Chron

OK

GUARDIAN

A Company of Vision

5170 SV

RALPH J. GERSON
President and Chief Executive Officer

'98 NOV 10 PM 7:42

November 9, 1998

11-10-98

To Burkhardt for reply?

Yes ✓ No _

Coord w/ B. NEC, NSC

The President
The White House
Washington, D.C. 20500-2000

Dear Mr. President:

I greatly enjoyed seeing you again at the dinner at
election results have dramatically underscored the
continued emphasis on concrete issues.

I particularly appreciated the insights you shared
international economic situation and the steps you
As you prepare for your trip to the Far East, I war
accountability in U.S.-Japan relations.

As you may recall, the major U.S.-based firms in the flat glass industry have made a long-term commitment to the Japanese flat glass market. Although there was considerable hope of progress from the 1995 U.S.-Japan flat glass agreement, there are few results to show to date. Today, just as in 1995, U.S. flat glass suppliers -- who regularly have at least 10 to 20 percent shares of most other major markets around the world -- account for barely 1 percent of Japan's market. The main reason is that the Japanese glass manufacturers have maintained their control of the entire distribution system. USTR and the Department of Justice have sought to initiate discussions about strengthening the Japanese manufacturers' antitrust compliance plans, but thus far Japanese officials have refused to discuss the issue. It does not seem unreasonable to press the Japanese government to ask for compliance by its own companies with its own Antimonopoly Act. Your Administration has tried repeatedly to break this impasse, but I believe that the Japanese must be persuaded of the political necessity for change at a senior level before progress will be made.

I understand that you did raise the flat glass market access issue in your discussion with Prime Minister Obuchi in New York in September. If, as you told me, he may be able to provide some leadership to his government, it is important that you remind him again on this upcoming visit of the importance of good-faith implementation of the flat glass agreement. Otherwise, his colleagues will conclude that this matter is not a high U.S. priority and continue to stonewall until the agreement expires.

With growing Congressional concern with our mounting trade deficit with Japan, it is clearly in Japan's own interest to begin taking some serious market-opening steps, especially in sectors like flat glass where bilateral agreements exist and there have admittedly been cartel practices. If Japan does not act, one viable alternative is international enforcement of American antitrust principles, an approach which they will like much less.

American manufacturers have made a long-term commitment to Japan's market, but continuing anti-competitive activity is being overlooked by the Japanese government. We trust you will make every effort to persuade Prime Minister Obuchi that this issue will not disappear.

We are grateful for your leadership and strong support. Please do not hesitate to let me know if you need any additional information.

Best personal regards.

Sincerely,

Ralph

RJG/jc

GUARDIAN
A Company of Vision

# GUARDIAN INTERNATIONAL CORP.
# FAX COVER SHEET

2300 Harmon Road
Auburn Hills, Michigan 48326 U.S.A.
Telephone: (248) 340-1800
Direct: (248) 340-2300
Facsimile: (248) 340-2308

**TO:** **The President**
**C/O Nancy Hernreich**

**FAX NUMBER:** 202-456-6703

**FROM:** Ralph J. Gerson
President and Chief Executive Officer

**DATE:** November 9, 1998

This document contains _3_ page(s) including this cover sheet. Should you encounter any difficulties receiving this transmission, please contact Mr. Gerson's office at (248) 340-2305.

Staff Sec

**JAY BRADFORD**

SENATOR
9TH DISTRICT

P. O. BOX 8367
PINE BLUFF, ARKANSAS 71611-8367

THE SENATE
STATE OF ARKANSAS

CHAIRMAN:
PUBLIC HEALTH, WELFARE & LABOR
COMMITTEES:
MEMBER:
JOINT COMMITTEE ON ENERGY
STATE AGENCIES & GOVERNMENTAL AFFAIRS
EFFICIENCY

'98 NOV 10 PM 7:36

COPY

November 4, 1998

Mr. James Lee Witt
Director
FEMA
Federal Center Plaza
500 C Street SW
Washington, DC 20472

Dear James Lee:

There is a great amount of concern from a group of people who I really respect who are worried about the students and faculty at Moody Elementary School in White Hall. The school is very close to the chemical agents disposal facility planned for the Pine Bluff Arsenal.

The citizens of the City of White Hall and adjacent areas have been very open-minded and cooperative with the disposal project. However, they have true concerns about the CSEPP evacuation plan.

The Moody Elementary Crisis Plan Committee has developed research proving that their facility is closer to the disposal project than 37 other schools in various locations around the United States. It is my request that FEMA reconsider its present position and fund a facility that will protect hundreds of students in some type of enclosure with protection rather than the present plan of walking across an open field. They also need installation of a positive airflow system at Moody Elementary School.

Enclosed is a paper prepared by the Moody Elementary Crisis Plan Committee that certainly makes sense.

It is my understanding that you will also receive requests from other leaders to improve the safety for these students. Based on the entire cost of the project, a comparably small amount of money would increase the safety of these students a hundredfold.

11-10-98
To Burkhardt for reply?
Yes ✓ No ___

B.

I know we generally don't respond to CC's ... but maybe we should on this one.

Sincerely,

Jay

Jay Bradford

JTB/sp

Enclosure-Letter

cc: The Honorable William Jefferson Clinton. President of the United States
The Honorable Jack Jones, Jefferson County Judge
The Honorable Jitters Morgan, Mayor of White Hall
Mr. Bud Harper, Director, Office of Emergency Services
Ms. Kay White, Chairperson, The Moody Elementary Crisis Plan Committee
Mr. Jim Featherston, Jefferson County Office of Emergency Services

October 27, 1998

Senator Bradford,

During the 1996-97 school year, a committee was formed to address concerns of Moody Elementary parents, students, and faculty about the proposed chemical agent disposal facility and the CSEPP evacuation plan. In a matter so grave and one that greatly affect the well-being of all who work and attend school at Moody, the committee feels our needs are not being addressed to the best interest of Moody's children, faculty and staff. We are both appalled and surprised that we have not received confirmation on our proposed plan to shelter our youngsters in a protected environment at the school. We are further troubled to find that safety precautions have been afforded to some 37 schools in various locations around the United States who are located at a greater distance from a chemical agent disposal facility than Moody Elementary. We believe our 500 plus students and more than fifty faculty and staff members are just as important and deserve a safe, protected environment. We believe our concerns warrant a response from the decision-makers who administer the budget which provides maximum protection to **all** its citizens. We strongly recommend that Moody Elementary be given top priority and placed on an even *"playing field"* with the other schools who have received collective protection. Since our committee meeting, there have been several leaks at the storage plant at the arsenal and one from a tanker truck carrying dangerous chemicals while on route to the storage facilities *within minutes from the school.* Our faculty, staff and parents are very concerned and have exercised great restraint believing those in charge of our well-being will apply the *"do right rule"* fairly. We urge ***your support*** and ***your help*** in securing protection for our students. Enclosed, for your information, are the two plans the committee formulated to best serve the interest of Moody Elementary School.

Sincerely,

The Moody Elementary Crisis Plan Committee
Kay White, Chairperson

| | |
|---|---|
| Wanda Akines, | Teacher |
| Vicki Spradlin, | Teacher |
| Prissy Bateman, | Teacher |
| Beth Peterson, | Teacher |
| Pam Smith, | Teacher |
| Linda Morris, | Teacher |
| Katharine Tackett, | Teacher |
| Marsha Bell, | Teacher |
| Julia McWilliams, | Counselor |
| Beverly Beck, | Parent and Moody PTO President |
| Dorothy Welch, | Principal |

*Enclosure # 1*

*#1.* *The Moody Elementary Crisis Plan Committee* recognizes and appreciates the time and effort required in developing a comprehensive evacuation plan for Jefferson County. It is unfortunate that Moody Elementary School was not included in the initial planning process. We could have given insight into the mental and physical needs unique to elementary age children. Perhaps the elementary school would have received collective protection on site. Our understanding is that no other toxic chemical storage site is situated in close proximity to a community, much less, an elementary school. Moody Elementary is the exception and requires exceptional safety precautions. Therefore, we strongly recommend that you consider an alternate plan for the *500 (five hundred) plus students of Moody Elementary.* The faculty and staff of Moody Elementary believe the prime focus of our plan should be to ensure the mental and physical well-being of the students, staff, and parents. We contend these concerns are not being met at the present time. The present plan requires 600 (six hundred) students and staff to walk across a field that is a distance of 100 (one hundred) or more yards. We recommend the installation of a positive airflow system at Moody Elementary. *Moody's Crisis Plan Committee* prefers this plan because:

- It will enable our young students (ages 5-11) to remain at Moody versus walking across the field to White Hall High School which is a distance of 100 (one hundred) yards or more from our building. We strongly believe this would be traumatic to our students.
- It will enable the teachers to contain their students in a familiar environment (classroom) thus ensuring their mental and physical well-being.
- It will enable the school to store, in advance, life sustaining supplies such as water, food, medicines, blankets, etc. in each classroom making supplies easily accessible to the teachers when needed.
- It will eliminate the need to plan for inclement weather conditions such as rain, wind, mud, snow, ice, tornados, or thunderstorms.
- It will provide Moody's handicapped students with easy access to a facility presently equipped for the handicapped to include non-ambulatory students requiring wheelchairs or motorized carts, and students with impairments such as visual, physical, auditory, emotional, and mental. Being in our own environment will eliminate the need to make provisions to "get these kids to safety across the field."
- Parental concerns about the safety of their children will be significantly reduced by keeping our students at Moody in familiar surroundings.

#2. As an alternative solution to *The Crisis Committee's* preferred plan, the committee recommends the construction of a facility large enough to accommodate the 600 (six hundred ) students and staff members of Moody Elementary with an enclosed connecting walkway adjacent to the existing facility. *Moody's Crisis Plan Committee* highly recommends this plan because:

- It will enable the teachers to contain their students in a familiar environment (classroom) thus ensuring their mental and physical well-being.
- It will provide easy access for small children (ages 5-11).
- It will provide advanced storage of needed life sustaining supplies such as water, food, medicines, blankets, etc.
- It will eliminate the need to plan for inclement weather conditions such as rain, wind, mud, snow, ice, tornados, or thunderstorms.
- It will provide a protected environment for our students should a chemical hazards material accident occur.
- Parental concerns about the safety of their children will be significantly reduced by keeping our students at Moody in familiar surroundings.
- It will provide Moody's disabled students with easy access to a facility presently equipped for the disabled to include non-ambulatory students requiring wheelchairs or motorized carts, and students with impairments such as visual, physical, auditory, emotional, and mental. Being in our own environment will eliminate the need to make provisions to safely transport these students to safety across the field to the White Hall High School facility.
- Parental concerns about the safety of their children will be significantly reduced by keeping our students at Moody in familiar surroundings.

As a statement of good faith to the White Hall Community and to Moody Elementary, we urge the Pine Bluff Arsenal, the Department of Defense, and the Office of Emergency Services to endorse this recommendation and to proceed accordingly.

cc: Mayor Jitters Morgan
Judge Jack Jones
Mr. Jim Featherston, Jefferson County Office of Emergency Services
President William Jefferson Clinton
First Lady Hillary Rodham Clinton
Governor Mike Huckabee
Senator Dale Bumpers
Senator Jay Bradford
Senator Jean Edwards
Senator Tim Hutchinson

Representative Pat Pappas
Representive Josetta Wilkins
Congressman Jay Dickey
Candidate Judy Smith
Candidate Mark Pryor
Candidate Bill Bristow
Candidate Betty Dickey
George Talbot III, Pine Bluff Commercial

**Jay Bradford**
Senator
9th District

P. O. BOX 8367
PINE BLUFF, ARKANSAS 71611-8367

Ms. Nancy Hernreich
Special Assistant to the President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

AUTO

THE PRESIDENT HAS SEEN
11-10-98

EB 10/26/98

JOHN KENNETH GALBRAITH
HARVARD UNIVERSITY
CAMBRIDGE, MASSACHUSETTS

October 14, 1998

copied:
Sperling
COS
Burkhardt
(original)

President William Clinton
The White House
Washington, D.C. 20500

**Personal**

Dear Mr. President:

Here is a different affirmation of support; perhaps you saw it. Coolidge and Hoover come quite persuasively from the Republican past.

Yours faithfully,

John Kenneth Galbraith

11-10-98

Enc.
JKG/sb

We will send origin to Burkhardt after you have seen —

OK — coord. with Ceel NEC

BC 519

— Do reply
the main were trying
to deal w/ financ. crisis,
whether or not

— cc G Sperling
he should be asked
what he thinks we should
do —


# Evading the Obvious

By John Kenneth Galbraith

CAMBRIDGE, Mass.

In the long speculative splurge in the late 1920's and thereafter in the Great Depression, the record of official Washington was far from compelling. So it is remembered in history: the amiable indifference of Calvin Coolidge; the repeated assurances by Herbert Hoover, as the Depression deepened, that it was really over; the many statements that the "fundamentals are sound."

Though this is not good, it may be much better than what solemn historians will say about these last few months in Washington. The worst economic crisis of recent times, certainly the worst since World War II, has been in the making. This has been reasonably evident. History will tell that Washington was supremely indifferent. Both politicians and Washington commentators were overwhelmingly, some will say exclusively, concerned with sex.

There is some reason for this. Economic policy and associated actions require knowledge and thought. On sex, ordinary or illicit, everyone has an equal start. No tedious study or discussion is required. No one is concerned that, as with Coolidge, this evasion will read badly in the history books or, more immediately, prevent needed political concern and action.

The response is now very much needed. The Japanese depression — this in the world's second-largest economy — has been a painful fact for several years. Likewise we have seen, if more briefly, the effect of youthful error, extravagance and corruption in many other Asian economies. The Latin American economies are returning to their normal instability. And there is the almost unimaginable economic and political disaster in Russia. As others have said, it took the Russian experience of capitalism to make Soviet Communism look good.

The effect of these disasters on the American economy, as on Canada's and in less measure on Europe's, is now well recognized. Exports have dwindled or stopped; bank and other kinds of loans to the afflicted countries are in, or at risk of, default. Even the strongest economy would suffer from these assaults; the further and devastating fact is that our economy is also fragile, as we are beginning at last to see.

The fragility is the natural product of a long period of speculation in the stock market, in related financial instruments and in real estate. Prices of securities went up because investors, small and great, thought, or were encouraged to think, they would go up. From that belief came further purchases, pushing prices higher — the classic speculative bubble.

The end, over the centuries, has ly comes the painful correction, as it is now called. Exposed again is the extreme susceptibility of what is called the financial mind. And as we learned in 1929 and after, the speculative correction has further effects. Those suddenly poor or less rich curtail their purchases, and businesses curtail their investment. Then comes the recession or depression.

All these are matters that call for attention and not least the measures that would ease the human effects of the speculative aftermath.

I do not suggest that Washington has been wholly silent. There has been some discussion of the role, present and future, of the International Monetary Fund. And there have been the usual words of hope that all might be saved by easy and painless Federal Reserve action, a hope slightly chilled by the stock market plunge that followed the recent reduction in the short-term interest rate. (Those committed to the specious magic of the Federal Reserve explained that its cut was too small.) There has also been discussion of the bailout of Long-Term Capital Management, a hedge fund that was one of the greatly favored financial adventurists. But so far

**On Wall Street, time for 'creative destruction.'**

almost nothing has been said about the larger economic and social effects now in sight or of the needed action.

