

# Capitol Gains: The Politics of Investing Clinton Stocks vs. Dole Stocks

*The White House can make or break a company's future. Just ask the tobacco industry. Investors are also set to lose out or gain big depending on who wins the presidency*

by George Miller

Depending on who sits in the Oval Office next January, some stock sectors could become strong performers based on the programs Clinton and Dole plan to implement. Let's look at some of the industries that could pick up speed if their man wins.

## EDUCATION & TRAINING

Welfare cuts will happen with either candidate, but Bob Dole favors even bigger cuts than Clinton, creating large markets for job training and education.

There's no way that government sponsored programs alone will measure up to this task, and great opportunities will be created for private education and training companies to fill the gap — seminar producers, audio-visual production companies and book publishers to name a few. The investor's key to success will be to pick those companies producing training products for the hottest job areas before the investing crowd gets there.

Clinton also wants kids to become computer literate in a big way, which could cause Apple Computer stock to resurge because of their strong foothold in public schools. Clinton is also looking at allocating up \$2 billion in seed money to put more classrooms on the Internet, which could boost sales and earnings for some Internet service companies.

## THE COMPUTER INDUSTRY

Dole wants to give a 15 percent tax exemption on export income to software companies. The IRS

already gives this break to film, tape and CD producers. He also wants to shorten depreciation schedules down to the three to five-year range for hardware companies such as Intel and Advanced Micro Devices, which should enhance earnings and make these types of stocks more attractive.



## THE ELECTORAL VOTE TODAY

Clinton	270
Dole	135
Toss-Up	133
Needed to Win	270

DATA: Business Week Projection

## CRIME PREVENTION

Clinton's big solution to lowering crime is beefing up police forces nationally from 44 million to 100 million by the year 2000. That's a drop in the bucket of a much bigger problem that could be better solved through private industry.

And that's good news for private security companies such as Pinkerton or Wackenhut. Another example of private involvement is the Corrections Corporation of

America which manages prisons under government contract. With their recent price/earnings over 100, it may be a little late to catch this train, but there should be others coming along.

## TOBACCO

Clinton wants to cut youth smoking in half over the next seven years. With new FDA rulings classifying nicotine as a drug, eliminating billboard and other advertising too exposed to minors, ban-

Company	8/22/96 close	1995 change	Dividend yield
RJR Nabisco	\$25 1/4	-18%	7.3%
B.A.T. Indus.	\$13 1/4	-27%	6.4%
Brooks Group	\$5 1/4	-40%	5.6%
American Brands	\$41 1/4	-6%	4.8%
UST	\$30 1/4	-8%	4.8%
Phillip Morris	\$86 1/4	-4%	4.6%
Loews	\$75 1/4	-4%	1.3%
S&P 500	670.68	9%	2.1%

Sources: Bloomberg Business News, USA Today research

ning vending machines in many locations, discount chains such as Target no longer carrying cigarettes, and states suing manufacturers to pay for treating smoking illnesses, it looks like slow times ahead for the tobacco industry.

Under Dole however, things shouldn't be as tough. Dole's solution is for individuals to simply take responsibility for themselves and quit. It's also worth noting that tobacco companies contribute more funds to Republican committees than Democratic committees.

On the plus side, there are some wonderful dividend opportunities right now. R.J. Reynolds is paying \$1.85 on a stock price in the mid-twenties, and Philip Morris is paying a \$4 dividend on a stock price around \$90.

## DISMANTLING THE IRS

If Dole reaches his goal of whacking the IRS payroll 30 percent by 1999, tax preparation and data processing companies such as H&R Block and Automatic Data Processing will expand their roles, and you can be certain of more players positioning themselves for this lucrative game.