House business, the question became whether -- can the Democratic National Committee use the resources to send out the Christmas card or to get a Christmas card list or whether using the resources of these people have been invited to the White House, they've been guests. Can we contact them? Should we contact them for donations or party support? And I think that's where the line is. Are you aware of any of this information going to the Democratic National Committee?

MRS. CLINTON: Ann, I'm not aware of any of the specific uses. And I would doubt if I were the person who ordered it. I certainly was one of the people who said, how will we know whether people -- I'll give you a perfect example. If we're going to have a dinner, how will we even know whether somebody has been invited before? We used to get lots of calls with people who would say, I need to be at this dinner. And we'd say, we're you here six months ago. Oh no, I wasn't here. (Laughter.) So there were a lot of issues like that that struck me as being something we needed some good information on. And that's all I know about it at this time.

Q Mrs. Clinton, one of the things that happens in these memos is Marcia Scott created this -- throws your name around a lot saying that you're insisting that this be a top priority. And I wondered if -- when you're talking about changes, if you have done anything here to try to make sure people don't take your name in vain or don't give you credit or don't somehow say that Mrs. Clinton is demanding this when, in fact, maybe you really aren't after all.

MRS. CLINTON: Well, Rita, I wish I knew how to do something about that because just this week, I've had people tell me that someone has made it very clear that I want them to have a certain job -- someone I've never heard of. This happens all the time. I don't know quite how you deal with human nature on that level because I guess that's what we're talking about. But I've certainly tried to make it clear. And everyone who works for me tries to make it clear that we want to know if anybody is using my name or referring to me as being the person who has suggested something. And we're just going to do the best we can on that.

I don't know what else to say. I find it surprising. I've told this story before about Madam Mitterrand telling me that she wasn't having flowers at the state dinner because I had told people my husband couldn't be around flowers because of his allergies. And I was horrified.

Well, when we were in Australia, we were at the Governor General's house and we were walking down the grounds and the Governor General says, oh -- to my husband -- he says, so sorry we had to lock up all the kangaroos and koala bears. (Laughter.) Bill, of course, who would rather see a kangaroo and koala bear than most anything, says, what do you mean you had to lock them up? Oh, we were told you couldn't have -- and then they trace it back -- oh, I'm the one who told somebody the President couldn't see the kangaroos and the koala bears. (Laughter.)

So I think it's amusing except that it has gotten me into a little bit of controversy from

time to time. (Laughter.)

Q -- say it had to be a top priority?

MRS. CLINTON: Oh, I certainly think the White House needed a computer database. I mean, absolutely. I assume all of your businesses have some sort of computer records. But the design of it, the use of it, that was for other people to figure out. I didn't know anything about that. But I absolutely believed that we needed a computer system.

At the beginning, some of you may remember, we would have these great big events and people were turned away at the gate because there was no list, because they weren't on the list. And we had terrible, embarrassing encounters at the White House that I didn't think were appropriate. So, yes, I thought we needed some kind of database that could be used for official events.

Q Can we be on the list to get back in? (Laughter.)

MRS. CLINTON: I don't know. We'll see. I don't know.

THE PRESS: Thank you.

END

2:15 P.M. EST