My own concern for those who have been caught up by their insane errors of expectation is somewhat less than acute. There is a useful role as regards financial aberration and its sponsors for what the economist Joseph Schumpeter, somewhat unsympathetically, called creative destruction. It is good that they go.

But the larger economic effects, including the ways to minimize suffering for the innocent and for maintaining the flow of consumer and investment demand, should now be the subject of the most intense discussion in Washington. Alas, I do not have great hope. From all outward evidence, the central subject will still be sex. Coolidge and Hoover will continue to look better. □

Essay

WILLIAM SAFIRE

# Shattering Shibboleth

WASHINGTON

Let's cut to impeachment's chase.

*Impeachment myth No. 1: Congress will never vote to impeach or remove a President in the teeth of opinion polls.*

Reality: Here comes the impeachment election. If Democrats take the House, Clinton's conduct is effectively condoned. Contrariwise, if Republican majorities grow, that vote would stand as the voice of the people no matter what opinion polls show.

*2. The shortened attention span of the American people dictates Henry Hyde's "New Year's Resolution" — hasty hearings and a snap decision from this Congress this year.*

No Thanksgiving break? No Christmas? This sordid story is hungry for heroes, and as Congress provides new household names, a new cast of characters — white hats as well as villains — will achieve fame and fascinate us all. The civic debate should become more elevated and less prurient as weighty constitutional issues unfold on television.

*3. The Judiciary Committee will limit itself to digesting and acting upon only the evidence submitted so far by the Independent Counsel.*

A Republican House ignoring new information about abuses of power in Travelgate and Filegate and obstruction in Whitewater? A newly expanded Judiciary staff refusing to examine evidence of bribery (a most impeachable offense) in illegal campaign fund-raising from Asia? C'mon.

*4. People are tired of lies about sex and want to move on.*

That may be what people say while transfixed by the drama of egregious misconduct at the top. Sex perjury by itself may not be cause enough to remove a President, but abuses add up, and the prospect of Jane Doe No. 5 or Intern No. 2 or some other "harassed from the past" gives Democrats the Willeys.

*5. Democrats will call Ken Starr as a witness and turn hearings into a circus investigating the investigator.*

The maligned Independent Counsel may turn out to be a cool, persuasive witness and not a priggish Savonarola. Monica may exhibit unexpected dignity. And if prosecutor and chief witness are called before Congress, why not the grand jury forewoman — on the theory that seeking truth about a potential Presidential conspirator takes precedence over indictments?

*6. The simple pleasures of Monicagate can't hold a candle to the serious abuses of Watergate.*

That's because we've only just
gun. Watergate is remembered
Nixon's cover-up that came to l
long after a break-in he knew noth
about. Starr has much to repor
miscreants to indict after Nov. 3.
committee has not yet started ta
depositions, and Clinton cannot cl
privilege for aides like Lindsey
Blumenthal, or his lawyers' hired
vacy-penetrators Terry Lenzner
Jack Palladino, without adding fu
the impeachment fires.

**Old myths, new realities.**

*7. Democrats will easily finc loyalist votes in the Senate to r removal in the spring.*

The most ominous sentence of
week came from the veteran De
cratic Senator Robert Byrd, lea
preserver of the legislative bran
prerogatives. After Clintonites
ishly tried to assemble 34 senat
signatures to prejudge and mo
House impeachment inquiry,
warned: "Don't tamper with
jury." On constitutional mat
Byrd has a small but respectful D
ocratic following in the Senate c
they are not in anybody's bag.

*8. With Asia and Russia in ecor ic turmoil, refugees about to fr in Kosovo and Saddam buil weapons while thumbing his no the U.N., we cannot afford the traction of firing our reckless lec*

A superpower should be abl
walk and chew up a President a
same time. Turn the myth or
head: Mr. Clinton, who studio
avoided dealing with these crise
fore the impeachment inquiry,
finally have an incentive to add
them — if only to look Preside
Advocates of his ouster will sup
him — if only to appear nonpart

*9. Cool heads will prevail to punishment short of removal.*

Congress may cluck-cluck at, l
forbidden to punish, a nonmen
Clinton, who still thinks he can
his way out of anything, will not
ther weaken the Presidency by
gaining for extra-constitutional
miliation. He stands ready, to his
it, to take his chances on a Senate
If he loses, he will gain what he
sought all his life: a unique and i
ble place in American history.

# Peace must be more

I've sent this to Eric
Swartz, NSC

M. Tarmey '98 NOV 10 AM9:20

11-10-98

Send to Burkhardt?

Yes ✓

No

Coordinate w/ NSC?

Yes ✓

No

BC Sig
BAP
Kbox Asia

**Peter D. Bell**
President
CARE
151 Ellis Street NE
Atlanta, GA 30303-2439
Tel 404 681-2552
Fax 404 577-5977

November 9, 1998

The Honorable William Jefferson Clinton
President
The White House
Washington, D.C. 20500

Dear Mr. President:

CARE

I just came back from a three-day visit to Honduras and Nicaragua and wanted to express support for the initial U.S. response to the devastation of Hurricane Mitch. I also strongly urge the U.S. Government to provide much more support for rebuilding these countries.

First of all, Hurricane Mitch is the biggest disaster I have seen in Latin America in my 35 years of working in or with the region. The toll in terms of human lives is staggering. And the damage to the infrastructure—roads, bridges, electricity, water and communication systems—will have enormous negative impacts on the national economies.

On behalf of CARE, I would like to express our appreciation for your comments last week about how the Central American countries are in our hearts and in our minds, and your decision to allocate $70 million to Honduras within a matter of days. I also appreciate that both Mrs. Clinton and Mrs. Gore will make high-profile visits in the next week.

CARE has been working in Honduras for more than 40 years and looks forward to working closely with the U.S. Government in crafting a range of responses to the emergency situation—including the delivery of P.L. 480 food to 350,000 people over the next three months.

I have three recommendations I would like to share with the Administration at this time:

1) Continue to provide significant logistical and food support for the emergency situation and address health problems that threaten to spiral out of control in the weeks to come;
2) Look for ways to marshall significantly larger resources to support the reconstruction of Honduras, Nicaragua, and El Salvador over the next several years; and
3) Urge private U.S. corporations to stay the course and provide incentives to those individuals and corporations which invest significant new resources in the near future.

I had the opportunity to meet with President Flores of Honduras and was pleased that his priorities and ours at CARE coincide at this point.

I would be happy to provide further information on the situation if that would be useful.

Yours sincerely,

Peter D Bell

Peter D. Bell

Cc: The Honorable Madeleine Albright, Secretary of State
The Honorable Sandy Berger, Assistant to the President for National Security Affairs
The Honorable Thomas Pickering, Under Secretary of State for Political Affairs
The Honorable Brian Atwood, The Administrator for USAID

***Email*** pbell@care.org
***Web*** http://www.care.org

CARE

CARE
151 Ellis Street NE
Atlanta, GA 30303-2439

The Honorable William Jefferson Clinton
President
The White House
Washington, D.C. 20500

CARE

CARE
Office of Public Policy & Government Relations
1625 K Street NW, Suite 200
Washington, DC 20006

The Honorable William Jefferson Clinton
President
The White House
Washington, D.C. 20500

ATTENTION: Ms. Maria Echaveste
West Wing
N.W. Gate
Tel. 456-6594

By Hand

It's taken ① weeks but correspondence finally found this letter — It was written Aug. 21 —

③ Nancy Porus should respond ④ Phil ② EB to Phil

② EB — Fyi - Would either of us reply — BC

THE PRESIDENT HAS SEEN
10-23-98

10/23/98

After you have seen, we will send Burkhardt — ✓

Yes — ✓

No —

Bur Give me a call about this. Thanks, Phil

COMMONWEALTH OF KENTUCKY

**OFFICE OF THE GOVERNOR** (EX)

BRERETON C. JONES
EX-GOVERNOR

Airdrie Stud, Inc.
P. O. Box 487
Midway, KY 40347
(606) 873-7270

August 21, 1998

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

THE PRESIDENT HAS SEEN
10-23-98

Dear Mr. President:

This is certainly one of the most difficult letters I have ever written. As you know, I was the first governor to publicly endorse your candidacy for President of the United States. I was convinced then, as I am today, that you are a person of great intellect, compassion and ability. God has given you many talents and on numerous occasions you have used these to help a great number of people, and for this I have great respect.

It is now apparent, however, that truthfulness is not one of your virtues, and for this I feel great sadness. If the people of America cannot believe their President, they cannot be led by their President. If world leaders know that the leader of America cannot be believed then all of America is in grave danger in a variety of foreign policy situations.

For the sake of America, please resign the Office of the Presidency now. Allow us as a nation to rally around Vice President Al Gore and get on with the business of America and the world.

History will treat you kindly for your many accomplishments as President. History will treat you unkindly if you do not spare America the anguish of either impeachment proceedings or the divisive leadership of a humiliated President who cannot be believed.

Please Mr. President, repay the people of America for the trust they have placed in you. Resign your office and inspire the country to rally around the leadership of the Vice President.

With sincere best wishes to you, Hillary and Chelsie, I am

Sincerely,

Brereton

Brereton C. Jones

/src

Phil - 10/28
Should I
draft
a response?
-Debi

Voc

AN EQUAL OPPORTUNITY EMPLOYER M/F/D

**PRESIDENTIAL CORRESPONDENCE**

**R. Scott Michaud, Senior Editor**

**96 OEOB, 202-456-5494**

**TO:** Fred DuVal **DATE:** 10/7/98

## Please take the following action with the attached materials:

☐ **TRIP MAIL**
**Reply as appropriate and cc:**
**Scott Michaud, 96; Kirk Hanlin, 184**

☐ **FOR YOUR RECORDS/INFORMATION**

☐ **FOR YOUR CLEARANCE/COMMENTS**
**Please return to me with your comments.**

☐ **FOR YOUR ATTENTION**
**Please send me a copy of your reply.**

☐ **SPECIAL REQUEST:**

Per Your Request.

[signature]

**AIRDRIE STUD, INC.**

P.O. BOX 487
OLD FRANKFORT PIKE
MIDWAY, KENTUCKY 40347

LEXINGTON KY 405
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09 SEP
1998

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KY
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8152792
0.32
U.S. POSTAGE

THE HONORABLE WILLIAM J. CLINTON
PRESIDENT OF THE UNITED STATES
THE WHITE HOUSE
1600 PENNSYLVANIA AVENUE
WASHINGTON, D.C. 20500

THE PRESIDENT HAS SEEN 11-10-98

THE WHITE HOUSE

WASHINGTON

November 10, 1998

Mr. President:

We've cc'd John, Maria and Sandy on this memo.

Phil Caplan

cc: HRC/Albright

copied
HRC
Verveer
COS

CHAIRMAN OF THE JOINT CHIEFS OF STAFF

WASHINGTON, D.C. 20318-9999

THE PRESIDENT HAS SEEN
11-10-98

CM-383-98
9 November 1998

MEMORANDUM FOR THE PRESIDENT

'98 NOV 10 PM12:09

Subject: Update on Bridges for Nicaragua

1. Following your conversation with President Aleman, you asked me to expedite the provision of bridges to Nicaragua. We have been working this issue hard; however, as of this evening, the bottom line is that we are still trying to determine the specifics of Nicaragua's needs.

2. I discussed this mission with General Wilhelm yesterday and today, and emphasized its importance. He has been in contact with his counterpart in Nicaragua and with the US Ambassador in Managua, Lino Guiterrez. As of now, we still have not been able to get the specific locations of the bridging requirements, the lengths of the spans needed, or other details necessary to determine the type of bridging required.

3. To try to expedite this process, we have imaged 26 bridge sites in Nicaragua. We're currently analyzing that imagery to determine which bridges are out, which of those could be replaced initially with earthmoving to create low water fords, and which will require bridging. The arrival of our engineer assessment teams in Honduras today will enable us to supplement the imagery analysis with on-site assessments. These actions will speed the process of determining actual requirements and making repairs.

4. A Heavy Construction Seabee Detachment (with dozers, graders, and other heavy equipment) was flown in to Honduras yesterday. In addition, we have placed several different types of engineering and bridging units on alert for deployment. Lead elements of the first bridging unit (with three medium girder bridge spans, each capable of spanning 50 meters) will begin deploying by air and sea in the next 24 hours. Additional units and bridging equipment will be sent to the region by a mix of transport as soon as specific requirements and locations are determined.

5. A number of other actions in the past 24 hours will also help with the delivery of bridging assets – and of other immediately needed supplies – in the region. The departure yesterday of 10 more heavy-lift helicopters will dramatically increase our ability to get sizable loads to remote locations. Today, we flew in an additional 6 medium-lift helicopters which will help with such deliveries as well, and also will enable our assessment teams to reach remote areas.

6. In short, this effort has everyone's attention. I anticipate starting to nail down specific requirements tomorrow and starting to deploy assets then as well. We can probably solve some problems with bypasses and earthmoving, while we await the arrival of sufficient bridging in the region – which will likely take the better part of a week-and-a-half.

Hugh Shelton

HENRY H. SHELTON
Chairman
of the Joint Chiefs of Staff

Copy to:
SecDef

THE PRESIDENT HAS SEEN
11-10-98

To Speechwriting Staff
This is the sort of thing we need to avoid.
BC
11/10/98

Date: Wednesday, October 07, 1998 7:01 PM
Subject: Wacky Headlines

>Include your Children when Baking Cookies
>
> Something Went Wrong in Jet Crash, Expert
> Says
>
> Police Begin Campaign to Run Down
> Jaywalkers
>
> Safety Experts Say School Bus Passengers
> Should Be Belted
>
> Drunk Gets Nine Months in Violin Case
>
> Survivor of Siamese Twins Joins Parents
>
> Farmer Bill Dies in House
>
> Iraqi Head Seeks Arms
>
> Is There a Ring of Debris around Uranus?
>
> Stud Tires Out
>
> Prostitutes Appeal to Pope
>
> Soviet Virgin Lands Short of Goal Again
>
> British Left Waffles on Falkland Islands
>
> Lung Cancer in Women Mushrooms
>
> Eye Drops off Shelf
>
> Teacher Strikes Idle Kids
>
> Squad Helps Dog Bite Victim
>
> Enraged Cow Injures Farmer with Ax
>
> Plane Too Close to Ground, Crash Probe Told
>
> Miners Refuse to Work after Death
>
> Juvenile Court to Try Shooting Defendant
>
> Two Soviet Ships Collide, One Dies
>
> Killer Sentenced to Die for Second Time in 10
> Years
>

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> Deer Kill 17,000
>
> Typhoon Rips Through Cemetery; Hundreds
> Dead
>
> Man Struck by Lightning Faces Battery Charge
>
> New Study of Obesity Looks for Larger Test
> Group
>
> Astronaut Takes Blame for Gas in Spacecraft
>
> Kids Make Nutritious Snacks
>
> Chef Throws His Heart into Helping Feed
> Needy
>
> Arson Suspect is Held in Massachusetts Fire
>
> British Union Finds Dwarfs in Short Supply
>
> Lansing Residents Can Drop Off Trees
>
> Local High School Dropouts Cut in Half
>
> New Vaccine May Contain Rabies
>
> Man Minus Ear Waives Hearing
>
> Deaf College Opens Doors to Hearing
>
> Air Head Fired
>
> Steals Clock, Faces Time
>
> Prosecutor Releases Probe into Undersheriff
>
> Old School Pillars are Replaced by Alumni
>
> Bank Drive-in Window Blocked by Board
>
> Hospitals are Sued by 7 Foot Doctors
> War Dims Hope for Peace
>
> If Strike isn't Settled Quickly, It May Last a
> While
>
> Cold Wave Linked to Temperatures
>
> Enfields Couple Slain; Police Suspect Homicide
>
> Red Tape Holds Up New Bridge

THE PRESIDENT HAS SEEN
11-10-98

— 4000
— Balance

— Russia
— IMF
Migrant Congress Mexico



**ACTIONS TAKEN**

- I have convened a Principals meeting to discuss the problems in the steel industry and reviewed the actions you have requested. I want to address each.

- **SENIOR LEVEL TASK FORCE:** NEC convened deputies level interagency group to work intensively on this issue and NEC principals have met several times.

- **EXPEDITED DUMPING CASES:** Secretary Daley has cut 25 days off the time required for a preliminary determination (early February) relative to the normal 160-day schedule.

- **CRITICAL CIRCUMSTANCES:** Secretary Daley has taken the unprecedented step allowing early announcement of critical circumstances. If the legal threshold is met for the steel cases, this could provide a deterrent to further surges as early as mid-November.

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COS

Gene

Steve fine
I want to talk
to you about
this — BC

- **EUROPE:** Barshefsky urged Europe to open markets and lift quotas on Russia. Assistant Attorney General Klein has informally inquired what EU is doing in response to allegations that Japanese and European steel producers had agreed to stay out of each others' territories. At the US-EU Summit next month, I will insist that the EU take its fair share of imports.

- **JAPAN:** I told PM Obuchi that Japan cannot export its way out of its crisis. Must open its markets to imports and stimulate growth. Barshefsky raised fair steel trade during her trip to Japan. Japanese producers have indicated publicly they plan to reduce exports. Recent import numbers show some slowing. When I meet again with PM Obuchi in November, I will tell him situation in steel is unsustainable.

November 5, 1998

The President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

We look forward to the opportunity to discuss directly with you the grave crisis facing the American steel industry and the hundreds of thousands of hard-working American families who depend upon the industry for their livelihood. The recent unprecedented surge of unfairly traded foreign steel has imperiled the industry, these workers and their communities in a way not seen since the devastation of the early 1980s.

As we have discussed with members of your Cabinet in a series of meetings, the last fifteen years have been a time of extraordinary change in American steel. At enormous human cost, the industry has transformed itself into the most efficient producer of the world's highest quality steel. Spending over $50 billion on modernization, eliminating excess capacity and forging a far-reaching and innovative partnership between the companies and the United Steelworkers of America have produced extraordinary gains in productivity, quality and efficiency. On a level playing field, American steel can now compete with any in the world. And, although we may differ among ourselves on some particular issues, all of us support efforts to create a fair, rules-based international trading system.

But now our progress — and the well-being of Americans who depend on the American steel industry — are at risk. A tidal wave of unfair imports is flooding into our market at cutthroat prices. Over the five year period 1993-1997 imports of foreign steel averaged just over 20% of the United States market. In 1998, imports took approximately 30% and, if the last three months are annualized, foreign steel would wind-up almost equaling 50% of United States industry shipments. Only the United States among all steel producing nations in the world cedes 20% of its domestic market to imports in <u>normal</u> times. Economic crises in Asia, Russia or Latin America cannot justify allowing unfair imports to flood into the United States at extraordinary low prices that are destroying our market.

This unprecedented surge of foreign steel imperils not only the great progress our industry has made since the 1980's, but our very survival. Already, one company is in bankruptcy, others are in imminent peril, and even the strongest have been battered by the downward trend in jobs, profits and productivity and the diminished capacity to make needed investment. If this surge of unfair imports is not stopped immediately, the American steel industry, which is so vital to the nation's economy and security, will be seriously and permanently damaged, and the families and towns who depend on the industry will be irreparably harmed.

What, then, can be done? As you know, we have initiated anti-dumping cases to enforce our trade laws against Japan, Russia and Brazil with respect to certain products, and we have pressed a public education campaign which has raised awareness concerning these developments. The Congress has adopted resolutions calling for aggressive actions in response to this crisis. In addition, many congressional leaders, governors and other political, business and community leaders have communicated with you and members of your Cabinet requesting immediate action. These activities will continue. But only you have the authority to effectively stop this dramatic and destructive surge of imports. We need your personal commitment to help the workers, families and communities who depend on the American steel industry. We urge that you take the following specific actions:

1. Immediate actions to stop the flood of unfair imports must be taken. These actions need to be effective and enforceable. We understand that your authority and the specific form of interim relief consistent with our laws and international standards and commitments may vary from one trading partner to another. We are prepared to work with your Administration on the details, the analysis and proof. But through a combination of direct action and diplomatic initiatives at the highest level, we are convinced that you have the authority to provide such relief. Two specific examples: First, we have provided to your Administration an analysis of the authority you have to impose interim duties on Russian imports and we urge this action as an important first step. Second, we believe steel should be on the agenda for your upcoming discussions with the

leaders of Japan and Korea at the APEC summit and the meetings thereafter, with the objective of stopping unfair imports, thus substantially reducing the level of imports from these countries. Similar forceful discussions should be held with all others who are trading unfairly. We will provide you with information to support these discussions.

While the Union supports these measures, it is firmly convinced that they are insufficient without quantitative restraints which, at least temporarily, roll back imports to their level prior to the recent surge.

2. With respect to the pending trade cases, we need prompt enforcement and effective remedies for violations of our trade laws, including continued efforts by your Administration to expedite these proceedings and make the "critical circumstances" finding necessary to apply anti-dumping remedies back to the earliest possible date.

3. The President, the Secretary of Commerce and the United States Trade Representatives have the authority to initiate cases to enforce our trade laws. As the industry and the union bring additional cases involving added products and countries, we need your commitment to expeditious processing by the appropriate agencies in your Administration. Further, we ask that the Government consult with us on initiating an investigation by the International Trade Commission to determine under our law whether the increased steel imports are causing serious injury or the threat of serious injury to our industry. As a matter of common sense as well as legal analysis, there can be no doubt, as we look back over the last few months or forward to the remainder of this year and into the next that the circumstances are dire and the injury serious.

4. Other actions are needed to improve our ability to respond to such crises in the future, including: (i) improved monitoring to provide more timely data on imports, consistent with reporting programs in effect in Canada and Mexico and with WTO rules; (ii) legislative actions that make our trade laws no more favorable to imports than World Trade Organization rules provide, together with other legislative initiatives to strengthen our trade remedies consistent with WTO rules; and (iii) immediate final approval of pending countervailing duty regulations, without any weakening changes.

5. We ask that you make a strong public statement that unfair steel imports must stop and the rules governing trade will be strictly enforced.

6. This is an unfolding crisis which requires the ongoing attention of a special White House task force. This task force is needed to maintain a working dialogue with industry and union representatives and to oversee the implementation of your policy decisions in this matter. We ask that you immediately appoint such a task force and designate a principal Administration point of contact. We ask that this task force also work with us to develop needed changes in our trade laws to deal with global economic crises, such as dramatic changes in currency exchange rates which produce serious distortions in international trade.

Mr. President, your personal involvement and leadership on this issue is crucial to the well-being of millions of American workers, their families and communities. We can all be proud of the progress made by the American steel industry in becoming the most competitive in the world. Now when that progress is on the line, we need your efforts side by side with ours.

Please join us in standing up for steel.

Respectfully yours,

George Becker
President
United Steelworkers
of America AFL-CIO

Hank Barnette
Chairman and Chief Executive Officer
Bethlehem Steel

Peter J. Kelly
Chief Executive Officer
LTV Steel

Paul J. Wilhelm
President
U.S. Steel Group
USX

# STEEL INDUSTRY ADDITIONAL REQUESTS

## Letter of November 5, 1998 from Steel Industry and Union Leaders to the President

| REQUESTS | RESPONSE |
|---|---|
| **CHANGING INJURY STANDARD IN SAFEGUARDS LAW (SECTION 201):** The industry has asked for legislation that would make the safeguards law more accessible by loosening the injury standard. | **CHANGING SAFEGUARDS LAW:** I have discussed with my advisors and some Congressional members. Change would have broad implications, need to study in greater depth. Some advisors are concerned that we should be careful not to take actions that could provide an excuse for other nations to close their markets. |
| **INTERIM DUTIES ON RUSSIAN IMPORTS**: Industry seeks immediate imposition of 30% tariff on Russian steel imports | **NEGOTIATED SOLUTION:** Since we have greater latitude with Russia, better to instead begin to explore negotiated solution that could provide rapid and comprehensive relief.<br><br>**CRITICAL CIRCUMSTANCES:** If legal threshold for critical circumstances determination is met, it could provide a deterrent to further surges of Russian imports as early as mid-November. |
| **ADMINISTRATION SELF-INITIATION OF SAFEGUARDS:** Industry wants our commitment to consult on initiating a safeguards investigation and possibly dumping cases. | **CONSULTATIONS WITH INDUSTRY:** We want to work with you as you consider your next steps on litigation. |
| **IMPORT LICENSING:** The industry has requested that we institute an import licensing system such as that in effect in Canada to provide more timely data on imports. | **IMPORT LICENSING:** We have begun to investigate the feasibility and implications of establishing an import licensing system, as in Canada. Understand this would require legislation.<br><br>**IMPORT MONITORING PROGRAM**: DOC has established an import monitoring program in critical sectors such as steel.<br><br>**EARLY DATA SHARING** : Census making steel import data available to our trade agencies 20 days prior to official release date to improve our ability to respond to import surges. |
| **QUANTITATIVE RESTRAINTS:** The United Steelworkers seeks quantitative restraints, to, at least temporarily, roll back imports to their level prior to recent surge. | **TALKS WITH RUSSIA** could produce such quantitative restraints. Want to begin a dialogue to explore a negotiated solution.<br><br>**CRITICAL CIRCUMSTANCES:** Could begin to get relief as soon as mid-November if Commerce finds critical circumstances.<br><br>**NEED TO PLAY BY THE RULES:** Will fully enforce trade laws and insist other countries play by rules. But we have to do same to avoid retaliation. |

THE PRESIDENT HAS SEEN
11-10-98

**STEEL INDUSTRY ADDITIONAL REQUESTS**
**Letter of November 5, 1998 from Steel Industry and Union Leaders to the President**

| REQUESTS | CONSIDERATIONS | RESPONSE |
|---|---|---|
| **CHANGING INJURY STANDARD IN SAFEGUARDS LAW (SECTION 201):** The industry has asked for legislation that would make the safeguards law more accessible by loosening the injury standard. | **PROS:**<br>• Consistent with WTO.<br>• Relative to antidumping, safeguards remedies are more flexible, apply to all exporters rather than to selected countries, are time-limited and declining over time and provide for industry adjustment.<br>**CONS:**<br>• Could send a protectionist signal at a fragile moment<br>• Could attract safeguards cases that would put you in position of choosing between competing interests (e.g. steel and automotive indtustries). | **CHANGING SAFEGUARDS LAW:** I have discussed with my advisors and some Congressional members. Change would have broad implications, need to study in greater depth. Some advisors are concerned that we should be careful not to take actions that could provide an excuse for other nations to close their markets. |
| **INTERIM DUTIES ON RUSSIAN IMPORTS:** Industry seeks immediate imposition of 30% tariff on Russian steel imports | **PROS:**<br>• Permitted under our bilateral trade agreement.<br>**CONS:**<br>• Agreement also allows Russia to retaliate against U.S. exports in response.<br>• Could jeopardize talks with Russians on negotiated agreement. | **NEGOTIATED SOLUTION:** Since we have greater latitude with Russia, better to instead begin to explore negotiated solution that could provide rapid and comprehensive relief.<br><br>**CRITICAL CIRCUMSTANCES:** If legal threshold for critical circumstances determination is met, it could provide a deterrent to further surges of Russian imports as early as mid-November. |
| **ADMINISTRATION SELF-INITIATION OF SAFEGUARDS:** Industry wants our commitment to consult on initiating a safeguards investigation and possibly dumping cases. | **PROS:**<br>• Feasible and shows concern.<br>**CONS:**<br>• Not immediate issue, since industry not yet sure they have a strong case.<br>• Could open the door to similar requests from wheat and other industries.<br>• Might invite retaliatory action from trade partners. | **CONSULTATIONS WITH INDUSTRY:** We want to work with you as you consider your next steps on litigation. |
| **IMPORT LICENSING:** The industry has requested that we institute an import licensing system such as that in effect in Canada to provide more timely data on imports. | **PROS:**<br>• Consistent with WTO rules.<br>**CONS:**<br>• Requires legislation that could serve as a vehicle for more protectionist proposals<br>• Costly to implement.<br>• Could be interpreted as a strongly protectionist action by our trade partners. | **IMPORT LICENSING:** We have begun to investigate the feasibility and implications of establishing an import licensing system, as in Canada. Understand this would require legislation.<br><br>**IMPORT MONITORING PROGRAM:** DOC has established an import monitoring program in critical sectors such as steel.<br><br>**EARLY DATA SHARING** : Census making steel import data available to our trade agencies 20 days prior to official release date to improve our ability to respond to import surges. |
| **QUANTITATIVE RESTRAINTS:** The United Steelworkers seeks quantitative restraints, to, at least temporarily, roll back imports to their level prior to recent surge. | **CONS:**<br>• Industry opposes this approach as inconsistent with our international obligations.<br>• This could only be accomplished through emergency legislation (under IEEPA), which would be unprecedented. Section 201 allows for quantitative restraints, but serious injury must be proven and case normally takes over six months.<br>• Would invite retaliation and send strong protectionist signal. | **TALKS WITH RUSSIA** could produce such quantitative restraints. Want to begin a dialogue to explore a negotiated solution.<br><br>**CRITICAL CIRCUMSTANCES:** Could begin to get relief as soon as mid-November if Commerce finds critical circumstances.<br><br>**NEED TO PLAY BY THE RULES:** Will fully enforce trade laws and insist other countries play by rules. But we have to do same to avoid retaliation. |

# KEY FACTS ON STEEL INDUSTRY

**STEEL PRODUCTS** (in order of rising price/quality):

LONG PRODUCTS:
- Bar
- Wire
- Tube

FLAT-ROLLED PRODUCTS (used in autos, appliances, structural materials):
- Plate
- Hot-rolled Sheet
- Cold-rolled Sheet
- Galvanized Sheet

**INDUSTRY SEGMENTS**

LARGE INTEGRATED COMPANIES: Integrated from iron production to steel processing. Use blast furnaces. Highly capital-intensive and thus volume-sensitive.

- USX: Thomas Usher, CEO, and Paul Wilhelm, President
  - Description: Largest company. Joint venture with Korea's POSCO.
  - Capacity: 10-11 million tons
  - Locations: W. Pennsylvania; Gary, Indiana; Alabama; Philadelphia
  - Recent experience: One furnace shut down. Three operating 25 to 50 percent below capacity. Order book down 25 percent. 100 layoffs in Pittsburgh

- BETHLEHEM: Hank Barnette, CEO
  - Locations: Pennsylvania, Maryland, Indiana

- LTV: Peter Kelly, CEO
  - Locations: Cleveland, Indiana, Minnesota
  - Recent experience: Recently laid off 50 workers; first time in 10 years.

SMALL INTEGRATED COMPANIES: Use intergrated production process, blast furnaces, but at smaller scale than large integrated.

- NATIONAL: John Maczuzak, COO
  - Location: Granite City, St. Louis, Missouri; Michigan
  - Capacity: 6 million tons.
  - Employment: 9300
  - Recent experience: Idled one of three blast furnaces.

- WEIRTON: Richard Riederer, CEO
    - Description: Small integrated player.
    - Location: Weirton, West Virginia.
    - Capacity: 3 million tons.
    - Employment: 5000
    - Recent experience: Order book is down 35 percent. Already had 150 layoffs; 150 more planned in fourth quarter.

- GENEVA: Robert Grow, CEO
    - Location: Geneva, Utah
    - Description: Collapse in stock price (from \$2.50 to \$0.87 in two years) reflects analysts' assessment that \$400 million new investment was wasted. Spot market player.
    - Recent experience: Operating at 40 percent of capacity. Layoff of one quarter of workforce (600). Hurt by imports from new Korean player, Dongkook.

- GULF STATES: John Lefler, CEO
    - Description: Spin-off from larger integrated produceer. Smallest integrated firm following bankruptcy of smaller competitor, Acme.
    - Location: Gadsden, Alabama
    - Capacity: 1 million tons
    - Employees: 1800
    - Recent experience: 150 layoffs. Volume is down 30 percent. Production has been cut back to 4 days a week with a shutdown one week of every four.

CALIFORNIA STEEL INDUSTRIES (CSI): James Declusin, COO

- Description: Owned by Brazil-Japan joint venture. Production limited to rolling imported slabs.
- Loction: Fontana, California
- Capacity: 2 million.

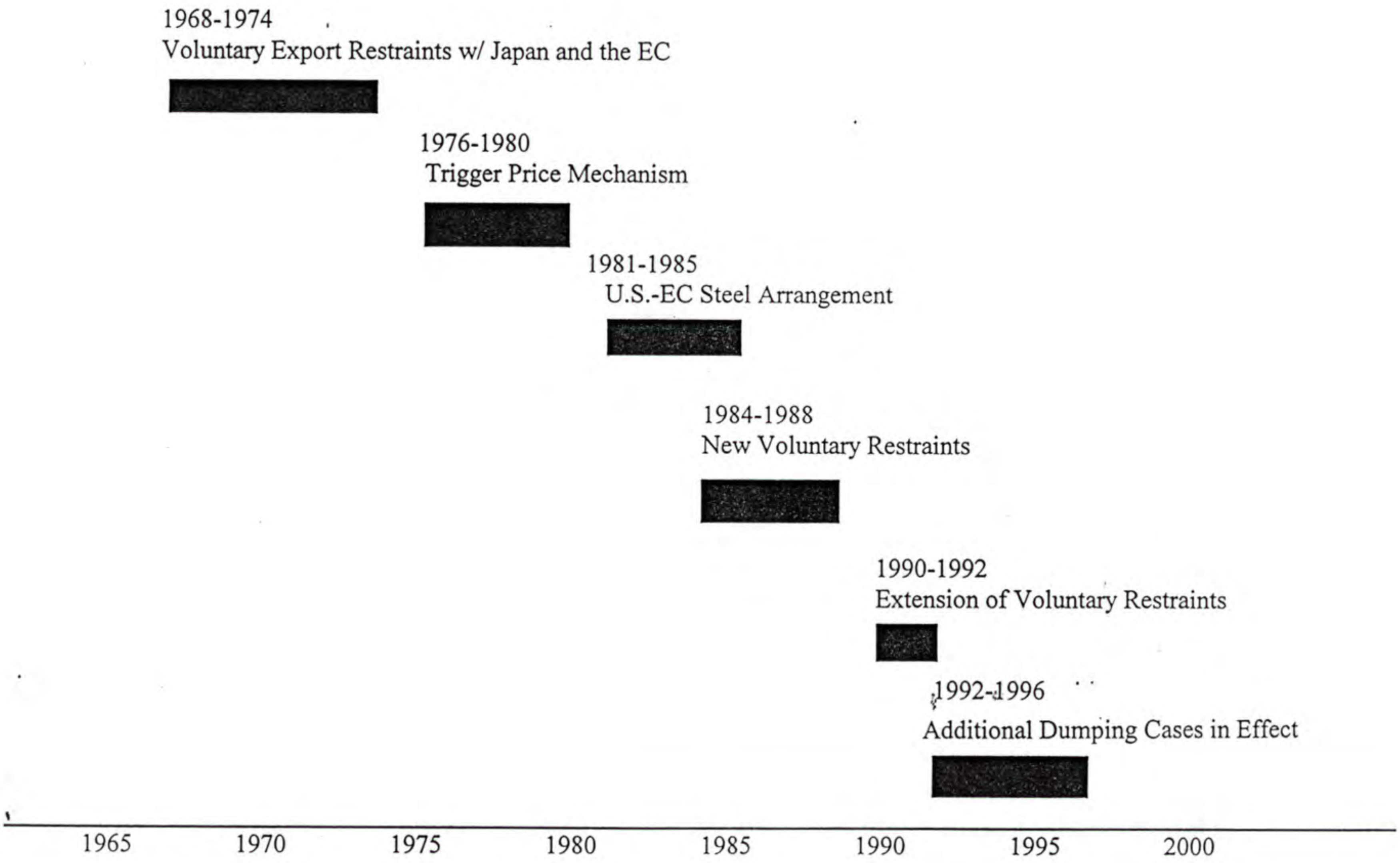
IPSCO: Roger Phillips, CEO

- Description: Owned by Canadian company.
- Location: Muscatine, Iowa

INLAND: Robert Darnell, CEO

- Description: Owned by British-based Ispat, Inc.
- Location: East Chicago, Indiana

# U.S. STEEL TRADE POLICY




THE PRESIDENT HAS SEEN
11-10-98

THE PRESIDENT HAS SEEN 11-10-98

**Stanley K. Sheinbaum** sends articles in *Los Angeles Times* about the killings in Santa Monica which have stirred up intense concern. Many have called him urging that you instruct the FBI or the Attorney General to have the Anti-Gang Task Force of the Justice Department dispatch help for the tiny Santa Monica Police Department. (cc Bruce Reed)

Copied
Podesta
Reed

~~B Reed~~ J Podesta
probably a good idea
to do — ideas; putting DOJ
now that Rahm is gone?
BC

letter sig

Stanley K. Sheinbaum

Mack fyi

cc Bruce Reed

30 October, 1998

President Bill Clinton
The White House—West Wing
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Bill,

I am enclosing the Westside Section of the *Los Angeles Times* in which there are a number of articles about the killings in Santa Monica—often gang related—that are stirring up considerable and intense concern here. I have never received so many phone calls as about this sudden manifestation of the gang problem with all sorts of people urging that you instruct the FBI or the Attorney General to have the Anti-Gang Task Force of the Justice Department dispatch at the soonest those who can help the tiny Santa Monica Police Department which is without even one helicopter and is certainly under manned.

You might want to look particularly at Bob Scheer's column on the left-hand page one.

Respectfully,

Stanley

Stanley K. Sheinbaum
SKS/kc
enclosure

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*Telephone* (310)472-9541 FAX (310)476-9853 *e-mail:* sks345@aol.com

The 100% all-local newspaper for your community

# Our Times

**Covering:**
Santa Monica, Venice and neighboring communities

A supplement to the Los Angeles Times
PUBLISHED BY Times COMMUNITY NEWS

PUBLISHED THURSDAYS AND SUNDAYS

THURSDAY, **OCTOBER 29**, 199

robert scheer

# *Are killings result of our failures?*

It's scary out there, and it doesn't figure to calm down anytime soon. By anyone's reckoning, five murders in two weeks in a small town like Santa Monica threatens to strain the social fabric beyond recognition.

We are not the community we were two weeks ago. True, it's not as dangerous here as in South Central or even Venice, but the expectations for tranquility in Santa Monica were higher. Now, apprehension is the norm and the end to the spiraling gang violence is nowhere in sight.

> We are not the community we were two weeks ago.

Even if one simply writes off the worth of a life ever touched by gang association, as we too often do in cynical disregard of all moral teaching, from new-age Buddhist to traditional Christian, Muslim and Jew, the pragmatic risks of unaffiliated innocents caught in crossfire should leave us starkly concerned.

Fortunately, Police Chief James T. Butts Jr. is not one to deny the possibility that gang members can reform, and indeed last Sunday he, like state Sen. Tom Hayden, paid a visit to one of the wounded who had in fact broken out of the cycle of madness and was enrolled at UCLA.

But the police chief also is in full crackdown mode and has marshaled a small army to deal as decisively with the violence as is compatible with a free society committed to due process and the rule of law.

•

**You had to feel for the guy.** The night of the double murder, Butts stood before the Santa Monica City Council, his ramrod stiff back to the citizen audience, patiently doling out the dollops of reassurance: a helicopter on loan from Pasadena, a safe-and-sound Halloween at Barker Hangar, a crackdown on known troublemakers.

The man means well, and nothing about this time of trouble is of his doing. But now the pressure will be on him to be more pro-active, to round up suspicious-looking people, to harass those who are young and male but not obviously Anglo. In short, to press up against the tenuous limits of civil order.

•

**After Butts' presentation, the** City Council moved on to the mundane business of building permits and the like that they can more properly be held responsible for. Not so gang-related crime. It isn't the City Council of Santa Monica that has put profit into the narcotics trade through an irrational war on drugs, or failed to provide meaningful education and jobs to inner city youth, or invested inordinately in a prison system that is the main educational facility for large numbers of our youth.

SEE SCHEER, PAGE

## SCHEER

CONTINUED FROM 1

It is the failed state and federal policies that have put such a disproportionate number of functionally illiterate young black and Latino males into the prison system because we provide so little in the way of parental support, child care and education.

Even a hard-nosed law-and-order type like District Attorney Gil Garcetti knows that more jail time is not the answer. Last week, he told me that 78% of the people in state prisons are high school dropouts. He also bemoaned the failure of our key social institutions to catch them before they fall ...

•

**It's a sad syndrome of official** neglect. Young people at risk must do something illegal to cross the line of our indifference. This twisted pattern serves best to turn out even more hardened young criminals, whose affairs are managed by gang leaders headquartered in the very prison system ostensibly designed to remove their influence from society.

I have found no one locally who is grappling more seriously with this conundrum than Hayden. He is the one political leader who has sounded the alarm for years on the festering gang problem.

Only last week, Hayden held another summit with current and former gang members, trying desperately to untie the Gordian knot of despair and violence that has become endemic to our way of life even in these times of much-touted economic prosperity. He predicted then that more violence was in the offing and, tragically, he was proved all too prescient.

As he put it the night of the twin killings:

"The escalation that we feared has taken place. Culver City gang elements have carried out a brazen double murder to inflict hurt and assert power in Santa Monica. Innocent lives once again have been sacrificed to this power lust, and revenge is in the air."

Hayden went on to point out that the "ex-gang members" so easily labeled and thereby dismissed by the media were, in the most recent cases, human beings struggling to make something better of their existence by opening a business or attending school.

He is not the least bit naive about the hatred that fuels the territorial wars out there, but points out that we need to meet it with the same resolve tendered other conflicts:

"We must bring to the streets of the city the same determination to replace hatred with hope that our national government attempts to display when negotiating peace settlements around the globe."

What's the alternative?

•

**Improving the public schools** is a good place to begin, and Joanne Leavitt reminds me that passage of Proposition X would help accomplish that.

This is a bond measure that would allow the Santa Monica-Malibu Unified School District to build the new facilities needed to keep up with increasing school population and other needs.

The main result would be a reduction in class size along with computer and science labs, music and art rooms and more support for kids with learning differences. You can either pay for schools or prisons — it's quite a simple choice. And prisons are a heckuva lot pricier.

•

**This also is a good time to** mention Proposition DD for those who vote in Los Angeles. Like Proposition L in Santa Monica, it would provide more funding for libraries. I never have met anyone who could not instantly see the value of libraries as a preferred gathering place for the young, but libraries have been sorely neglected, and this is the time to make amends.

•

**Let's hear it for all of those** folks who on a daily basis try to make a difference. One such operation is Upward Bound House, which held its annual fund-raiser the other night at Shutters Hotel.

We heard tales of success from two young mothers who found sanctuary in the Upward Bound housing after frightening journeys through the lower depths. They now have reached a plateau of safety and productive work in the daylight economy.

The facility north of Wilshire in Santa Monica has served hundreds of young mothers in similarly desperate straits and is deserving of much support.

•

**The Upward Bound benefit** was one of those events that demonstrated community resolve to do something more constructive than just complain about social problems, and I am happy to report that Kevin McKeown, Pam O'Connor and Susan Cloke — my slate for City Council — were all in attendance.

McKeown has the indefatigable energy and persistence on community issues like crosswalks that our dormant City Council desperately requires.

O'Connor consistently cares about renters and is properly suspicious of gentrification as the answer to all of our problems. Also, you have to admire someone who wheels her mother around in that wheelchair at the fanciest of events.

Cloke can be a pain, but she is a very thoughtful and ultimately committed person who has decades of experience fighting the good fight in this town and elsewhere. She also understands that growth is a natural development and that more restaurants, theaters, and housing can be a very good thing which may not always be as obvious to other folks that I am recommending.

But we need McKeown and O'Connor on that council to protect the renters who are the only barrier to Santa Monica becoming Beverly Hills to the 10th power.

• **ROBERT SCHEER** can be reached by e-mail at rscheer@aol.com .

Researcher Zuade Kaufman contributed to this column.

# Double slaying in Santa Monica

## Schools react with caution to violence

JESSICA GARRISON
Our Times

SANTA MONICA — In the wake of recent gang-related shootings, one leaving two dead just blocks from Santa Monica High School as lunch was beginning and another across from the school, teachers are facing a new challenge: how to teach math, English and history to students whose attention is focused on guns, gangs and the fear of random violence.

As police brace for the possibility of more retaliatory attacks, students, teachers, administrators and parents expressed shock and fear over the recent spate of gunfire. But they also said schools were safe, and most activities continued as usual."

"I don't think we're out of the woods, and I don't want to minimize what has happened one little bit," said Sylvia Rousseau, principal of Santa Monica High School. "But this is not the story of our young people. The story is the hundreds and hundreds of students who are doing well, who are doing community service, who are trying to build racial harmony."

Rousseau said although there may be some students on campus involved in gang activities, "We don't have gang activity on campus. This is a safe school. Kids cooperate with us."

None of the bullets so far have been directed at district students, but the school community has been touched by the violence.

Jaime Cruz, 25, a UCLA student working as a counselor at Olympic High School, was shot several times Oct. 17. Three Santa Monica College students have been shot and killed in the past two weeks,

SEE SCHOOLS **PAGE 18**


BRYAN MCLELLAN / OUR TIMES

**Numbered bullet casings line the entrance to Westside clothing store, site of double slaying Tuesday.**

## 2 brothers shot in ongoing gang feud

JESSICA GARRISON AND MONTE MORIN
Our Times

SANTA MONICA — In what police say is the latest chapter of an ongoing feud among gang members in Culver City, Los Angeles and Santa Monica, two brothers were killed and two other men were wounded in a brazen lunch-time shooting at a Lincoln Boulevard clothing store.

Anthony Juarez, 19, and his brother, Michael, 27, both of San Luis Obispo County, were visiting Westside clothing store in the 2200 block of Lincoln Boulevard when gunmen entered the business and opened fire at 12:15 p.m. Tuesday, police said.

The brothers are related to the 25-year-old store owner, who also was wounded in the shooting along with an unidentified customer. Both men were in stable condition at local hospitals and are expected to survive, police said.

In the wake of the fatal shootings — just two of five that have occurred this month — U.S. Sens. Barbara Boxer and Dianne Feinstein visited Santa Monica City Hall on Wednesday to lobby for stronger regulations on handguns and assault weapons.

Police said they did not know how many gunmen were involved or what weapons were used in Tuesday's shooting, but witnesses estimated that about 15 shots were fired.

Police recovered a green Dodge Neon hours after the incident and believe it may be the getaway vehicle. The car was reported stolen in Van Nuys and discovered in El Segundo about midnight, said Lt. Gary Gallinot, a Police Department spokesman.

SEE BROTHERS **PAGE 18**

# Santa Monica College mourns three slain students

■ Tears, pledges for peace mark memorial ceremony for former students shot to death in past three weeks.

JESSICA GARRISON
Our Times

SANTA MONICA — Amid the sounds of laughter and sights of students rushing around with books, sodas and cigarettes, a solemn group gathered at the base of the clock tower at Santa Monica College.

They came to mark the deaths of three former Santa Monica College students who have been shot and killed in the past three weeks.

One of the victims, Juan Martin Campos, was a Santa Monica resident killed in an apparent gang-related shooting Oct. 17 at a market across the street from the school. Campos, 28, who was not believed to be an active gang member, was a city employee working as an apprentice plumber.

The two other students were shot in unrelated incidents in other areas of Los Angeles County.

Chaunise Williams, 21, who was active in church groups and hoped to open her own day-care center, was slain Oct. 9 outside her Rancho Dominguez home.

Chris Emory, 28, who lived in a campus dormitory at Loyola Marymount University, was found slain Oct. 10 at Arroyo Seco Park in Los Angeles. Police believe Emory, who was a former director of student activities for Associated Students of Santa Monica College, was killed because of a lovers' quarrel.

"Three individuals, full of promise, full of hope ... we are all lessened by this," said college President Piedad Robertson. "This college is based on hope. ... I want each of us to make a commitment ... to pledge to bring a stop to the violence."

The memorial service was held at 11 a.m. Tuesday, just before a double murder less than a mile away that police believe

SEE SERVICE **PAGE 17**

BRYAN MCLELLAN / OUR TIMES

**Sharon Emory Chessmar, right, gets a hug from a fellow mourner at memorial service for three college students who were killed.**

Diane D. Blair
1011 Tanglebriar
Fayetteville, Arkansas 72701
501-521-1066

11-10-98

October 28, 1998

Ms. Nancy Hernreich, Director
Oval Office Operations
The White House
Washington, DC 20500

Dear Nancy,

Re the attached -- how nice that someone wants to give Bill Clinton credit for a major accomplishment during his Arkansas governorship. I have marked the request paragraph on p. 2; would you please route this to whomever could provide the necessary photograph and letter? Denise Waters (who, by the way, is the daughter of Judge Frank Waters and should be addressed "Dear Denise") understands that the Clintons will not have time to visit Genesis when they're here November 6.

Thanks, and best to you,

Diane

THE PRESIDENT HAS SEEN
11-10-98

Thought you might want to see this before I send out to be answered

John Ahlen would ~~[illegible]~~ remember something about this - need to see him later

Is he up here now? [illegible]

11-10-98

To Burkhardt for reply?
Yes ✓ No ___

John Ahlen, former OSTP & Arkansas science advisor would know about this. Need to do letter to Genesis. [illegible]

11-10-98

College of Engineering
GENESIS
TECHNOLOGY INCUBATOR
University of Arkansas

Engineering Research Center • University of Arkansas • Fayetteville, Arkansas 72701-1201 • (501) 575-7227 • (501) 575-7446 (FAX)

October 27, 1998

The President of the United States
1600 Pennsylvania Ave.
Washington, D.C. 20500

RE: GENESIS TECHNOLOGY INCUBATOR EXHIBIT

Dear Mr. President,

Thank you for taking the time to review this request for information.

As I told Diane Blair, I am a writer currently working on a project for the Genesis Technology Incubator at the University of Arkansas. As you know, Genesis was created during your tenure as governor with a grant from the Arkansas Science and Technology Authority (ASTA). I have been told that you were concerned about the shortage of science and technology-related jobs in Arkansas, and in the loss of Arkansas-trained individuals to other states. To address those concerns, you proposed the development of ASTA, which in turn approved the grant which made Genesis a reality.

You will be pleased to know that despite some difficult times early in its history, Genesis has so far succeeded in achieving its objectives beyond all expectations. Conservative estimates suggest that the state has received a 61 percent annual return on its $1.4 million dollar investment. Of the 25 Genesis client companies, twenty-one (84%) remain in business today and together have created 347 technology-related jobs for Arkansas residents. Genesis companies have generated nearly $21 million in state or federal loans, contracts, subcontracts, and grants, none of which required state or local matching funds. The incubator is operating at full capacity, and currently houses firms engaged in fiber-optics research and development for NASA, development of products to enhance the lives of Americans with disabilities, and many other important fields.

You will also be pleased to know that the success of the Genesis program has been widely recognized. Genesis was classified as one of the "six best practice incubators" by the National Business Incubation Association (NBIA), and in 1992, received the coveted NBIA/Coopers and Lybrand National Business Incubator of the Year Award. The Genesis director, Sam Pruett, has recently been appointed Chairman of the NBIA; and a Genesis graduate, Bioengineering Resources, Inc., was named the national "Incubator Graduate of the Year" for 1994. In addition, the success of the Genesis program was cited by *U.S. News and World Report* as one of the primary reasons that Fayetteville was named one of seven "boom towns" in the U.S. Clearly, Genesis is a testament to the potential that can be realized when communities, business and government work together.

Judging from its past successes, we are certain that Genesis will remain a powerful force in helping Arkansas take its place in the high-tech world of the 21st century. A 33,000 square foot building and renovation project is underway in Fayetteville, which, when completed, will allow Genesis to more than triple its capacity and to become self-supporting. Indeed, the future is bright for Genesis and for Arkansas, and we hope you will be proud of the program you helped create.

As part of the current renovation project, a permanent historical exhibit will be created and housed within the Genesis facility. The exhibit will chronicle the history of the program and honor those who are responsible for its success. I have been hired to conduct the research, and gather the materials which will be used in the exhibit.

* Although my research is still in the early stages, it has become clear that Genesis would not exist had it not been for your vision and support, and that is the reason I am writing to you today. We would like to "give credit where credit is due" and dedicate part of the exhibit to you and your efforts on behalf of the people of Arkansas. If that is acceptable, we would be grateful if you would send a photograph and a letter or other statement suitable for framing. Both will be displayed in the permanent exhibit in the Genesis facility. If you have other photographs, documents or information which you would like to contribute, we would be pleased to accept those as well.

In addition, Mr. President, I would like to extend an invitation to you and the First Lady to tour the new facility at any time your schedule allows. I understand you will be on-campus during homecoming weekend, and we would be pleased to welcome you to Genesis then. I know that may be impossible given the late date, but if you are available, or if you would like to tour the facility during another visit, please let me know. I can be reached at Genesis at (501) 575-7227, or at home at (501) 248-1381. If you would like to attend the formal opening which will be held this spring, we would be honored. No firm date has been set, and we would be glad to schedule it at any time which is convenient for you.

Again, please accept my thanks for your time and your assistance, and on behalf of myself, the director, and the people of Arkansas, thank you for your continued support of the Genesis Technology Incubator. If I can be of assistance in this or any other matter, please do not hesitate to call.

Respectfully,

Denise Waters

Denise Waters
Professional Assistant
Genesis Technology Incubator

Enclosures (10)

# UA's Genesis wins award for excellence

**By PHYLLIS RICE**

*Times Business Writer*

Genesis, The University of Arkansas' business incubator, recently received a national award for excellence.

Sam Pruett, Genesis director, accepted the 1992 Randall Whaley Memorial Incubator of the Year Award at the Sixth National Conference on Business Incubation in Austin, Texas, last week. The award is sponsored by the National Business Incubation Association (NBIA) and Coopers & Lybrand, a national accounting and business consulting firm.

In a predominantly rural state that has been hard hit by the recession, Genesis has made significant contributions to economic development, one of the criteria for which it received the award.

The nine companies which have "graduated" from Genesis have created more than 200 jobs and $24.3 million in revenues since moving from the sheltered environment of Genesis to the real world of business.

Genesis and other incubators, as their name implies, are "mother hen" facilities that help "hatch" fledgling firms by providing support services and professional advice they might not obtain otherwise.

Founded in 1986 by Gov. Bill Clinton, the 40,000-sq.-ft. Genesis facility has helped create 25 companies which now employ more than 300 people.

Pruett says the success of Genesis "is a tribute to the support we have received from the Arkansas Science and Technology Authority and the UA College of Engineering, our two primary sponsors, and from the vision of our governor and state legislature in establishing the business incubator program.

Genesis provides its tenants comprehensive computer training, an on-site machine shop to facilitate production of prototypes, and a program through which each tenant is assigned a mentor from the incubator's advisory board, composed of 15 of the state's most prominent business leaders.

Sunday
DAILY RECORD BUSINESS
Sunday, September 22, 1996
Section D
E-mail ComPub95@aol.com Celebrating 110 Years of Serving Benton County Internet edition http://nwanews.com

# Incubator expansion to begin soon, director says

By Lois Flowers
Daily Record Business Editor

FAYETTEVILLE — Ten years after it opened in the University of Arkansas Engineering Research Center, the Genesis Technology Incubator is preparing to expand.

Genesis is one of several ongoing entities that occupy the 165,000-square-foot facility on Cato Springs Road in southern Fayetteville, according to director Sam Pruett.

Others — all non-academic departments within the UA College of Engineering — include the High Density Electronics Center, the Chemical Hazards Research Center, the Arkansas Center for Technology Transfer and the Southwest Radiation Calibration Center, Pruett said.

The technology incubator, which opened in October 1996, currently occupies 8,000 feet of the building, which is also home to a more than 40 specialized laboratories used by the university on an intermittent basis.

"One of the major intents of the building is to provide space for things that couldn't take place on campus," Pruett said.

For example, the civil engineering department's hydraulics and concrete labs are located in the Engineering Research Center, he said.

Although the building is only used for teaching occasionally, many graduate students use the facility when they're working on specific projects for their department, Pruett said.

> **We're not dividing this up into suites. When we see the needs of a company, we can turnkey that space. Out intent is to use movable walls so... we can reconfigure the space as new companies come in.**
>
> – Sam Pruett

Companies that are clients and members of Genesis also have access to the labs, he said.

Although Genesis accepts fewer than one in 10 applicants, the technology incubator has remained 100 percent occupied for the past seven years, Pruett said.

The incubator will soon have more room for additional members, however.

Thanks to a $2 million grant from the U.S. Small Business Administration and a $1.2 million grant from the National Science Foundation, Genesis has secured the funds to add 15,000 square feet to the Engineering Research Center and renovate an additional 20,000 square feet in the existing facility for Genesis use.

The National Science Foundation grant will be used to renovate the HVAC and electrical systems in the existing space, Pruett said.

About 7,000 square feet of the new section will be shared space — conference rooms, a lobby, break rooms, etc. — and the remainder of the addition and renovated space will be tenant space, Pruett said.

"We're not dividing this up into suites," he explained. "When we see the needs of a company, we can turnkey that space. Out intent is to use movable walls so... we can reconfigure the space as new companies come in."

Genesis' capacity will quadruple once the expansion/renovation project is completed, Pruett said.

"I can't say with any certainty what the number of companies will be, but it will be substantially more," he said.

The technology incubator currently has 11 tenant firms, Pruett added.

Genesis officials have worked with the Fayetteville architectural firm of Wittenberg, Delony and Davidson for two years to plan the project. The technology incubator originally wanted to add another 12,000 square feet to the project, but had to cut back because of budget restrictions, Pruett said.

The $2 million SBA grant will not be enough to finish out the new space.

Pruett hopes to attract more investments to complete the job, he said.

A construction contract with Heckathorn Construction Co. was signed recently and excavation is scheduled to begin soon, Pruett said.

The project should be completed in about a year, he added.

The city of Fayetteville is planning to widen West 20th Street, which borders the Engineering Research Center to the east, to a divided lane boulevard, thereby increasing access to Genesis, Pruett said.

With the new extension to Razorback Road, which connects to Cato Springs Road, the technology incubator will be "positioned in a good place," he added.

Many of the companies that were involved in the planning process for the expansion project have already graduated from Genesis, but "some of the companies we have right now will be able to realize the benefits of this new facility," Pruett said.

"It's really a plan for the future," he added.

NORTHWEST

ACROSS ARKANSAS

# Genesis Gives Birth to Another Company

BY CHRISTOPHER TOBLER

THE UNIVERSITY OF ARKANSAS at Fayetteville's Genesis Technology Incubator etched another notch in its belt, as one more company nurtured by the program moved on to bigger and better things.

Bioengineering Resources Inc., a firm born in the incubator, is in the process of moving out of the Genesis headquarters in the university's Engineering Resources Center on Cato Springs Road to a new 13,000-SF facility in the Fayetteville South Industrial Park.

Founded by Dr. Jim Gaddy Sr., UA professor emeritus, Bioengineering Resources performs research on alternate fuel sources, hoping to turn them into new commercial technologies.

Bioengineering Resources not only signifies Genesis' success, it also exemplifies the types of businesses the program is trying to nurture.

"The whole purpose is to try to protect companies in that fragile first five years of operation, during which 80-85 percent of all small businesses fail," says Samuel W. Pruett, Genesis director. "We're talking about the most delicate of all start-up companies — new technologies and new applications of existing technologies."

Working on an annual budget of $100,000, Genesis provides subsidized rental space, shared support services and business development services such as technical resources and management and marketing expertise. In addition, companies are able to tap the expertise of university faculty, many of whom are founders of Genesis companies like Bioengineering Resources.

"Having just one contract when we started, trying to find a laboratory that was ready to go was impossible," says Steve Adams, vice president of operations for Bioengineering Resources. "Now that we have other sources of income, we can build this one. Having Genesis to access the University of Arkansas facilities was invaluable."

## Providing Jobs for Grads

Bioengineering Resources is the quintessential start-up company in other respects. Its high-tech research provides jobs for university graduates, many of whom have to go out of state to find employment. Of Bioengineering's 45 employees, 15 hold doctorates.

"The reason that [high technology] is the focus of this program ... is that we export 85 percent of our state's technically trained youth to other states," Pruett says. "We give them a good education, but then we have to ship them out to find the high-paying jobs. What we're trying to do is to diversify both our economic and technical base by growing our own companies."

The business and technology incubator notion in Arkansas began in the early 1980s when then-Gov. Bill Clinton introduced legislation reorganizing the Arkansas Industrial Development Commission to create the Arkansas Science and Technology Authority.

With a $550,000 grant from the ASTA, Genesis was born in 1986, the first of three business incubators created in the state. A Little Rock-based incubator was closed after its second year and the one at Arkansas State University in Jonesboro will close later this month.

Genesis also provides companies with assistance in applying for various grant monies, wooing a satellite office of the Arkansas Small Business Development Center. To date, Genesis companies have received more than $5.6 million in grants. Of the 25 Department of Energy Small Business Innovation Research grants awarded in the state, 23 have gone to Genesis companies. Having spent just less than $1 million since its inception, that is nearly a 6-to-1 rate of return.

Genesis officials estimate the program has earned a 20-to-1 rate of return based on the minimum taxes paid on the millions of dollars of revenue generated from the project's companies. Genesis, which has created nearly 300 jobs, was named National Business Incubator of the Year in 1992-1993 for best overall program out of 470 applicants.

Bioengineering is the most recent in a string of successes, but other Genesis graduates include Electromap, a computer software company whose World Atlas is the No. 1 selling CD-ROM in the country, and DayCo, located in the Industrial Space Center in Springdale. ■

**Genesis Graduate Client Firms**

| Company | Location | Employees |
|---|---|---|
| Bioengineering Resources | Fayetteville | 45 |
| DayCo | Springdale | 146 |
| EarthCare Systems Inc. | Lincoln | 23 |
| Energy Techniques | Fayetteville | 9 |
| Hamelly International | Dublin, Ireland | 5 |
| Interactive Technologies | Fayetteville | 2 |
| Lanseair | Fayetteville | 3 |
| New Technologies International | Fort Smith | 4 |
| Ozone Environmental Technologies Inc. | Springfield, Mo. | 3 |
| T.C.I.S. | Fayetteville | 12 |

TULSA WORLD

87th Year — No. 258 | Final Edition | Tulsa, Oklahoma, Sunday, May 31, 1992



# Arkansas Business Incubator Named Best in Nation

By John Klein
World Staff Writer

FAYETTEVILLE, Ark. — Northwest Arkansas, home to a variety of the nation's business giants, now also has the country's top business incubator.

The University of Arkansas' high-tech, scientific business incubator, Genesis, has been named the nation's best by the National Business Incubators Association.

Sam Pruett, director of Genesis, received the award at the association's recent annual convention in Austin, Texas.

"There's little question Northwest Arkansas is a paradise for the entrepreneurial spirit," said Pruett. "All we've done is match that entrepreneurial spirit with the research laboratories to help get businesses off the ground.

Genesis won the Randall M. Whaley Award over such prestigious incubators as those located at Stanford and Georgia Tech.

"This gives us reason to be very proud," Pruett said. "Northwest Arkansas has already proven to be one of the best places in the country for business growth, as proven by our robust economy and tremendous business climate. Now, we can also claim to be a top spot for cutting-edge technology in the business sector."

Genesis was started in 1986 with a $550,000 grant from the Arkansas Science and Technology Authority. The business incubator continues to be funded by the authority as a grant to the university.

The incubator is located in a 160,000-square-foot research facility on the south edge of the University of Arkansas campus. Nine businesses are located at the facility, receiving technical, scientific and financial assistance.

Seven companies have graduated from the incubator into the private sector. They now employ more than 300 people.

The incubator has accepted 26 business proposals in six years.

"When we accept a business, we put a time table on how long we believe it should take to do the research and get the company out in the public sector as a profit-making venture," Pruett said.

"After all, the idea of Genesis is simply to help start the company. Once it is in the public sector, it is up to the company to make it on its own."

# UA's incubator facility becomes 'self-sufficient'

■ **Technology:** Fayetteville and the state are helping finance the completion of the Genesis Technology Incubator facility.

**Vicki Wattles**
Traveler Staff

A science and technology-oriented incubator at the UA has received $1 million in a Senate-approved appropriations bill.

The appropriation will go toward the completion of a 35,000-square-foot Genesis Technology Incubator facility in Fayetteville.

The city of Fayetteville and the state of Arkansas have each donated $1 million or more to go toward the completion of the facility and the expansion of the program. The city is helping finance the construction of a divided-lane driveway.

Sam Pruett, director of the Genesis Technology Incubator, said the appropriation was of primary importance to the program.

"It means that the program will become self-sufficient," he said. We will no longer have to rely on any public funding. We will be

See **Incubator** on page **7**

## Incubator

*Continued from page* **5**

100 percent self-sufficient. This is quite an accomplishment for any public sector program and this has been our ultimate goal since our inception in 1986."

Pruett also said the UA and its students would benefit greatly from the appropriation.

"To the university it means expanded capital improvements on the Engineering Research Center, a facility that has long needed this type of investment," he said. "Genesis embodies the synergy of the state's business community interfacing with higher education.

"To the community it means more jobs and higher paying jobs. Genesis is diversifying both Arkansas' technology and economic base. It also means that there is a new anchor in south Fayetteville which may ultimately help attract additional investment in this somewhat depressed part of our community."

Genesis was founded in 1986 by the Arkansas Science and Technology Authority and the UA College of Engineering to facilitate the development of technology-based businesses and create employment in the state.

Former Arkansas governor Bill Clinton is responsible for the legislation that established the Arkansas Science and Technology Authority.

Sen. Dale Bumpers was instrumental in getting the recently announced appropriation bill approved by the Senate.

> "*To the university, it means expanded improvements on the Engineering Research Center, a facility that has long needed this type of investment.*"
>
> **Sam Pruett**
> *Genesis Technology Incubator director*

Business incubators get their name because they are designed to nurture small companies until they can survive in the open economy.

Genesis creates lower overhead costs by providing entrepreneurs with office space and services such as reception, secretarial and bookkeeping. It also makes marketing, financial and technical advice from university personnel available to its clients.

The main goal of Genesis is to progressively impact the state's employment and its economic future because otherwise Arkansas faces losing up to 85 percent of its technically trained youths to jobs in other states.

Another objective of the program is to give the university the opportunity to respond directly to the state's economic needs. It is also an attempt to create job opportunities for graduates.

Through the program, client firms have access to conference rooms, reference materials, janitorial services, maintenance and security, the UA computer main frame, as well as approved hardware and software.

Genesis was named National Business Incubator of the Year in 1991-92 for best overall program. It is recognized as one of the premier technology incubator programs in the country.

life

Her victories are now tied up in the baby's development. I remember when what excited her most was that red car she got when she turned 17. Now, she's thrilled about the baby's new car seat, the baby's first smile, the baby's first step.

New business owners also experience a shift in priorities. Titles are no longer important. An entrepreneur knows that just because you're the president or owner of the new company does not mean you're above cleaning the bathrooms or emptying the trash.

A business owner experiences personal victories and set backs along with their business. He or she might cry when the company loses an account and celebrate when the computerized ledger says the business' first golden word: profit.

New businesses are often just as vulnerable as newborns. So it's a good thing there are places like GENESIS where a business can get special attention and the kind of nurturing that will ensure a good start. It's a tough world out there, and business incubators help prepare start-ups for what's in store, strengthening them before they leave the nest.

All of Northwest Arkansas is fortunate to have a place like GENESIS in our backyard. Today's cover stories contain some national research done on business incubators which suggests a community that has an incubator is far ahead of the economic development game.

It's just one more reason I'm glad to be doing business in Northwest Arkansas.

# Question of the week

## What is hot issue?

**Hot issue is newly issued stock that is in great public demand. Hot issue stocks usually shoot up in price at their initial offering, since there is more demand than there are shares available. Special National Association of Securities Dealers rules apply to the distribution of hot issues by the selling investment banking syndicate.**

**Information taken from Barron's "Finance & Investment Handbook," Downes and Goodman.**

# GENESIS Technology Incubator helps newborn businesses leave the nest

By GWEN RULE

*Times Business Editor*

Experts say the first few years of life are critical. The same is true for a newborn business. It is in these formative years when most small businesses fail.

Some of the most fragile of start-ups are companies aiming to develop new technology or new applications of technology. But in Northwest Arkansas, some of those young technology companies have found shelter in the GENESIS Technology Incubator, where businesses are nurtured and then launched into the business world.

Located in the Fayetteville Industrial Park, GENESIS was established by the University of Arkansas and funded by the U.S. Small Business Administration and the Arkansas Science and Technology Authority. The incubator was formed to facilitate the development of technology-based business enterprises and the resulting prospective increased employment.

GENESIS provides fledgling technology-based entrepreneurs with office space and shared services, such as reception, secretarial and bookkeeping which means low overhead cost for the new business. The incubator also offers professional management, marketing and financial advice and technical expertise from University personnel.

Sam Pruett, director of GENESIS, said there are now 15 companies in the program, ranging from companies working on energy solutions to companies developing multi-chip modules for space satellites. But all of the firms are engaged in developing some new technology or new applications of technology. Pruett said some of the major benefits of being in the incubator are shared office space, laboratory access and technical support from research faculty at the UA.

> "There is often a feeling of isolation that comes with starting a business and it's wonderful to have people to bounce ideas off of. Interaction is high on the list of benefits of being here, and a lot of it happens around the coffee pot."
>
> **— Sam Pruett, director of GENESIS Technology Incubator**

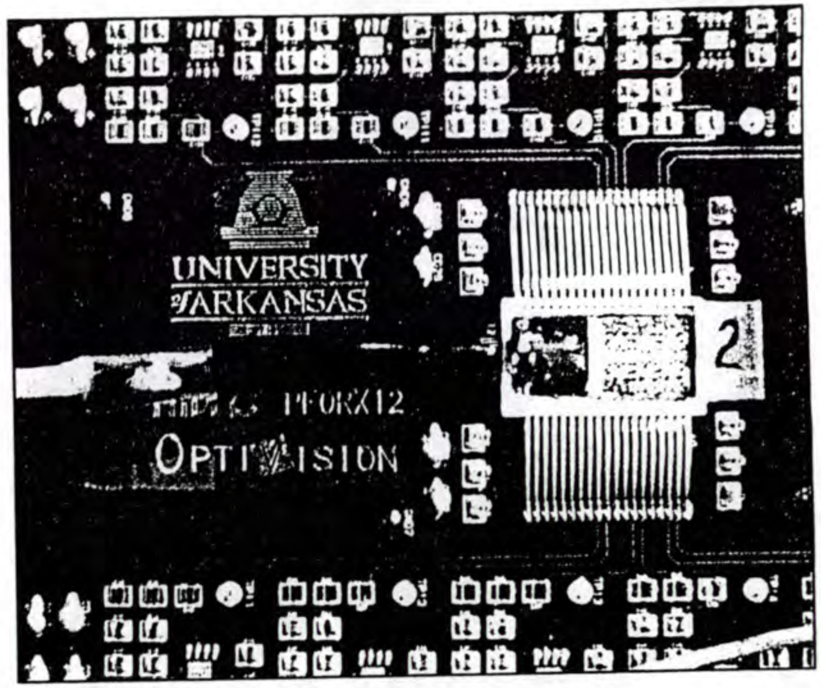
But one of the more intangible benefits is the interaction between the 15 companies sharing the 40-lab facility.

"There are a great deal of commonalties of starting a business, and the companies here are very supportive of one another, giving advice and guidance. They have a feeling that we're all in this together," Pruett said. "There is often a feeling of isolation that comes with starting a business and it's wonderful to have people to bounce ideas off of. Interaction is high on the list of benefits of being here, and a lot of it happens around the coffee pot."

Although the businesses within the incubator know about the amazing things going on there, Pruett said the general public often has no idea what is developing within its city limits.

■ See GENESIS / E6

PHILLIP WALHOU




# Study finds multiple benefits in business incubation programs

*Special to the Times*

The results of the largest study ever conducted on business incubation show that these support programs for entrepreneurial firms have impressive, measurable impacts on the companies they serve.

In addition, experts are calling business incubators a "best value" in economic development, based on low program costs and high return on investment to communities.

These study results are good news for Fayetteville, home to the GENESIS Technology Incubator. Founded in 1986 through a grant from the Arkansas Science and Technology Authority, GENESIS is affiliated with the University of Arkansas College of Engineering and is nearing completion of a multi-million dollar expansion of their facility.

"Business incubation programs treat entrepreneurial companies as important community and national resources, and they provide assistance that ensures company success. This study should convince communities that if they don't already have a business incubation program, they'll want to start thinking about one," said Dinah Adkins, executive director of the National Business Incubation Association in Athens, Ohio.

The study, completed in October, was conducted by the University of Michigan, NBIA, Ohio University and the

■ See Study / E7

# Business incubation programs impact community development

Early studies and surveys suggest that business incubation was a successful economic development strategy.

In addition to surveying companies, incubation professionals and community stakeholders, the research team conducted a macroeconomic study in four communities to analyze the expanded impacts of incubators, such as how many direct and community spin-off or "indirect" jobs they add and what effect they have on the tax base.

The return on investment was clearly healthy.

"Looking at the operating subsidies these incubators received and the jobs and local taxes they produced, we estimate the return on public investment at $4.96 for every $1 of public operating subsidies," said Larry Molnar, director of the EDA University Center for Economic Diversification at the University of Michigan Business School.

This calculation did not include state or federal taxes, he noted.

"The numbers make it clear that business incubators add considerable resources to — not take resources from — their communities," Molnar said.

Genesis has provided an even greater return on investment at more than $20 returned for each $1 of public investment.

The research team confirmed another important fact about incubators: They are not all alike. Although some impacts were similar regardless of incubator type, other impacts related directly to an incubator's mission and goals.

"For instance, firms in all types of business incubators had similar average increases in their annual gross revenues. But firms from technology incubators created more jobs than other types of incubators," said team member Lou Tornatzky, director of the Southern Technology Council, Research Triangle Park, N.C.

Genesis graduate Bioengineering Resources, Inc. is one such example. BRI, now located in Fayetteville South Industrial Park, started at Genesis with four employees and now boasts 26. BRI was recognized as the "Technology Graduate Company of the Year" in 1994 by the business accountancy firm of Coopers and Lybrand and the NBIA.

Incubators that are focused on low-income people and minorities were rated high by their community stakeholders in assisting minorities and women business owners and enhancing the business climate.

The study divided incubators into three main categories according to the main types of firms served — mixed use, technology and empowerment/neighborhood revitalization. There are many other subtypes, though, including manufacturing, arts, software, kitchen and multimedia incubators.

"Incubation is highly adaptable, which is another reason it's such a good economic development tool," Adkins said.

The research study provides the evidence many have sought.

"While a variety of development strategies are aimed at attracting existing firms to a region, business incubation is geared primarily to creating new firms and new jobs. In an economy where new businesses are creating far more jobs than existing corporations, it's important for communities to have business creation strategies in place," Molnar said. "This study should make potential supporters of incubators eager to test the feasibility of an incubator in their areas."

# GENESIS

Continued from E1

"People have no idea this takes place in Northwest Arkansas. I don't want to be the city's best kept secret because I want the youth of the area to know that if they aspire to a career in science and engineering, they can do it from a Northwest Arkansas base," Pruett said. "Cutting edge and high-tech are synonymous with the University of Arkansas, not just Silicon Valley. It does happen in our own backyard."

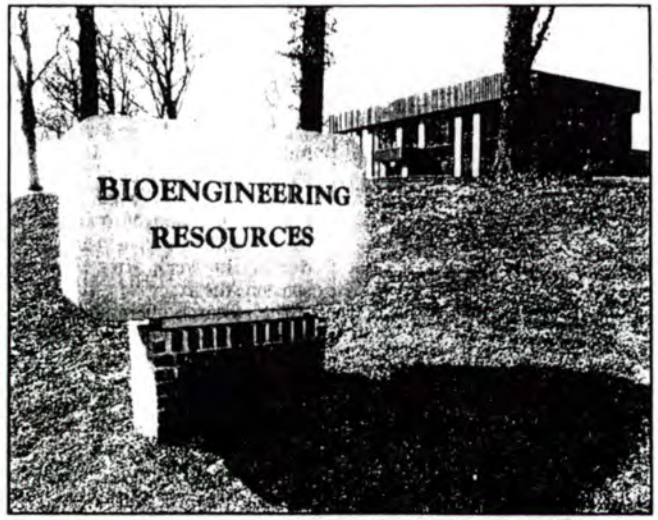
Chuck Chalfant of Optical Networks, Inc. (formerly Optivision) operates a one-man shop in Arkansas but is Internet linked to a facility in California. Chalfant's location within GENESIS puts him in daily contact with the UA's High Density Electronics Center, and he said that relationship is extremely beneficial for his work.

Chalfant has been working on electronic modules for fiber optic transmitters and receivers and has several NASA contracts. Some of what is being developed in Fayetteville may soon be on a satellite, observing the earth from space and transmitting at high speeds.

Chalfant, a Booneville native, worked in California for 10 years before he and his wife decided they were moving back to Arkansas no matter what. That's when Chalfant hooked up with GENESIS and the UA engineers, and he has been in the incubator now for about two and a half years.

"It's a really good arrangement. We got lucky. Having the location here has made a tremendous difference. It has allowed me to conduct business fully linked through computers to our Palo Alto, Calif. location. It's like I'm down the hall," Chalfant said. "The technology base at the UA has been a huge advantage because we take advantage of the High Density Electronics Center, and we've developed a new product line from that and now have several new programs through NASA."

GENESIS has graduated 32 firms and all but one of them stayed in the region, Pruett said. The incubator generally has more




PHILLIP WALROD Northwest Arkansas Times

Bioengineering Resources Inc. is a research and development company which works on new technologies in the bio-conversion of waste materials into useful products.

they hope to change that soon with a $3 million expansion of the facility, which should be in use this summer.

"We're going to have more room for more companies and that's good because it allows us to achieve self-sufficiency," Pruett said.

However, GENESIS is already more than holding its own. It is the only incubator out of seven begun in the state that is still operating. Recently, the Australian Commonwealth Government named GENESIS as one of the best incubators in the United States and is modeling their Perth, Australia incubator after the GENESIS example. GENESIS was also named National Business Incubator of the Year in 1992-93 for best overall program.

The firms that come out of GENESIS are also receiving high marks. ElectroMap produced a software package called World Atlas that was the No. 1 selling CD Rom title in the country.

Bioengineering Resources was named the Technology Graduate Company of the Year in 1994 by Coopers and Lybrand and the NBIA.

Another incubator graduate, Tom Jakobs of InvoTek won the Tibbets Award which recognizes excellence in small business innovate ... machine that allows children with disabilities to communicate through a computer. His company is now located in Alma.

"The community gets high marks for having an incubator here because it rounds off our economic development portfolio. It attracts the type of entrepreneurs we need here, with higher paying jobs. We need to achieve that diversity in our economic base," Pruett said.

Not only is the incubator good for the community, it has made a difference in the bottom line for the companies it graduates.

Dr. Jim Gaddy Sr., president of Bioengineering Resources, Inc., said the incubator provided his small company with much needed laboratory space as the organization began to grow about seven years ago.

"It is very difficult to find laboratory space for rent, but we found it within the incubator. It gave us a chance to establish our base financially so we could build our own facility," Gaddy said. "The incubator certainly was an asset in facilitating our progress. It would have been harder and slower without it."

Bioengineering Resources is a research and development company which works on new technologies in the bio-conversion of waste ... The company started around 1987 with one employee and now boasts about 35, Gaddy said, with about 10 people in another west coast facility.

Martin Jones, logistics manager for Dayco Products, Inc., said his company was the first graduate of the GENESIS program in 1987. Dayco was already an established company in Springfield, Mo. when it entered the incubator in Fayetteville. But Dayco officials needed help developing a new area of engineering for a product line. Dayco, which is part of a larger multi-national corporation called Mark IV, makes rigid components like idlers, brackets and belt tensioners.

"We had a new product and we were looking for technical expertise in certain aspects of engineering. The University of Arkansas and the GENESIS program helped us develop something that wasn't within our company," Jones said.

The involvement with GENESIS led Dayco to an involvement with the Northwest Arkansas business community and, instead of going back to Springfield, Mo., Dayco moved to nearby Springdale.

"At the time we got connected with the incubator, we didn't have any intentions of leasing the property where we're at right now. That involvement helped us with the decision to locate the business here," Jones said.

Dayco started in the incubator with about six employees and now has about 120 employed in Springdale, where it has been for more than 10 years. At least two UA students who worked for Dayco as interns during their incubator stay are now full-time employees with the company, Jones said.

Watching companies grow into strong forces in the business world makes Pruett's job an exciting one. He said walking through the doors of the incubator, one gets a feeling that something big is going on there.

"It's a very exciting place to work. Entrepreneurs are risk takers, and it's exciting to be in a place with so many thinkers," he said. "These people work long hours. They're scrappy. They're hungry. They want to make it. And I get to see products years before they become commercially available when they

# Study finds multiple benefits in business incubation programs

*Special to the Times*

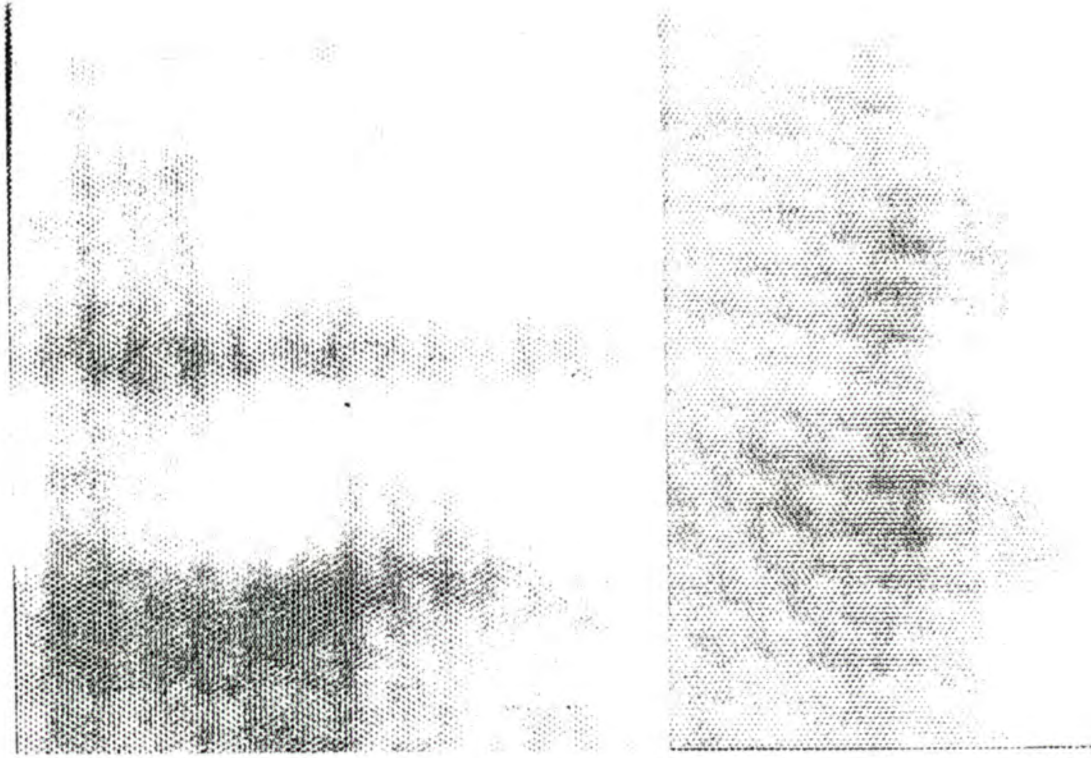
The results of the largest study ever conducted on business incubation show that these support programs for entrepreneurial firms have impressive, measurable impacts on the companies they serve.

In addition, experts are calling business incubators a "best value" in economic development, based on low program costs and high return on investment to communities.

These study results are good news for Fayetteville, home to the GENESIS Technology Incubator. Founded in 1986 through a grant from the Arkansas Science and Technology Authority, GENESIS is affiliated with the University of Arkansas College of Engineering and is nearing completion of a multi-million dollar expansion of their facility.

"Business incubation programs treat entrepreneurial companies as important community and national resources, and they provide assistance that ensures company success. This study should convince communities that if they don't already have a business incubation program, they'll want to start thinking about one," said Dinah Adkins, executive director of the National Business Incubation Association in Athens, Ohio.

The study, completed in October, was conducted by the University of Michigan, NBIA, Ohio University and the





## Study

■ Continued from E1

Southern Technology Council under a grant from the U.S. Department of Commerce Economic Development Administration.

It examined the impacts of business incubators, which house very early stage companies and provide on-site management and a full array of business planning, management and financial services. Companies stay in an incubator for an average of two to three years, then graduate to become free standing.

The GENESIS Technology Incubator also provides companies access to UA labs and facilities. All the companies that qualify for GENESIS must be engaged in developing new technologies or new applications of existing technologies.

A relatively new concept in economic development, business incubation has grown from 12 programs in 1980 to about 600 in North America today. GENESIS was named National Business Incubator of the Year in 1992-93 for best overall program in the United States and was cited as one of the six top programs in the U.S. in a report commissioned by the Australian Commonwealth Government entitled "Best Practice in U.S. Business Incubation Management." GENESIS director, Sam Pruett, was recently elected second vice chairman of the NBIA board of directors. GENESIS was among the U.S. incubators selected by the U.S. Economic Development Administration for inclusion in this study.

Some of the most important results of the study, which enlisted incubator companies graduates, managers and stakeholders, show how effective business incubators are:

■ Incubator companies experience very healthy growth. The average firm's sales increased by more than 400 percent from the time it entered until the time it left the incubator. In addition, the average annual growth in sales per firm in all types of incubators was $239,535.

■ Business incubation programs produce graduate firms with high survival rates. A reported 87 percent of incubated companies that fulfilled program graduation requirements are still in business. DayCo of Springdale was the first graduate of GENESIS. DayCo produces a belt tension idler arm for the automotive industry, and the Springdale plant employs about 100 people.

■ Business incubation programs create new jobs for a low subsidy cost and a good return on investment. The estimated cost per job created in relation to public grants was $1,109. It is not uncommon for the cost per job of other job-generation economic development program to be three to six times higher.

■ Most firms that graduate from business incubators — an average of 84 percent — remain in their communities. All but one of the 42 graduated GENESIS companies have remained in Northwest Arkansas.

■ Business incubation programs assist companies that create many new jobs. In 1996 incubators reported that their firms had created an average of 468 jobs directly and 234 additional "spin-off" jobs in the community for a total of 702 jobs.

■ Despite their early stage, most incubator firms provide employee benefits.

■ Incubators contribute to their client companies' success and expand community resources, increasing early-stage capital, access to entrepreneurship education and other sources of he' to young companies.

■ Business incubation program improve local community image.

## BUSINESS CALENDAR

Business Opportunities in Japan seminar
Monday
Global Marketing Support Services of

your own child care business will be held from 6:30-8:30 p.m. at the Jones Center for Families in Springdale. Call the Northwest Child Care Resource and

stick to a budget is part of the family finance series offered by the Harvey and Bernice Jones Center for Families. The program will be held from 6:30-8 p.m. in Room 228 of the Jones Center

Sunday
# DAILY RECORD BUSINESS
Sunday, September 22, 1996

Section D

E-mail ComPub95@aol.com Celebrating 110 Years of Serving Benton County Internet edition http://nwanews.com

# Genesis helps tech-based companies overcome odds

By Lois Flowers
Daily Record Business Editor

FAYETTEVILLE — The Genesis Technology Incubator in Fayetteville has been helping technology-based firms get their feet firmly planted on the ground for nearly 10 years, according to director Sam Pruett.

Pruett gave members of the Springdale Chamber of Commerce an update on the technology incubator's activities at a recent Morning Edition breakfast.

While most people think of an incubator in a hospital or laboratory setting, Genesis fits the definition because it, too, provides a "safe, sheltered environment conducive to growth," Pruett said.

Considering the fact that 50 percent of all small businesses fail within their first two years and 85 percent fail within five years, this safe environment could mean the difference between success and failure for a technology-based company in northwest Arkansas.

When Genesis opened in October 1986, it was one of about 50 business incubators across the United States. Today, more than 500 incubators are operating around the country, with a new one opening each week, Pruett said.

The first of seven technology incubators funded by the Arkansas Science and Technology Authority, Genesis is located in the University of Arkansas Engineering Research Center on Cato Springs Road.

Although Genesis has the only ASTA-funded incubators still operating in Arkansas, several other types of incubators opened across the state during the past few years, Pruett said.

"The problem with the initial seven was that they were all funded with the technology component," he explained. "That works very well in northwest Arkansas with the state's major research university (close by), but it doesn't necessarily hold true in smaller cities.

"That doesn't mean the (smaller) communities aren't capable of supporting an incubator of some sort, but the new ones are more customized to take advantage of resources in those communities," Pruett said.

For example, the Harry L. Crisp Center in Blytheville is a general business incubator and the Center for Economic Development in Jonesboro, which is affiliated with Arkansas State University, is involved with industry recruitment, Pruett said.

Another incubator — the Technology Development Center — has opened at the University of Arkansas for Medical Sciences in Little Rock, and the city of Little Rock is funding another one affiliated with Philander Smith College that will have a minority focus, Pruett added. None of these incubators are funded by ASTA, he said.

In the meantime, Genesis' proximity to the University of Arkansas has given the incubator in Fayetteville the edge in growing technology-based companies. So far, Genesis has assisted in the development of 39 companies, including 11 that are presently affiliated with the incubator.

Ten of these are start-up firms (called clients), and one is an established company (known as a member firm) that has an affiliation with the UA but isn't under the direct guidance of Genesis, Pruett said.

Companies that have graduated from Genesis have created more than 500 jobs, and all but one of these firms have remained in northwest Arkansas, Pruett said.

The incubator's first graduate, Dayco Products Inc., was established in 1987. After 2 1/2 years, the automotive drive accessories manufacturer graduated and moved to Springdale, where it now employs close to 200 people, Pruett said.

Companies can stay with the incubator for up to five years, and most have from 10 to 20 employees when they graduate, he said.

In addition to Dayco, the program's graduates also include Earthcare Systems in Lincoln and Bioengineering Resources in Fayetteville. The latter company has nearly 50 employees, all with master's degrees or doctorates from the University of Arkansas in a science or engineering profession, Pruett said.

"We want to create this type of job," Pruett said. "Arkansas loses about 85 percent of the state's technically-trained youth due to the scarcity of jobs in the state.

"We hope to diversify the... economic base (in northwest Arkansas and the state), creating higher paying and higher skilled opportunities," he added.

To be accepted as a Genesis client firm, a company must be developing a new technology or a new application of existing technology, Pruett said. Prospective clients must go through a rigorous application process during which their technological processes are evaluated by scientists from the University of Arkansas.

The applicants go through a qualitative review that evaluates each entrepreneur as a scientist, and they also have to submit a business plan, Pruett said.

"That's probably the hardest thing for our companies to do," he said of the business plan. "Although market pull alone will dictate the direction the companies will go, we're trying to teach lasting business skills to these firms."

Each client firm is required to submit its financial statements to Genesis each month.

"We look at (their) progress toward achieving goals, not to be intrusive, but to help the companies identify a red flag before it becomes an insurmountable problem," Pruett said.

Fewer than one in 10 companies are accepted into the Genesis program, Pruett said, noting that he's received applications from people developing everything from land-based rain generators to perpetual motion machines.

Genesis currently occupies 8,000 square feet of the 165,000-square-foot Engineering Research Center. Construction on a 20,000-square-foot renovation/15,000-square-foot expansion project is scheduled to begin soon (see related story on Page 7D).

Client firms pay $8 per square foot for office space (not including utilities) and $10 per square foot for lab space, Pruett said. They are served by a common receptionist and have access to office equipment in the common area, he said.

The ARKANSAS TRAVELER

Wednesday, November 18, 1992 University of Arkansas Volume 87, Issue 24

# Genesis incubator helps fledgling ventures hatch

## UA resources support technology companies during development

By Betsy Finocchi
Traveler Staff

Entrepreneurs who are trying to start a technology-based business and want to tap into the resources of the university's faculty and equipment can do so through the Genesis Business Incubator Program at the Engineering Research Center.

"What we are trying to do here is grow our own industry ... diversifying the economy and creating jobs for technically trained youths," said Sam Pruett, director of Genesis.

Business incubators work with fledgling companies that need help getting off the ground. Genesis, a technology-based incubator, gives companies access to office space and shared services, such as reception, secretarial and desktop publishing. State-of-the-art computers and equipment are available for participants to use, thus enabling them to operate with significantly lower overhead costs. Another valuable contribution Genesis makes to beginning businesses is its professional management, marketing and financial advice and technical expertise from university personnel.

Companies develop business and technology plans with the goal of eventually graduating from the program as viable businesses.Soon to "graduate" is Engineering Resources, a biotechnology research and developmsent company that produces commercially valuable chemical products from waste materials. For example, the firm has been working on technology to produce acetic acid, used in the production of plastics, from carbon monoxide and hydrogen by products from the manufacturing of carbon black, which gives color and structure to tires.

Steve Adams, Engineering Resources vice president, said that working with Genesis helped speed up the success of their company by providing a lab facility and giving support in all phases of development. After about three years in the Genesis facility, Engineering Resources will move to their own plant in Fayetteville's Industrial Park South in the summer of 1993. Adam said Engineering Resources began with one employee and now has 25.

Engineering Resources is an example of what the Genesis program strives to accomplish: Using technology to address environmental and energy concerns and creating jobs for college graduates, helping Northwest Arkansas keep some UA graduates who used to move out of state.


STEVE MURPHY PHOTO

**CHIEF INCUBATOR** Sam Pruett directs the Genesis program.

"There are several opportunities for student involvement, so the program has an educational slant as well," Pruett said, giving examples of internships that provide exposure to different types of companies in real-world business environments available to students studying engineering and science.

Some of the other companies affiliated with Genesis include InvoTec Inc., which designs devices to assist the disabled; Electroman Inc., an internationally recognized developer of a electronic United States atlas and world atlas; and Acxiom, the first incubator/Fortune 500 affiliation in the country.

In May, Genesis received the 1992 Randall Whaley Memorial Incubator of the Year Award from the National Business Incubation Association, competing with similar programs at Stanford, Harvard, and MIT. Criteria for the prestigious award include the number of jobs created, general

■ See Genesis on Page 4

# Greeks' averages improve

By Caroline Laney

standards established a minimum grade-point requirement and later

Quality points are based on the number of hours taken multiplied

# Dean budgets $100,000 for up-to-date TV studio

Watkins said the studio

# Genesis

FROM PAGE 1

economic impact and overall excellence of the incubator.

"We hope we made Governor Clinton proud by winning this award," Pruett said.

Genesis, funded by the state legislature through the Arkansas Science and Technology Authority, began in 1986 and was "Clinton's brainchild," Pruett said. It was the first and is the largest incubator program in Arkansas. Visitors from other countries and states have toured the program to use as a model for establishing incubator programs in their communities.

According to the latest figures from Genesis, more than two-thirds of all Federal Small Business Innovative Research Awards made to Arkansas companies are to Genesis clients. Grants have been received from the U.S. Department of Energy, NASA, the U.S. Postal Service and the National Institutes of Health.

Genesis is currently working with 10 companies and has five applications pending. To be admitted to the program, a client must present a plan for a technology-based enterprise that meets qualifying criteria. The quality of the technical plan and its likelihood for success are evaluated, and the firm's business plan is judged regarding budget, schedules and staffing and interaction with the technical plan. Final approval comes from the program director, who then recommends the firm to the Genesis advisory board.

Pruett said the goal of Genesis is to have a progressive impact upon the state's employment, economic future and social environment. Genesis facilitates the state's economic growth, enhancing "The Land of Opportunity."





# Greeks

FROM PAGE 1

system from the negative image that others hold of it.

"The reason for the minimum standards was to pull the Greek system out of the slump from the early '80s," Collins said. "The Greeks were having terrible problems with grades and alcohol, and the houses were run down."

"It does help promote a more positive image of the Greeks on campus and shows the commun that we aren't partying all the ti and that we are responsibl Collins said.

Gohn has also seen positi results.

"Retention rates amo pledges, graduation rates a overall grades have rea improved among the Greeks, a we are pleased about that," Gohn sa

# Studio

FROM PAGE 1

storage.

Watkins said that a committee, to be chaired by John Hehr, associate dean of arts and sciences, had been formed to determine how space would be divided up in the studio.

Kevin Rebo of the College of Engineering will provide assistance for the television studio.

The department has made plans to have a working relationship with the Arkansas Educational Television Network, broadcast locally over Channel 13. Watkins said that there had been just o meeting with the station and t no final plans had been made.

Watkins said the goals of t department were to hire a facu member by next fall who can dir new student cases, to have t studio completed by next fall a to begin broadcasting in the spri of 1994.

"If the studio is completed fall '93, this will give us some ti to make sure everything is worki before we go on air in spring '9 Watkins said.

# Just Thinking

FROM PAGE 2

the bus, but I was concentrating on getting to class so I could complete some homework.

I am not going to say that he was in the wrong or that I am in the right, but such a close brush with becoming somebody's hood ornament makes me think of ways not to have it happen again.

problem with our increasing growt the university? Maybe it will happe you. If you do, and you are a student me suggest a possible starting po Talk to your Associated Student G ernment senator. If you are faculty staff, go through the appropriate ch nels. I have thought about this issu some extent, and I have put it on pa

# Grant Marks Opening of Genesis at UA

**Dan O'Mara**
NEWS Staff Writer

The official opening of Genesis, the state's first "business incubator center," at the University of Arkansas Friday was marked by the presentation of the first installment payment of a $552,000 grant from the Arkansas Science and Technology Authority.

UA Chancellor Dan Ferritor accepted the $125,000 check from Bill Bowen, ASTA board chairman, at a press conference, at the UA Engineering Experiment Station attended by a group of about 50 spectators, including UA professors, local and state officials, and private businessmen.

The business incubator center is a joint effort of the UA and private industry to "hatch" new businesses and new jobs by providing low-cost rental space, shared centralized management and services and technical advice to businesses that are just getting off the ground.

"We hope that the implementation of the Genesis project will bring strong progress to the campus and to the Northwest Arkansas area."

As the ASTA grant will not completely fund the project, additional funding will come from the UA and private industry sources.

Ferritor introduced the chief officers of the first three "incubator companies," that will take part in the Genesis program:

•Interactive Technologies Inc., a microcomputer and software company specializing in products for audio-visual and corporate training industries. Robert White is the president. The company, headed by president Robert White, is headquartered in Springdale.

•Energy Techniques Inc., a Fayetteville company specializing in the sales, installation and servicing of automated building control systems related to energy conservation. Rodney Tolander is the president.

•Tele-Communications Information Services Inc., based in Fayetteville, a company offering computer-based information and marketing services to aid farmers and agriculture-related industries. Paul Reagan is president.

Reagan offered his philosophy on behalf of the three companies: "Ideas from the slightly plausible to the excellent are kernel for any enterprise — but only the kernel," he explained. "Negotiating with the troughs of despair and the peaks of hope, promises broken and made, personnel scattered and gathered — that's what makes any enterprise worthwhile. The Genesis program is no exception."

By the end of 1988, he said, the combined annual revenues of the three companies is projected at $8.5 million, almost $6 million of which will come from out of state sources. The companies also plan to employ about 115 persons, he added.

"This state has chosen to be an innovator by focusing on businesses within Arkansas" rather than bringing outside companies into the state, he concluded.

John Ahlen, ASTA president, said that the Genesis (meaning "to be born") program was appropriately named because it is the first business incubator project that ASTA has funded. "Its significance can be underscored by the changing philosophy that it takes to create jobs," he said. "That is, not simply putting people to work, but bringing together the ingredients for job creation and giving those ingredients the opportunity to mature."

Those factors include money, people and information, Ahlen continued. "Genesis is the melting pot where all of those ingredients come together," he said.

Ahlen also pointed out the unique nature of the three-way partnership between the UA, private industry and ASTA that Genesis represents. "The three of us together can do things that individually we cannot," he concluded.

The Genesis facility is located in the Engineering Experiment Station and another component of the system, specializing in assistance for biotechnical businesses, is scheduled to begin operation soon at the UA Biomass Research Center.

The ASTA business incubator program was developed as part of Gov. Bill Clinton's 1985 economic development legislative package.

## RESEARCH AND DEVELOPMENT Incubator

> Pruett said 85 percent of Arkansas' college students who graduate with a technology-based degree leave for jobs outside the state because they can't find work in Arkansas. "We're trying to create higher-paying jobs. We want to create that type of employment opportunity here."

Continued from preceding page

plied for admission. Pruett said the expansion should increase the program's income.

"We want to become self-sufficient," Pruett said. "We want to be able to generate enough income to pay for our overhead. We're a long way from that."

The program operates on a $110,000 budget. About 40 percent of that comes from companies in the program and the rest from state and federal grants. The program is not included in the university's budget.

Having sufficient office space is important because office needs grow as companies get larger. A company that started out with one office could be in seven offices by the time it graduates, Pruett said. The added space will allow officials to plan for growth.

Ozark Aircraft Systems, an aircraft modification company that will set up shop in the Northwest Arkansas Regional Airport, recently joined the Genesis program and has already asked to double its office space, Pruett said.

"They haven't even moved their first person here," he said.

The expansion is being funded with a $2 million grant from the U.S. Small Business Administration and a $1.2 million grant from the National Science Foundation.

The additional space will also be used by faculty and students in the College of Engineering.

The Genesis program has endured while several similar programs throughout the state have failed. Pruett credits the program's success to its university affiliation and the school's emphasis on research.

Unlike other incubators, the Genesis program doesn't have to build its own labs. "We could never afford to go and duplicate the research infrastructure that exists in a facility like this," he said. "The state has already paid for these labs, and any time we can piggyback economic development on top of that and create jobs, then it becomes a win-win situation for the state."

Pruett said 85 percent of Arkansas' college students who graduate with a technology-based degree leave for jobs outside the state because they can't find work in Arkansas.

"We're trying to create higher-paying jobs," Pruett said. "We want to create that type of employment opportunity here."

The program has helped many types of companies develop new products, from computer software to technologies designed for disabled people.

"Northwest Arkansas has enjoyed a very robust economy," Pruett said. "That has played well for our program."

BUSINESS MATTERS

Arkansas Democrat-Gazette

SUNDAY, MARCH 2, 1997

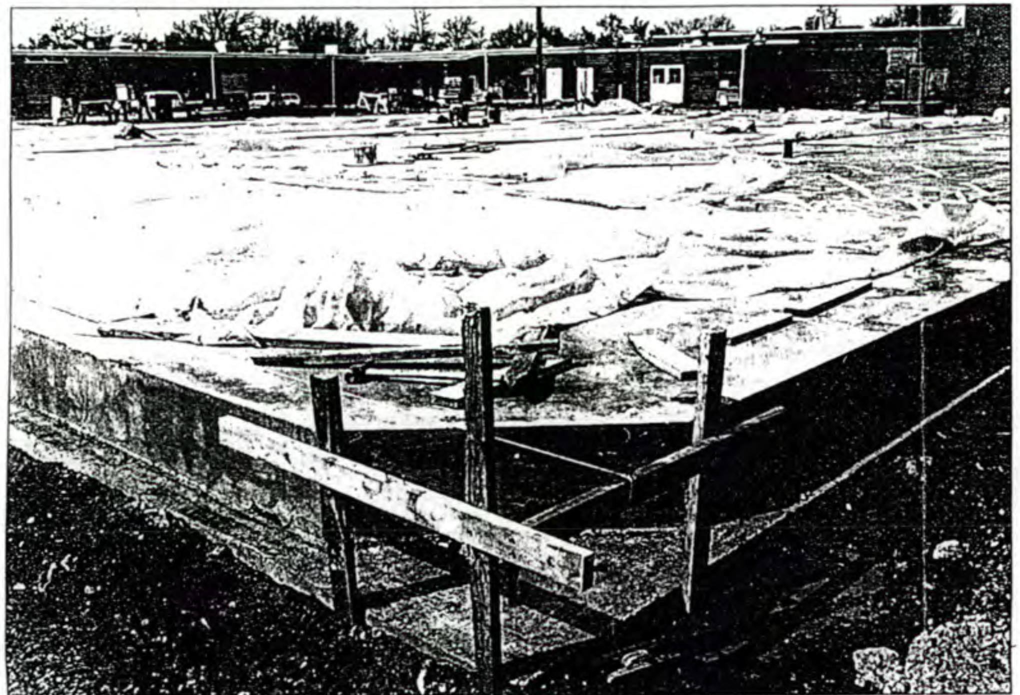
RESEARCH

## Genesis Incubator readies expansion

After a decade of helping Arkansas businesses develop new technologies and products, the Genesis Technology Incubator at the University of Arkansas has outgrown its cradle. The program, which helps entrepreneurs with guidance and laboratory space, is planning a $3.2 million expansion that will allow the program to triple its membership. Page 8

**RESEARCH AND DEVELOPMENT** Incubator

# Extra space will mean a new beginning for Genesis



Arkansas Democrat-Gazette/DAVID GOTTSCHALK

**The foundation** of the expanded building for the Genesis Technology Incubator spreads out from the Engineering Research Center.

BY RUSSELL RAY
ARKANSAS DEMOCRAT-GAZETTE

After a decade of helping Arkansas businesses develop new technologies and products, the Genesis Technology Incubator at the University of Arkansas is planning a $3.2 million expansion that will allow the program to triple its membership.

Construction is under way at the Engineering Research Center south of the main campus. The project, which should be done in October, will add 30,000 square feet and renovate another 20,000 square feet of facilities.

The Genesis program was established in 1986 and is housed at the university's Engineering Research Center, where companies that lease space have access to 40 laboratories.

Companies participating in the program work closely with university researchers and share labs with students and professors. Incubator staff work with the companies to establish goals and monitor progress with monthly reviews of company finances.

The incubator serves 11 companies and has graduated 35.

The additional space will be used primarily as offices. Sam Pruett, Genesis director, said he is running out of office space to lease to potential clients. More companies than the program can currently handle have ap-

Continued on next page

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